

லாீகை லாீகாலி
வருடாந்த அறிக்கை
ANNUAL REPORT
2014



கரீலாலை லாலிசு கடுது அலாைகாண்ட
கைத்தொழில் மற்றும் வணிக அமைச்சு
Ministry of Industry and Commerce



கார்திக கல்கரிடல லுல்குட
கைத்தொழில் அலிலிருத்திசு சபை
INDUSTRIAL DEVELOPMENT BOARD



ANNUAL REPORT 2014

IDB

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON (IDB)

ANNUAL REPORT for the year ended 31st December 2014

THE ORGANIZATION

Background

The Industrial Development Board of Ceylon (IDB) was initially 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. In terms of this Act the IDB is entrusted with the responsibility of development of the industrial sector in the country.

Objectives of the Board

The Objectives of the Board specified 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;

Divisions and Services of the Board

The Board consists of 10 Divisions and agencies to provide a package of services to small and medium scale industrial sectors.

1. Administration Division (AD)
2. Centre for Entrepreneurship Development & Consultancy Services (CEDACS)
3. Engineering Division (ED)
4. Industrial Estates Division (IED)
5. Marketing Division (MD)
6. Planning Division (PD)
7. Regional Development Division (RDD)
8. Technical Services Division (TSD)
9. Centre for Development of Leather Products and Footwear (CDLPPF)
10. Rubber Products Development and Services Centre (RPDSC)

The network of 25 District Offices is functioning under the Regional Development Division and 19 Industrial Estates are functioning under the Industrial Estates Division. There are 2 Service Centers which fall under the Engineering Division. The Technical Services Division, the Leather Products Development Division, the Rubber Products Development Centre and the Engineering Division transfer of technologies and other related services to facilitate the local entrepreneurs.

The approved total manpower of IDB is 714 nos. and it is categorized into 11 staff levels.

DIRECTORATE OF THE INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

From January to December 2014

- Mr. Nawaz Rajabdeen - Chairman
Mr. S. Ananda Rajah - Member of the Board
Mr. G.C. De Silva - Member of the Board
Mr. H.M.V. Jayasinghe - Member of the Board
Dr. Saman Kelegama - Member of the Board

From January to May 2014

- Mr. M.M. Mohamed Jameel - Member of the Board - IDB

From January to October 2014

- Mrs. K.N. Kumari Somaratna - Member of the Board
Mr. Epa Dayaratne - Member of the Board

From February to November 2014

- Mr. R.M.J. Ratnayake - Member of the Board - Treasury Representative

From December 2014

- Mr. J.R.C. Jayathilake - Member of the Board

Our **V**ISION

“Development Of All Industries All Over Sri Lanka”

Our **M**ISSION

“Provide the Strategic, Technological & Commercial Foundation Needed to Encourage, Promote & Develop All Industries All Over Sri Lanka”

DIRECTOR GENERAL'S REVIEW



It is with great pleasure that I append the review of the year for the annual report 2014. Also it is gratifying to make a note that IDB in this year has taken notable initiatives which add value to their regular delivery of services to the local industries especially to the MSMEs. In reviewing the financial performance, a growth in revenue is reported in 2014 and it is mainly attributed to the increase of sale of metal scraps for MSMEs and increase of rental of Industrial estates.

Aligning with the reconciliation process, IDB was able to re-open the Industrial Estate at Achchuweli Jaffna, in May 2014, with the support of funding of about Rs 220.0 Million from the Government of India. The funding support with the consultancy of UNOPS enabled IDB to develop infrastructure with all the facilities including electricity, water and sewerage in a land area of about 25 acres at the Industrial Estate of IDB, which had been entirely destroyed due to war. These facilities with the internal road network and the boundary walls have made the environment more conducive to industries of any kind. In addition the infrastructure development program at Industrial estates was continued this year giving attention to the developments of industrial Estates at Pallekele, Vavunia, Panaluwa and Galigamuwa with a expenditure of Rs 40.0 million.

Falling in line with the key objectives of IDB to promote and encourage MSMEs, IDB was able to support local industrialists, including the industries at our industrial estates to showcase their products and services, at the SMIDEX 2014 exhibition held at BMICH, organized by IDB. In parallel with the exhibition, the award ceremony was held to recognize and reward about 220 MSMEs by commending the success achieved by these industrialists.

With the understanding of the importance of expanding the global industry exposure and building necessary international linkages for local industrialists, IDB organized a special tour for a team of local industrialists to an exhibition and Trade Fair held in New Delhi, India. Further in view of developing the Aluminium Casting Industry, another tour was organized by IDB to take a team of local industrialists to Alucast exhibition and Conference on Aluminum Die Casting held in Bangalore India.

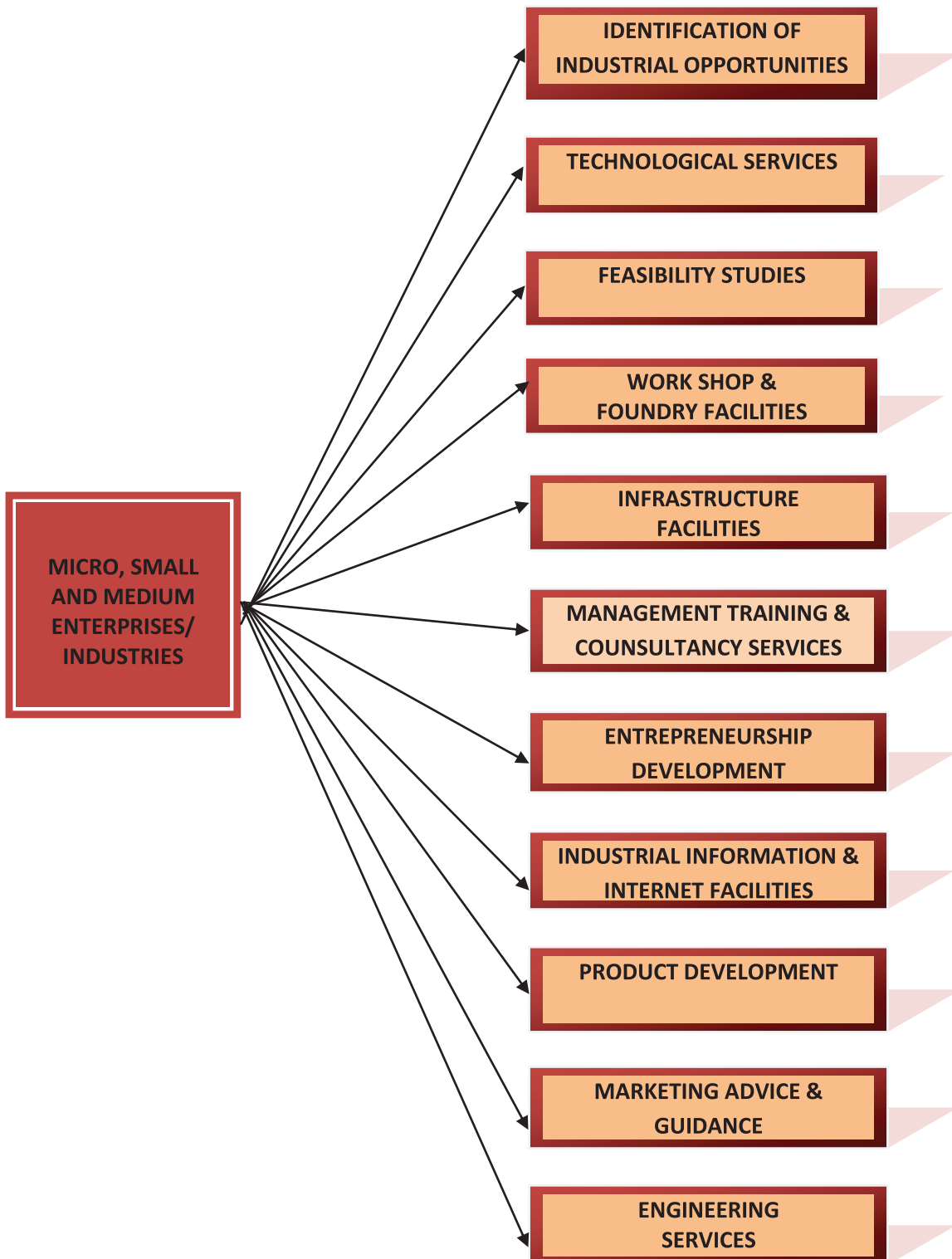
Besides, aligning with the development programs of the ministry, in promoting cottage industries under the national programme for industrial village development, pottery village development program, Kithul product development program and enterprise village and women entrepreneurship development program were implemented right across the country.

