

வார்த்தை வார்த்தை
ஆண்டறிக்கை
ANNUAL REPORT

2012



வார்த்தை வார்த்தை வார்த்தை
கைத்தொழில் அபிவிருத்திச் சபை
Industrial Development Board

சாலைத்தொழில் மற்றும் சிறு தொழில்கள் அமைச்சு
பாரம்பரிய கைத்தொழில்கள் மற்றும் சிறு தொழில்கள் அமைச்சு
Ministry of Traditional Industries and Small Enterprise Development



IDB
ANNUAL REPORT

2012

INDUSTRIAL DEVELOPMENT BOARD
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INDUSTRIAL DEVELOPMENT BOARD OF CEYLON ANNUAL REPORT for the year ended 31st December 2012

THE ORGANIZATION

Background

The Industrial Development Board of Ceylon (IDB) was first established in 1966 under the State Industrial Corporation Act No. 49 of 1957. The IDB in its present form was incorporated under the Industrial Development Act No. 36 of 1969. Since then IDB has been a pioneering organization in development of industry in the country. The main objective of the IDB is to promote and develop industries in Sri Lanka.

OBJECTIVES OF THE BOARD

Objectives of the Board defined in the Industrial Development Act No. 36 of 1969 are:

- To assist in the encouragement, promotion and development of industries in Ceylon;
- To assist in the proper co-ordination and in the interrelated growth of all industrial undertakings in the private and public sectors of the economy of the country;
- To foster industrial research with the object of utilizing the natural resources of Ceylon, improving the technical processes and methods used in industries and developing appropriate technologies and equipment for local industries, and discovering processes and methods for the better utilization of waste products;
- To foster the export of local industrial products to overseas markets;
- To assist in such measures in the field of international trade and regional co-operation as are necessary or conducive to industrial development;
- To provide for services and facilities of every description required by or in connection with any industrial undertaking or industrial establishment in Ceylon, including the provision of capital, credit, marketing, managerial, technical facilities and legal advice;
- To advise on matters relating to the promotion and development of industries in Ceylon; and
- To take all such measures as may be necessary for, or conducive to the attainment of the objects specified in this section.

DUTIES OF THE BOARD

Duties of the Board are:

- To provide services as are contemplated in the objects of the Board;
- To help in the formulation and implementation of industrial policies and work programmes of the Government;
- To provide recommendations to the Minister in charge of industries, on all matters relating to the establishment, promotion and development of industries.

ACTIVITIES OF THE BOARD

The Board has set up various Divisions and Agencies on the basis of specialized areas of activity which reflect the functional and operational approaches in undertaking the challenging range of duties and obligations of the Board.

In 1969, IDB was affiliated to the Ministry of Industries and Scientific Affairs until 1986. Then onwards the IDB came under several ministries till 2005. At present, IDB functions under the Ministry of Traditional Industries and Small Enterprise Development.

***DIRECTORATE OF THE
INDUSTRIAL DEVELOPMENT BOARD OF CEYLON***

(As at 31 December 2012)

UDAYASRI KARIYAWASAM

The Chairman

Ms. R.A. RAMYA KANTHI

Treasury Representative

Mrs. S. WEERAKOON

Member of the Board/Ex officio

Mrs. K.N. KUMARI SOMARATNA

Member of the Board/Ex officio

ROHANTHA N.A. ATHUKORALA

Member of the Board – IDB

Ms. SHERINE XAVIER

Member of the Board – IDB

M.M. MOHAMED JAMEEL

Member of the Board - IDB

C.G. DE SILVA

Member of the Board/Ex officio
(Appointed on 26.03.2012)

S. ANANDARAJAH

Member of the Board – IDB
(Appointed on 26.03.2012)

VISION

Development of all Industries all over Sri Lanka

MISSION

Provide strategic, technological & commercial foundation needed to encourage, promote & develop all Industries all over Sri Lanka

DIRECTOR GENERAL'S REVIEW



It is an extreme privilege to review the performance and present the Annual Report of IDB for the year 2012. Aligning with the prime objectives of the organization and with the national development plans, IDB has taken noteworthy industry specific progressive measures in this year.

It is a fact that the country's favorable situation prevailing after establishing peace and security has given momentum for economic growth. Contemporary fiscal and monetary policies, rightly set help stimulate the economy for continued growth. Industry in this context is required to be given greater attention especially the local SME sector. Being a prime government institution for industrial development, IDB has understood its pivotal role in this process and hence it has taken initiatives required for vital development projects.

The long felt requirement of infrastructure development in Industrial Estates was commenced this year focusing on developments in selected Industrial estates as the initial phase of the project. This is a medium term restructuring process and it encompasses the developments in almost all the industrial estates considering the current and potential local industry requirements. Besides, the measures to start up the project for reactivation of Atchuweli industrial Estate funded mainly by the government of India was another progressive step that was taken during the year.

The total manpower plan for IDB was finalized as per the statutory requirements, the mission and the organizational obligatory requirements. The Corporate plan is the road map to the action plan which depicts activities of each division defined under the new organizational structure.

The project funded by the Commonwealth Secretariat to study the local leather and footwear industry and improve the competitive position of the business was launched this year. It is expected to address critical aspects in the local leather products manufacturing industry and

produce useful recommendations to uplift the sector specific contribution to the national economy.

SWITCH Asia Project is another important program that IDB extended its active contribution to upgrade the local Food and Beverage sector. In collaboration with Ceylon Chamber of Commerce (CCC), Industrial Technology Institute (ITI), and Industrial Services Bureau (ISB), IDB and the team intend to help stakeholder organizations to promote adopting good practices in their respective businesses and to establish global standards.

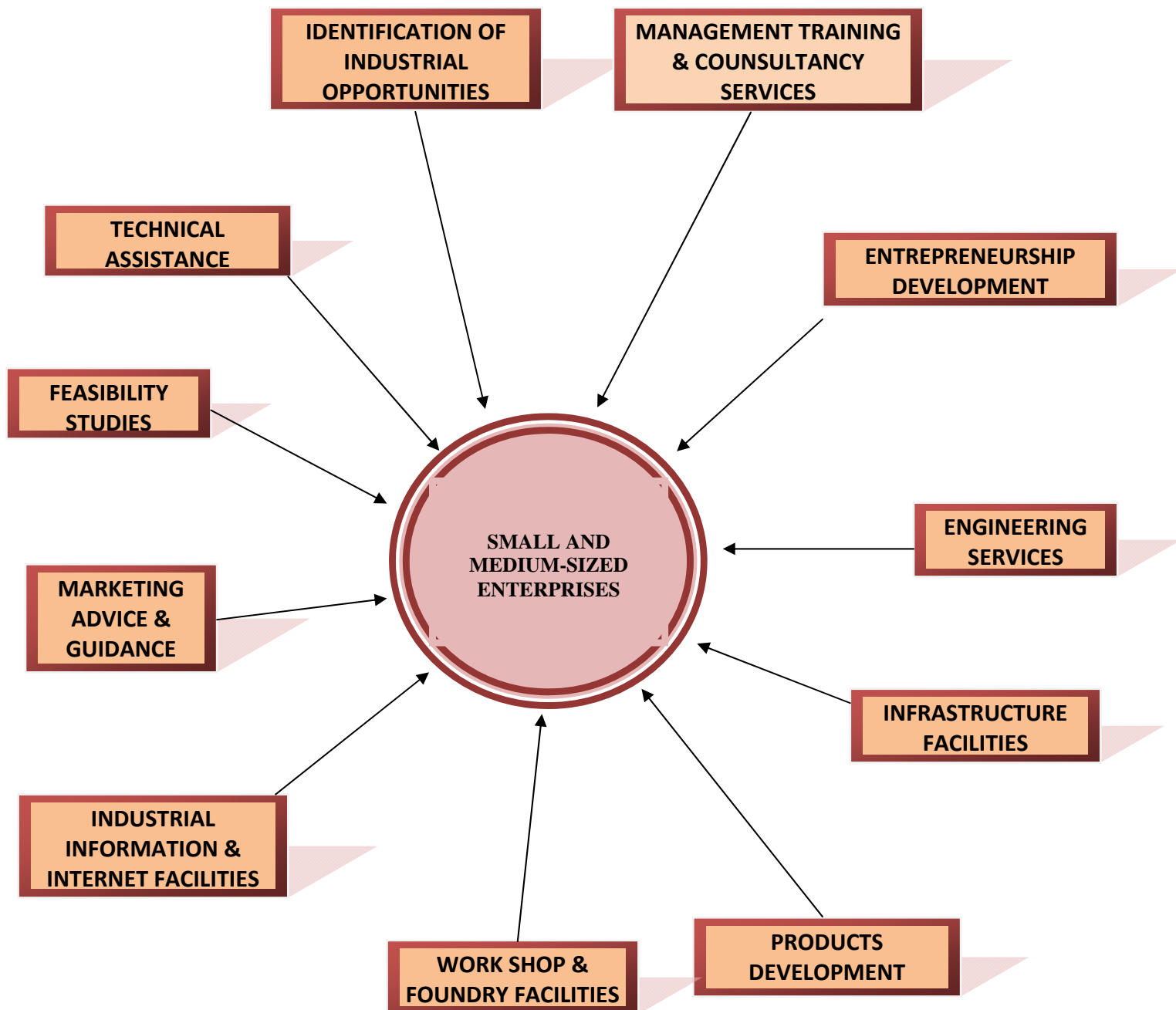
Above all it is notable that the organization has demonstrated a growth in total revenue generated through provision of metal scrap, consultancy, training programs, machinery and component manufacturing, Lakkam sales centre, and other technology transfer programs compared with the last year, whilst providing other services to promote MSMEs.

I would take this opportunity to express my sincere gratitude to Hon. Douglas Devananda, the Minister of Traditional Industries and Small Enterprise Development, Hon. Weerakumara Dissanayake, the Deputy Minister and Mr. V. Sivagnanasothy, the Secretary to the Ministry and his staff for the direction and encouragement.

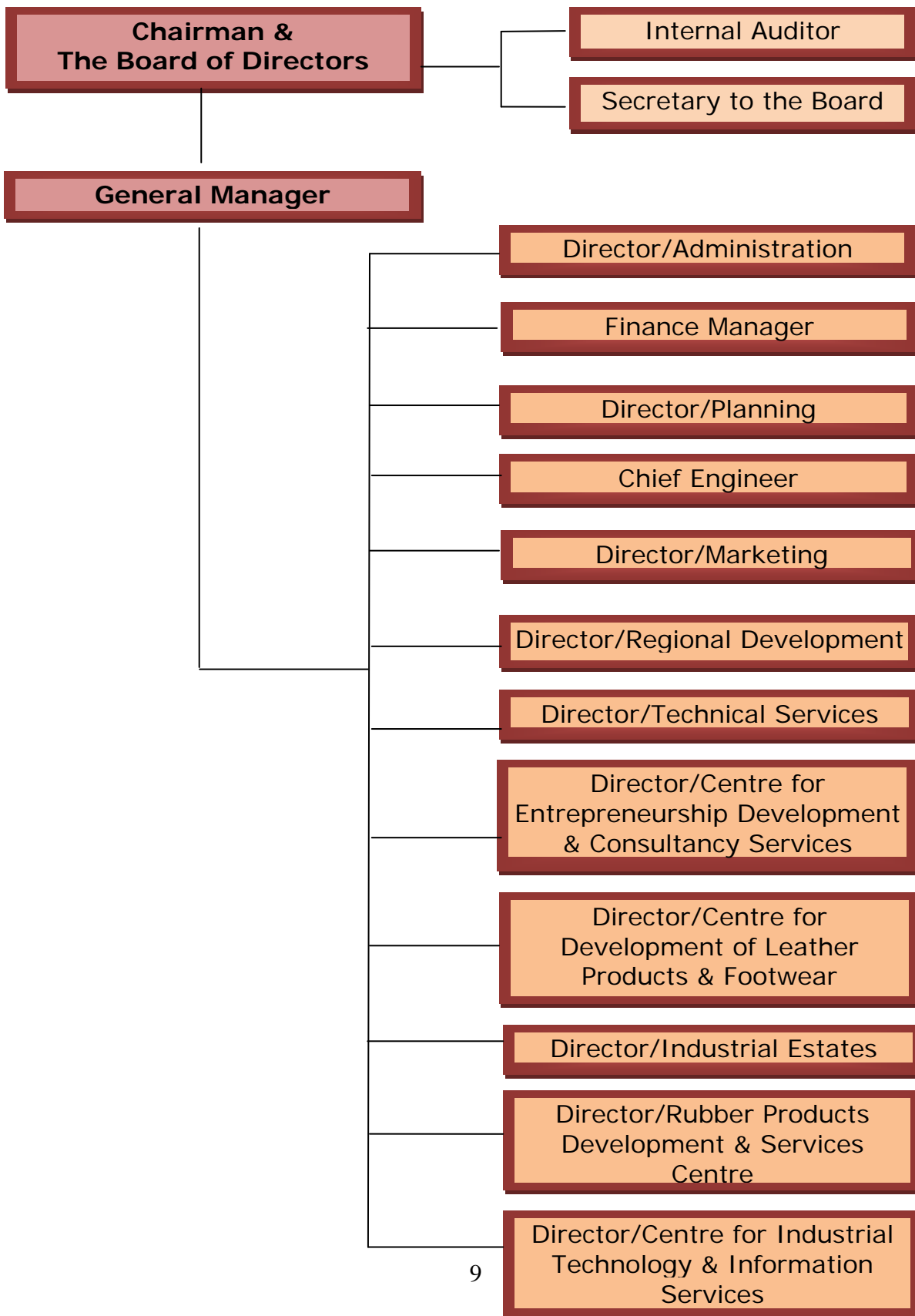
Also I am grateful to the Members of the Board, for the support and guidance and the Management, the staff and all the stakeholders for cooperation and commitment to attain the organizational goals during the period under review.

P.L.U.Rathnamalala
Director General (Actg)

PACKAGE OF SERVICES



ORGANIZATIONAL STRUCTURE



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REVIEW OF PERFORMANCE

REVIEW OF PERFORMANCE

During the year 2012, the following development activities were completed by the Industrial Development Board of Ceylon implemented through the respective Divisions of the Board.

Table - 1.1

Activities Performed

Activities for Achieving Corporate Goals	No of Units	Investment (Rs.)	Employment
a Creation and Commissioning of Self-employment Units	1,958	118,076,350	1,958
b Provision of Technical and related assistance to set up New Enterprises	344	244,245,836	1,420
c Provision of Technical and related assistance to improve, expand and modernize Existing Industries	553	262,510,515	1,177
Total	2,855	624,832,701	4,555

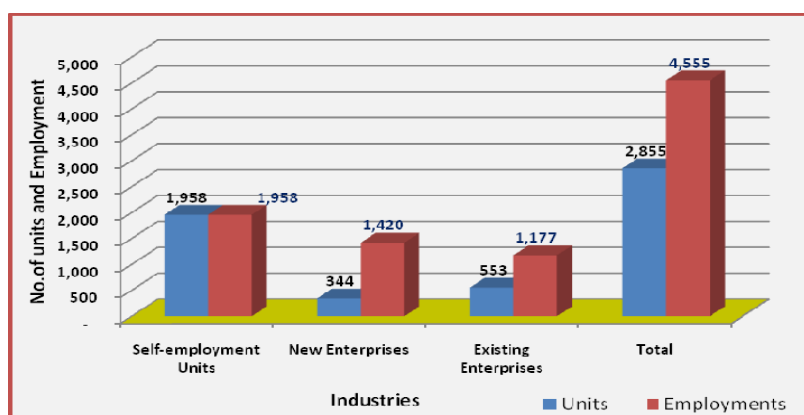
The general performance in the sphere of development activities in respect of items a, b and c in Table - 1.2 shows a decrease in performance as against the year 2011. The total investment under development activities in 2012 were nearly 49% of that in the year 2011 due to the lack of adequate spending of financial resources for business development services and investing of capital for industry and other economic units.

Table - 1.2

The comparable position is shown in Table - 1.2

Description	2011	2012	% Increase (Decrease)
Total No. of Units (a, b, c)	2,801	2,855	1.9%
Total Investment (Rs.)	1,228,859,031	624,832,701	(49.0)
Total Employment	5,290	4,555	(13.8)

No. of Industrial Units and Employments generated by Self-employment Projects, New and Existing Industries



MAJOR ACHIEVEMENTS

- A. Development of Leather and Footwear Industry Competitiveness in Sri Lanka**
- B. Banana Fibre Extraction project**
- C. Accredited Laboratory - Construction of the building**
- D. SWITCH Asia Project**
- E. Industrial Academy**
- F. Asian Productivity Organization (APO) Demonstration Project**

A. Development of Leather and Footwear Industry Competitiveness in Sri Lanka

This project was sponsored by the Commonwealth Secretariat under its technical assistance programme. The objective of the project is to develop leather and footwear industry competitiveness in the country.

It was expected to study the present situation of leather and footwear manufacturing industry and business development services, to prepare value chain, to enhance capacity of business development service (BDS) providers & facilitators, and to formulate the Government policy and strategy framework.

The project was initiated by the Planning Division (PD) in association with the Centre for Development of Leather Products and Footwear (CDLPPF), and officially inaugurated at the Project Inception Workshop on 22nd May, 2012 in Colombo, conducted with the participation of respective stakeholders. Mr. Watipaso Mkandawire, Advisor, Special Advisory Services Division, the Commonwealth Secretariat, Hon. Minister of Traditional Industries and Small Enterprise Development, Mr. Douglas Devananda, Mr. V. Sivagnanasothy, Secretary of Ministry of Traditional Industries and Small Enterprise Development, and Mr. Udayasri Kariyawasam, Chairman of the Industrial Development Board of Ceylon (IDB) were the key attendees.

B. Banana Fibre Extraction Project

Technical Services Division (TSD) of the IDB together with IDB Jaffna District Office successfully completed the “Banana Fibre Extraction Project” funded by the GIZ- DETA Project. The project activities included the construction of a Banana fibre extraction unit with provision of equipment and furniture, at Neervely area in Jaffna district. The value of the project amounts to Rs. 3.6 million.

C. Proposed Accredited Laboratory - Construction of the building

A stakeholder meeting on “Establishing an Accredited Testing Facility at IDB” was held at “Lakkam” auditorium in January, with over 50 participants from academia, research institutes and industries to discuss and deliberate on practical implications faced relating to laboratory maintenance. Technical Services Division (TSD) commenced construction of the new laboratory building worth Rs. 29 million of capital income. The ground floor of the proposed three storey building was completed in June.

D. SWITCH Asia Project

IDB in collaboration with the Ceylon Chamber of Commerce (CCC), Industrial Technology Institute (ITI) and Industrial Services Bureau (ISB) successfully completed the Switch Asia Project by training of 519 industrialists in food and beverage sector to adopt best practices in order to be sustainable producers. A total of 939 industrialists were educated on the concept of Sustainable Consumption & Production (SCP). A total of 123 industries were promoted to get standards assurance certifications such as SCP, ISO 22000, ISO 14000, GMP and EPL licenses.

E. Industrial Academy

Technical Services Division (TSD) has introduced new courses to its technology portfolio, expanding its offerings in the technology field to include Certificate Courses on various product technologies. The Industrial Academy currently offers 16 certificate courses of 15 weeks duration in food, chemical, oil & fibre and information technology industry sectors. These courses have been specifically designed to provide a systematic education for entrepreneurs who are deprived of a proper education in the above fields. The course content of all certificate courses fulfills the academic competencies required for NVQ Level 4 and are currently undergoing the accreditation process by the Tertiary and Vocational Education Commission (TVEC).

The Industrial Academy was started in September with 25 students registered for 07 certificate courses. The income generated from the industrial Academy was Rs. 469,500.00.

F. Asian Productivity Organization (APO) Demonstration Project

Technical Services Division (TSD) has successfully completed all project activities of the APO Demonstration Project to recognize IDB as the first and only government institution in Sri Lanka to set a benchmark for APO member countries. Two dissemination seminars for IDB officers and Sri Lankan stakeholders were held on 22nd and 29th of June, 2012 respectively to discuss and deliberate on the importance of the project and the benefits, challenges, barriers, experiences and lessons learnt through its implementation. Mr. K.D. Bhardwaj, Senior Programme Officer of APO, Japan, Mr. Richard Clarke, APO Project Consultant, Mr. Udayasri Kariyawasam, Chairman of the IDB and Director of National Productivity Secretariat were also present at the events. The value of the APO Demonstration Project amounts to Rs.7, 826,000.00.

SUMMARY OF PROGRESS

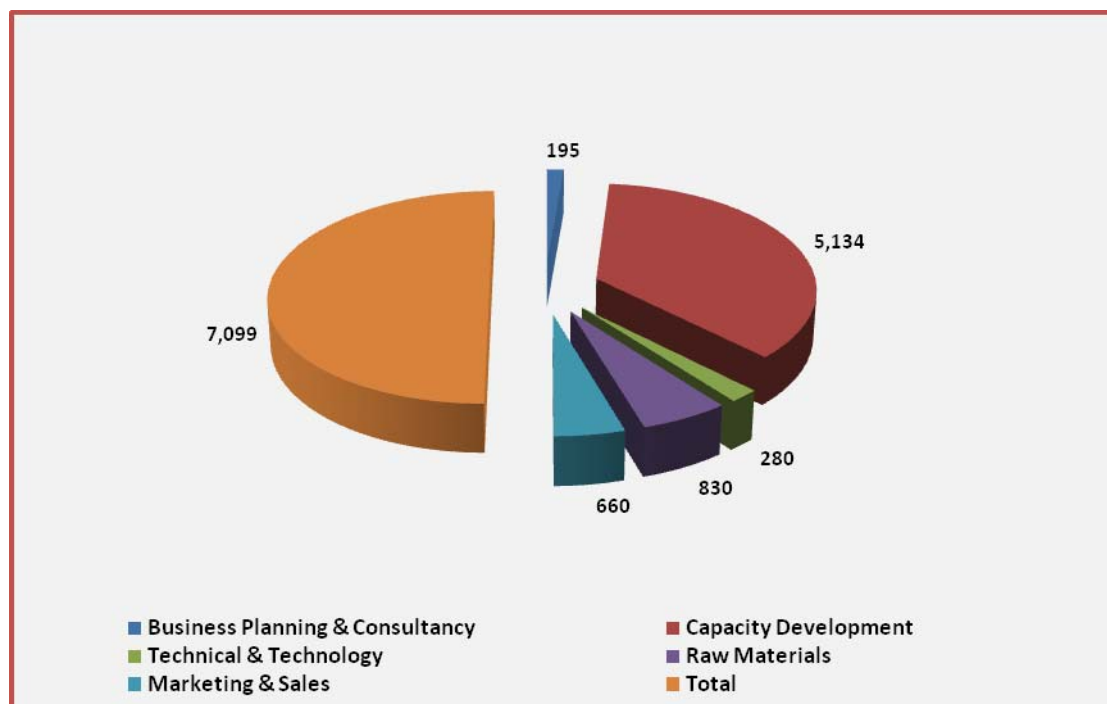
- Encouragement, Promotion and Development of Industries
- Development of Industrial Estates with Infrastructure Facilities
- Marketing & Sales Assistance and Facilitation
- Technical & Technology Assistance and Facilitation
- Extension & Consultancy Services for SMI Development
- Industry Capacity Development

ANNUAL PROGRESS – 2012

Table 3.1

Key Performance Indicators (KPIs)	Targets 2012	Achievement 2012
Thrust Area 1 : Encouragement, Promotion and Development of Industries		
Number of New SMIs created	337	344
Number of Existing Enterprises up-graded to the next level (M>S, S>M etc.)	634	553
Number of Self-employment/Home-based Economic Units created	562	1,958
Number of Employment generated from all types of industries	5,000	4,555
Number of Entrepreneurs awarded for performance excellence at:		
(i) National Level	42	46
(ii) Provincial Level	378	370
(iii) District Level	924	846
Thrust Area 2 : Development of Industrial Estates with Infrastructure Facilities		
Number of Industrial Estates developed and up-graded	1	-
Number of Infrastructure Development Activities carried out	9	8
Number of Commercial Operations commenced in allocated factory units/developed plots	20	20
Number of Employments generated	250	433
Thrust Area 3 : Marketing & Sales Assistance and Facilitation		
Number of SMIs promoted through IDB sales facilities	150	660
Number of Sub-contracting and Buy-back Opportunities created for SMIs	100	25
Number of SMIs linked with the export market	20	16
Increase of Total Annual Turnover of assisted SMIs (Mn.)	5	12
Thrust Area 4 : Technical & Technology Assistance and Facilitation		
Number of New Technologies/Processes developed or acquired	10	-
Number of New Products/Designs developed and introduced	10	-
Number of New Machineries/Tools developed	5	2
Number of Engineering Services provided to industrialists (workshop, electroplating, foundry etc.)	1,000	1,070
Number of Technology Training and Technology Transfer Programmes conducted	250	227
Number of SMIs provided with required raw materials (scrap metals, rubber compounds etc.)	1,850	830
Number of SMIs up-graded to comply with international/local standards (GMP, SLS, ISO etc.)	475	15

Thrust Area 5 : Extension & Consultancy Services for SMI Development		
Number of Enterprises obtaining feasibility reports/project reports/machinery valuation reports etc.	100	71
Number of Enterprises obtaining consultancy services provided by the IDB	8,000	5,134
Number of SMIs facilitated to obtain required credit facilities	100	124
Number of SMIs obtaining Raw Materials Testing and Quality Assurance Facilities	250	280
Number of Enterprises benefited by entrepreneurship development programmes conducted	800	274
Thrust Area 6 : Industry Capacity Development		
Number of Industry Associations formed/strengthened at district & national level	66	27
Production Villages up-graded and linked to export markets	3	-
Number of Clustering and Market Linkages created for “Divineguma” beneficiaries	100	35

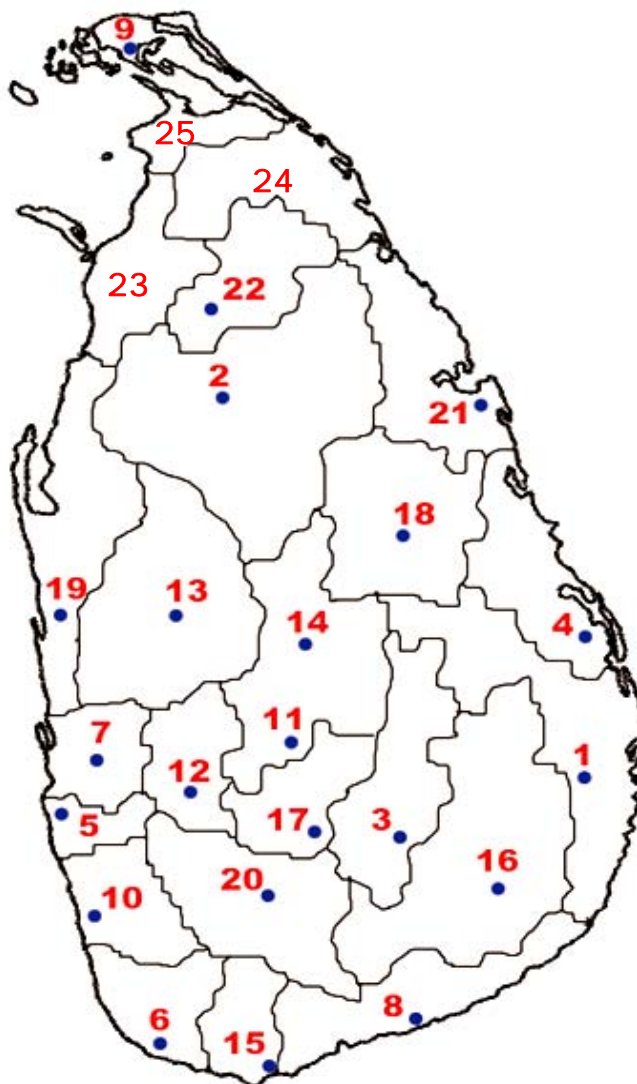


PERFORMANCE HIGHLIGHTS

- **Regional Development Division (RDD)**
- **Rubber Product Development & Services Centre (RPDSC)**
- **Centre for Development of Leather Products and Footwear (CDLPF)**
- **Planning Division (PD)**
- **Marketing Division (MD)**
- **Industrial Estates Division (IED)**
- **Centre for Industrial Technology & Information Services (CITIS)**
- **Engineering Division (ED)**
- **Technical Services Division (TSD)**
- **Centre for Entrepreneurship Development & Consultancy Services (CEDACS)**
- **Administration Division (AD)**

4.1 Regional Development Division (RDD)

The Regional Network



No.	District Office
1	Ampara
2	Anuradhapura
3	Badulla
4	Batticaloa
5	Colombo
6	Galle
7	Gampaha
8	Hambantota
9	Jaffna
10	Kalutara
11	Kandy
12	Kegalle
13	Kurunegala
14	Matale
15	Matara
16	Monaragala
17	Nuwara Eliya
18	Polonnaruwa
19	Puttalam
20	Rathnapura
21	Trincomalee
22	Vavuniya
23	Mannar
24	Mulative
25	Kilinochchi

The Regional Development Division (RDD) of the IDB is entrusted with the responsibility of carrying out development activities and programmes initiated by the IDB at district level and also for monitoring and evaluation of Enterprise Promotion Managers (EPMs) attached to 22 District Offices of IDB island-wide. The main responsibilities are to assist potential entrepreneurs to set up new industries and the expansion of existing industries by providing extension services. The progress of the Regional Development Division for the year 2012 is as follows:

Table - 4.1.1

Progress of the Regional Development Division (RDD)

Type of Activity	No. of Units	Investment (Rs.)	Employment		Total
			Male	Female	
Establishment of New Industrial Units	299	244,245,836	530	432	962
Assistance to develop Existing Industries	535	262,510,515	682	477	1,159
Setting up of Self-employment Projects	1,184	118,076,350	699	847	1,546
Total	2,018	624,832,701	1,911	1756	3,667

**INDUSTRIAL DEVELOPMENT BOARD OF CEYLON (IDB)
ASSISTANCE TO ESTABLISH NEW INDUSTRIAL UNITS**

Table - 4.1.2

Province	District	No. of Units	Investment (Rs.)	Employment		
				Male	Female	Total
Central	Kandy	22	12,000,000	42	25	67
	Matale	11	14,800,000	26	13	39
	Nuwara Eliya	09	10,950,000	29	06	35
Total		42	37,750,000	97	44	141
Eastern	Ampara	04	2,703,626	03	08	11
	Trincomalee	03	900,000	04	05	09
	Batticaloa	08	5,180,000	24	10	34
Total		15	8,783,626	31	23	54
North Central	Anuradhapura	13	6,725,000	29	15	44
	Polonnaruwa	10	4,055,000	12	04	16
Total		23	10,780,000	41	19	60
Northern	Jaffna	06	1,450,000	06	10	16
	Vavuniya	28	554,000	-	40	40
Total		34	2,004,000	06	50	56
North Western	Kurunegala	27	18,210,000	43	48	91
	Puttalam	07	7,180,000	20	15	35
Total		34	25,390,000	63	63	126
Sabaragamuwa	Rathnapura	08	3,400,000	08	23	31
	Kegalle	23	17,875,000	31	39	70
Total		31	21,275,000	39	62	101
Southern	Galle	31	31,835,000	73	67	140
	Matara	20	17,527,710	39	21	60
	Hambantota	12	7,940,000	32	19	51
Total		63	57,302,710	144	107	251
Uva	Badulla	07	5,500,000	15	04	19
	Monaragala	09	7,735,500	19	07	26
Total		16	13,235,500	34	11	45
Western	Colombo	11	35,650,000	27	22	49
	Gampaha	16	16,575,000	23	16	39
	Kalutara	14	15,500,000	25	15	40
Total		41	67,725,000	75	53	128
Grand Total		299	244,245,836	530	432	962

**INDUSTRIAL DEVELOPMENT BOARD OF CEYLON
ASSISTANCE TO DEVELOP EXISTING INDUSTRIES**

Table - 4.1.3

Province	District	No. of Units	Investment (Rs.)		Employment	
			Existing	Additional	Existing	Additional
Central	Kandy	33	58,685,000	9,215,000	426	79
	Matale	17	72,300,000	6,785,000	73	40
	Nuwara Eliya	15	100,675,000	15,910,000	149	80
Total		65	231,660,000	31,910,000	648	199
Eastern	Ampara	09	36,900,414	34,033,869	38	53
	Trincomalee	17	15,750,000	6,155,000	58	58
	Batticaloa	08	9,350,000	1,575,000	76	22
Total		34	62,000,414	41,763,869	172	133
North Central	Anuradhapura	21	33,360,000	3,394,000	64	20
	Polonnaruwa	21	16,445,000	3,665,000	41	14
Total		42	49,805,000	7,059,000	105	34
Northern	Jaffna	16	5,731,000	5,715,000	29	22
	Vavuniya	08	7,890,000	3,145,000	35	44
Total		24	13,621,000	8,860,000	64	66
North Western	Kurunegala	29	53,585,000	22,820,000	166	90
	Puttalam	14	17,902,000	6,875,000	62	32
Total		43	71,487,000	29,695,000	228	122
Sabaragamuwa	Rathnapura	23	138,806,570	35,642,000	293	109
	Kegalle	42	83,660,000	23,160,000	203	74
Total		65	222,466,570	58,802,000	496	183
Southern	Galle	47	86,021,222	11,415,000	238	136
	Matara	48	86,724,362	20,311,646	189	57
	Hambantota	29	24,445,900	13,107,000	88	22
Total		124	197,191,484	44,833,646	515	215
Uva	Badulla	13	26,125,000	7,712,000	53	14
	Monaragala	15	34,955,575	6,825,000	50	28
Total		28	61,080,575	14,537,000	103	42
Western	Colombo	31	66,000,000	5,675,000	269	54
	Gampaha	38	294,220,000	14,725,000	750	82
	Kalutara	41	254,613,420	4,650,000	1,080	29
Total		110	614,833,420	25,050,000	2,099	165
Grand Total		535	1,524,145,463	262,510,515	4,430	1,159

**INDUSTRIAL DEVELOPMENT BOARD OF CEYLON
ASSISTANCE TO SETUP SELF-EMPLOYMENT PROJECTS**

Table - 4.1.4

Province	District	No. of Units	Investment (Rs.)	Employment		
				Male	Female	Total
Central	Kandy	117	9,742,300	112	95	207
	Matale	46	3,524,000	24	26	50
	Nuwara Eliya	11	505,000	07	07	14
Total		174	13,771,300	143	128	271
Eastern	Ampara	34	1,409,100	10	35	45
	Trincomalee	25	1,170,000	02	28	30
	Batticaloa	46	795,000	18	31	49
Total		105	3,374,100	30	94	124
North Central	Anuradhapura	42	21,140,000	33	27	60
	Polonnaruwa	16	1,725,000	13	04	17
Total		58	22,865,000	46	31	77
Northern	Jaffna	61	6,112,000	24	69	93
	Vavuniya	29	275,000	19	10	29
Total		90	6,387,000	43	79	122
North Western	Kurunegala	57	4,333,500	72	-	72
	Puttlam	22	3,702,000	12	17	29
Total		79	8,035,500	84	17	101
Sabaragamuwa	Rathnapura	47	3,230,000	11	37	48
	Kegalle	58	6,565,000	29	40	69
Total		105	9,795,000	40	77	117
Southern	Galle	69	3,197,500	27	55	82
	Matara	126	15,299,000	102	63	165
	Hambantota	93	4,581,000	52	103	155
Total		288	23,077,500	181	221	402
Uva	Badulla	25	1,472,000	18	08	26
	Monaragala	33	582,450	29	04	33
Total		58	2,054,450	47	12	59
Western	Colombo	84	12,913,500	22	77	99
	Gampaha	70	6,591,000	26	55	81
	Kalutara	73	9,212,000	37	56	93
Total		227	28,716,500	85	188	273
Grand Total		1,184	118,076,350	699	847	1,546

Chart 4.1.1

New, Existing & Self Employed Industrial Units - 2012

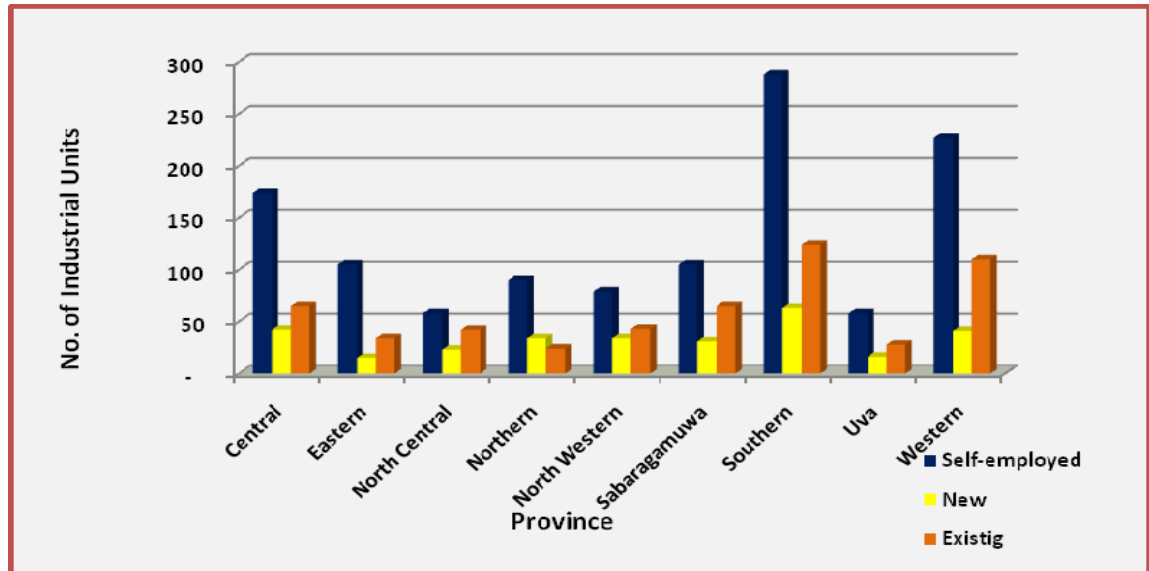
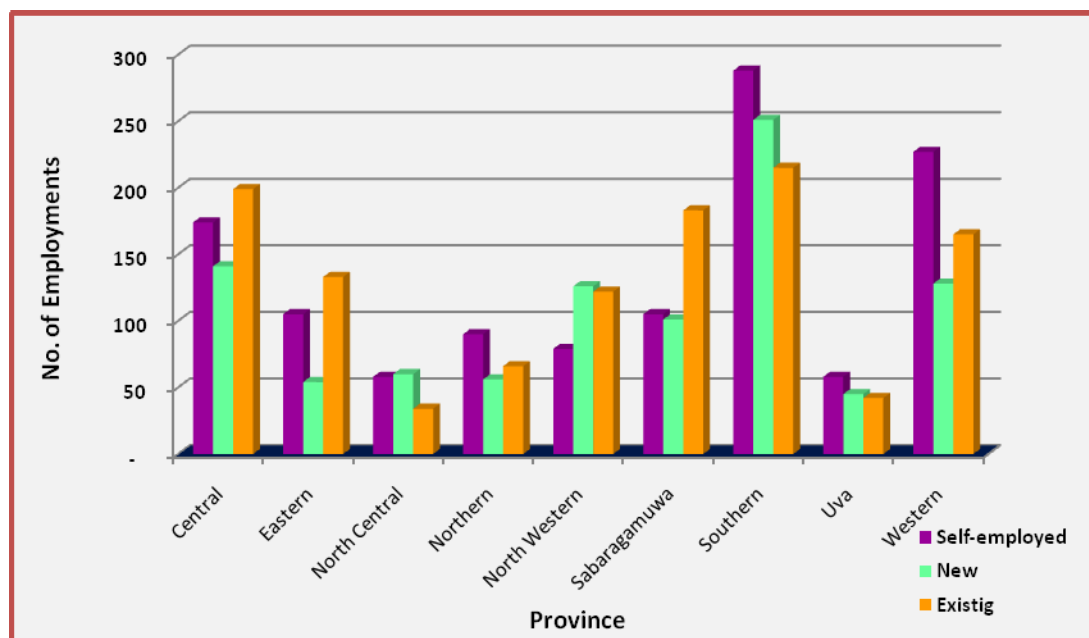


Chart 4.1.2

Generated Employments at New, Existing & Self Employed Industrial Units - 2012



4.1.1 Industrial Village Development Programme

In 2005 this was initiated as “Thousand Industrial Village Development Programme”. Later on it was renamed as Production Village Development Programme. For this innovative and massive programme Rs. 400 Million was allocated in the year 2005. During this 5 year programme, it is expected to complete 200 Industrial Villages per year. More attention was given to Traditional Industries like Blacksmith, Coir and Clay etc. Subsequently non-traditional industries like handmade paper, cut flower and dried fish were also introduced to this programme. Some major objectives of this programme are introduction of new machinery, production processes; enhance capabilities of beneficiaries with modern techniques, and providing marketing facilities etc. However, the duration of the programme ended in the year 2009 before completing it. The balance work was expected to be completed by the year 2012. From 2005 to 2012, the total fund allocation was Rs.723.03 million and the actual expenditure was Rs. 562.44 million. As a percentage, it is about 77.78% by end of the year 2012. The total beneficiaries were 14,285 while the number of Production Villages identified for development was 472 and out of them 257 are still in operation.

The achievement under the Production Village Development Programme for the year under review is given below:

Table - 4.1.5

Corporate Goal	Activities for Achieving Corporate Goal	Measuring Indicator	Nos.	Value (Rs.)
G1a Encourage, promote and develop industries	16b.	Implement special projects to promote new industries: b) Set up Production Villages; publicize via media & website public area		
	1	Technology Transfer Programmes		
	1.1	Conduct Basic Technology Training Programmes	No. of Programmes	01 32,538.00
	2	Distribute Capital Goods		
	2.1	Disbursement of Capital Goods	No. of Villages	15 5,241,777.74
	2.2	Disbursement of Raw Materials	No. of Villages	07 1,854,995.57
	3	Peoplization of Production Villages	No. of Villages	04 201,948.94
	4	Other Activities (Supply electricity, repair/ /distribute/install machinery, road, construction of common services centres etc.)	No. of Villages	12 1,119,632.07
TOTAL				8,450,892.32

Following Table shows No. of Beneficiaries from Specific Sectors at Production Village Level through Common Services Centres who were provided necessary assistance by the IDB (i.e. Machinery & equipment, raw material, electricity, construction work, repairing of machinery and installation of machinery etc.)