Also, I take this opportunity, to express my sincere gratitude to the Hon. Minister, the secretary and the staff of the Ministry, on behalf of the staff of IDB, for the direction, encouragement and support extended to IDB and the staff in achieving annual goals for the year.

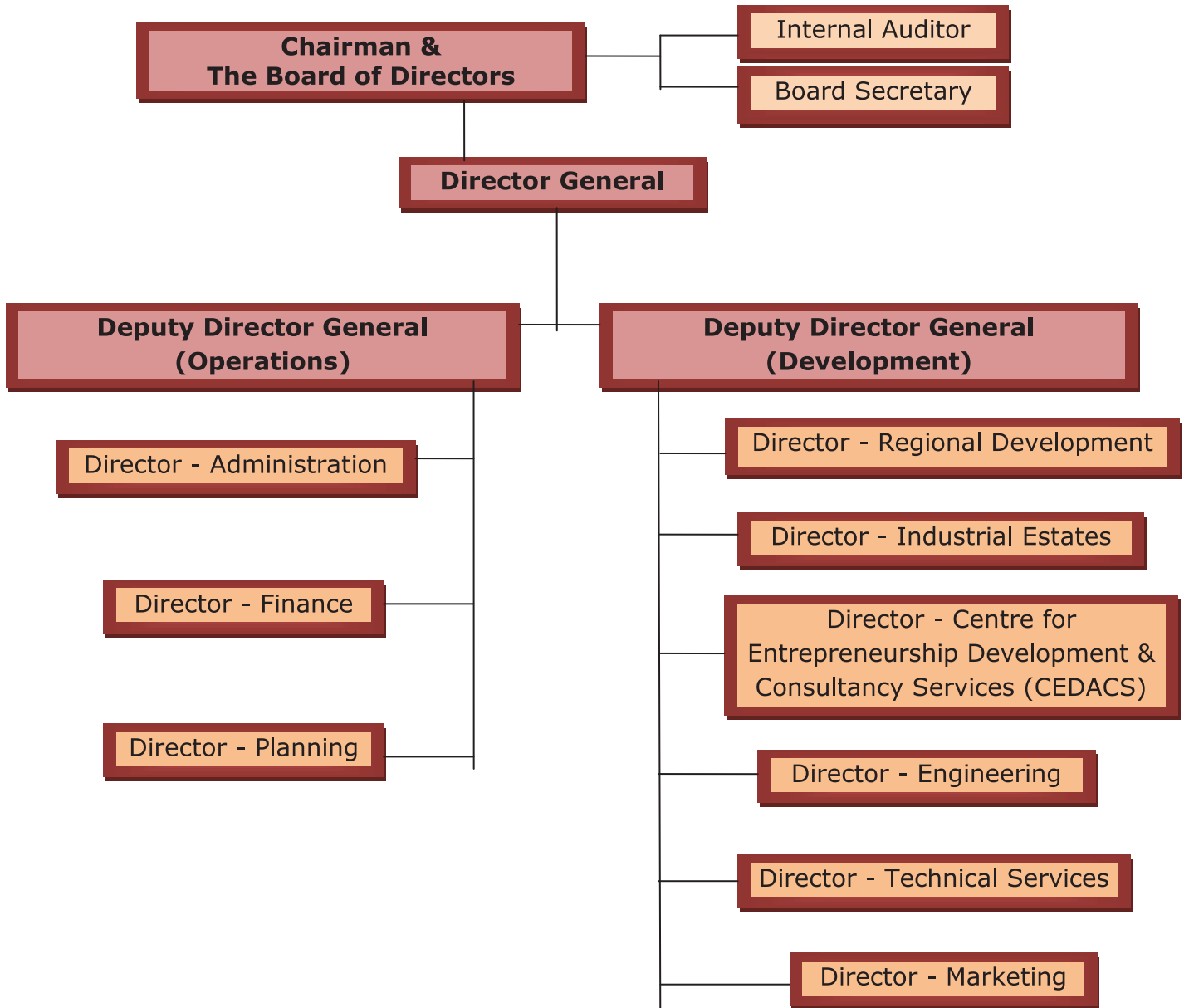
I am also grateful to the Chairman and the members of the Board, the Management and the staff for their close concern and assistance given for the success of implementation of strategic measures, new projects and programmes together with other national and international development agencies.

P.L.U. Rathnamalala
Actg. Director General

KEY SERVICES AND FACILITIES



ORGANIZATIONAL STRUCTURE



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REVIEW OF PERFORMANCE

REVIEW OF PERFORMANCE

During the year 2014, the following development activities were completed through the respective Divisions of the IDB.

Table 1.1 - Activities Performed

Activities for Achieving Corporate Goals	No of Units	Investment (Rs.)	Employment
a Assist in Creating Self Employed Units	1,170	71,653,190	1,499
b Provide Technical and related assistance to set up New Industrial/ MSME Units	441	224,173,629	1,403
c Provide Technical and related assistance to improve, expand and modernize Existing Industries	605	360,087,541	1,713
Total	2,216	655,914,360	4,615

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 2013. Although the establishment of industries decreased, total investment under development activities in 2014 increased by nearly 33% compared to the year 2013.