Sector \ Village	District			Kandy				N'eliya			A'pura				P'naruruwa		Jaffna		Kurunegala						Puttlam		Galle	H'tota	Monaragala	Gampaha	Kalutara		Total
	Udugoda	Ambagolla	Attaragama	Seethaeliya	Rotawewa	Kottalbadda	Nirawiya	Kurulugama	Bandanagala	Manampitiya	Vathiry (Nelliady)	Allarai	Gurupokuna	Pinnapolegama	Rukmale	Marawita	Meddepola	Sudeeragama	Singandaluwa	Halambawata-wana	Wadakkara-wewa	Thittagalla (Ampawila)	Beliatta	Nagahamada	Webadamulla	Waskaduwa	Walakada						
Blacksmiths	13				15	15			55																								98
Leather based products							8			15												8										31	
Clay based products		13						22						38			60	13	42	50					21						259		
Coir based products											15				40							141					33				229		
Kithul based products																											36				36		
Joss sticks			10																												10		
Strawberry & Cut Flower based products				125																											125		
Rush & Reed based products									30							23															53		
Furniture												30	25																		55		
Food & beverage based products																												142			142		
Total No. of Beneficiaries																											1,038						

4.1.2 National Programme for the Development of *Kithul* Industry

The *kithul* palm is a very valuable tree due to its multiple uses and the flower is considered to be the most useful part of the tree. The *kitul* flowers are tapped to obtain the sap, which is used to manufacture *kithul* toddy, treacle and jaggery. It was observed that, majority of *kithul* trees are not tapped due to unawareness of its commercial value by the community.

Hence a special programme to develop *Kithul* Industry was initiated by the Ministry of Traditional Industries and Small Enterprise Development.

The objective of this programme is to promote *Kithul* Industry by uplifting the social and economic status of *kithul* producers. Among the other specific objectives are: to increase the number of *kithul* tapping trees, enhance income level of beneficiaries, introduce high quality *kithul* products through technological innovation and product diversification, and enhance local as well as foreign markets for *kithul* products.

By the end of December 2012, the IDB, with the guidance of the Ministry, had carried out the following development activities and the achievements are given in the Table - 4.1.6.

Table - 4.1.6

Corporate Goal	Activities for Achieving Corporate Goal	No. of Programmes	No. of Participants	Value (Rs.)
G1a. Encourage, promote and develop industries	(i) Awareness Programme	36	3600	436,874
	(ii) Tapping Technology Training Programme	116	5800	1,752,680
	(iii) Tapping Technology Follow-up Programme	27	675	201,630
	(iv) Product Quality Development Programme	48	1440	677,939
	(v) Entrepreneurship Development Programme	05	95	274,591
	(vi) Master Trainers Training Programme	08	142	530,692
	(vii) Advanced Technology Training Programme	04	78	82,722
	(vii) Follow up Programme	50	-	275,624
TOTAL		294	11,830	4,232,752

Chart 4.1.3

Programmes for Development of Kithul Industry

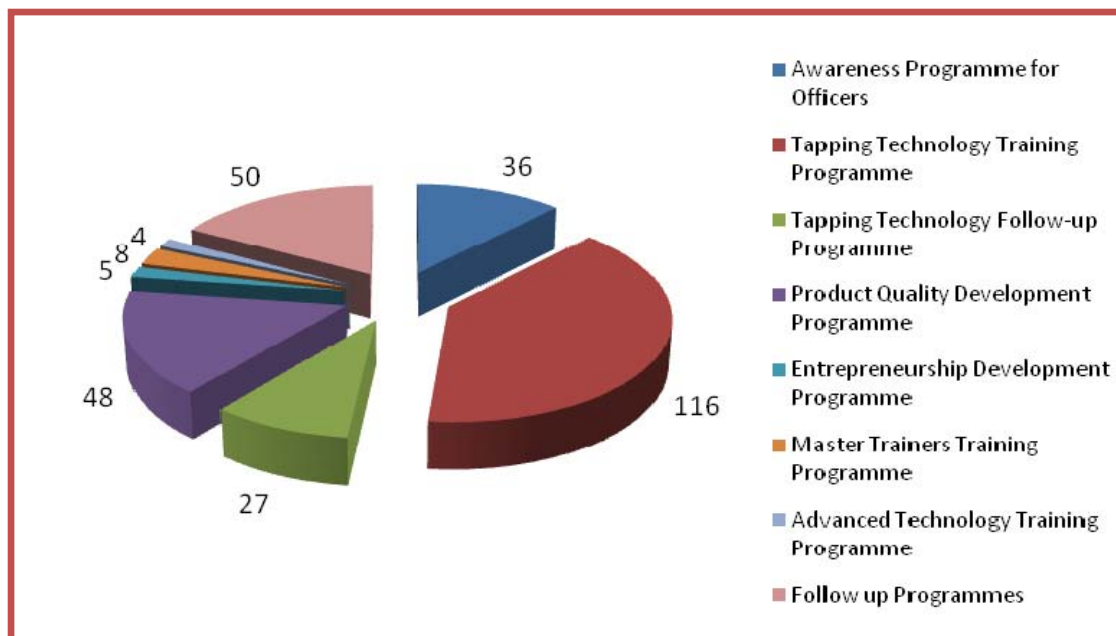


Table - 4.1.7

Contribution to the Rural Economy

No.	Description	Measuring Indicator	Achievements
1	Increase of New Tapping Trees	No. of Trees	9,357
2	Introduce New Tappers	No. of Tappers	1,618
3	Training of Master Trainers	No. of Master Trainers	142
4	Registration of Tappers	No. of Tappers	2,343
5	Issuing Identity Cards to Tappers	No. of IDs	560
6	Develop Small & Medium Enterprises	No. of Enterprises	30
7	Start New Small Industries	No. of Industries	207
8	Establish Tappers' Organization	No. of Organizations	18
9	Distribution of Safety Kits	No. of Kits Distributed	2,036
10	Planting New Kithul Plants	No. of Plants	6,195
11	Start New Sales Centres	No. of Sales Centres	01

4.1.3 “Divineguma” National Programme

The programme was initiated by the Ministry of Economic Development with the assistance of Ministry of Traditional Industries and Small Enterprise Development; the IDB provided and facilitated necessary services to the beneficiaries in order to promote and establish sustainable home based industrial economic units.

Under this programme, the IDB organized a series of *Divineguma* Exhibitions in Mannar, Trincomalee, Matara and Kurunegala districts during the year 2012. Visitors to those exhibitions were given EOI (Expression of Interest) Forms to identify persons who were interested in setting up home-based industrial units and were subsequently registered by the IDB officers. Later, they were summoned for a meeting and the selected beneficiaries were provided with necessary information on technology, machinery and equipment, raw materials, credit facilities and market facilities etc. The progress of the *Divineguma* National Exhibition for the year 2012 is as follows:

***Divineguma* National Exhibition held on 21 - 22 January, 2012 at St. Xavier’s College, Mannar**



Divineguma National Exhibition held on 7 - 8 July, 2012 at Sinhala Maha Vidyalaya, Trincomalee



Divineguma National Exhibition held on 20 - 21 October, 2012 at St. Thomas College, Matara



Divineguma National Exhibition held on 10 - 11 November, 2012 at Sir John Kotalawala Vidyalaya, Kurunegala



4.2 Rubber Products Development and Services Centre (RPDSC)

The Rubber Products Development and Services Centre (RPD&SC) was set up in 1980 at Peliyagoda under the directions and financial assistance of the World Bank to assist the local rubber-based industries, the SMIs in particular. Since then the Centre has been providing services to the local rubber products manufacturers. There are approximately 200 numbers of longstanding rubber-based industrialists who are regular customers of the Centre and make use of its services such as:

- Technical Consultancy and Extension Services
- Product and Process Development
- Testing and Quality Certification
- Provision of Semi Commercial Services
- Orientation to New Market Requirements
- Serve as a Link between the Academic and R & D Institutions and the Industry, in general

Chart 4.2.1: Income of the Division (Rs.)

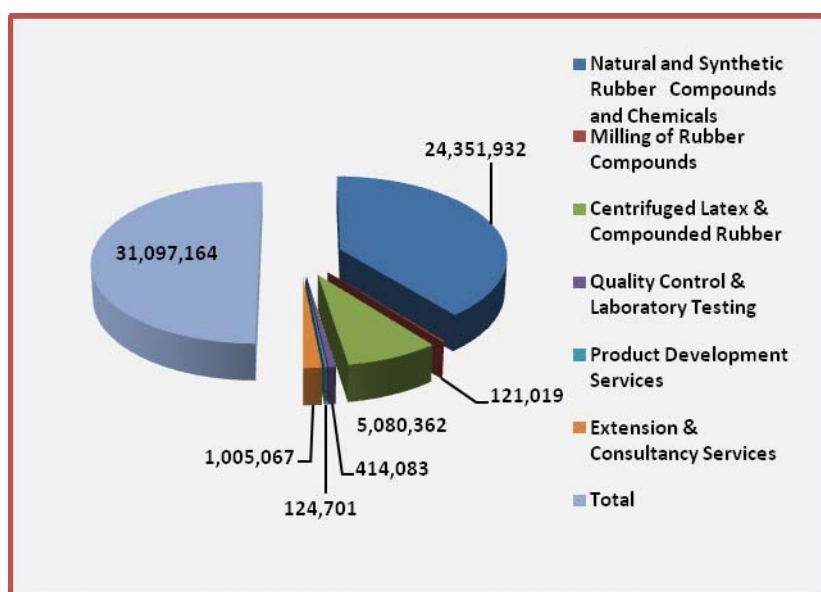


Table - 4.2.1

Corporate Goal	Activities for Achieving Corporate Goal	Measuring Indicator	No. of Beneficiaries
G1a Encourage, promote & develop industries	10. Provide technological & related assistance to improve/expand/modernize existing industries		
	(i) Technical Assistance including Quality Improvement for existing industries	No. of Jobs	49
	(ii) Quality Testing and Certification	No. of Jobs	165
	12. Conduct technical training programmes & technology transfer demonstrations, programmes & workshops; promote services via email/media and website public area		
	(i) General Consultancy and Transfer of Technology	No. of Clients	185
	(ii) Technology Transfer Demonstrations on Dry Rubber & Latex based products	No. of Demonstrations	22
	(iii) Technology Transfer Workshops to up-grade the quality of products manufactured	No. of Workshops	03
	(iv) Conduct customized training programmes on Quality Control & Laboratory Testing and Manufacturing of Printing Rollers	No. of Programmes	03
	19. Prepare project, technical & marketing feasibility reports for SMIs		
	(i) Project Proposal for strengthening the compounding facilities of the Rubber Product Development and Services Centre to serve the growing needs of the Rubber Products Manufacturing Sector		
G1b Entrepreneur training, developing & providing consultancy	7. Providing counseling & consultancy for entrepreneurs in marketing, technology, finance, management, production etc.		
	(i) Technical assistance to create self employment and set up new industries	No. of Industries	30
G9 Provide all services & facilities for industrial undertakings including capital, credit, marketing, managerial & technical facilities, and legal advice	4. Provide rubber product and compound development facilities		
	(i) Product and Process Development	No. of Jobs	98
	Designing of compounds and process technologies for the following products have been developed and transferred to the industrialists		
	i.	Brake Cylinder Diaphragm	
	ii.	Washer for Refax Pump Unit	
	iii.	Motor Coupling	
	iv.	Handle Grip for Boat	
	v.	Food grade Rubber Seal for Milk pumping unit	
	vi.	Rail Pads	
	vii.	Bearing Compound using NBR Rubber boot for vibrates	
	viii.	Ozone Resistant Printing roller	
	ix.	Brake Cylinder Boot	
	x.	Vibration Mount	
	xi.	Rubber Bellow	
	xii.	Microcellular Rubber Pad	
	xiii.	Rubberized Coir Mats	
	xiv.	Rubber Pads for Building Materials	
xv.	Rubberized Coir Pith Blocks		
xvi.	Rubber Wheels		

Corporate Goal	Activities for Achieving Corporate Goal	Measuring Indicator	No. of Beneficiaries
	xvii. Rubber Rings		
G9 Provide all services & facilities for industrial undertakings including capital, credit, marketing, managerial & technical facilities, and legal advice	SPECIAL WORK carried out by the Division		
	Import Substitution		
	a. Rubber Bearing and Seals for Sri Lanka Navy		
	b. Rubberizing of large coupling for Sri Lanka Navy		
	c. Rubber Rollers for SLNS <i>Sayura</i> of Sri Lanka Navy		
	d. Rubber Sealing Material for Hot-Asphalt plant of Road Development Authority		
	e. Design and develop Rubber compounds and transferred technologies to manufacture of following items to the Pelawatte Diary Industry as Import Substitution:		
	i. EPDM Packing		
	ii. Rubber Seal		
	f. Rubber Products for Mahaweli Authority (Kothmale Project)		
5.	Provide Quality Testing of Rubber Products & Semi-finished Goods and Raw Materials		
13.	Milling of Rubber Compounds		
	Item	Quantity (kg/l)	Income (Rs.)
(i)	Natural and Synthetic Rubber Compounds and Chemicals	44,843	24,351,932
(ii)	Milling of Rubber Compounds	19,166	121,019
(iii)	Centrifuged Latex & Compounds	12,311	5,080,362
Income of the Centre from :			
(iv)	Quality Control & Laboratory Testing		414,083
(v)	Product Development Services		124,701
(vi)	Extension & Consultancy Services		1,005,067
TOTAL INCOME			31,097,164

The revenue from production and selling of rubber compounds, latex compounds, milling of rubber compounds, selling of chemicals and providing services are given in the above Table.

The Centre has progressed well towards its goal of becoming a self financing unit during the year under review. The Division generated a **Total Income of Rs. 31 million** from its services and commercial operations during 2012.

4.3 Centre for Development of Leather Products and Footwear (CDLPF)

Leather Products and Footwear Development Centre was established in 1998 in order to develop leather products and footwear manufacturing sector in Sri Lanka. The Centre conducts short term, long term technical training and skill development courses, supply skilled workers, technical information and provides facilities to produce footwear, leather products etc. The main centre is situated at Katubedda, Moratuwa and two regional centres are situated at Wariyapola in Kurunegala District and at Vitharandeniya in Hambantota District.

The services provided by the Centre are:

- Conduct Technology Transfer Workshops on Footwear
- Conduct Technology Transfer Workshops on Leather Goods
- Footwear Design and Pattern Making
- Innovative Ideas and Information on New Products and Product Development
- Provide Trade and Machinery Information
- Provide Incubator Facilities
- Skilled Labour for the Industry

Following facilities & machinery are available at the centre:

- Clicking Machine
- Splitting Machine
- Strap Cutting Machine
- Skiving Machine
- Compressor and Spray Booth
- Buffing And Finishing Machine
- Sole Press Machine
- Reactivate

Some of the Training Programmes conducted by the centre are:

- Design and Pattern Making
- Shoe Upper Closing
- Leather Clicking
- Manufacturing of Ladies Footwear
- Manufacturing of Gents Footwear
- Manufacturing of Leather Goods

Corporate Goal	Activities for Achieving Corporate Goal	Measuring Indicator	No. of Beneficiaries
G1a Encourage promote & develop industries	8.	Create and Commission of Home-based Industrial Economic Units	
	(i)	Commission of home-based economic units	No. of Units 47
	9.	Provide technological & related assistance to start new enterprises, and commission of new enterprises	
	(i)	Services were provided directly to establish new Footwear and Leather Goods Manufacturing Units	No. of Units 24
	10.	Provide technological & related assistance to improve/expand/modernize existing industries	
	(i)	Technological and related assistance were provided to improve/expand/modernize existing industries	No. of Industries 17
	(ii)	Service of machinery provided on concessionary rate for leather sector industrialists	No. of Industrialists 277
	12.	Conduct technical training programmes and technology transfer & demonstration programmes and workshops	
	(i)	24 Technology Transfer Programmes were conducted in Ampara, Anuradhapura, Batticaloa, Colombo, Gampaha, Hambantota, Jaffna, Kandy, Monaragala and Vavunia Districts. 419 entrepreneurs were able to find jobs in the private sector as well as to commence self-employment projects with assistance from the government and non-governmental organizations.	No. of Entrepreneurs 419
	13.	Provide technical support, advice & Consultancy Services	
	(i)	In order to improve the quality of products, small as well as large scale footwear and leather sector industries were provided with technical know-how, advice and consultancy.	No. of Services Provided 80
	14.	Conduct customized training programmes	
	(i)	Five customized training programmes were conducted on Footwear Designing & Pattern Making	No. of Entrepreneurs 71
	25.	Facilitate Sub-contracting (Footwear)	
(i)	Micro and Small-sized Footwear and Leather Goods manufacturers were provided sub-contracting facilities and machinery services on concessionary rate	No. of Manufacturers 32	

Corporate Goal	Activities for Achieving Corporate Goal	Measuring Indicator	No. of Beneficiaries
G1b Entrepreneur training & developing and providing consultancy	1. Select prospective entrepreneurs via awareness programmes by analyzing their interests, suitability and needs		
	(i) Conducted Awareness Programmes to identify people who want to start an industry, business or job opportunity in Footwear sector (school leavers, graduates, vocationally trained personnel etc.)	No. of Programmes	08
G6 Foster the export of industrial products	8. Help manufacturers to improve product quality to export standards; Publicize this service via media, and post on general website area		
	(i) Organized small and medium footwear & leather goods manufacturers who were engaged with IDB for overseas training (India) on Handmade Shoe Manufacturing exposure programme with the assistance of COMSEC Project.	No. of Manufacturers	06
G7 Engage in or cooperate with local bodies or foreign institutions or governments in the display or distribution of industrial products	2. Participate in local trade fairs for industry and post on website		
	(i) Organized Trade Fairs in collaboration with Footwear and Leather Goods Industrialists' Association at various places such as; Nugegoda, Battaramulla, Jubili Hall, specially for Footwear Industrialists at SME Level.	No. of Trade Fairs	03
	(ii) Organized SME Pavilion, Footwear & Leather Goods Design Competition and Workshops at the 04 th International Footwear and Leather Fair 2012	No. of Trade Fairs	01
G9 Provide all services & facilities for industrial undertakings including capital, credit, marketing, managerial & technical facilities and legal advice	6. Provide processing facilities for footwear; promote service via e-mail to members and post details on website		
	(i) Small-scale footwear and leather goods manufacturers were provided with machinery facilities at IDB Leather Centre, Katubedda.	No. of Jobs	277

By achieving more than 50% of its scheduled activities for the year, the Centre earned an income of Rs. 5,803,431 in 2012.

Special Activities

1. Sector-wise demand-driven 05 training programmes were conducted on footwear designing and pattern making for 71 persons working in the footwear sector.
2. Participated & contributed to formulate policy and strategy guidelines in various committees conducted by the Ministry of Industry & Commerce, National Committee on Economic Development (NCED), Sri Lanka Export Development Board (SLEDB), National Apprentice & Industrial Training Authority (NAITA), and Sri Lanka Standard Institute (SLI).
3. Participated in technical evaluation committees of various government institutes to procure their footwear & leather goods requirements.
4. Provided incubator facilities to those who were trained under IDB to reduce the risk of their initial investment.
5. Maintain a database of footwear and leather goods manufactures and training institutes in Sri Lanka. This is a large data base containing diverse information on the field.
6. The following Footwear and Leather Products Manufacturing Villages are operating at the district level under the supervision of IDB District Offices in Hambantota - Muthiammagama, Galle - Ampawila, Anuradhapura - Devanampiyatissapura, Jaffna – Karawedi, Nuwara Eliya - Walapane, Ratnapura - Pallegedara, and Gampaha - Negombo.
7. As a co-organizer, the CDLPF of the IDB organized 04th International Footwear and Leather Fair 2012 at BMICH from 10 – 12 February 2012 with the participation of local and foreign businessmen. There were more than 100 stalls at this exhibition. Throughout the fair 2012, the IDB directly organized SME pavilion with 35 SME stalls, Footwear and Leather Goods Design Competition and Workshops.

4.4 Planning Division (PD)

General

Planning Division has a challenging job of re-designing and re-defining the strategies for the IDB to serve the SME more meaningfully, due to the competitiveness of business development services with respect to the rapid change of the world economy.