Table 1.2 - The comparable positions in 2013 & 2014

Description	2013	2014	% Increase (Decrease)
Total No. of Units (a,b,c)	2,525	2,216	(-12.2)
Total Investment (Rs.)	494,475,717	655,914,360	(33.4)
Total Employment	4,389	4,615	(5.1)

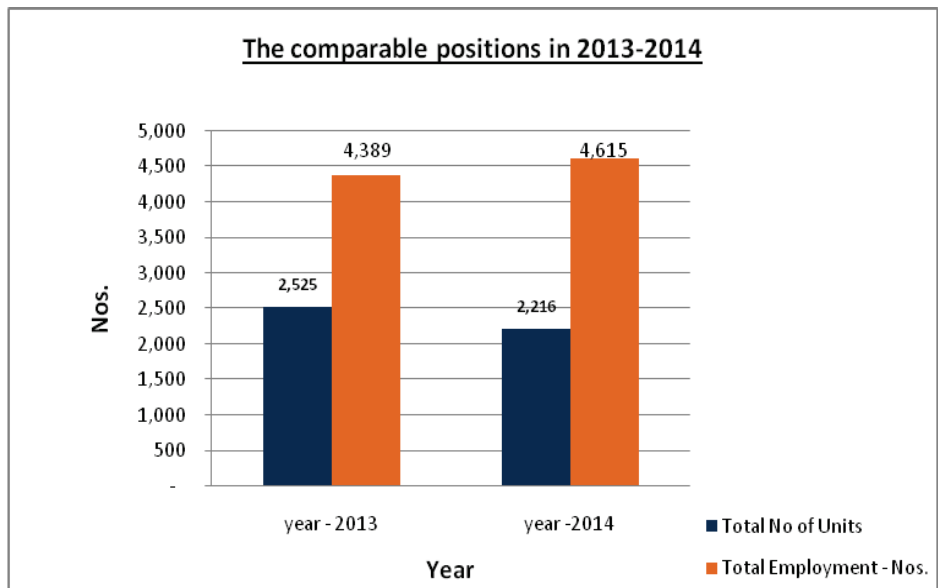


Chart 1.1 - No. of Industrial Units and Employments generated by Self Employed Units, New Industrial/MSME Units and Existing Enterprises

MAJOR ACHIEVEMENTS

- **SMIDEX 2014 - Small & Medium Industrial Exhibition**
- **NATIONAL AWARDS 2014 - Excellence in Business recognized in 2014**
- **Technical Presentation Sessions And Product Demonstration**
- **International Footwear and Leather Fair 2014**
- **Signed Memorandum of Understanding (MoU) with the Sustainable Energy Authority (SEA)**

SMIDEX 2014 - Small & Medium Industrial Exhibition

SMIDEX 2014, Exhibition and Trade Fair had organized by the IDB in order to promote Micro, Small and Medium-sized Industries in Sri Lanka from 23 - 25 May, 2014 at BMICH, Colombo.

President visits for SMIDEX 2014

His Excellency Mahinda Rajapakse, the President of Sri Lanka visited SMIDEX 2014, Small and Medium Industry Development Exhibition in the evening on 24th May, 2014 at Sirimavo Bandaranaike Exhibition and Convention Centre, organized by the Industrial Development Board of Ceylon (IDB) in parallel with celebrating its 45th Anniversary.

His Excellency Rajapakse met representatives of Small and Medium Entrepreneurs who came from 25 districts island-wide. Some of entrepreneurs who had arranged stalls at the Exhibition to display their new products and services, and there were 300 stalls and the inaugural SMIDEX 2014 saw the convergence of a large number of exhibitors for both local and foreign markets.

At that occasion the President was accompanied by Hon. Douglas Devananda, Minister of Traditional Industries and Small Enterprise Development with Hon. A.M.H. Fawzie, Senior Minister, Hon. Bandula Gunawardena, Minister of Education, Hon. Geethanjana Gunawardena, Deputy Minister, Hon. Weerakumara Dissanayake, Deputy Minister of Traditional Industries and Small Enterprise Development, Mr. V. Sivagnanasothy, Secretary, Ministry of Traditional Industries and Small Enterprise Development, and Mr. Nawaz Rajabdeen, Chairman, Industrial Development Board of Ceylon (IDB).

The President's visit was a great strength and encouragement to the Small and Medium Entrepreneurs who showcased their innovative products and services. Further, some technical sessions were conducted by the IDB and Foreign Experts from different SME sub-sectors mainly leather, footwear, handicrafts, wooden based products, chemical and clay based products etc.

Machinery and equipment which had been manufactured locally and internationally were displayed at the exhibition.

NATIONAL AWARDS 2014 - Excellence in Business Recognized in 2014

IDB had made necessary arrangement to evaluate the Business Performance of Local Manufacturing Enterprises island-wide in order to promote their recognition and contribution to the national economy, and respectively 583 No. of Entrepreneurs were awarded for Performance Excellence at District Level, 90 No. of Entrepreneurs were awarded for Performance Excellence at Provincial Level, and 45 No. of Entrepreneurs were awarded for Performance Excellence at National Level respectively.

Technical Presentation Sessions and Product Demonstration

In parallel with the event of SMIDEX 2014, the Technical Services Division (TSD) of the IDB had arranged to aware the potential entrepreneurs as well as the general public for the following key areas with the support of Indian Experts and Delegates:

- Techno-Economic Potential of Bamboo Industry
- Techno-Economic Potential of Brick and Tile Industry

International Footwear and Leather Fair 2014

As the co-organizer Centre for Development of Leather Products and Footwear (CDLPPF) of the IDB organized the Third International Footwear and Leather Fair 2014 with the Sri Lanka Export Development Board (SLEDB) on 7 - 9 February, 2014 at the BMICH, Colombo.

More than 220 stalls had been set up at the fair with the participation of both local and foreign businessmen. The IDB had especially focused on the tasks of SME Pavilion including 33 SME stalls. A Competition and Workshops for Footwear and Leather Goods Design and Demonstration of Handmade Shoe Manufacturing were held as special events at the fair. In addition, organized an Awarding Ceremony for those who had made a significant contribution to promote Leather and Footwear Sector in the country since 1900 to 1950.

Signed Memorandum of Understanding (MoU) with the Sustainable Energy Authority (SEA)

The IDB entered into a MoU with the SEA on 9th June, 2014 to create a long term cooperation envisaged in the areas of joint sustainable energy programmes for SMEs, exchange technologies, and usage of testing facilities of both institutions.

SUMMARY OF PROGRESS

- Encouragement, Promotion and Development of Industries and Micro, Small and Medium-sized Enterprises (MSMEs)
- Establish, Maintain & Carry-on Industrial Estates
- Marketing and Sales Assistance and Facilitation
- Technical, Technology and Engineering Assistance and Facilitation
- Extension and Consultancy Services for Industries and Micro, Small and Medium-sized Enterprises (MSMEs)

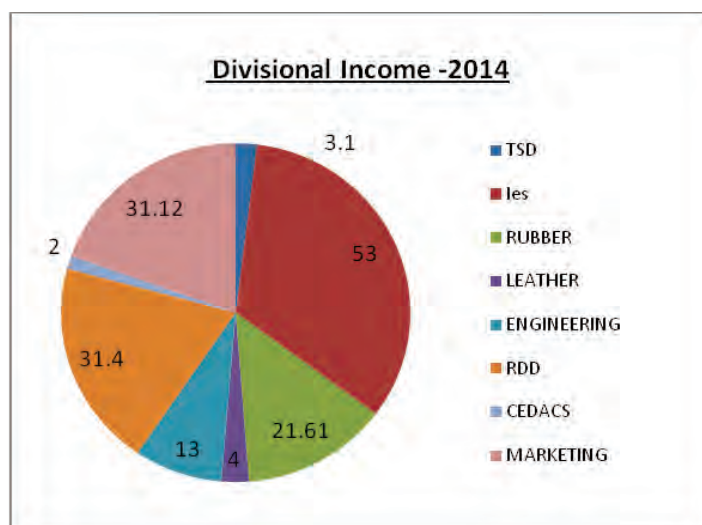
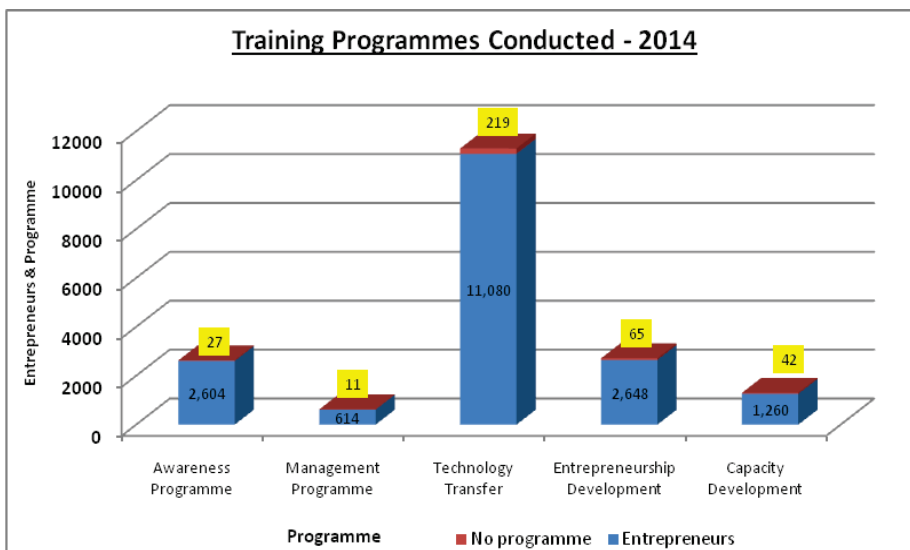
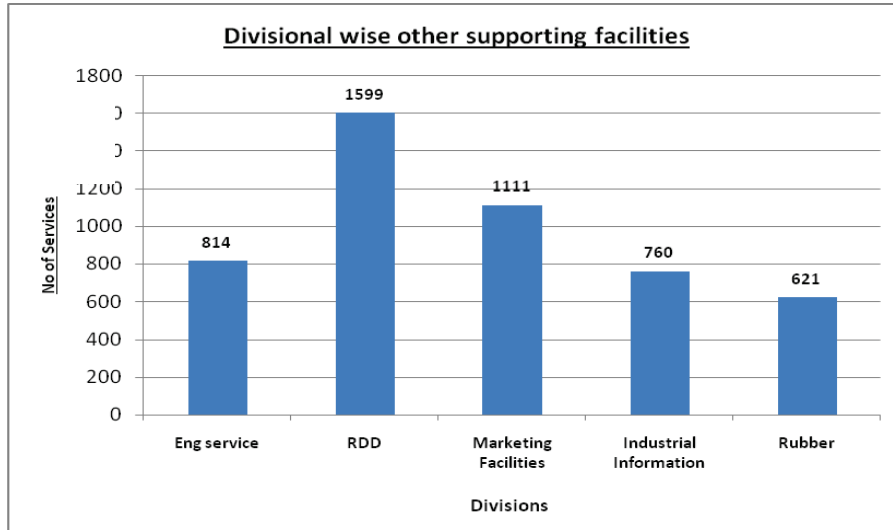
Table 3.1 - SUMMERY OF PROGRESS – 2014

Thrust Area	Programme/Activity	Key Performance Indicator (KPI)	Target	Achievement
Encouragement, Promotion and Development of Industries and Micro, Small and Medium-sized Enterprises (MSMEs)	Conducting Awareness Programmes /Investment Promotion Seminars & Workshops to identify potential entrepreneurs	No. of Programmes conducted	50	27
		No. of Participants attended	2000	2604
	Conducting Technology Transfer Programmes and Technology Demonstrations for potential entrepreneurs and existing industries	No of Programmes conducted	219	430
		No. Participants attended	4240	11080
	Conducting Entrepreneurship Development Programmes for new and existing entrepreneurs/ enterprises	No of Entrepreneurship Development Programmes conducted	49	65
		No. of Participants	1295	2648
	Providing Technical Support, Advice & Consultancy Services	No. of Technical Support, Advice & Consultancy Services provided	624	181
		No of Beneficiaries attended	624	181
	Facilitation and follow-up activities	No. of New Enterprises created	716	441
		No. of Self Employment Units created	1060	1170
		No. of Existing Enterprises Promoted	786	605
		Total No. of People Benefitted	-	4615

Thrust Area	Programme/Activity	Key Performance Indicator (KPI)	Target	Achievement
Marketing and Sales Assurances and Facilitations	Creation of Regional Display & Sales Centres for Industrial Products	No. of SMLs obtained sales facilities	500	64
		Value of Sales by SMLs (Rs.Mn.)	25	11
	Organizing Sales Promotion Trade Fairs/Buyer/Seller Meetings	No. of SMLs linked with the export market	02	-
		No. of Enterprises participated in Local & Foreign Trade Fairs	04	02
	Registration of Industries under Sub Contractual Exchanges	No. of Sub contracting and buyback opportunities created for SMLs	84	107
	Providing Sub Contract Facilities	Total value of orders given out from Sub contracting Exchange (Rs.Mn.)	06	2.32
	Bulk Purchasing and Retail Selling of Raw Material needed by buyers	No. of Enterprises that obtained raw materials (scrap metals)	550	576
		Amount of Scrap collected (MT)	1,500	816
		Amount of Scrap distributed (MT)	1,500	812
	Selling of Centrifuged Latex and Compounded Rubber	Amount of Centrifuged Latex processed and supplies (L)	12,500	9,008
		No. of Enterprises served	80	82
	Selling of Rubber Compounds, Raw Materials, and Chemicals	Amount supplied (kg)	55,000	35,498
		No. of Enterprises served	290	310
	Milling and Supplying of Rubber Compounds	Amount supplied (kg)	35,000	17,231
		No. of Enterprises served	55	58
	Establish, Maintain & Carry-on Industrial Estates	Infrastructure Development of Achchuveli Industrial Estate	% of development activities carried out	-
Allocation and Reallocation of Developed Plots for New Enterprises		No. of vacant blocks/factory units/developed plots allocated	30	49
		No. of commercial operations commenced in allocated factory units/developed plots	20	08
		No. of Employment generated	300	184
Carried out Follow-up Activities		No. of value addition industries established	-	-
Infrastructure Development Activities in the Industrial Estates, other arrangements (road construction, street lighting, security improvement, waste disposals, water supply)	% of development activities carried out	-	-	

Thrust Area	Programme /Activity	Key Performance Indicator (KPI)	Target	Achievement
Technical, Technology and Engineering Assistance and Facilitation	Improvement of the Quality of Products and assisting to obtain Quality Certificates GMP, SLS, with registration	No. of Industries up-graded to GMP, SLS, ISO and other Certifications/Standards	10	08
	Developed/Fabricated Machinery and Tools	No. of New Machines/Tools developed	60	51
		No. of Enterprises benefited from machinery/tools	60	51
	Providing Engineering Services: Valuation, Foundry, Workshop Services, Electroplating and Laboratory Services	No. of Engineering Services provided	1,149	767
Extension and Consultancy Services for Industries and Micro, Small and Medium-sized Enterprises (MSMEs)	Project Identification, Preparing Model Project Reports and Project Feasibility Studies	No. of Enterprises obtained feasibility reports/project reports	106	87
	Valuation of Machinery	No. of Valuation Reports prepared	97	47
	Providing Product Development and Testing Services	No. of Product Development and Laboratory Testing Services provided	65	815
	Establishing Regional/District Industrial Associations	No. of Industry Association formed/strengthened at District and National Levels	318	304