Activities Assigned to the Division:

- Formulate policy and strategy guidelines in accordance with the mandatory objectives of the IDB and the Industrial Development Act. No. 36 of 1969
- Facilitate to prepare Corporate Plan of the IDB and follow up of the strategic action plans, division-wise
- Implement Results Based Monitoring and Evaluation Framework and develop outcome indicators through a participatory approach and process
- Formulate and forward relevant progress reports according to "management for development results" to the Ministry of Traditional Industries and Small Enterprise Development and other related organizations
- Prepare Capital & Recurrent Expenditure Requirements in accordance with the Organizational Budget and overall Action Plan
- Coordinate and interact with external organizations to encourage, promote and develop industries in Sri Lanka
- Conduct Enterprise Survey, update Industry related statistics and prepare relevant Sector Development Plans and Reports
- Ensure the IDB participation in existing industry related policy making committees and prepare policy papers as and when necessary
- Prepare Project Proposals for foreign funding
- Undertake specific Feasibility Studies /Project Reports for clients
- Prepare and Evaluate Model Project Reports

Table - 4.4.1

Corporate Goal	Activities for Achieving Corporate Goal	Measuring Indicator	No. of Beneficiaries
G1a Encourage, promote & develop industries	19 Prepare Project Reports for SMIs		
	(i) Following Project Reports were prepared on the request of the industrialists. <ul style="list-style-type: none"> • Manufacturing of Hand Made Paper • Rehabilitation, Up-grading and Modernization of the Industrial Estates and Maintenance of Infrastructure in other minor industrial estates. 	No.	02
G1b Entrepreneur training & developing and providing consultancy	7 Provide counseling for entrepreneurs		
	(i) The Division has provided information to start new industries, expand existing industries and to modernize existing industries.	No. of Industrialists	71
G3 Establish, maintain & carry on Industrial Estates	11 Survey the satisfaction levels & needs of all occupants of all industrial estates, and prepare reports		
	(i) Carried out a preliminary survey for industrialists engaged in Coir fibre and fibre based products manufacture.	No. of Surveys	01
	(ii) Carried out a preliminary survey for industrialists engaged in Rubber and rubber based products manufacture.	No. of Surveys	01
G13 Improve the organizational, administrative & financial efficiency of IDB	27 Prepare and validate Monthly & Quarterly Divisional Performance Reports	No. of Reports	16
	29 Prepare Quarterly IDB Capital Budget Progress Reports	No. of Reports	04
	30 Prepare Annual Report for the IDB Board of Directors	No. of Reports	01

Other work carried out by the Division

I. National Definition to identify Micro, Small & Medium Enterprises (MSMEs) in Sri Lanka

The IDB is making an initiative in formulating a nationally accepted common definition to identify Micro, Small & Medium Scale Enterprises in Sri Lanka.

In this connection Planning Division of the IDB undertook a desk/web research to review the current SME definitions available both locally and internationally and prepared a concept paper outlining a draft criterion. This paper was discussed with the participation of all the key stakeholders at the initiative meetings held on 22nd March & 09th April 2012 at the Centre for Banking Studies, Central Bank of Sri Lanka.

II. Project on capacity development of Footwear & Leather Products Manufacturing Sector in Sri Lanka (22 May 2012 at 9:00 am at the Ballroom B of Galadari Hotel)

Planning division prepared a proposal and submitted to the Commonwealth Secretariat, UK with a view to strengthen the Sri Lanka's leather products and footwear sector.

The objective of this project is to enhance the capacity of the sector and developing the required technical skill and capacity through business development service providers of the sector. The overall objective of the initiative is to enhance the competitiveness of the sector and increase Sri Lanka's share in the global footwear and leather products market.

In this connection, a conference to launch this project was held on 22 May 2012 at 9:00 am at Ballroom B of Galadari Hotel with the participation of the Commonwealth Secretariat officials, industry representatives and other key stakeholder personnel.

- III.** Assisted in the preparation of policy guidelines for reduction of sensitive list under the South Asian Free Trade Agreement (SAFTA), Ministry of Traditional Industries and Small Enterprise Development and Department of Commerce.
- IV.** Prepared and forwarded a Concept Paper to the Rubber Secretariat for the development of rubber sector in Sri Lanka.
- V.** Prepared and forwarded an Industry Development Report to the Department of National Physical Planning for the development of infrastructure in the Northern Province.

- VI.** Prepared and forwarded a Programme Contents and Cost Estimate of Capacity Development Programme under the Poverty Alleviation Micro Finance II (PAMF II) to the Director of Regional Development, Department of Central Bank.
- VII.** Prepared and forwarded a programme contents and cost estimate of Technology Transfer Programme to enhance the income status of women in Chilaw Divisional Secretariat.
- VIII.** Prepared and submitted a list of metal scraps which were banned for imports/exports by the Department of Imports and Exports Control in order to protect local industrialists.
- IX. The Division has provided statistical data to the following government and non-government organizations and industrialists:**
- Central Bank of Sri Lanka for the Annual Report
 - Department of Census and Statistics for National Account Estimates
 - Ministry of Economic Development

4.5. Marketing Division (MD)

Marketing Division is the dynamic force of the IDB, encompassing activities involved in the process of goods manufactured by Small and Medium-sized Industrialists and Self-employed throughout the island. It serves the ultimate customer by establishing a long term mutually beneficial trade relationship to their entire satisfaction.

Activities Assigned

- Organize and Conduct National Exhibition (*Deyata Kirula*), Annual Exhibition (*Shilpa*) and Regional Exhibitions/Trade Fairs
- Organize National Award Ceremony (*Shilpa*)
- Provide Sales Facilities at “Lakkam” and “Laknipaum” Sales Centers
- Provide Sub contracting Facilities
- Provide Scrap Materials to industrialists at concessionary price
- Provide Marketing Assistancess and Consultancy Services for the Promotion and Development of Industries
- Manage Customer Relationships
- Develop and increase marketing capabilities to sustain their businesses in competitive environment

Performance Highlights

Laknipayum and Lakkam Sales Centers - These sales outlets provide display and sales facilities with a view of uplifting the productivity and promoting markets for the products of Small and Medium-sized Industrialists (SMIs) and Self Employees (SEs) island wide.

Sub Contracting Exchange (SCX) - The Sub Contracting Exchange (SCX) of the Marketing Division funded by the World Bank functions since 1982. It coordinates with the government and non-government organizations involved in the supply of goods manufactured by the SMEs.

Raw Material Bank - The Raw Material Bank integrates with the Rubber Products Development and Services Centre (RPDSC) at Peliyagoda, and supply raw materials to the local industries at reasonable price.

Metal Scrap Project - The Marketing Division purchases metal scraps such as ferrous, non-ferrous and other related items from government institutions at agreed prices on behalf of the IDB. These items are sold as raw materials to the Light Engineering Industrialists who are registered with the IDB.

Exhibitions - The IDB organizes Exhibitions for Micro, Small and Medium-sized Entrepreneurs (MSMEs) on District and Provincial Levels. The Annual National Level Exhibitions & Trade Fairs are held subsequent to the District & Provincial Level Exhibitions in order to select the all island outstanding entrepreneurs in MSME Categories. These Exhibitions facilitate to create employment opportunities and commencement of small industries.

Special Activities

The following special activities were undertaken by the Division during the year under review:

- Participated in “Deyata Kirula” Exhibition at Anuradhapura District in February, 2012.
- Participated in the “Vidulka” Exhibition organized by Sri Lanka Energy Authority of Ministry of Power & Entergy in August 2012.

Table - 4.5.1

Generated Income and Key Physical Performance

Corporate Goal			
G1a Encourage, promote and develop industries			
G1b Entrepreneur training, developing and providing consultancy			
G7 Engage in or co-operate with local bodies or foreign institutions or governments in the display or distribution of local industrial products			
G10 Assist financially or otherwise any local body or person (s) in the purchase of industrial machinery or raw materials or in provision of related facilities			
Activities for Achieving Corporate Goal		Measuring Indicator	Achievement
G1a.25	Facilitate subcontracting and promote services via email/media & website public area		
(A)	Improve Sales Volume of SMEs		
(i)	Facilitated to provide sub-contracting	Distribution of Orders	25
		Value of Orders (Rs. '000)	3,796
		No. of Industrialists facilitated to obtain sub contracting	25
		Income (Rs. '000)	200
G1b.3	Commercial and Technical Training Programmes for entrepreneurs		
(i)	Provide Commercial and Technical Training Programmes	No. of Programmes conducted	21
		No. of Participants	315
		Income (Rs.'000)	558
G1b.8	Organize and conduct IDB National "Shilpa" Exhibition and awards for entrepreneurs		
(A)	Improve Market Share of SMEs		
(i)	Organize National Exhibition "SHILPA" in collaboration with the Ministry	No. of National Exhibitions	1
		No of Enterprises Served	307
		Income (Rs. '000)	709
(ii)	Participate in exhibitions organized by other institutions	No. of Exhibitions	1
		No. of Enterprises Served	18
(iii)	Organize National Award Ceremony	No. of National Awarding Ceremonies	1
		No. of District Awards	346
		No. of Provincial Awards	231
		No. of National Awards	47
G7.1	Create regional Display and Sale Centres for industrial products		
(i)	Provide sales facilities through "Kithula" Sales Centre	No. of Enterprises Served	10
		Sales Turnover (Rs. '000)	882
G7.6	Improve display and sales facilities at "Laknipayum" Sales Centre		
(i)	Provide sales facilities through "Laknipayum" Sales Centre	No. of Industrialists obtain Sales Facilities	150
		Sales Turnover (Rs '000)	2,115
G7.7	Improve display and sales facilities at "Lakkam" Sales Centre		
(i)	Provide sales facilities through "Lakkam" Sales Centre	No. of Industrialists obtain Sales Facilities	1,195
		Sales Turnover (Rs. '000)	9,055
		IDB income (Rs.'000)	2,115

Activities for Achieving Corporate Goal	Measuring Indicator	Achievement	
G7.8	Organize the National Exhibition “Deyata Kirula” with the Ministry		
(i)	Organizing "DEYATA KIRULA" National Exhibition in collaboration with the Ministry	No. of Exhibitions	01
		No. of Industrialists participated	307
(ii)	Participate “Vidulka” Exhibition organized by Sri Lanka Energy Authority (Ministry of Power & Energy)	No. of Exhibitions	01
		No. of Industrialists participated	18
G10.3	Collect scrap metals to the IDB registered SMEs at concessionary price		
(i)	Providing metal scraps to SMEs through Scrap Project on concessionary price	Qty. Purchased (MT)	1079
		Qty. Distributed (MT)	842
		Distribution of Scraps among the industrialists	516
		Sales Turnover (Rs. '000)	31,028

4.6 Industrial Estates Division (IED)

Industrial Development Board of Ceylon which is a statutory body established under the Industrial Development Act. No. 36 of 1969 is entrusted with responsibility of encouragement, development and promotion of Small and Medium-sized Industries. Further, under Section 33 (2) (a) of the Act empowers the Board to establish, maintain and carry on Industrial Estates in Ceylon. As a result, the Industrial Estates Division was established, and the main objective of the division is to provide infrastructure facilities to industrialists in Sri Lanka.

Table - 4.6.1

Industrial Estates by Provinces

Existing Industrial Estates	Province
Ekala, Horana, Wavulugala, Panaluwa	Western
Pallekelle, Matale, Kotagala	Central
Pannala, Lunuwila	North Western
Galigamuwa, Pussella	Sabaragamuwa
Karandeniya, Baddegama, Beli Atta	Southern
Negampaha, Mihintale	North Central
Vavuniya, Atchchuvely	Nothern

Major Activities

- Selecting of suitable location to establish new industrial estates
- Establishment of new industrial estates after feasibility studies, selection of suitable lands, and allocation of capital to facilitate basic services
- Maintenance of the existing industrial estates
- Selection of new entrepreneurs (With respect to new industrial estates and vacant blocks at the existing industrial estates)
- Handing over of the Developed Land and Vacant Building Blocks
- Signing of Lease Agreements
- Follow up of Commissioning of Industries with respect to the action plan
- Collecting rents for land blocks and buildings
- Make necessary arrangement to establish a revolving fund in order to maintain the industrial estates

Performance and Highlights of the Division

During the period under review, the IDB selected suitable industrialists and made necessary arrangement to hand over the vacant land blocks at the Ekala, Panaluwa, Pallekelle, and Kaludewala industrial estates. Lease Agreements have been signed for the industrial estates of Kotagala, Ekala, Lunuwila and Horana industrial estates. Further, the IED of the IDB facilitated to establish industries at the industrial estates of Lunuwila, Ekala, Pallekelle, Galigamuwa, Pannala and Kaludewala.

Further, during this period annual rent amounting to Rs. 47,908,379.52 was collected. Also, an amount of Rs. 288,107.44 was collected as Debts. The Industrial Estates Division had to spend Rs. 27,314.79 as the maintenance of industrial estates from the revolving fund.

Re-establishment of Atchchuvely Industrial Estate - As a result of signing a Memorandum of Understanding (MOU) between the Sri Lanka Government and the Indian Government, it was proposed to re-establish Atchchuvely industrial estate. The Indian Government has granted an amount of Rs. 174 million and the Sri Lankan Government has contributed an amount of Rs. 25 million during the period from 2011 to 2012 to implement the project of re-establishing Atchchuweli Industrial Estate. The following works have been completed by utilizing the above grant:

- Preliminary Studies, Surveying and allocating land blocks
- Preparation of Engineering Measurements
- Allocating and Surveying
- Soil Estimation
- Testing of Ground Water Levels
- Clearing of Lands
- Establishment of the Administrative Building
- Preparation on Basic Environment Study Testing Report
- Establishment of Security Services

In addition, it was planned to fulfill the activities of establishing Residence for Superintendent of the Industrial Estate, Provision of Electricity Facility, Selecting of Potential Entrepreneurs and handing over of land blocks & buildings to the selected industrialists etc.

Maintenance of the Existing Industrial Estates

In this respect an amount of Rs. 40 millions was given by the Ministry of Traditional Industries and Small Enterprise Development, and the following capital expenses have already been incurred:

Table - 4.6.2

Performed Activities at the Existing Industrial Estates

Existing Industrial Estates	Activity	Remarks
Pallekelle	Carpeting of Internal Roads	Work-In-Progress
Panaluwa	Building up the Water Tank and Laying of Water Pipes, Fixing of the main gate and road barriers, renovation of the existing well	Work-In-Progress
Pussella	Laying of Water Pipes and setup of Security Hut	90% of Work Completed
Vavuniya	Renovation of Internal Roads and Gutters, renovation of the existing well, setting up of the office building, establishing water outlets and drainages	Work Completed
Kaludewala	Takeover of Land	Work-In-Progress
Wavulugala	Establishment of Security Hut and Gutters	Work Completed
Galigamuwa	Setup of Water Tanks and Laying of Water Pipes	Work Completed

Commencement of New Enterprises in the Industrial Estates

During the period under review there were 20 new enterprises established in the industrial estates of Pannala, Ekala, Pallekelle, Lunuwila, Pussella, Panaluwa, Matale, and Buttala. The proposed investment was Rs. 407.6 million and it was expected to generate 433 nos. of employments from those enterprises.

4.7 Engineering Division (ED)

4.7.1 General

The sections and the centres, which fall under the purview of the Division, are as follows:

- a) Head Office, Katubedda – The Sections of Engineering Workshop, Foundry, Engineering Office (for Technical Information & Consultations, Valuation Reports), Civil Engineering, Electrical Engineering
- b) Peliyagoda - Electroplating Centre (EPC.)
- c) Pannala - Appropriate Technology Research & Development Centre (ATRDC)
- d) Matara – Common Services Centre (CSC)
- e) Pamunuwa - Brassware Services Centre (BSC)

4.7.2 Activities of the Division

During the year 2012, the activities of the Engineering Division were geared to:

- Provide existing and potential industrialists with assistance in the selection of raw materials and machinery, design/development and technology/process know-how.
- Provide fabrication, casting and metal finishing services to industrialists on job orders.
- Provide internal maintenance, repairs/renovations and construction planning & supervisory support to the Board in Civil and Electrical Engineering fields and Technical and Supervisory Support for Board's vehicle maintenance needs.
- Provide Civil and Electrical Engineering support services for the projects of the Ministry of Traditional Industries and Small Enterprise Development.
- Other activities included Providing Machinery Valuation Reports, Laboratory Testing Services for Foundry sector as well as the Sale of Machinery and Implements which were fabricated by the Division.
- Develop economic and appropriate machinery prototypes for industries.

4.7.3 Performance in 2012

4.7.3.1 Revenue from Jobbing Services, Valuations, Foundry/Electroplating Laboratory Services, Sale of Implements & Sundry Items

The revenue from external services accomplished by different sections and centres of the Division in the year 2012 are listed in the following table. The data are as at the end of 2012 and **excluding VAT and NBT levies**

Table - 4.7.1

Revenue from External Services Rendered in 2012

Corporate Goal		
G1a Encourage promote & develop industries		
G1b Entrepreneur training, developing & providing consultancy		
G9 Provide all services & facilities for industrial undertakings including capital, credit, marketing, managerial & technical facilities, and legal advice		
Activities for Achieving Corporate Goal		Gross Revenue (Rs.) (excluding VAT, NBT)
Section: Engineering Workshop, Head Office, Katubedda		
G1a.16b	Supply and install machinery and equipment for Production Village Development (PVD) Programme	4,995,463
G9.7	Workshop Services – Machining, Fabricating, Heat Treatment	
G9.15	Manufacturing and Sales of Machines	
Section: Foundry, Head Office		
G9.8	External Foundry Jobs	4,186,532
G9.8	Laboratory Testing	
G1b.3	Provide training for entrepreneurs and professionals	
Section: Head Office		
Activities for Achieving Corporate Goal		Gross Revenue (Rs.) (excluding VAT, NBT)
G1a.19	Valuation Reports	969,675
Section: Civil Engineering Services – Head Office		
G1a.16b	Consultancy work for PVDs and other government organizations, ministries etc.	9,828

Section: ATRDC, Pannala		
G1a.12	Technology Transfer (Workshops/Training Programmes)	2,489,130
G1a.12	In-plant Training	
G1a.13	Advisory Services	
G1a.19	Valuation Reports	
G9.7	Workshop Services (including Village Development)	
G9.15	Manufacturing and Sales of Machines (including Village Development)	
Section: Electroplating Centre, Peliyagoda		
G1a.12	Training Programmes	2,112,188
G1b.3	Technical Information and Training of Individual	
G9.9	Zinc Plating Jobs	
G9.9	Copper, Nickel, Chromium & Hard Chromium Plating Jobs	
G9.9	Laboratory Services	
Section: CSC, Matara		
G1a.19	Valuation Reports	4,461,402
G9.7	Workshop Services	
G9.15	Machinery Fabrication and Supply	
Section: Brassware Services Centre, Pilimathalawa		
G1a.19	Valuation Reports	495,161
G9.7	Providing Lathe Machining works	
G9.14	Sales of Moulding Sand	
G9.14	Sale of Fire Bricks, Grinding Wheels, Silica and Bentonite	
TOTAL		19,719,379

4.7.3.2. Revenue from Internal Services

The value (Cost of services basis) of internal engineering service jobs completed by different sections are as follows:

Table - 4.7.2

Section		Value of Completed Internal Services (Rs.)
1	Workshop – Head Office	306,304
2	Foundry – Head Office	328,053
3	Civil Engineering Services – Head Office	2,160,232
4	Electrical Engineering Services – Head Office	1,231,639
5	ATRDC - Pannala	185,667
TOTAL		4,211,895

4.7.3.3. Machinery/Equipment/Process Development

In the year 2012 the following machinery/equipment were developed at the Appropriate Technology Research and Development Centre (ATRDC), Pannala of the Engineering Division, IDB.

- (i) High Speed Manual Coconut Scraper



- (ii) Polythene Twine Machine

- (iii) Grass Chip Briquette and Packing Machine



Table - 4.7.3

Physical Progress of the Division in the year 2012

Corporate Goal			
G1a Encourage, promote & develop industries			
G1b Entrepreneur training, developing & providing consultancy			
G9 Provide all services & facilities for industrial undertakings including capital, credit, marketing, managerial & technical facilities, and legal advice			
Activities for Achieving Corporate Goal		Measuring Indicator	Achievement
G1a.13	Consultation and Advisory Services		
(i)	Providing technical/process information and consultation on design & fabrication were provided to industrialists in 2012 at the Head Office, ATRDC – Pannala and Electroplating Centre – Peliyagoda.	No. of Services	178
G1a.19	Valuation Reports		
(i)	Engineering Division - Head Office, ATRDC, CSC – Matara and Brassware Services Centre (Pilimatalawa) provided valuation services for industrialists.	No. of Reports	67
G1b.3	Provided training for entrepreneurs and professionals (Foundry Training)		
(i)	Conducted Technology Transfer/Training Programmes	No. of Participants	05
G9.7	Workshop services – Machinery, Casting, Plating, Laboratory and other services		
(i)	The above services were carried out by the Workshop – Head Office, Foundry – Head Office, ATRDC – Pannala, CSC – Matara, EPC – Peliyagoda and Brassware Services Centre – Pilimatalawa.	No. of Services	1,070
G9.15	Development of Machinery		
(i)	The following machinery/equipment was developed at ATRDC, Pannala of the Engineering Division. (i) Grass Chip Briquette and Packing Machine (ii) Polythene Twine Machine (iii) High Speed Manual Coconut Scraper (ii) Mobile Clay Mixing Machine for Pottery Industry	No. of Machineries	03

4.8 Technical Services Division (TSD)

4.8.1 General

The Technical Services Division is one of the main divisions of the IDB, which caters to the technological needs of the industrial community in Sri Lanka. The primary objective of TSD is provision of technological assistance to entrepreneurs from conception through formulation to implementation, and to existing industries for expansion, modernization, diversification and quality and productivity improvement. The services of the TSD are provided through 5 sub sectors - namely Food, Chemical, Oil and Fibre, Building Materials and Information Communication Technology. Provision of technological assistance is mainly done through one-day technology transfer workshops (Tech4SME) with a strong practical component. In addition, the recently established Industrial Academy offers twenty numbers of Certificate Courses covering the above mentioned areas. These certificate courses are designed for the present-day industry needs and are backed by highly-qualified visiting faculty selected from the best available in state Universities and Industry. The renovated computer lab is equipped with all necessary facilities to enable students to reach their full potential in their occupational path.