Chart 3.1 – Services Provided and Facilitated by the IDB



PERFORMANCE HIGHLIGHTS

- **Administration Division (AD)**
- **Regional Development Division (RDD)**
- **Planning Division (PD)**
- **Marketing Division (MD)**
- **Industrial Estates Division (IED)**
- **Engineering Division (ED)**
- **Centre for Entrepreneurship Development & Consultancy Services (CEDACS)**
- **Technical Services Division (TSD)**

4.1 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 and 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
- Carrying out regular recruitments, performance evaluations, promotions, retirement matters etc.
- Conducting Disciplinary Inquiries
- Coordinating Foreign Scholarships/Trainings
- Arranging and Providing Local Training
- Managing Employee Welfare and Employee Compensation Schemes
- Management of Internal Security Services
- Management of Procurement Activities of the Board
- Management of Transport Services of the Board

Table 4.1.1 - Staff Strength of IDB as at 31st December 2014

Category	No. of Staff		Total with %
	Male	Female	
HM Category	06	-	06 (1.2%)
MM & JM Category	74	40	114 (22.8%)
MA Category	105	86	191 (38.20%)
PL Category	183	06	189 (37.8%)
Total	368 (73.6 %)	132 (26.4%)	500 (100.0%)

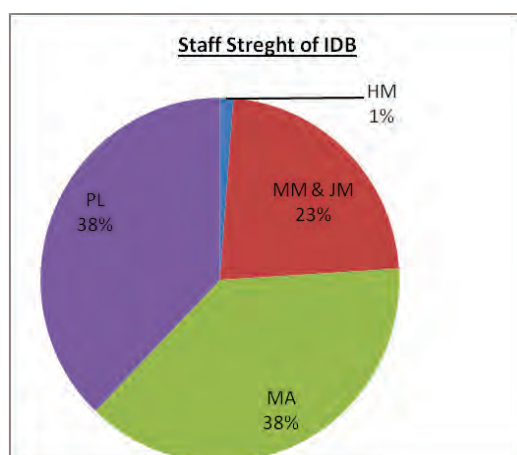


Chart 4.1.1 – Staff Strength of IDB

Table 4.1.2 - Performance Highlights of the Division during the financial year 2014

Corporate Goal		Activities for Achieving Corporate Goal	Nos.
G 13 Improve the organizational, administrative & financial efficiency of the IDB	11.	Carrying out following regular HRM activities	
	1	HRM - Recruitments	
	(i)	Recruitments (Staff)	76
	(ii)	Resignations	08
	(iii)	Retirements	33
	(iv)	Vacation of Posts	02
	2	Disciplinary Management	
	(i)	Conducting Disciplinary Inquiries	05
	(ii)	Labour Cases attended at Commissioner of Labour	13
	3	HRD - Training	
	(i)	Local Training	124
	(ii)	Foreign Training	08
	4	HRM - Compensation	
	(i)	Gratuity Payments for 33 persons	Rs. 9,163,147.00
	5	HRM – Employee Welfare	
	(i)	Bicycle Loans	36
	(ii)	Distress Loans	86
	(iii)	Medical Scheme (Reimbursement of Medical Bills)	
	6	Security Management	
	(i)	Security Cost	Rs.25,200,000.00
	7	Disposal	
	(i)	Board of Surveys Conducted	01
	8	General Events	
	(i)	Events	03
	9	Postal and Telecommunication Charges	
	(i)	Postal Charges	Rs.503,129.00
	(ii)	Telecommunication Charges	Rs.4,403,638.00
10	Transport Management		
(i)	Cost of Fuel	Rs. 4,420,257.00	
(ii)	Cost of Maintenance of Vehicles	Rs. 3,650,854.00	
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	403
	(ii)	Capital Purchases	Rs. 7,794,046.09
	(iii)	Recurrent Purchases	Rs. 41,235,148.05

4.2 Regional Development Division (RDD)

4.2.1 General

The Regional Development Division (RDD) which consists of 25 district offices throughout the country has a strong power given under the Act of industrial development to initiate its major activities and tasks at regional level.

Regional Development Division with its regional staff including 21 Deputy Directors, 06 Assistant Directors, 62 Enterprise Promotion Managers has accordingly achieved to the following progress in accordance with its action plan in 2014 and it had been allocated Rs. 15 Mn. to the Regional Development Division on capital budget 2014.

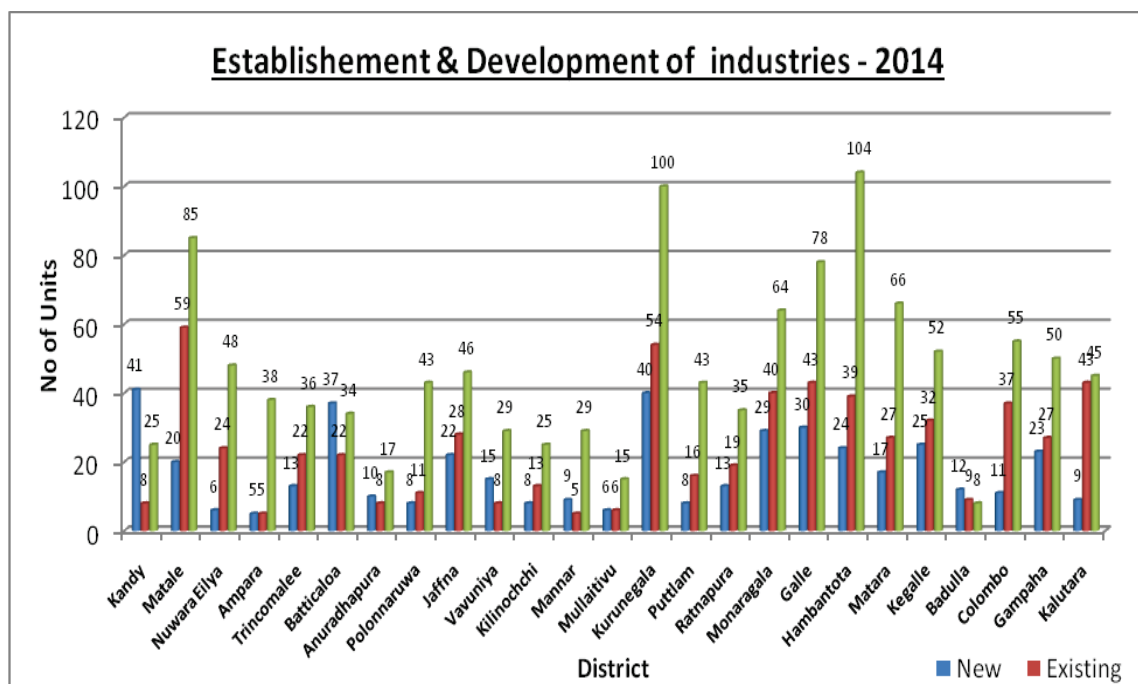
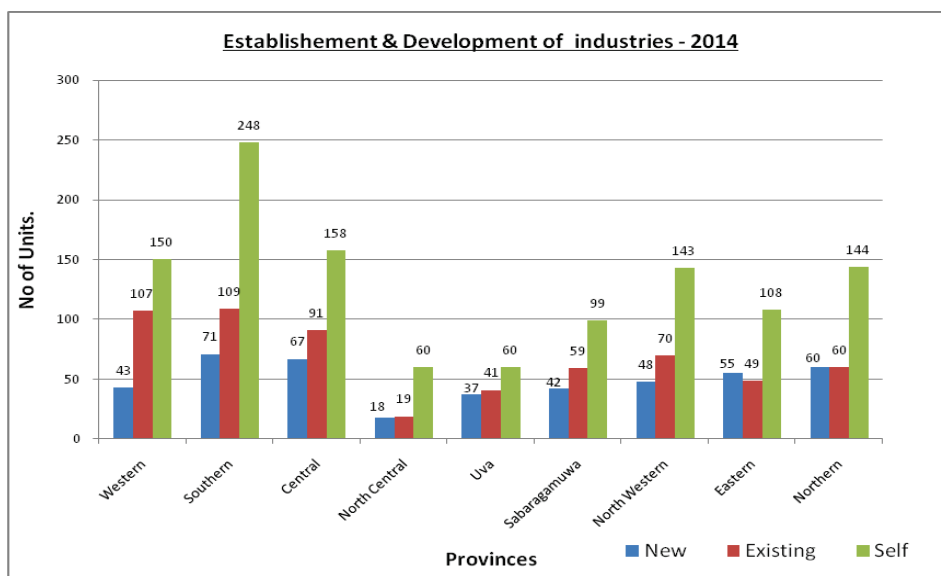


Table 4.2.1.3

**Industrial Development Board of Ceylon
Assistance to establish New Industries in 2014**

Province	District	No. of Units	Investment (Rs.)	Employment
Central	Kandy	41	10,827,000	141
	Matale	20	7,442,000	50
	NuwaraEliya	6	6,580,000	42
Total		67	24,849,000	233
Eastern	Ampara	5	1,063,000	10
	Trincomalee	13	1,621,500	37
	Batticaloa	37	2,062,500	92
Total		55	4,747,000	139
North Central	Anuradhapura	10	6,998,000	36
	Polonnaruwa	8	2,180,000	28
Total		18	9,178,000	64
Northern	Jaffna	22	5,260,000	65
	Vavuniya	15	1,053,500	27
	Kilinochchi	8	280,500	13
	Mannar	9	1,418,000	18
	Mullaitivu	6	403,000	16
Total		60	8,415,000	139
North Western	Kurunegala	40	9,289,000	111
	Puttalam	8	12,180,054	40
Total		48	21,469,054	151
Sabaragamuwa	Ratnapura	13	18,625,000	67
	Kegalle	29	8,559,000	75
Total		42	27,184,000	142
Southern	Galle	30	9,251,000	70
	Matara	24	15,632,500	82
	Hambantota	17	11,415,000	91
Total		71	36,298,500	243
Uva	Badulla	25	19,795,000	61
	Monaragala	12	5,812,495	30
Total		37	25,607,495	91
Western	Colombo	11	8,863,000	52
	Gampaha	23	30,193,000	110
	Kaluthara	9	27,369,580	39
Total		43	66,425,580	201
Grand Total		441	224,173,629	1,403

Table 4.2.1.4

Industrial Development Board of Ceylon
Assistance to Develop Existing Industries in 2014

Province	District	No. of Units	Investment (Rs.)			Employment		
			Existing	Additional	Total	Existing	Addl.	Total
Central	Nuwaraeliya	8	20,757,000	10,125,000	30,882,000	89	109	198
	Kandy	59	51,970,000	20,444,000	72,414,000	369	158	527
	Matale	24	13,955,000	3,975,000	17,930,000	75	43	118
Total		91	86,682,000	34,544,000	121,226,000	533	310	843
Eastern	Ampara	5	1,710,000	3,378,000	5,088,000	19	15	34
	Batticaloa	22	5,775,000	2,180,000	7,955,000	126	71	197
	Trincomalee	22	4,502,500	1,785,000	6,287,500	49	79	128
Total		49	11,987,500	7,343,000	19,330,500	194	165	359
North Central	Anuradhapura	8	3,432,000	1,002,000	4,434,000	15	9	24
	Polonnaruwa	11	40,040,000	13,110,000	53,150,000	80	38	118
Total		19	43,472,000	14,112,000	57,584,000	95	47	142
Northern	Jaffna	28	7,520,000	4,848,000	12,368,000	69	41	110
	Vavuniya	8	1,206,000	472,500	1,678,500	26	6	32
	Kilinochchi	13	626,000	364,650	990,650	27	25	52
	Mannar	5	750,000	740,000	1,490,000	10	4	14
	Mullaitivu	6	1,488,000	330,000	1,818,000	17	6	23
Total		60	11,590,000	6,755,150	18,345,150	149	82	231
North Western	Kurunegala	54	58,383,000	10,689,365	69,072,365	218	130	348
	Puttalam	16	22,193,200	14,258,326	36,451,526	72	55	127
Total		70	80,576,200	24,947,691	105,523,891	290	185	475
Sabaragamuwa	Ratnapura	19	16,148,000	11,830,000	27,978,000	73	38	111
	Kegalle	40	28,635,000	17,944,000	46,579,000	143	119	262
Total		59	44,783,000	29,774,000	74,557,000	216	157	373
Southern	Galle	43	57,787,500	43,873,000	101,660,500	259	185	444
	Matara	39	32,793,000	25,037,000	57,830,000	174	63	237
	Hambantota	27	18,819,000	4,822,000	23,641,000	96	26	122
Total		109	109,399,500	73,732,000	183,131,500	529	274	803
Uva	Badulla	32	67,082,000	51,283,200	118,365,200	138	13	151
	Monaragala	9	4,769,000	2,840,000	7,609,000	41	45	86
Total		41	71,851,000	54,123,200	125,974,200	179	58	237
Western	Colombo	37	68,378,000	9,108,000	77,486,000	374	56	430
	Kaluthara	27	85,015,000	24,497,000	109,512,000	189	38	227
	Gampaha	43	137,303,700	81,151,500	218,455,200	614	341	955
Total		107	290,696,700	114,756,500	405,453,200	1,177	435	1,612
Grand Total		605	751,037,900	360,087,541	1,111,125,441	3,362	1,713	5,075

Table 4.2.1.5

Industrial Development Board of Ceylon
Assistance to set up Self Employment Units in 2014