4.8.2 Performance Highlights

The TSD has taken in to consideration the Corporate Plan of 2011/2013 in performing its activities and has tailored the key activities to meet the specific needs of the prospective entrepreneurs and also to uplift the standard of the IDB.

The activities carried out by the TSD in 2012 were:

(1) Products selected for promotion (G1a.6)

- Sixty (60) number of products under Food, Chemical and Oil & fibre sub-sectors were selected for promotion through one-day Technology transfer training programs (Tech 4 SME).
- TSD participated in “Sri Lanka Plast 2012”, an International Plastics Exhibition which was held from 10th to 12th August, 2012 at Sri Lanka Exhibition and Convention Centre, Colombo.

(2) Home-based industrial economic units created & commissioned (G1a.8)**▪ “Divi Neguma” Exhibitions:**

TSD participated in 05 “Divi Neguma” exhibitions held in Mannar, Ratnapura, Kandy, Baticaloa and Polonnaruwa districts with the mobile technology unit. These programmes not only disseminated technology but also enriched communities by introducing new business opportunities and thereby increasing individual capacities to contribute to the wider economy.

(3) Start & commission new enterprises by providing technological and related Assistance (G1a.9)**▪ Second community livelihood development project:**

TSD together with officers of “Second community livelihood development project” of Ministry of Nation Building & Estate Infrastructure Development visited the Embilipitiya area to select a location to establish a “Handmade paper project”.

(4) ICT dedicated industrial facilitation park:

TSD made an initiative to establish an ICT dedicated industrial facilitation park for empowering the IT based industry sector in Sri Lanka by hosting a meeting with relevant stakeholders of ICT sector such as academia, entrepreneurs, software developers and hardware developers. The first stakeholder meeting was held on 16th January, 2012 at “Lakkam Auditorium”.

(5) Technical training programs and technology demonstrations, programs & workshops conducted (G1a.12)**Technology Transfer Demonstrations:**

Together with industry experts, TSD conducted 32 Technology demonstrations under food, chemical, oil & fibre and building materials sub-sectors and these were attended by 192 potential industrialists. These prospective industrialists were directed via the on-line registration system hosted in the IDB website, a new SME development tool introduced by TSD in May.

Technology Workshops:

TSD together with IDB District Office in Matara conducted a workshop on “Improvement of productivity & efficiency in saw mills” for 76 industrialists in March.

A technology transfer workshop on “Soft wood treatment” was conducted for 26 officers of the Department of Industrial Development & Enterprise Promotion, Kandy in June.

Whilst the workshops and technology demonstrations were successful in training entrepreneurs on numerous topics essential to business development such as standards, technology and marketing opportunities, the results stand testament to the on-line registration systems that success with over 2,145 industrialists being registered by the end of 2012.

A total of 294 persons were trained on various product technologies. The income generated from technology demonstrations and workshops is Rs. 706,197.46.

(6) Technical support, advice & consultancy services provided (G1a.13)

56 potential entrepreneurs obtained technological assistance through consultancy services. Through the consultancy services, entrepreneurs are educated on topics ranging from product and process technology to machinery information, market opportunities, standards, rules and regulations to industry trouble shooting. The income generated from consultancy services amounts to Rs. 58,849.64.

To further strengthen the service to industries, TSD also extends supportive services to the SME sector such as the sale of Boron Treatment Solution for timber testing. The income generated from the sale of Boron treatment solution amounts to Rs. 8,000.00.

(7) Customized training programs provided (G1a.14)

The customized services provided by the TSD include:

- Participated in “Seethawaka Abimana” exhibition held in Hanwella and conducted on the spot demonstrations with the mobile technology unit
- Visited Badanagala village and prepared a comprehensive project report for the “Blacksmith project” conducted by the Ministry of Technology & Research in Badanagala village.
- Participated in a programme organized by the Department of Social Services and delivered a presentation on “Identification of training opportunities aimed for small business” for instructors of Department of Social Services.
- Participated in the examination panel for recruitment of instructors for Leather sector for Department of Social Services
- TSD represented the IDB on a practical examination panel for the recruitment of food technology instructors for the Department of Social Services.

(8) Assist enterprises to get certifications: Environmental EPL, GMP, ISO, Business Registration, etc. (G1a.23)

- **Chemical Leasing Pilot Project:**
TSD introduced the chemical leasing concept to Gigi Shoes, Peliyagoda and Arogya hospital in Gampaha

- **Awareness programme on “Energy management for IDB officers”**

IDB in collaboration with Sri Lanka Sustainable Energy Authority and Ministry of Power & Energy hosted a one day awareness programme on “Energy Conservation and Management for IDB Officers” with the participation of Hon. Patali Champika Ranawaka, Minister of Power & Energy. The programme was attended by 60 participants.

(9) An IDB Action Committee formed for R & D (G5a.1, 3, 4 & 5- G5d.1, 3, 4& 5)

Atomic Energy Authority, University of Ruhuna and University of Wayamba expressed their interest to enter into MoUs with IDB to offer joint R & D projects on tailor made solutions for industrial institutes.

(10) Improve the structure of IDB website

- An online registration system for technology seekers, machinery manufacturers and dealers was introduced and hosted in the IDB website.
- Terms of reference (TOR) were prepared with officers of ICTA for features in the IDB website.
- Created and introduced an on-line progress reporting system and Gmail addresses for all IDB District Offices.

(11) Post on member’s area of IDB web sites suitably re-edited & reformatted past surveys, market & technical reports, information etc. (G12.5)

The IDB website hosts a member area containing business-related content articles of Industrialists with over 80 entries, and the income generated from the renewal of registration of industries is Rs. 10,500.00.

(12) Procure, install & implement an Enterprise Resource Planning System (ERP) (G13.22)

Preliminary arrangements have been made to procure and install an ERP system for IDB by call of EOI/RFP for ERP system and web development through IDB website and newspapers.

(13) Set up a system to enable authorized IDB officers to select a user ID & password to access the staff area of IDB website. (G13.23)

The TSD has set up a system to enable IDB staff members to access the staff area of IDB website. The features included in the Staff member area are: e- HRM system, Survey of IDB assets, Circulars, Government Scholarship Information, IDB holiday calendar etc. As an initiate, on-line leave application facility through the e-HRM system has been introduced to TSD officers on a trial basis.

(14) Acquired new technologies and/or arranged technology exchanges with international & local bodies. (G13.24)

- TSD participated in discussions on “Rubber sector development project” funded by the Asian Development Bank with the Rubber Secretariat to develop National plan for rubber sector development 2013-2023 in Sri Lanka.
- TSD participated in a workshop on “Environmental friendly one stop coating solutions” conducted by BASF Lanka (Pvt.) Ltd and acquired knowledge on decorative trends in Asia Pacific and Sri Lanka, dispersions for architectural coatings and chemicals used in paints & coatings.

(15) Set up an IDB call centre with hunting lines for information on all IDB services: publicize via media/e-mail and website (G13.31)

Discussed and co-ordinate with the Telecommunication Regulatory Commission and Sri Lanka Telecom to identify the requirements for establishing a call centre in IDB. The implementation of Call Centre is in pipeline.

(16) Implement a disaster recovery system for all IDB data in finance & all units, covering virus attacks, system & network security etc. (G13.32)

- An awareness programme on “Ubuntu” operating system was conducted for IDB head office staff. Some of the advantages of this operating system include: Distributed as free & open source software, easy to learn, and more customizable without virus attacks.
- Real time online progress monitoring system was introduced to all divisions of IDB. The Regional Development Division was highly exposed to the system and it demarcated the success story of the year.
- A disaster recovery system for digital data and incoming and outgoing documents has been introduced to TSD on a trial basis.
- Computer network installation in TSD and Marketing Division was completed.

Table - 4.8.1

Summary of Income – 2012

Corporate Goal		
G1a Encourage, promote & develop industries		
G1b Entrepreneur training, developing & providing consultancy		
G12 Generate additional income to help IDB achieve financial autonomy		
G13 Improve the organizational, administrative & financial efficiency of IDB		
Activities for Achieving Corporate Goal		Income (Rs.)
G 1a.10	Technological & related assistance to improve/ expand/modernize existing enterprises provided	15,000.00
G1a.12	Technical training programmes, technology transfer demonstrations and workshops conducted	706,197.46
G 1a.13	Technical support, advice & consultancy services provided Technical advice and consultancy services Technical services - Sale of Boron Treatment Solution	58,849.64 8,000.00
G 1a.14	Customized training programmes provided	15,080.00
G 1a.23	Assist entrepreneurs to get certifications through SWITCH Asia Project	2,168,986.04
G 1b.3	Commercial & technical training for entrepreneurs provided through Computer hardware entrepreneur course and Industrial Academy Certificate Courses	1,419,000.00 469,500.00
G 12.5	Post on members area of IDB web site, suitably re-edited & reformatted past surveys, market & technical reports and information etc. Collection of information of industrialists to publish in IDB web site.	10,500.00
G 13.20	Introduced standards assurance certifications for IDB APO Demonstration Project	7,826,000.00
Total Income		12,697,113.14

4.9 Centre for Entrepreneurship Development and Consultancy Services (CEDACS)

Centre for Entrepreneurship Development and Consultancy Services (CEDACS) was established by a Cabinet paper on December 15, 1989 by the Ministry of Textiles & Rural Industrial Development, as a special training division under the Industrial Development Board. CEDACS provides training on management skills and entrepreneur development on an island wide basis.

4.9.1 Objectives of the Division:

- Create a new entrepreneurial culture
- Accelerate industrial development in rural areas
- Introduce new managerial strategies to expand existing industries
- Training of Trainees (Entrepreneurship Development & Management Consultancy)
- Create awareness among SME and potential entrepreneurs on currently important business and industry topics

The above objectives are achieved through following:

- Entrepreneurship Development Programmes
- Business Creation Programmes
- Productivity Improvement Programmes
- Managerial Skills Development Programmes
- Conduct Awareness Programmes/Seminars
- Provide Commercial & Business Training for Entrepreneurs
- Setup a panel of IDB & non IDB consultants to cater to the needs of entrepreneurs
- Implement 5S programmes within IDB

The following programmes were conducted by the division during the year under review:

Table - 4.9.1

Entrepreneurship Development Programmes and Consultancy

Corporate Goal	Activities for Achieving Corporate Goal	No. of Programmes	No. of Beneficiaries
G1a Encourage, promote & develop industries	11 Conduct Training Programmes on Management, Finance, Productivity Improvement, Cleaner Production etc; Promote programmes via email/media and website public area		
	(i) Entrepreneurship Development Programmes & Productivity Improvement Programmes	15	274
G1b Entrepreneur training & developing and providing consultancy	1 Select prospective entrepreneurs via awareness programmes by analyzing their interests, suitability & needs		
	(i) Awareness Programmes	03	125
	2 Develop a full Curriculum for entrepreneur training (mindset, innovation, product selection & positioning, marketing, branding, packaging, management, finance, technology, production, productivity etc.)		
	(i) Development of Curriculum	03	-
	3 Provide commercial & business training for entrepreneurs		
	(i) Commercial and Technical Training Programmes conducted	03	52
	7 Provide counseling and consultancy for entrepreneurs in management		
(i) Counseling and Consultancy services provided	37	37	
G13 Improve the organizational, administrative & financial efficiency	21 Implement Total Quality Management within IDB (5S etc.)		
	Implementation of Quality Improvement Programme within IDB	02	32

Table - 4.9.2

Generation of Income – 2012

No.	Activity	Income (Rs.)
01	Entrepreneurship Development Programmes & Productivity Improvement Programmes	345,122
02	Awareness Programmes	10,340
03	Provide Commercial and Technical Training	152,554
04	Quality Improvement Programmes	19,600
	TOTAL INCOME	527,616

4.10 Centre for Industrial Technology & Information Services (CITIS)

The main role of the Centre for Industrial Technology & Information Services (CITIS) is to offer industrial information in order to enhance, promote and develop micro, small and medium-sized industries in Sri Lanka. It bridges the gap between the entrepreneurs and the industrial technology information. CITIS, entrusted with this task consists of a Library, Industrial Information Unit, Printing and Publication Unit and Information Technology Unit as sub units for the provision of these services.

Activities assigned to the CITIS:

- Provision of industrial information to start new industries and enhance existing industries
- Provide internet and e-mail facilities
- Provide local and foreign machinery information
- Provide industrialists graphic designing and typesetting services such as letter heads, labels, visiting cards, notes etc.
- Provide photocopy services
- Selling of Publications
- Participating in the exhibitions

Table - 4.10.1

Performance in 2012

Corporate Goal		Activities for Achieving Corporate Goal	Measuring Indicator	Achievement
G1a	A	Preparation of Publications/Documentary on Industrial Information		
Encourage, promote & develop industries	(i)	Hand books on self-employment projects	No. of Publications	08
G1b	3.	Provide commercial & technical training to entrepreneurs; Promote services via email/media & website public area		
Entrepreneur training, developing & providing consultancy	(i)	Training Programmes for entrepreneurs	No. of Programmes	07
G9	11.	Provide library & customized information services		
Provide all services & facilities to industrial undertakings including capital, credit, marketing, managerial & technical facilities, and legal advice	(i)	Counseling Services	No. of Clients	1,896
	(ii)	Inquiry Answer Services	No. of Clients	1,024
	12.	Provide printing services; promote via email to members and website		
	(i)	Promotion of IDB Services	No. of Services	17

G11 Build IDB's corporate image among all stakeholders, target groups, public & media	4.	Improve the structure of IDB website, with 3 partitions (public and members & staff with user ID & password access)		
	(i)	Web publicity	No. of Persons	08

Table - 4.10.2

Income of the CITIS

SUMMARY OF INCOME – 2012	
Sale of Publications	323,762
Library Membership and Photocopy for External Information	85,926
Income from “Divineguma” project	64,963
Income from VCD	14,000
TOTAL (Rs.)	488,416

4.11 Administration Division (AD)

The Administration Division (AD) of IDB is responsible for formulation, implementation, monitoring and evaluation of all Human Resources Management (HRM) and Human Resources Development (HRD) activities, Procurement Activities, Security and Transport Activities of the Board.

Activities assigned to the Division:

- Organizational Restructuring Programme as per the Management Circular No. 30
- Alleviation of Salary Anomalies
- Preparation of Scheme of Recruitments (SOR) and Scheme of Promotions (SOP) as per the Management Circular No. 30
- Carryout regular recruitments, performance evaluations, promotions, retirement matters etc.
- Conducting Disciplinary Inquiries
- Coordinate for Foreign Scholarships/Trainings
- Arrange/Provide Local Training
- Manage Employee Welfare and Employee Compensation
- Management of Internal Security Services
- Management of Procurement Activities of the Board
- Management of Transport Services of the Board

Table - 4.11.1

Staff Strength of IDB as at 31st December 2012

Category	No. of Staff		Total with %
	Male	Female	
Senior Level	03	-	03 (0.5%)
Tertiary Level	79	29	108 (19.6%)
Secondary Level	134	114	248 (45.0%)
Primary Level	186	06	192 (34.9%)
Total	402 (73 %)	149 (27%)	551 (100.0%)

Chart 4.11.1

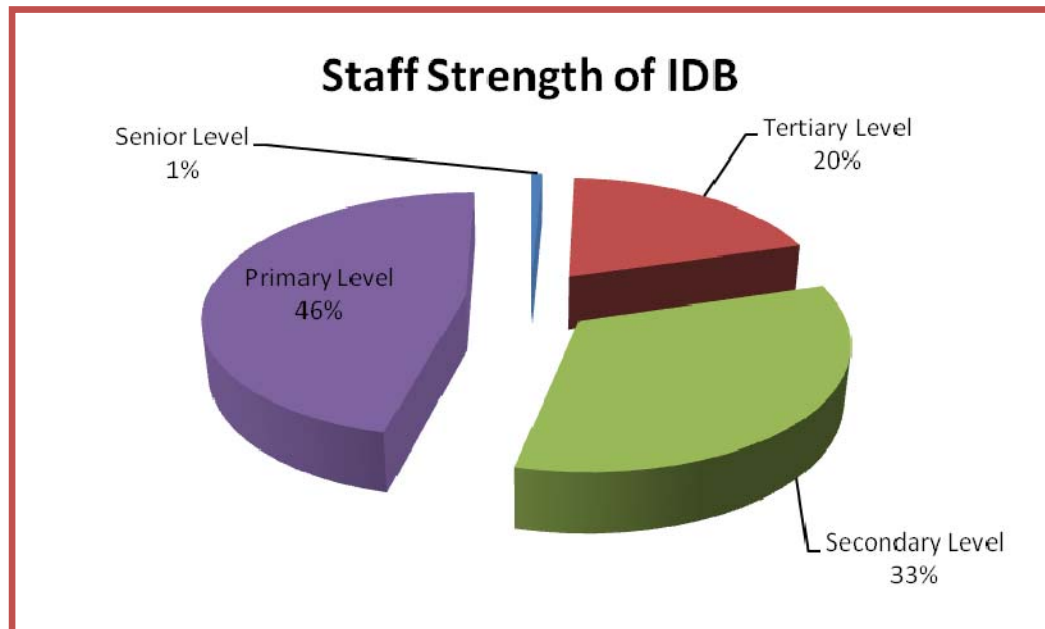


Table - 4.11.2

Performance Highlights of the Division during the financial year 2012 (HRM/HRD Activities)

Corporate Goal		Activities for Achieving Corporate Goal	Nos.
G 13 Improve the organizational, administrative & financial efficiency of the IDB	11.	Carry out regular HRM activities	
	1	HRM - Recruitments	
	(i)	Recruitments (Staff)	07
	(ii)	Resignations	15
	(iii)	Retirements	27
	(iv)	Vacation of Posts	03
	2	Disciplinary Management	
	(i)	Conducting Disciplinary Inquiries	02
	(ii)	Labour Cases attended at Commissioner of Labour	25
	3	HRD - Training	
	(i)	Local Training	80
	(ii)	Foreign Training	05
	4	HRM - Compensation	
	(i)	Gratuity Payments for 62 persons (including 2011/2012)	Rs. 11,102,667.25
	5	HRM – Employee Welfare	
	(i)	Bicycle Loans	12
	(ii)	Distress Loans	131
	(iii)	Medical Scheme (Reimbursement of Medical Bills)	500
	6	Security Management	
	(i)	Security Cost	Rs.21,261,354.41
	7	Disposal	
	(i)	Board of Surveys Conducted	01
	8	General Events	
(i)	Events	05	
9	Postal and Telecommunication Charges		
(i)	Postal Charges	Rs.420,000.00	
(ii)	Telecommunication Charges	Rs.1,133,954.25	
10	Transport Management		
(i)	Cost of Fuel	Rs. 4,060,121.34	
(ii)	Cost of Maintenance of Vehicles	Rs. 3,197,326.63	
G 13.12 Publicize via website staff area & implement the procurement guidelines issued by Public Enterprises Department	11	Procurement Management	
	(i)	No. of Orders Placed	658
	(ii)	Capital Purchases	Rs. 8,495,517.72
	(iii)	Recurrent Purchases	Rs. 59,066,483.68

FINANCIAL STATEMENTS

- Balance Sheet as at 31st December 2012
- Notes to Balance Sheet
- Property, Plant & Depreciation as at 31st December 2012
- Accumulated Deficit
- Income & Expenditure Statement for the period from 2011-2012
- Income Statement for the year ended 31st December 2012
- Staff Cost
- Other Operating Expenses

FINANCIAL STATEMENTS

19/02/2013

Industrial Development Board of Ceylon
Balance sheet as at 31 st December – 2012

2011			Amount (Rs.)	
Amount (Rs)	ASSETS		Amount (Rs.)	
	Non Current Assets			
255,967,827	Property Plant & Equipment (Note 5)		251,505,942.86	
<u>5,299,990</u>	Investment in subsidiaries (Note 6)		<u>5,299,990.00</u>	
261,267,817				256,805,932.86
	Current Assets			
57,191,017	Inventories (Stocks & work-in-progress)(Note 7)		55,799,782.80	
47,996,488	Trade & Other Receivables (Debtors)(Note 8)		52,868,863.24	
99,306,451	Other Current Assets (Note 10)		81,880,916.97	
98,232,472	Pre-payments (Note 09)		114,030,552.56	
275,029,127	Special Projects (Note 11)		304,315,691.95	
<u>63,874,758</u>	Cash & Cash Equivalents (Note 12)		<u>39,438,395.67</u>	
<u>641,630,314</u>				<u>648,334,203.19</u>
<u>902,898,131</u>	Total Assets			<u>905,140,136.05</u>
	EQUITY AND LIABILITIES			
	Capital and Reserves			
481,278,716	Net Government Contribution(Note 01)		496,165,932.04	
6,243,013	Capital Reserves		6,243,012.72	
15,013,828.00	Surplus on revaluation of motor vehicles		16,697,303.84	
13,447,060.85	Value of Assets Transferred (Note 2)		13,447,060.85	
6,653,153	Foreign Grants (Note 3)		6,653,153.35	
122,427,848	Other Government Grants (Note 3A)		122,427,848.29	
4,945,000	BOI Compensation (Note 3B)		4,945,000.00	
20,943,421	Grant form Government Agencies (Note 3C)		20,943,421.00	
<u>343,486,263</u>	Grants for special Projects (Note 3D)		<u>367,679,345.88</u>	1,055,202,077.97
1,014,438,304				
<u>(332,207,607)</u>	Accumulated Losses (Note 4)		(367,268,437.22)	(367,268,437.22)
<u>682,230,697</u>				
	Non Current Liabilities			
106,579,533	Provision for Gratuity		<u>100,990,757.50</u>	100,990,757.50
	Current Liabilities			
56,249	Dues to Government (Note 5A)		59,519.00	
2,777,121	Dues to Corporation (Note 5B)		3,286,883.13	
<u>111,254,532</u>	Provisions and Accrued Expenses (Note 5C)		<u>112,869,335.67</u>	
<u>114,087,902</u>				<u>116,215,737.80</u>
<u>902,898,132</u>	Total Equity & Liabilities			<u>905,140,136.05</u>

NOTES TO BALANCE SHEET

2011		<u>NET GOVERNMENT CONTRIBUTION</u>	
452,278,716.02	01	Government Capital Grants as at 1 st January 2012	478,165,932.04
<u>29,000,000.00</u>		Government Capital Grants Received during the year	<u>18,000,000.00</u>
<u>481,278,716</u>			<u>496,165,932.04</u>
4,403,441.00	02	<u>VALUE OF ASSETS TRANSFERRED</u>	
		IDB prior to 1969	4,403,441.00
<u>9,043,619.85</u>		Industrial Estate Corporation	<u>9,043,619.85</u>
<u>13,447,061</u>			<u>13,447,060.85</u>
	03	<u>FOREIGN GRANTS</u>	
		Grants from ILO	
		Grants from IDA	
		Grants from Technonet Asia	
6,653,153.35		grants from JICA	6,653,153.35
		Grants from IDRC	
		Technonet Asia SPIW	
<u>6,653,153</u>			<u>6,653,153.35</u>
	03A	<u>OTHER GOVERNMENT GRANTS</u>	
1,000,000.00		Grants-Leather Machines	1,000,000.00
2,293,738.00		Donations from other organizations	2,293,738.00
17,415,803.20		Other organizations	17,415,803.20
15,597,279.00		Government Grants miscellaneous services	15,597,279.00
24,843,469.00		Grants for foreign aid	24,843,469.00
905,910.75		R E A P Project-Asset Grant	905,910.75
1,000,000.00		Donations from Tsunami Project	1,000,000.00
10,100,000.00		Grant From U N D P	10,100,000.00
292,500.00		Grant Pug Mill Machine	292,500.00
10,500,000.00		Cess Fund	10,500,000.00
33,890,648.34		Sirap Fund – Building	33,890,648.34
<u>4,588,500.00</u>		Sirap Fund – Machinery	<u>4,588,500.00</u>
<u>122,427,848</u>			<u>122,427,848.29</u>
	03B	<u>BOI COMPENSATION</u>	
4,570,000.00		Compensation received from BOI Pallekelle	4,570,000.00
<u>375,000.00</u>		Compensation received from BOI Pallekelle	<u>375,000.00</u>
<u>4,945,000</u>			<u>4,945,000.00</u>
	03C	<u>GRANTS FROM GOVERNMENT AGENCIES</u>	
<u>20,943,421</u>		Grants from provincial Councils	<u>20,943,421.00</u>
	03D	<u>GRANTS FOR SPECIAL PROJECT</u>	
22,220,743.00		Tsunami	22,220,743.00
285,979,599.40		Village Development Projects	291,662,802.82
19,509,629.78		Kithul Development Project	24,705,358.00
3,746,708.62		Ministry Funds Divinaguma	7,763,083.66
		Ministry Funds Achchuwell	11,327,358.40
		Non Ferrous	10,000,000.00
<u>12,029,582.56</u>		Divinaguma Project	<u>367,679,345.88</u>
<u>343,486,263</u>			<u>367,679,345.88</u>

Note 5.
Property, Plant & Depreciation as at 31.12.2012

Description	Nominal Code	Balance as at 31.12.2011	Adjustment	Addition During 2012	Balance as at 31.12.2012	Nominal Code	Accumulated Depreciation as at 31.12.2011	Adjustment	Depreciation for year 2012	Accumulated Depreciation as at 31.12.2012	Written Down Value 2012
Land	100010	54,521,835	-	3,948,478	58,470,313	100101	-	-	-	-	58,470,313
Building Improvement	100200	160,005,149	-	3,103,447	163,108,596	100201	53,759,704	-	3,760,255	57,519,959	105,588,637
Plant & Machinery	100210	107,694,061	-	2,535,293	110,229,354	100211	84,093,622	-	4,133,497	88,227,119	22,002,235
Computer Hardware Cost	100220	36,169,303	-	3,253,256	39,422,559	100221	26,167,847	-	4,354,834	30,522,681	8,899,878
Lab Equipment	100230	8,832,128	-	1,200	8,833,328	100231	7,934,254	-	95,999	8,030,253	803,075
Printing Machinery	100240	5,862,955	-	-	5,862,955	100241	4,632,982	-	394,208	5,027,190	835,766
Motor Vehicle	100250	34,793,134	-	361,925	35,155,059	100251	18,141,859	-	5,732,234	23,874,093	11,280,966
Office Equipment	100260	32,487,889	-	3,205,266	35,693,155	100261	23,615,612	-	1,845,871	25,461,483	10,231,672
Travelling Bags	100270	1,166,704	-	20,301	1,187,005	100271	1,118,207	-	28,729	1,146,936	40,069
Furniture & Fittings	100280	12,111,632	-	875,022	12,986,654	100281	6,383,433	-	952,527	7,335,960	5,650,694
Bicycle Cost	100290	141,695	-	18,750	160,445	100291	110,477	-	6,469	116,946	43,499
Tools & Spares	100300	10,142,772	-	82,395	10,225,167	100301	10,103,600	-	22,733	10,126,333	98,834
Library Books	100310	9,408,625	-	328,050	9,736,675	100311	9,032,356	-	197,785	9,230,141	506,534
PABX Services	100320	4,135,111	-	66,140	4,201,251	100321	2,286,488	-	271,659	2,558,147	1,643,104
Utility Services	100330	15,862,011	-	2,000	15,864,011	100331	13,004,915	-	396,236	13,401,151	2,462,860
Sundry Assets	100340	8,399,828	-	506,750	8,906,578	100341	5,654,209	-	426,059	6,080,268	2,826,310
JICA Projects	100350	207,518,195	-	-	207,518,195	100351	187,245,634	-	151,060	187,396,694	20,121,501
JICA Project Pattern Shop Item Cost	100360	21,324,187	-	-	21,324,187	100361	21,324,187	-	-	21,324,187	
Total		<u>730,577,214</u>	-	<u>18,308,274</u>	<u>748,885,488</u>		<u>474,609,386</u>	-	<u>22,770,155</u>	<u>497,379,541</u>	<u>251,505,947</u>

04 ACCUMULATED DEFICIT

2,151,541,117.00	Government Recurrent Grants as at 01.01.2011	2,379,541,117.00
<u>(2,479,375,080.15)</u>	Less excess of expenditure Over Income up to the year 2011	<u>(2,695,051,420.61)</u>
(327,833,963)		(315,510,303.61)

2,383,815.02	Previous Year Adjustment - 22,428,894.84	
	Restatement of Government Grants	
	Restatement of Scrap sales	<u>(22,428,894.84)</u>
<u>2,383,815</u>		(21,579,463.08)

Add/Less Excess/Deficit for the year

228,000,000.00	Gov.Recurrent Grant Received During the year 227,360,000.00	
(234,757,459.32)	Deficit carried forward <u>(257,538,670.53)</u>	
	Excess of expenditure over income	<u>(30,178,670.53)</u>
<u>(329,823,792)</u>		<u>(367,268,437.22)</u>

05A Dues to Government

28,879.00	Commissioner of Inland Revenue	28,879.00
<u>27,370.00</u>	Commissioner of Inland Revenue stamp Duty	<u>30,640.00</u>
<u>56,249</u>		<u>59,519.00</u>

05B Dues to Boards & Corporations

2,443,579.69	Central Bank of Ceylon E.P.F	2,893,715.93
<u>333,541.51</u>	Employee Trust Fund	<u>393,167.20</u>
<u>2,777,121</u>		<u>3,286,883.13</u>

05C TRADE & OTHER CREDITORS,PROVISIONS AND ACCRUED EXPENSES

12,577.50	N A B Control Account	12,577.50
1,458,834.50	Lunuwila Estate Deposits	1,458,834.50
142,739.60	Employees Donation	51,760.96
184,768.88	B T T Control A/C	184,768.88
1,291,632.62	Nation Building Tax 3%	1,248,606.19
149.52	Stamp Duty	7,690.35
25,891.36	Staff Deduction Payable	43,048.38
16,506.10	Payee Tax Payable	37,466.79
3,001,983.08	Miscellaneous Creditors	3,649,187.75
4,758,588.22	Sundry creditors – Head Office	5,358,588.22
19,219.00	Sundry Creditors- Village Development Project	19,219.00
	EDB Village	813,500.71
190,944.32	Salaries Payable	192,935.32
773,094.18	Laknipaum Sales & Display Centre- Creditors	1,356,259.18
5,497,280.88	Advance on Jobs	6,623,301.70
902,238.85	Refundable Tender Deposits	902,238.85
176,492.29	Security Deposits	197,552.25
41,783,805.72	Refundable Deposits	47,950,130.84
184,000.00	50 year Lease on water Supply	184,000.00
1,777.20	Buddhist Association Control A/C –Head Office	2,454.20
675.00	Welfare Society Control Account	
21,960.00	Thrift Society Control Account	33,334.00
2,731.62	Other Department Control A/C	14,403.62
2,024.15	Payable Cents Control A/C –Head Office	2,052.26
2,767.05	Housing Lone Control A/C	2,767.05

3,898.50	Trade Union Control A/C	1,878.50
1,165,456.00	Insurance control Account	1,615,367.43
464,890.58	Customer Over Payment	
31,237.92	S N C Contribution	31,237.92
4,063,571.37	Medical Scheme	4,485,621.37
1,268,900.00	Provision for Purchase of Motor Vehicle to staff	1,268,900.00
2,225,955.76	Sub Contract Agro Equipment	2,685,084.51
2,291,215.91	I R D B Received	2,291,215.91
18,294,629.53	Training Programmes	18,403,129.53
47,046.49	Motor Vehicle Insurance Receivable	47,046.49
463,186.84	Cancelled Cheques	463,186.84
	Salaries Control Account	
1,206,230.00	Technonet Asia Project – Planning Division	1,206,230.00
60,000.00	Intecmart Fair	60,000.00
116,414.25	Wasanthaya Industrial Exhibition	116,414.25
9,257,064.92	Non-Ferrous Metal Scrap Programme	
77,772.55	Down South Development Programme	77,772.55
547,240.42	Yugadekma	547,240.42
123.92	Engineering Control A/C	
	Accrued Expenses	8,544,186.02
467,551.10	With Holding vat	467,551.10
8,007.27	Receivable from Election Commissioner	
6,318.66	Non Ferrous-Personal Advance	6,318.66
204,000.00	Non Ferrous-Sundry Creditors	204,000.00
196.57	Non Ferrous- Sub Contract	275.67
<u>102,723,590</u>		<u>112,869,335.67</u>
<u>5,299,990</u>	06 <u>LONG TERM INVESTMENTS</u>	<u>5,299,990.00</u>
	Slidco Ltd.	
	07 <u>STOCK & WORK-IN-PROGRESS</u>	
1,196,743.66	Engineering Raw Materials – (H/O)	459,641.32
470,236.40	Printing Raw Materials	279,139.02
1,043,222.89	Stationary	1,404,750.31
13,472.00	Stock in Aluminium & Brass Ingots	13,472.00
1,828,056.08	Other Raw Materials	3,844,524.41
10,572,119.20	Stock of Village Development Project	9,184,341.41
3,048,962.88	Sub Stores – Foundry	1,970,294.91
8,919,115.12	Sub Stores – Rubber	6,162,233.60
219,599.62	Sub Stores – Leather	188,953.99
124,063.99	Sub Stores – C S C – Matara	110,694.93
1,062,599.40	Sub Stores – Electroplating Centre	944,810.29
562,340.90	Sub Stores – A T R D C – Pannala	742,973.00
166,000.00	Sub Stores – Divinaguma	3,666,095.63
5,937,660.00	Sub Stores – Kithul Development Programme	4,224,258.00
59,045.86	Brass Centre –Pilimathalawa	97,526.20
6,990,313.43	Work-in-Progress- Direct materials (H/O)	9,088,112.47
3,668,762.15	Work-in-Progress- Direct Labour	3,443,560.74
1,781,123.97	Work-in-Progress- General Overheads	1,780,691.93
481,625.72	Work-in-Progress- Factory Overheads	606,696.66
2,480,535.70	Finished Goods	2,480,535.70
6,518,994.49	Non-Ferrous Metal Scrap	5,060,052.28
46,424.00	Machinery & Other saleable Items Capital	46,424.00
<u>57,19,017</u>		<u>55,799,782.80</u>

08	<u>DEBTORS</u>	
270,177.88	Sundry Debtors – Head Office	270,177.88
283,347.03	Sundry Debtors – Leather	282,409.93
140,004.79	Sundry Debtors – Leather Vitharandeniya	140,004.79
232,620.55	Sundry Debtors - Engineering	232,620.55
14,527,565.57	Sundry Debtors - Engineering - Workshop	14,114,432.55
884,342.86	Sundry Debtors - Rubber Division	1,425,659.89
1,739,464.75	Sundry Debtors - A T R D C – Pannala	1,739,464.75
406,261.11	Sundry Debtors - Printing	406,261.11
701,825.80	Sundry Debtors - Electrical	701,825.80
6,168,262.89	Sundry Debtors - Foundry	5,722,574.91
2,063,487.10	Sundry Debtors - Civil	2,063,487.10
98,320.00	Sundry Debtors - Laknipaum	98,320.00
53,598.00	Sundry Debtors - C S C – Matara	53,598.00
22,866.00	Sundry Debtors - C S C – A’pura	22,866.00
346,133.14	Debtors – Returned cheques	346,133.14
24,576,445.15	Tenant Debtors	30,337,141.55
462,845.68	Miscellaneous Debtors	462,845.68
66,255.00	Lakkam Sales Centre	
53,043,823		58,419,823.63
5,047,336		5,550,960.39
<u>47,996,488</u>	Less – Provision for Bad & Doubtful debts – H/O	<u>52,868,863.24</u>
09	<u>DEPOSITTS & PREPAYMENTS</u>	
179,242.29	Security Deposits	197,552.25
93,117,377.45	Prepayments	108,469,451.12
192,205.99	Prepayments Advance – Head office	192,205.99
1,260,806.58	Advance to Staff – Head Office	1,098,267.98
362,392.14	Advance to Staff for fuel – Head Office	348,134.50
	Receivable From Election Commissioner	(8,007.27)
58,467.20	Advances on Import – Head Office	58,467.20
2,449,737.85	Other Deposits Receivable	3,062,237.85
504,681.94	Travelling Advance (Foreign)	504,681.94
107,561.00	Receivable form Foreign Training	107,561.00
<u>98,232,472</u>		<u>114,030,552.56</u>
10	<u>OTHER CURRENT ASSETS</u>	
2,245.00	Salary Advance	2,245.00
1,150,000.00	Eng- Division- Tsunami Project A/C	1,150,000.00
35,836.00	Aid Received for Drought Relief	35,836.00
711,800.00	Festival Advance	693,300.00
440,690.00	Motor Bicycle Loan	2,720,541.00
471,397.77	Bicycle Advance	307,727.90
22,002,919.79	Distress Loan	28,149,471.46
48,653.30	Staff Receivable	48,653.30
13,900.00	Special Advance Book	13,900.00
268,608.19	Other Department Control Account	268,608.19
198,099.00	Advance to Staff buy Library Book	198,099.00
3,000.00	Special Advance	3,000.00
421,933.12	Receivable from Other Department	421,933.12
26,178.20	Insurance Control Account	26,178.20
	Welfare Society Control Account	1,485.00

5,500.00	Special Salary Advance	5,500.00
4,711.10	Receivable Grants from Provincial Councils	4,711.10
1,358,091.95	Industrial Exhibition from Yuga Dekma – Matara	1,358,091.95
435,375.23	Village Development Programme	435,375.23
837,417.55	Sub contract Exchange	837,417.55
3,192,374.58	Shilpa – 2004 Exhibition	2,809,863.44
652,228.23	National Defense Levy	652,228.23
1,679,594.25	withholding Tax	1,679,594.25
1,424,653.54	Good & Services Tax (G S T)	1,424,653.54
12,860,356.65	VAT Receivable	12,895,522.17
4,778.00	Payee Tax Payable	22,931.00
10,741,854.24	Non Ferrous – Vat	10,741,854.24
3,212,064.49	Non Ferrous – Yugadekma	3,212,064.49
1,839.15	Non Ferrous – UNDP	1,839.15
1,800.00	Non Ferrous – Tsunami	1,800.00
1,786,726.79	Other Exhibition	1,786,726.79
1,800.00	Training Graduates Allowance	1,800.00
4,881,866.31	Capacity Building	2,442,933.16
	Training Programme	
1,347,701.67	Preparation for Corporate Plan	673,850.84
14,863.93	Salary Control A/C	
	Foreign Travelling – Local	103,690.00
7,342,560.53	Casper Project – Ministry	
21,266.73	Mispostings Account	6,525.00
2,203.17	Kithul – Marketing	281,674.86
	Non Ferrous Control Account	742,660.83
502,077.84	Lakkam Creditors	425,891.03
19,742,718.97	Divineguma Project – Cottage Industries	3,835,973.79
170,872.00	Economic Service Charges	170,872.00
149,022.86	Camachchi Ambal Village	149,022.86
371,371.41	Lak Nipaum Sale Center	371,371.41
763,499.89	Training Programme Tsunami Project	763,499.89
<u>99,306,451</u>		<u>81,880,916.97</u>

11 Special Project

46,046,561.47	Village	47,349,920.37
208,302,721.34	Service Center and Goods in Stock for Distribution	214,953,642.77
20,679,843.70	Tsunami Stocks distributed	20,679,843.70
	Casper Project – Ministry	21,332,285.11
<u>275,029,127</u>		<u>304,315,691.95</u>

12 CASH & BANK BALANCES

11,604.98	Bank Account – Laknipaum – Polonnaruwa	11,604.98
10,000.00	IRDP Bank Account – Do not Use	10,000.00
34,070.50	Current Account – Kurunegala	34,070.50
26,667.42	Current Account – Kurunegala	
14,778.78	Current Account – Anuradhapura (Old Balance)	14,778.78
2,075.74	Current Account – IRDP – Matara	2,075.74
4,999.86	Current Account – Anuradhapura (Old Balance)	4,999.86
(159,835.01)	Current Account – Sub contract – Marketing	854,376.39
17,005.47	Current Account – Monaragala	17,005.47
1,396,423.39	Current Account – Distress Loan	5,330.51
(2,024,206.01)	Current Account – Idama – Moratuwa	(2,610,792.56)
7,422,855.62	Current Account – Peliyagoda – RPD & SC	7,646,624.78
	Current Account – Leather Center	

267,279.01	Current Account – Capital Grant Bank Account	(24,776.13)
7,524,452.66	Bank Balance – Engineering Division	3,624,365.95
40,697.17	Bank Balance – Reap	40,697.17
313,466.69	Bank Balance – Village Development Project	3,462,688.22
(175.00)	Bank Balance – I Estate	(175.00)
7,946,328.24	Bank Balance – Non Ferrous	21,714.41
407,363.54	Bank Balance – Regional Division	688,757.69
2,415,274.23	BOC – “Idama” Scrap Project Savings Account	2,240,173.85
3,085.69	Current Account T sunami	
(139.10)	Bank Balance – I Estate	
2,496,505.50	Current Account – Lakkam sales Centre	1,956,421.88
1,141,916.75	Current Account – Debit Tax Exempted	1,397,936.62
25,000.00	Fixed Deposit Account – BOC – Idama	25,000.00
10,891,028.66	Saving Account – Cess Fund	10,714,863.80
19,870,080.63	Saving Account – Capital Funds	239,667.47
3,649,108.46	Saving Account – Estate Deposits	8,928,876.95
66,435.90	Imprest Accounts	71,499.70
23,378.54	Special Imprest – Cashier	23,378.54
24,690.10	Cash – in- Transit (Page 57)	24,690.10
12,540.00	Cash – in – Transit Metal Scrap Project	12,540.00
<u>63,874,758</u>		<u>39,438,395.67</u>

INDUSTRIAL DEVELOPMENT BOARD

INCOME & EXPENDITURE STATEMENT FOR THE YEAR FROM 2011 TO 2012 000

	2011	2012
Revenue : Externally Generated Income	159,430,891	162,510,332
Recurrent Government Grant – Treasury	<u>228,000,000</u>	<u>227,360,000</u>
	387,430,891	389,870,332
Less :		
Raw material and consumables used	35,036,106	50,222,231
Staff costs	224,225,550	232,290,549
Over time & Holiday Pay	9,944,582	10,896,094
Traveling & Subsistence	6,996,324	7,042,498
Supplies	8,004,951	10,825,106
Maintenance	12,505,451	11,353,015
Contractual Services	42,729,463	46,344,469
Other operating expenses	22,314,152	20,331,787
Gratuity Payment	14,180,939	13,214,724
Finance Cost	<u>445,211</u>	<u>347,150</u>
	376,382,729	402,867,623
Profit/(Loss) before Depreciation & Gratuity Provision	11,048,162	(12,997,291)
Less		
Gratuity Provision	(4,603,152)	(5,588,775)
Depreciation and amortization expenses	<u>22,408,773</u>	<u>22,770,155</u>
	17,805,621	17,181,380
Less :		
Net loss for the Period (Profit)	<u>(6,757,459)</u>	<u>(30,178,671)</u>