Province	District	No. of Units	Investment (Rs.)	Employment
Central	Nuwaraeliya	25	1,828,000	32
	Kandy	85	3,860,000	123
	Matale	48	2,466,500	59
Total		158	8,154,500	214
Eastern	Ampara	38	1,281,500	38
	Batticaloa	36	1,239,500	60
	Trincomalee	34	3,324,000	50
Total		108	5,845,000	148
North Central	Anuradhapura	17	1,338,000	25
	Polonnaruwa	43	2,263,500	49
Total		60	3,601,500	74
Northern	Jaffna	46	7,634,000	70
	Vavuniya	29	888,500	45
	Mannar	25	1,289,000	29
	Kilinochchi	29	290,650	29
	Mullaitivu	15	894,000	20
Total		144	10,996,150	193
North Western	Kurunegala	100	5,483,500	137
	Puttalam	43	2,776,000	51
Total		143	8,259,500	188
Sabaragamuwa	Ratnapura	35	2,686,000	38
	Kegalle	64	5,267,000	81
Total		99	7,953,000	119
Southern	Galle	78	4,240,000	101
	Matara	104	3,895,200	141
	Hambantota	66	3,666,500	89
Total		248	11,801,700	331
Uva	Badulla	52	5,927,000	52
	Monaragala	8	541,000	8
Total		60	6,468,000	60
Western	Colombo	55	3,349,000	63
	Gampaha	50	2,764,750	53
	Kaluthara	45	2,460,090	56
Total		150	8,573,840	172
Grand Total		1,170	71,653,190	1,499

4.2.2 National Programme for Industrial Village Development

(A) Pottery Village Development Programme

At the Budget speech in 2013, it was discussed for developing pottery villages in terms of enabling them to produce quality and innovative products by providing better equipments and modern technology. To increase the income of pottery communities by creating business and employments opportunity is also a purpose of the project. For this programme Rs 14.97 mn. was allocated for development 6 pottery villages in 2014 and spend Rs. 10.6 mn. during the same year.

(B) Enterprise villages and women entrepreneurship development Programme

The budget proposal 2012 and 2013 has strongly emphasized the need to develop enterprise villages and strengthen and support women entrepreneurs at the village level with a view to support and strengthen the rural economic development. In this regards Rs. 7.7 mn. has been allocated to develop 5 villages during the year 2014 and spend Rs. 2.6 mn. in same year for development of above villages. 203 beneficiaries of these villages were benefited by this project.

(C) Handicraft village development Programme

In year 2014 under the above programme, 2 traditional handicraft villages were identified to implement the development activities. Main objective of this project was support to sustainability and improvement of technology, skills and quality of products. Year 2014, Rs.2.23 mn. allocated to the Programme but, Rs.0.51 mn. spend during the year. 55 entrepreneurs were benefited under this programme in year 2014.

4.2.3 National Programme for Development of *Kithul* Products

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 2014, the IDB, with the guidance of the Ministry of Traditional industries and small enterprise development, had carried out the following development activities and the achievements are given in the Table - 4.2.3.1.

Table 4.2.3.1 - Performance of National Programme for Development of *Kithul* Products

Corporate Goal	Activities for Achieving Corporate Goal		No. of Programmes Target	No. of Programmes Achieved	Expenditure (Rs.)
G1a. Encourage, promote and develop industries	(i)	Awareness Programme for Officers	16	10	118,945
	(ii)	Tapping Technology Training Programme	50	38	390,382
	(iii)	Tapping Technology Follow-up Programme		-	-
	(iv)	Product Quality Improvement Programme	30	20	238,566
	(v)	Entrepreneurship Development Programme	7	4	253,143
	(vi)	Master Trainers Training Programme	3	-	-
	(vii)	Follow up Activity	30	34	201,741
	(viii)	Creating new tappers	2000	611	
	(ix)	Increasing New Tapping Trees	11900	5797	
	(x)	Developing Small and Medium-sized enterprises	50	45	
	(xi)	Starting of New Small-sized Industries	25	40	
	(xii)	Industries promoted up to GMP Status	40	1	
	(xiii)	Registration of Tappers	1000	966	
	(xiv)	Issuing Identity Cards to Tappers	500	730	
	(xv)	Distribution of Safety Kits for Tappers	1000	476	
	(xvi)	Planting of New Kitul Trees for 67 acres	20000	1000	
	(xvii)	Conducting "Kitulaka Waruna" Exhibition	9	5	3,474,265
Total					4,677,042

4.2.4 "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 identified 751 potential new entrepreneurs who are willing to start new home based industrial units and suitable to distribute machinery, tools and equipment amounting to Rs. 7,358,619.00 island-wide.

4.3 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

The main activities assigned to the Planning Division are Planning, Monitoring & Evaluating the Development Activities in respect of each Division. The Planning Division is responsible to formulate the Corporate Strategic Plan for the IDB as well as Monitoring and Evaluation of Annual Divisional Strategic Action Plans with respect to Physical and Financial Targets set at the beginning of every year. Further, it provides such management information to the line ministry and other performance appraisers as well as the Director – Administration for the performance evaluation of the IDB staff.

The following sub activities were assigned to the Division in order to facilitate other divisional activities of the IDB:

- 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 Capital and Recurrent Expenditure Requirements in accordance with the Organizational Budget and overall Action Plan
- Facilitate to conduct Enterprise/Industry Survey, update industry/economy related statistics and assist to prepare relevant Sector Development Plans
- Prepare Development Project Proposals and Concept Papers for foreign funding
- Ensure the IDB participation in existing industry related policy making committees, and prepare policy papers when necessary

Work carried out by the Division:

- I. The Corporate Plan for the period of 2014 to 2016 was prepared by the Planning Division of IDB.
- II. Prepared a Format and relevant documents to obtain Industry Data and Information at the request of the Ministry of Traditional Industries and Small Enterprise Development to formulate a virtual directory for MSMEs in association with the Sri Lanka Telecom.
- III. The Division has provided statistical data to the following government organizations:
 - Central Bank of Sri Lanka for the Annual Report
 - Department of Census and Statistics for National Accounts Estimates
- IV. Prepared performance report from 2013.01.01 to 2014.05.31 on Development Projects implemented by the IDB at the request of the ministry in order to circulate among the members of the Parliament.
- V. At the request of the ministry prepared performance report on Development Projects and other services implemented by the IDB from 2005 to 2013 (08 years).
- VI. Provided information to follow up Revamping Process of Tsunami Affected Industries in Matara district at the request of the Red Cross in order to evaluate their situation and revamping process.
- VII. Make necessary arrangements to formulate a report on selected items for exporting to the South Asian Countries based on HS Code for the IDB requirements and on request from others. (Items: Coffee, Tea, Spices and Rubber & Wooden based products)
- VIII. Up-dating and Entering of Industry Data in order to enter 4,000 industries to the database in 2014. Entered 763 industries with ISIC Codes.

- IX. Up-dating of the Existing Industry Database in order to enter New Industry Directory based on last 3 year progress reports of the IDB.
- X. Make necessary arrangements to gather and disseminate industry information from the Web for respective divisions.

4.4 Marketing Division (MD)

Marketing Division is the dynamic force of the IDB, encompassing activities involved in the marketing aspects of goods manufactured by Micro, Small and Medium-sized Entrepreneurs (MSMEs)/Industrialists as well as Self-employed throughout the island. It serves the ultimate customers by establishing a long term mutually beneficial trade relationship to their entire satisfaction.

Under the restructuring process of the IDB, the Printing and Publication Unit is also attached to the Marketing Division (MD)

Activities Assigned to the Division

- Organize and Conduct Industrial Exhibitions/Participate in the National Exhibitions and Trade Fairs
- Organize National Award Ceremony for the selected Micro, Small and Medium-sized Entrepreneurs/Industrialists as well as Self-employed throughout the island
- Provide Sales Facilities at “Lakkam” and “Laknipayum” Sales Centers
- Facilitate Sub contractual Exchanges
- Provide Raw Materials/Scrap Materials to industrialists engaged in foundry, light engineering, blacksmith, and other metal casting and crafting industries at concessionary rates
- Provide Marketing Assistance and Consultancy Services for the Promotion and Development of Industries/MSMEs

Other Services and Servicing Units of the Division

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.