INDUSTRIAL DEVELOPMENT BOARD

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

2011		2012
159,108,602 <u>228,000,000</u> 387,108,602 =====	Revenue : Externally Generated Income Recurrent Government Grant – Treasury	156,924,303.93 <u>227,360,000.00</u> 384,294,303.93 =====
	Add :	
	Other operating income	
<u>322,289</u> <u>322,289</u> 387,430,891	work Performed by the enterprise and capitalized	<u>492,389.36</u> <u>492,389.36</u> 384,786,693.29
	Less :	
41,662,681 224,225,550 9,944,582 6,996,324 8,004,951 12,505,451 42,729,463 31,891,939 <u>22,408,773</u> <u>400,369,715</u> <u>(6,626,575)</u> 393,743,139	Raw material and consumables used Staff costs Over time & Holiday Traveling & Subsistence Supplies Maintenance Contractual Services Other operating expenses Depreciation and amortization expenses Overhead absorption Loss from Operations	52,377,085.08 232,290,549.46 10,896,093.96 7,042,498.02 10,825,105.55 11,353,014.69 46,344,469.49 27,957,735.43 <u>22,770,154.86</u> <u>421,856,706.54</u> <u>(7,238,492.45)</u> 414,618,214.09
	Less :	
<u>445,211</u> (6,757,459) =====	Finance cost Net loss for the Period (Profit)	<u>347,149.73</u> <u>(30,178,670.53)</u> =====

2011	Income statement	2012
	Revenue	
44,735,234.20	Sales	44,428,779.91
39,275,635.06	Sales-Non Ferrous Scrap Project	31,197,445.66
2,209,562.25	Sales Income – Casper	2,155,940.00
	Internal Sales	
322,288.87	Work performed by the enterprise and capit:	492,389.36
546,897.69	sale of Publication	435,420.00
33,533,926.55	Industrial Estate – Rent	36,303,909.44
6,931,962.51	Industrial Estate – Water Charges	6,388,089.28
1,243,543.77	Infrastructure Facilities	1,798,983.33
242,286.50	Surcharges	388,755.95
	Insurance-Premium - Industrial Estates	2,912.75
10,815,086.70	Training Programmes	14,873,304.77
1,562,493.48	Project Reports	1,122,215.30
	Service Charges - Industrial Estates	627,451.00
2,391,739.55	Service Charges – Consultancy & Dem.	996,280.07
3,104,027.49	Commission – Lakkam Centre	1,691,097.65
11,940.00	Commission – Laknipaum	190.00
453,168.78	Commission – Sub contracting Exchange	117,542.95
101,608.36	Kithul Marketing	241,320.37
1,077,404.42	Registration of Suppliers	875,729.31
	Non Refundable Tender Deposits	29,000.00
147,500.00	Lakkam Hall Charges	91,000.00
467,585.19	Bad Debts over Provision	
381,584.00	Notorial fees	257,286.00
104,119.69	Penalties	223,854.02
	Web Publishing Income	4,000.00
174,948.45	Visiting Bungalow Charges	182,161.60
	Bad Debts Provision	199,450.49
2,853,252.00	Sale of Fixed Assets	
	Vehicle Revaluation Profit	
241,283.11	Service Charges for Lab Tests	95,851.19
1,111,929.13	Sundry Income	6,985,727.32
968,251.30	Staff Loan Interest	1,052,052.05
126,477.40	Sales Discount – Commission	
3,112,783.98	Capital Grant – Transferred	3,112,783.98
1,182,370.41	Interst – Savings Accounts	1,055,769.54
	Less :	
	Profit on vehicle revaluation shown as capital reserves	
	Less :	
	Scrap sales related to Previous Years	
159,430,891		157,426,693.29
	Less :	
	Raw Material and Consumable Used	
25,458,439.95	Cost of Sales – Direct Materials	40,998,032.78
74,482.00	Cost of Sales – Clay Post	
7,969,944.60	Cost of Sales – Indirect Materials	4,978,289.79
8,033,390.49	Cost of Sales – Purchasing Non Ferrous	5,828,596.47
5,934.00	Consumable – Engineering Raw Materials	178,669.70
	Cost of Sales – Casper	
120,490.00	Consumable Foundry Raw Material	393,496.34
41,662,681.04		52,377,085.08

138,082,571.72	Staff Cost		
540,000.00	Salaries & Wages	130,166,827.54	
40,407,756.23	Chairman Remuneration	600,000.00	
	COL Allowance	37,583,043.33	
	Professional Allowances		
5,422,340.38	Other Allowances	5,632,803.73	
6,823,190.70	Special Allowance – 5%	18,310,300.68	
28,700.00	Payment Allowance for Contract Employees		
8,371,081.50	Unutilized Medical Leave Encashment	8,104,582.50	
542,000.00	Bonus Payment for Board Employees	1,026,000.00	
599,348.12	Trainee Allowances	1,719,575.79	
737,393.82	Daily Paid & Care Takers Allowance	1,181,172.30	
1,243,431.00	Direct Labour absorbed for Manufacturing	5,486,389.37	
17,142,208.90	EPF (Contribution)	17,983,922.92	
4,285,527.28	ETF (Contribution)	4,495,931.30	
<u>224,225,550</u>			232,290,549.46
	Overtime & Holiday Pay		
9,202,007.62	Overtime	10,021,637.25	
<u>742,574.51</u>	Holiday Pay	<u>874,456.71</u>	
9,944,582			10,896,093.96
	Travelling & Subsistence		
6,228,744	Travelling (Local)	5,440,282.02	
533,663	Travelling (Foreign)	1,445,854.00	
<u>233,917</u>	Lodging Expenses	<u>156,362.00</u>	
6,996,324			7,042,498.02
	Supplies		
2,136,414	Stationary	4,328,905.34	
3,895,283	Fuel	4,102,167.77	
1,361,333	Uniforms	1,566,834.14	
400	Registration of Suppliers		
<u>611,521</u>	Transport	<u>827,198.30</u>	
8,004,951			10,825,105.55
	Maintenance		
2,128,472	Maintenance of Building	2,548,689.89	
591,078	Maintenance of Computers	465,016.21	
8,066	Maintenance of Lab Equipment	19,771.65	
114,144	Maintenance of Printing Machinery	98,374.00	
	Maintenance of Tools & Spares	3,636.36	
15,550	Maintenance of PABX Services	43,837.64	
7,927	Maintenance of Sundry Assets	650.00	
2,125	Maintenance of Bicycles	1,760.00	
793,249	Maintenance of Office Equipment	532,976.84	
801,243	Maintenance of Office Equipment Furniture & Fit.	693,415.57	
3,561,710	Maintenance of Motor Vehicles	3,178,180.02	
1,590,793	Maintenance of Plant & Machinery	1,422,161.97	
542,589	Maintenance of Water Supply	613,157.12	
2,158,347	Maintenance of Industrial Estate	1,518,819.41	
<u>190,158</u>	Maintenance of Land	<u>212,568.01</u>	
12,505,451			11,353,014.69
	Contractual Services		
10,811,791	Electricity	13,138,186.43	
6,303,679	Telephone Postage & Telegrams	5,378,959.27	
4,175,846	Water Charges	4,850,697.86	

15,957,956	Security Charges	18,060,705.51
1,007,187	Insurance	1,473,479.76
3,848,410	Rent Rates and Taxes	2,681,149.06
<u>624,595</u>	Newspapers	<u>761,291.60</u>
42,729,463		46,344,469.49
	Other Operating Expenses	
780,784	Consultancy Fees & Legal Charges	
673,851	Corporate Plan	673,850.83
2,438,933	Capacity Building	2,438,933.15
411,008	Exhibition Expenses	
200	Payment Of Workmen Compensation	
600,000	Audit Fees	600,000.00
117,000	Directors' Fees	489,000.00
1,186,762	Welfare	1,475,449.54
612,909	Entertainment	277,288.50
3,135,819	Advertisement	2,343,492.31
156,013	Miscellaneous	154,971.00
31,130	Medical Examination Fees	6,500.00
11,000	Fees for Tests	4,500.00
199,386	Local Training	596,850.00
	Uthuru Wasanthaya	
55,513	Membership Fees	12,400.00
65,816	Registration Fees	54,226.00
655,024	Subcontract Charges	
808,979	Write-off Account	
9,577,787	Gratuity Provision	7,625,948.43
1,071,593	Medical Aid Scheme	1,695,157.00
4,739	Promotional Expenses	
238,163	Research & Development	263,466.08
126,835	Valuation and Survey Expenses	
60,280	Publication	79,125.00
7,870,823	Training Programme	6,693,564.12
3,750	Vehicle Rent	
567,216	Charges for Engineering works	445,703.40
180,689	Marketing Expenses	266,649.58
74,625	Non Ferrous Collection Commission	
149,325	License Fees	143,875.00
	Feasibility Studies	10,000.00
	Legal Charges	581,059.25
15,431	Distress Loan write off	
	Exhibition Expenses	321,700.91
10,557	Photos	950.00
	Bad Debts – Provision	<u>703,075.33</u>
31,891,939		27,957,735.43
	Depreciation and Amortization Expenses	
897,021	Depreciation of Furniture & fittings	954,741.90
55,143	Depreciation of Travelling Bags	26,514.00
5,257,822	Depreciation of Plant & Machinery	4,133,497.01
1,527,249	Depreciation of Office Equipment	1,845,870.92
5,635,099	Depreciation of Motor vehicles	5,732,233.61
3,759,847	Depreciation of Buildings	3,758,383.68
256,421	Depreciation of PABX Services	271,659.46
388,880	Depreciation of Sundry Assets	426,059.03
3,330,131	Depreciation of Computer	4,356,705.00
413,666	Depreciation of Utility Services	396,235.79
63,703	Depreciation of Tools & Spares	22,733.09

95,879	Depreciation of Laboratory Equipment	95,999.09	
394,208	Depreciation of Printing Machinery	394,207.90	
4,594	Depreciation of Bicycles	6,469.00	
116,363	Depreciation of Library Books	197,785.38	
<u>212,747</u>	Depreciation of JICA Project	<u>151,060.00</u>	<u>22,770,154.86</u>
<u>22,408,773</u>			<u>421,856,706.54</u>
400,369,715			

Less :			
	Amount Recovered by way of		
(3,439,802)	Machine Hour Rate	3,222,513.77	
(3,186,774)	Amount Recovered by way of		
	Overhead Absorption	<u>4,015,978.68</u>	<u>7,238,492.45</u>
<u>(6,626,575)</u>			414,618,214.09
393,743,139			

Finance Cost

<u>445,211</u>	Bank Charges & OD Interest	<u>347,149.73</u>	
<u>445,211</u>			<u>347,149.73</u>
(234,757,459)	Excess of Income Over Expenditure		(257,538,670.53)
=====			=====

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

CASH FLOW STATEMENT

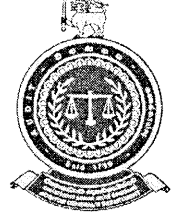
For the year ended 31 December 2012

	‘000 2012 RS.
Excess of income over expenditure before taxation	(30,179)
Adjustment for:	
Depreciation on Property plant & Equipment	22,770
Provision of Gratuity Payment	7,626
Interest Income	1,056
Previous Year Adjustment	<u>(5,311)</u>
Operating Surplus before Working Capital Changes	(4,038)
Working Capital Changes	
Decrease /(Increase) in inventories	1,391
Decrease in Deposits and Prepayments	(15,798)
(Increase) in Other Receivables	12,554
Increase Accrued Expenses and Other Payables	<u>2,128</u>
Net Cash Flow from operating activities	<u>(3,763)</u>
Payment of Gratuity	<u>13,215</u> (16,978)
Cash Flow from Investing Activities	
Expenditure Incurred on Deferred Expenditure	(3,113)
Investments in Special Projects	(29,287)
Acquisition of plant & Equipment	(18,308)
Sale of Fixed Assets	
Interest Income	<u>1,056</u>
Net Cash used in investing Activities	(66,630)
Government Contribution – Capital	18,000
Sirup fund	
Special Projects (Thousand Village Development Programme)	<u>24,193</u> (24,437)
	=====
Net Increases /Decrease) In Cash and Cash Equivalents	
Cash and Cash Equivalents at the End of the year	39,438
Cash and Cash Equivalents at the Beginning of the year	<u>63,875</u> (24,437)
	=====
Analysis of Cash and Cash Equivalents at the End of the Year	
Cash in Hand	2,371
Cash-in-Transit	38
Cash at Bank	<u>37,029</u> <u>38,438</u>

AUDITOR GENERAL'S REPORT FOR COMMENTS OF THE BOARD



විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය }
 எனது இல. } LS/H/IDB//FA/2012
 My No }

ඔබේ අංකය }
 உமது இல }
 Your No. }

දිනය }
 திகதி } 29 August 2013
 Date }

The Chairman
 Industrial Development Board of Ceylon

Report of the Auditor General on the Financial Statements of the Industrial Development Board of Ceylon for the year ended 31 December 2012 in terms of Section 14(2)(c) of the Finance Act No. 38 of 1971.

The audit of Financial Statements of the Industrial Development Board of Ceylon for the year ended 31 December 2012 comprising the balance sheet as at 31 December 2012 and the income statement, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 38(1) of the Industrial Development Act, No. 36 of 1969. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was furnished to the Chairman of the Board on 02 May 2013.

1:2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

අංක 306/72 පොල්දූව පාර,
 බත්තරමුල්ල, ශ්‍රී ලංකාව

இல. 306/72, பொல்துவ வீதி,
 பத்தரமுல்லை இலங்கை

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ඉලෙක්ට්‍රොනික් තැපෑල }
 #- மெயில் } oaggov@slt.net.lk
 E-mail }

1:3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Sri Lanka Auditing Standards. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

1:4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraphs 2.2.1, 2.2.2, 2.2.3, 2.2.4 and 2.2.5 of this report, I am unable to determine whether any adjustments might have been necessary in respect of recorded or unrecorded items and the elements making up the income statement and the cash flow statement.

2. Financial Statements

2:1 Disclaimer of Opinion

Because of the significance of the matters described in paragraphs 2.2.1, 2.2.2, 2.2.3, 2.2.4 and 2.2.5 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

2:2 Comments on Financial Statements

2:2:1 Sri Lanka Accounting Standards

The financial statements had not been prepared and presented in accordance with the format framework by following the Accounting Standards introduced from the year 2012.

2:2:2 Accounting Deficiencies

The following accounting deficiencies were observed.

- (a) The value of the two double cab motor vehicles supplied to the Board by the Treasury on lease basis amounting to Rs.12.2 million and the depreciation thereon amounting to Rs.2.4 million had not been shown in the financial reports of the year under review. Nevertheless, the semi-luxury tax on the two motor vehicles and the registration fee amounting to Rs.87,755 had been brought to account as fixed assets and that had been depreciated for Rs.17,551.
- (b) The written down value of the sundry assets valued at Rs.546,352 shown in the Schedule of Fixed Assets of the year under review had not been included in the financial statements.
- (c) The details of the additions valued at Rs.12,639,162 made to the building in the year 2011 had not been shown in the Schedule of Fixed Assets.
- (d) The Bank balance of the Divi Neguma Project as at 31 December of the year under review amounting to Rs.3,666,095 had been shown as the work-in-progress in the balance sheet instead of being classified as the Bank balance.
- (e) Even though a sum of Rs.12,895,522 had been shown as the Value Added Tax Receivable under the current assets in the statement of financial position, it had been shown as Rs.567,848 in the Tax Return as at 31 December 2012 furnished to the Department of Inland Revenue. As such Value Added Tax amounting to Rs.12,327,674 that cannot be recovered in the future had been shown in the current assets.
- (f) Goods and Services Tax Receivable not in operation at present amounting to Rs.1,424,654 had been shown under the current assets.
- (g) The following observations are made in connection with the cash flow statement.
 - (i) The balance of fixed deposits over 03 months amounting to Rs.25,000 had been included in the opening and the closing cash balance in the cash flow statement.

- (ii) Interest expenses amounting to Rs.19,644 had not been correctly shown in the cash flow statement.
 - (iii) An unexplained sum of Rs.5,311,000 had been adjusted under the pre-tax loss in the cash flow statement as prior year adjustments.
 - (iv) Even though the net grant from the Government according to the financial statements amounted to Rs.14,887,216 it had been shown as Rs.18,000,000 in the cash flow statement.
 - (v) A sum of Rs.3,113,000 not representing investments had been shown under the Investment Activities in the cash flow statement.
- (h) A reconciliation of the value shown under the fixed assets in the Statement of Financial Position with the Schedule of Fixed Assets revealed understatement of four items of fixed assets totalling Rs.506,573 and overstatement of six items of assets totalling Rs.3,186,235.

2:2:3 Unexplained Differences

- (a) Even though the stock of scrap material as at the end of year amounting to Rs.5,060,052 as appearing in the bin cards had been shown in the financial statements, that stock had not been physically examined.
- (b) The Pay As You Earn Tax and the Nation Building Tax appearing in the Tax Return submitted to the Commissioner General of Inland Revenue had been shown as Rs.1,286,073 in the financial statements, thus overstating that amount by a sum of Rs.842,733.
- (c) The balances payable to the Funds as at the end of the year under review as appearing in the Returns furnished by the Board to the Employees' Provident Fund and the Employees' Trust Fund, had been understated in the financial statements by sums of Rs.244,841 and Rs.34,818 respectively.

- (d) The scrap purchases and sales shown in the financial statements of the Board for the year under review had not been reconciled with the records maintained by the Marketing Division. As such, scrap purchases had been overstated by a sum of Rs.8,056,748 and scrap sales had been understated by a sum of Rs.141,822 in the financial statements.
- (e) Even though a sum of Rs.12,895,522 had been shown under the current assets of the Statement of Financial Position for the year under review as the Value Added Tax Receivable, it had been shown as Rs.567,848 in the Tax Return submitted to the Department of Inland Revenue. As such a difference of Rs.12,327,674 was observed.

2:2:4 Accounts Receivable and Payable

(a) Accounts Receivable

The following matters are observed in this connection.

- (i) According to the age analysis of debtors, the value of debtors older than 05 years amounted to Rs.32,585,627 and proper courses of action had not been taken for the settlement of those balances.
- (ii) Debtors balances amounting to Rs.58,419,824 shown in the financial statements had not been confirmed. Even though the management was requested to furnish the confirmation of balances to audit, it had not been so done. }
- (iii) Action had not been taken to settle 23 balances receivable totalling Rs.20,725,888 remaining over periods exceeding 03 year shown under the current assets in the financial statements.

(b) Accounts Payable

The following observations are made.

- (i) Confirmation of 44 balances of accounts amounting to Rs.112,869 335 according to the creditors age analysis as at 31 December 2012 had not been furnished to audit.
- (ii) Erroneous values had been shown in the Refundable Deposit Accounts amounting to Rs.5,873,965 relating to 239 industrialists who were observed to have left the Industrial Estates.
- (iii) Even though the transfer of Government lands had been prohibited, deposits amounting to Rs.14,843,613 obtained from 126 industrialists for the transfer of Government lands in the Industrial Estates had not been settled over a number of years.
- (iv) Action had not been taken to settle the creditors balances amounting to Rs.81,096,571 existing over periods exceeding 03 years.

2:2:5 Lack of Evidence for Audit

The evidence indicated against the following items of account had not been furnished to audit.

<u>Particulars</u>	<u>Value</u> Rs.	<u>Evidence not made available</u>
Lands	58,470,313	Detailed Schedules
Work-in-progress	14,298,021	Verification Reports
Scrap Stocks	5,060,052	Verification Reports
Finished Stocks	2,480,536	Verification Reports
Raw Materials purchased for the Rubber Goods Development Centre, Peliyagoda	21,679,394	Stock Ledger
Bank Balances	19,529,989	Confirmation of Balances

2:2:6 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following instances of non-compliances were observed during the course of audit.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
-----	-----
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka-Chapter xiv Sub section 4.1	Even though the combined allowance and the transport expenses can be paid to the officers on field duty to defray their expenses, in addition to that lodging allowance had been paid for carrying out the duties of Divi Neguma Project. A sum of Rs.40,856 had been paid in that connection from January to March 2012.
(b) Government Financial Regulations	

(i) Financial Regulations 104 and 109	Even though the cash balances amounting to Rs.132,107 shown in the financial statement existed over a number of years those did not exist physically. Action in terms of Financial Regulations had not been taken in that connection.
(ii) Financial Regulation 110	A Register of Losses and Damage had not been maintained.
(iii) Financial Regulation 453	A Register of Personnel Emoluments had not been maintained.
(iv) Financial Regulation 751(1) and Section 52(1) of the Manual of Stores Procedure of the Board	The Storekeepers had not maintained a Stores Ledger.

- (v) Financial Regulation 772 Proper courses of action had not been taken on the goods in respect of which the Board of Survey Reports over a number of years had pointed for disposal by taking suitable action.
- (vi) Financial Regulation 802
-(1),(2) and (3) The relevant 37 registers and files required for the examination of the sum of Rs.3,178,180 spent on repair and maintenance of motor vehicles were not furnished to audit.
- (vii) Financial Regulation 1645(a) Motor Vehicle Log Books of 08 motor vehicles had not been maintained properly.
- (viii) Financial Regulation 1645(b) and (c) Financial Regulation 1646 The Daily Running Charts and the Monthly Performance Summaries of motor vehicles had not been furnished to audit before the fifteenth day of the month following.
- (c) Circulars

- (i) Treasury Circular No. 842 of 19 December 1978 A Register of Fixed Assets had not been maintained for the fixed assets valued at Rs.242.6 million shown in the financial statements.
- (ii) Treasury Circular No. 1A1/2002/02 of 28 November 2002 A Register of Fixed Assets had not been maintained for the computers, accessories and software valued at Rs.8.9 million shown in the financial statements.
- (d) Government Procurement Guidelines

Section 6.3.6 Even though the activities relating to the opening of the bids for the purchase of raw materials valued at Rs.4,178,711 for the Rubber Institution at Peliyagoda should

have been recorded in the specified format and signed by all the members of the Procurement Committee, it had not been so done.

3. Financial Review

3:1 Financial Results

The Government grant for recurrent expenditure for the year under review amounted to Rs.227.4 million and the operating result of the Board for the year before taking into account the Government grant had been a deficit of Rs.257.5 million. The corresponding deficit for the preceding year before taking into account the Government grant of Rs. 228 million amounted to Rs.234.8 million thus indicating a deterioration of Rs.22.7 million. The decrease of internal income by a sum of Rs.2 million, the increase of raw materials and consumable materials by a sum of Rs.10.8 million, the increase of staff expenditure by a sum of Rs. 9 million and the increase of the expenditure on the contractual services by a sum of Rs. 3.6 million had been the primary reasons for the deterioration of the financial results.

3:2 Analytical Financial Review

After taking into account the Governments grants for each year, the Board had continuously incurring net losses amounting to Rs.18.6 million in the year 2010, Rs.6.7 million in the year 2011 and Rs.30.1 million in the year 2012 and the total cumulative net loss as at the end of the year under review amounted to Rs.367.2 million.

4. Operating Review

4:1 Performance

(a) Common Service Centres under the Villages Development Project

The following observations are made.

- (i) Even though 106 Production Villages with Common Services Centres had been established under the Villages Development Programme, 15 Centres out of that had not been opened to the public.
- (ii) Out of the 91 Common Service Centres opened to the public 25 had not been in operation.
- (iii) Out of the 156 Production Villages without the Common Service Centres 94 Centres had not been in operation.

(b) Divi Neguma Project

The following observations are made.

- (i) Out of the 2,100 beneficiaries who had completed the vocational training at the district level by 31 December of the year under review, the equipment needed for carrying out the vocations had been supplied only to 574 beneficiaries. As such its success had been reduced as a large number of trained beneficiaries did not have the equipment needed to carry out their vocations.
- (ii) A sum of Rs.12,350,000 had been made available to the District Secretary, Trincomalee in the year for the purchase of tools and equipment for the beneficiaries of the Divi Neguma Project. Out of that money a sum of Rs.5,922,190 or 48 per cent only had been spent by 31 December of the year under review.

- (c) Out of the provision amounting to Rs.8.2 million made in the year under review for the construction of buildings a sum of Rs.4.2 million or 51 per cent of the estimated provision only had been spent.
- (d) According to Section 50.1.1 of the Manual of Stores Procedure of the Board, bin cars should be maintained for all the goods in charge of the Storekeepers. Nevertheless, bin cards had not been maintained for the stocks of the Kithul Project and the Villages Project and the value of those stocks as at 31 December of the year under review amounted to Rs.13,408,599.

4:2 Management Inefficiencies

The following observations are made.

- (a) A sum of Rs.7,136,207 out of the Board funds had been spent from the year 2007 to 31 July 2012 for the Board employees Welfare Medical Scheme.

According to regulation 20 of the constitution of the Medical Scheme accounts and Administration Reports should be prepared and presented to the Board of Control of the Board. But it had not been done over a number of years and an auditors also had not been appointed. Even though the Board had obtained a sum of Rs.4,063,571 from the Medical Fund, that amount had not been settled to the Medical Fund up to 31 December 2012.

- (b) The ground floor and the second floors of the three storeyed building are being used by the Lakkam Sales Centre while the third floor is being used as an auditorium. As only one electricity meter is installed for the three floors, heavy expenditure on electricity had to be incurred from the income earned by the Centre. A sum of Rs.1,757,740 had been spent on electricity in the year under review. The Centre is incurring losses over a number of years.
- (c) Sums of Rs.7,000,000 and Rs.3,000,000 had been given by the Treasury in the years 2009 and 2011 respectively as provision for the additional constructions done on the above building to obtain office and lavatory facilities. The utilization of the provision received in the year 2009 from the Treasury had been delayed up to March 2011 and the total cost estimate of Rs.10,000,000 for this building had not been prepared and approved in the year 2011. Even though 02 floors had been constructed even by April 2012 under the additional construction, it was

- open to the elements as the balance work including the roof had not been constructed.
- (d) Even though the Cabinet of Ministers had decided in the year 2003 for the establishment of Incubation Centre for the industrialists on a Government land adjoining the Board, action for the acquisition of the land had not been taken even up to the end of the year 2012. The Incubation Centre is not in operation due to the occupation of the proposed land by unauthorized persons. Storage facilities for the scrap materials of the Board on that land had not been provided.
- (e) The recommendations in the report submitted by the Consultant appointed with the approval of the Board for making recommendations necessary for the elimination of the salary anomalies created in the implementation of the provisions in the Management Services Circular No. 30 of 22 September 2006 had not been implemented even by 31 December 2012.
- (f) Even though a sum of Rs. 10 million had been made available to the Board from the Cess Fund for the establishment of a Revolving Fund for providing facilities including obtaining raw materials by the industrialists, the expected objectives had not been achieved from the year 2009. That sum amounting to Rs.10.7 million as at the end of the year under review had been deposited in a Savings Account.
- (g) A system of regulations for the purchase, sale and storage of scrap materials had not been formulated and implemented in terms of the approval of the Cabinet of Ministers granted for the implementation of the Scrap Materials Project. In view of this position, various irregularities had been committed in the operation of the project as shown in the following observations.
- (i) A sum of Rs.108.5 million had been issued to different Government institutions as prepayments from the year 2002 to the year 2012 contrary to the prevailing regulations. Out of those advances, a sum of Rs.52.3 million had been paid for the purchase of scrap materials.
- (ii) Even though the records of the Project Marketing Division indicated that a sum of Rs.2,170,727 is payable from the year 2007 to different Government institutions for the purchase of scrap materials, that information is not appearing in the accounts of the Finance Division. That amount had not been settled.

- (iii) According to the Bank Reconciliation Statement of the Bank Account of the Scrap Materials Division as at 31 December 2012, unidentified deposits totalling Rs.813,241 comprising Rs.296,962 and Rs.516,279 in respect of the years 2011 and 2012 respectively had not been brought to account.

4:3 Transactions of Contentious Nature

The following observations are made.

- (a) The Lakkam Marketing Centre markets the goods of industrialists on the sale and subsequent settlement basis and proper stock books had not been maintained for recording the stocks received and issued. Instead, irregular records of stocks received and issues had been maintained in the files maintained for each supplier.
- (b) Even though the Bank Current Accounts maintained for the Regional Offices had been closed down, favourable balance of Rs.135,233 in 08 of those Bank Accounts and an overdraft balance of Rs.175 in one Bank Account had been shown in the financial statements.
- (c) A sum of Rs.19,663 had been paid as interest on the overdrafts in the Bank Accounts of the Board in the year under review.
- (d) The Scrap Materials Project of the Board had made prepayments amounting to Rs.37,992,038 to different Government institutions for the purchase of scrap materials and 08 of those institutions had been paid further prepayments amounting to Rs.28,391,374 without recovery the previous prepayments or obtaining scrap materials.

4:4 Idle and Underutilised Assets

The Printing Division has 03 idle printing machines and the value of the wire stitching machine, out of those, amounted to Rs.211,495. The value of the other two machines, that is, the Offset Machine and the Cutter could not be ascertained. Those machines had not been used over a number of years and action had not been taken for repair and use them or to take any other course of action.

4:5 Uneconomic Transactions

The following observations are made.

- (a) The basis of the selection of resource persons for various programmes and the particulars of the approvals obtained for the payments made to them at the rate of the Rs.1,000 and Rs.2,000 per hour and Rs.6,000 per day had not been furnished to audit.
- (b) Out of the money received for the Divi Neguma Project a sum of Rs.6,000,000 had been transferred to other accounts of the Board in three instances. Out of that a sum of Rs.1,400,000 was further receivable by the Project Account.
- (c) The arrears of salary and lawyers' fees amounting to Rs.562,809 in connection with a case of an employee, not relating to the Divi Neguma Project had been paid from the Project.
- (d) Even though the funds of the Scrap Materials Project should be utilized only for the activities of that Project, the Board had spent a sum of Rs.3,171,000 from that fund for the purchase of 25 motor bikes for the officers of the Board.

4:6 Identified Losses

The copper wire lamination and the transformer oil which should be inside the transformers had been removed by opening the outer cover of 15 transformers purchased by the Scrap Materials Division. According to the stock records the purchase price was amounted to Rs.1,270,964. This stock had not been physically verified and action in terms of Financial Regulations had not been taken on the damage caused to stocks.

4:7 Resources of the Board Supplied to other Government Institution

A Statistical Investigator and 02 Drivers recruited to the Industrial Development Board had been released to other Government institution. Even though the Board had spent a sum of Rs.5,283,026 as their salaries and overtime up to May 2012, that money had not been reimbursed to the Board even up to 31 December 2012.

4:8 Human Resources Management

The approved and the actual cadre and the vacancies of the Board had been as follows.

Grade	Number approved	Actual Number	Number of Vacancies
-----	-----	-----	-----
Higher and Middle Management	80	69	11
Lower Management	182	107	75
Management Services	186	128	58
Technical	149	76	73
Non-Technical	117	99	18
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Total	714	479	235
	====	=====	=====

The following observations are made in this connection.

- (a) The approval for the Scheme of Recruitment had not been obtained in terms of the Management Services Circular No. 30 of 22 September 2006 even up to 30 June 2011.
- (b) Vacancies in 235 posts had not been filled even by 31 December 2012.
- (c) Contrary to the Management Services Circular No. 30 of 22 September 2006 the Board had recruited 48 persons on casual basis without approval from May 2006 to 31 December 2012. Their services periods ranged from 01 year to 05 years.

4:9 Build up of the Fund for the Provision for Employees' Gratuity

The provision for employees. Gratuity amounting to Rs.100,990,758 as at the end of the year under review had not been invested outside the Board. The comment of the Director General was that "the funds needed for investment are not available in the Board".

4:10 Utilization of Motor Vehicles

The following observations are made.

- (a) The bus purchased for Rs.7,950,000 in the year 2009 with the objective of distribution of technology from village to village had not been deployed on the expected objectives over a period of about 03 years. The bus had been used on 06 exhibition duties without targeted plans for the year under review and the running in that connection had been less than 2,500 kilometres.
- (b) Out of the 42 motor vehicles of the Board, the milometres of 09 motor vehicles had not been in working order. Even though fuel valued at Rs.1,127,622 had been consumed for those motor vehicles, the evidence on the distance run needed to confirm the correctness of that had not been furnished to audit.

5. Accountability and Good Governance

5:1 Corporate Plan

Even though the Board had prepared a Corporate Plan for the period 2011 to 2013 in the year 2011 at a cost of Rs.2.2 million, the progress reports in support of the implementation of the projects included therein had not been furnished.

5:2 Action Plan and Progress

Even though an Action Plan for the year2012 had been prepared and approved, the annual progress reports had not been furnished to audit for the evaluation of the progress of performance.

5:3 Internal Audit

Even though an internal audit had been implemented in the year under review, adequate internal audit reports in accordance with the Audit Plan had not been furnished.

5:4 Budgetary Control

The following observations are made.

- (a) A reconciliation of the provision made for expenditure according to the budget with the actual expenditure revealed variances. The number of instances in which the difference between the budgeted provision and the actual expenditure ranged between 10 per cent to 50 per cent had been 24.
- (b) Even though the budgeted income for the year amounted to Rs.350,720,000 the actual income amounted to Rs.162,510,332 and the collected income represented 53 per cent of the estimated income.
- (c) The achievement of the targeted income of the Technical Services, Engineering, Scrap, Lakkam and Lak Nipaum Divisions of the Board had been less than 50 per cent level.
- (d) Expenditure ledgers had not been used for the proper control of the budgeted expenditure.

5:5 Unsettled Audit Paragraphs

The directives of the Committee on Public Enterprises of Parliament on which adequate attention had not been paid up to the date of this report.

Item	Directive of the Committee on Public Enterprises	Date of Meeting of the Committee on Public Enterprises	Current Status or Observations
(i) Vacancy in the Post of Finance Manager	Examine the Scheme of Recruitment for all posts and fill all vacancies	09 December 2010	The essential posts including the post of Finance Manager had not been filled.
(ii) Generator purchased for Rs. 7.7 million	As a loss of Rs.3.3 million has been insured by selling the generator without being used inquiries should be conducted against all officers responsible.	16 November 2012	Inquiries had not been finalized.
(iii) Sixty Eight defective manual pottery wheels and shortage of 79 manual pottery wheels.	Directed to conduct investigations on the stock shortage of 79 manual pottery wheels	16 November 2012	Investigations had not been finalized.
(iv) Products showroom at Badulla valued at Rs.1,412,100	Directive to take steps to open for the expected purposes.	16 November 2012	Even though a period of 05 years had elapsed after the construction of the showroom, it had not been opened up to the date of this report.
(v) Advance of Rs.4.6 million paid to Sri Lanka Customs for purchase of scrap	Directed to take action to obtain scrap goods or the money.	16 November 2012	Out of the money paid a sum of Rs.175,765 had not been reimbursed up to the date of this report.

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|--------|--|---|------------------|--|
| (vi) | Loss from the investment of Rs.5.3 million in the Industrial Services Company Ltd. | Directed to write off by obtaining formal approval. | 16 November 2012 | Not done up to the date of this report. |
| (vii) | Industrial Estates not functioning | Directed to furnish a detailed report on the 18 Industrial Estates Zones in the Island. | 16 November 2012 | Such report has not been furnished. There are further 89 vacant industries and 100 non-functioning industries. There were persons occupying lands without authority. |
| (viii) | Scrap Materials Project | A detailed report on the purchase and Sale of Scrap materials | 16 November 2012 | Sales at the places of purchase had been continued |

(b) Matters pointed out in previous Audit on which Adequate Attention had not been paid

- (i) Three dough mixer machines purchased on 03 February 2006 for Rs.295,500 at the rate of Rs.98,500 per machine, for the Gonapura Food Project had been lying in the stores with their useful life period lapsing.
- (ii) The building of 1400 square feet with water and electricity situated on an 80 perch land called Mahiyangana, Miyanugana , Dambulawatta and the land had not been sued for any purpose over a period exceeding 14 years.
- (iii) The hostel of the Appropriate Technology Centre at Pannala with accommodation for about 25 person remained closed down since the year 2004.
- (iv) A part of the mushroom drier purchased at a cost of Rs.1,180,000 for a Mushroom Project had been misplaced and the machine remained idle in the Board Premises.

- (v) The billing machine and the software purchased at a cost of Rs.306,750 in the year 2008 for the Lakkam Sales Centre remained idle even during the year under review.
- (vi) Sixteen shoe manufacturing machine said to be unusable remained idle over a long period in the Leather Goods Centre.
- (vii) Twenty eight shoe manufacturing machines valued at Rs.2,771,972 of the Villages Project purchases for distribution among beneficiaries had been idling in the Leather Goods Section.
- (viii) Goods valued at Rs.16,726,979 purchased under the Villages Development Project for the Common Services Centres and the beneficiaries remained in the stores. These goods had been purchased over periods ranging from 01 year to 05 years and their useful life was expiring.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Board. Special attention is needed in respect of the following areas of control.

- (a) Fixed Assets
- (b) Budget
- (c) Cash and Bank
- (d) Accounting and Costing of the Printing Division
- (e) Debtors and Creditors
- (f) Motor Vehicle Utilisation
- (g) Stocks
- (h) Computer System

H.A.S. Samaraweera
Auditor General

-/dk.

2012

Report of the Auditor General in terms of Section 14(2)(C)

Remedies for the paragraphs based on which the audit opinion was qualified and the present situation.

2.2 Comments on the Financial Statements

2.2.1 Sri Lanka Accounting Standards

Board Paper (2012 BM/472 BD(2352) was submitted and approval was obtained under decision No: 4839: (vii) for selecting an external consultant or consultation firm for outsourcing the consultative service for implementing International Accounting Standards (SLFRS and LKAS) which had been introduced for the year under review. Accordingly, quotations were obtained and PricewaterhouseCoopers was assigned with the task of providing this service. Accounts reports for years 2010, 2011 and 2012 were prepared in accordance with the international accounting standards. In doing so, longstanding dues were written off with the approval of the Board of Directors. The relevant financial statements are forwarded together with the financial reports prepared for year 2013.

2.2.2 Accounting deficiencies.

- (a) Measures were taken to enter in the financial statements the two cabs worth Rs.12.2 million which had been provided to the Board by the Treasury on lease basis. Receipts No.164022 and 164023 were issued on 24.09.2014 for the receipt of these two items. Journal entries were prepared for these and were entered in the accounts.
- (b) A difference of Rs.546,352/- is not reported between the schedule to the fixed assets and the financial statement.
- (c) A description of the value of Rs.12,639,162/- which had been added for expenses on buildings had been entered in the schedule to fixed assets. The relevant depreciation has been made in terms of the accounting standards.
- (d) Action has been taken to correct the error that had been made when entering in the financial statement the bank balance of Divineguma Project. This entry has been brought correctly under the bank balance notes in the balance sheet that has been prepared in accordance with the international accounting standards.
- (e) The balance in the VAT account has been brought forward for over a long period of time and updating the submission of reports on computing the VAT was carried out during the past two

years. Discussions were held with the Department for the reimbursement of VAT and action has been taken to prepare the documents required for that purpose.

- (f) It has been identified that goods receivable that are currently not in use and service tax too are balances that are due to be written off. A letter has been submitted to the Department of Inland Revenue, too, with regard to this matter.
- (g) In accordance with the international accounting standards, 03 balance sheets were prepared for the period from 31 December 2010 to 31 December 2012 and the cash flow statements were prepared accordingly.
- (h) All the necessary corrections have been entered in accounts and schedules.

2.2.3 Unexplained Discrepancies

- (a) This stock had not been examined physically due to practical difficulties. These stocks were examined physically in September 2013.
- (b) Tax reports are not correct. The accounts are correct. Action will be taken to pay the balance in year 2013.
- (c) Although the EPF, ETF relevant to the vouchers that had been prepared for the payment of the final salaries were entered in the statements due to some salary anomaly, this situation arose as the approval of the management for the payment of salaries delayed. The amounts in arrears were paid in year 2013, too, and this inequality had been resolved as they had been brought to accounts at the time when arrears were paid. The error that had been made when entering in the journal in year 2012 has been corrected.
- (d) The reports of the Marketing Division were examined and the difference in these accounts were caused by the value of GRN (related to prepaid advances) of receipt of goods in year 2012 that had not been submitted to the Finance Division. This situation has been resolved after all the relevant settlement amounts have been received by the Finance Division from the Marketing Division. The receipts that had not been submitted to the Finance Division were relevant to sales, too.
- (e) This situation has arisen as the value added tax had not been reimbursed for many years. The error that had been made was corrected when preparing tax reports.

2.2.4 Accounts receivable and payable

(a) Accounts receivable

There is a difference between the registers that are maintained in the Divisions and the control ledger maintained at the Finance Division. Invoice values related to the village programme of the line ministry that have not been settled for over 03 years, too, are among these. The correct register has been prepared after reducing the shares that can be reduced from the refundable deposits deposited by the industrialists after making the reconciliation of lease debtors that had been entered in the control ledger of the Finance Division as non-recoverable. Recoverable balances that are over 03 years old have also been settled subject to the decision of the Board of Directors.

(b) Accounts payable

The balances that had not been brought to revenue though they should have been, were brought to revenue subject to the approval of the Board of Directors. The deposits of the industrialized who had given up their industries, too, were removed from accounts in year 2013 after publishing an advertisement in newspapers.

2.2.5 Lack of evidence for Audit

Lands	-	Detailed schedule has been prepared correcting the accounting deficiencies
Work in progress	-	The balance that is shown as at 31.12.2006 which has been caused due to financial deficiencies has been written off subject to the approval of the Board of Directors.
Stocks of scrap	-	These stocks were verified in September 2013.
Finished stocks	-	The balance shown as at 31.12.2006 that has been caused due to accounting deficiencies has been written off.
Peliyagoda	-	Stocks ledgers for year 2013 have been updated and are being maintained.
Raw materials purchased by ර.ආ.ස.ම.		
Bank balances	-	Letters confirming the balances have been obtained for bank accounts in operation. Action has been taken with the approval of the Board of Directors for writing off other balances.