Metal Scrap Project - The Marketing Division purchases metal scrap 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) at District and Provincial Level. The National Level Exhibitions & Trade Fairs are held annually after being conducted the District & Provincial Level Exhibitions so as to select the all island outstanding entrepreneurs in MSME Category. These Exhibitions facilitate to create employment opportunities and setting up of small industries.

Table 4.4.1 - Performance of the Marketing Division - 2014

Performance	Laknipayum Sales Centre	Lakkam Sales Centre	Sub Contracting	Scrap Metal Project	Total (Rs. Mn)
Sales Value (Rs. Mn)	0.0178	10.90	2.320	85.193	98.4308
Income (Rs. Mn)	0.0026	2.20	0.115	28.81	31.1276

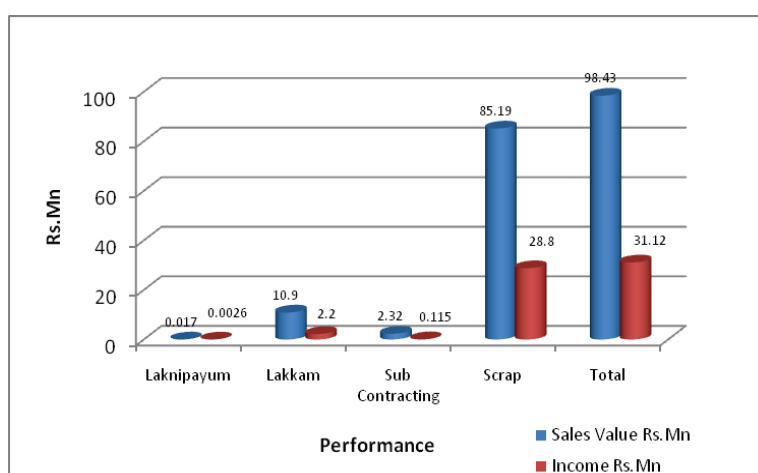


Chart 4.4.1 - Performance of the Marketing Division - 2014

Special Activities:

The following special activities were carried out by the Division during the year 2014:

- **The National Award Ceremony on 23rd to 25th May, 2014 at BMICH.**
 - It was selected 150 no. of Award Winners at Provincial Level representing from different production sectors of SME sector.

- **Image Build Programme**
 - Participated and coordinated the industrialists in Rubber and Plastic - Sri Lanka International Manufacturing Expo - 2014, BMICH.
 - Participated and coordinated the industrialists in 02nd Sri Lanka Wood International Expo - 2014, BMICH.

- **International Exposures for Developing Technology Transfer Programmes**
 - Participated and coordinated the industrialists in Indian International Trade Fair - New Delhi on 14 - 27 December, 2014.
 - Participated in ALUCAST Exhibition 2014 on 03 - 06 December, 2014 at Bangalore.

Table 4.4.2 - 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
G9	Provide all services and facilities for industrial undertakings including capital, credit, marketing, managerial and technical facilities and legal advice
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	Orders distributed	30
		Value of Orders (Rs.)	2,321,944.48
		No. of Industrialists facilitated to obtain sub contracting	08
		Income (Rs.)	115,252.39
G1b.8	Organize and conduct SMIDEX Small & Medium Industrial Exhibition and Awards for entrepreneurs		
(A)	Improve Market Share of SMEs		
(i)	Organized National Award Ceremony in collaboration with the Ministry	No. of National Award Ceremonies organized	1
		No of Enterprises Served	332
		Expenditure (Rs.)	14,000,000
		Income (Rs.)	115,252.39
(B)	Participate in Local Exhibitions & Trade Fairs		
(i)	Participated in Rubber and Plastic - Sri Lanka International Manufacturing Expo - 2014, BMICH.	No. of Exhibitions held	1
		No. of Enterprises participated	30
		Expenditure (Rs.)	300,000
(ii)	02 nd Sri Lanka Wood International Expo - 2014, BMICH.	No. of Exhibitions held	1
		No. of Enterprises participated	13
		Expenditure (Rs.)	100,000
(C)	Participate in International Exhibitions & Trade Fairs		
(i)	Participated in Indian International Trade Fair - New Delhi on 14 th to 27 th December, 2014	No. of Exhibitions held	1
		No. of Enterprises participated	32
		Expenditure (Rs.)	2,160,000
(ii)	Participated in ALUCAST Exhibition 2014 on 03rd to 06th December, 2014 at Bangalore.	No. of Exhibitions held	1
		No. of Enterprises participated	16
		Expenditure (Rs.)	900,000
G7.6	Improve display and sales facilities at Sales Centre (Laknipayum & Lakkam)		
(i)	Provide sales facilities through Sales Centres	No. of Industrialists obtain Sales Facilities	69
		Sales Turnover (Rs.)	10,972,335
		Income (Rs.)	2,223,123
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)	989.77
		Qty. Distributed (MT)	979.88
		Scraps distributed among the industrialists	611
		Sales Turnover (Rs.)	28,807,874.80

4.5 Industrial Estates Division (IED)

General

In order to assist the industrialists in all parts of the country and also to speed up regional industrial development the Industrial Estate concept was introduced to Sri Lanka in the 1960s. Infrastructure facilities such as Lands and Buildings, Internal Roadways, Three Phase Electricity, Street Lighting, Industrial and Potable Water, Effluent Disposal System and Telecommunication facilities are provided through the IDB Industrial Estates located in many parts of the island.

Industrial Estates located at Ekala, Horana, Waulugala and Panaluwa in the Western Province, Pallekele, Matale and Kotagala in the Central Province, Pannala and Lunuwila in the North Western Province, Galigamuwa and Pussella in the Sabaragamuwa Province, Karandeniya, Baddegama and Beliatta in the Southern Province, Negampaha and Mihinthale in the North Central Province, Vauniya and

Atchchuveli in Northern Province and Buttala in the Uva Province were maintained by the Industrial Estates Division. During the year of 2014, the Industrial Estates Division has spent nearly Rs. 100 million which was obtained from the Government Treasury through the former line Ministry for modernizing and upgrading of existing infrastructure facilities such as internal roads including storm water drains, construction of parapet walls instead of boundary fence, upgrading of drinking water facilities, construction and refurbish of existing and new buildings etc., in following Industrial Estates out of 19 Industrial Estates of IDB.

The details further mentioned as follows:

NO.	INDUSTRIAL ESTATE	ACTIVITY	AMOUNT (Rs. Mn)	100%
1	Ekala	Construction of demolished boundary wall	3.99	100
		Carpeting a part of internal road	25.40	30
2	Pallekele	Carpeting a part of internal roads	16.56	60
3	Horana	Repairing of office building & laying of fence	11.28	100
4	Waulugala	Laying tar of internal roads & construction of storm water drains	5.40	100
5	Kaludewala	Repairing a part of internal road (concrete)	6.46	30
6	Pannala	Construction of a new water tank	4.20	100
7	Lunuwila	Laying tar a part of internal roads	3.00	60
8	Atchchuveli	Construction of post office & canteen building.	6.66	100

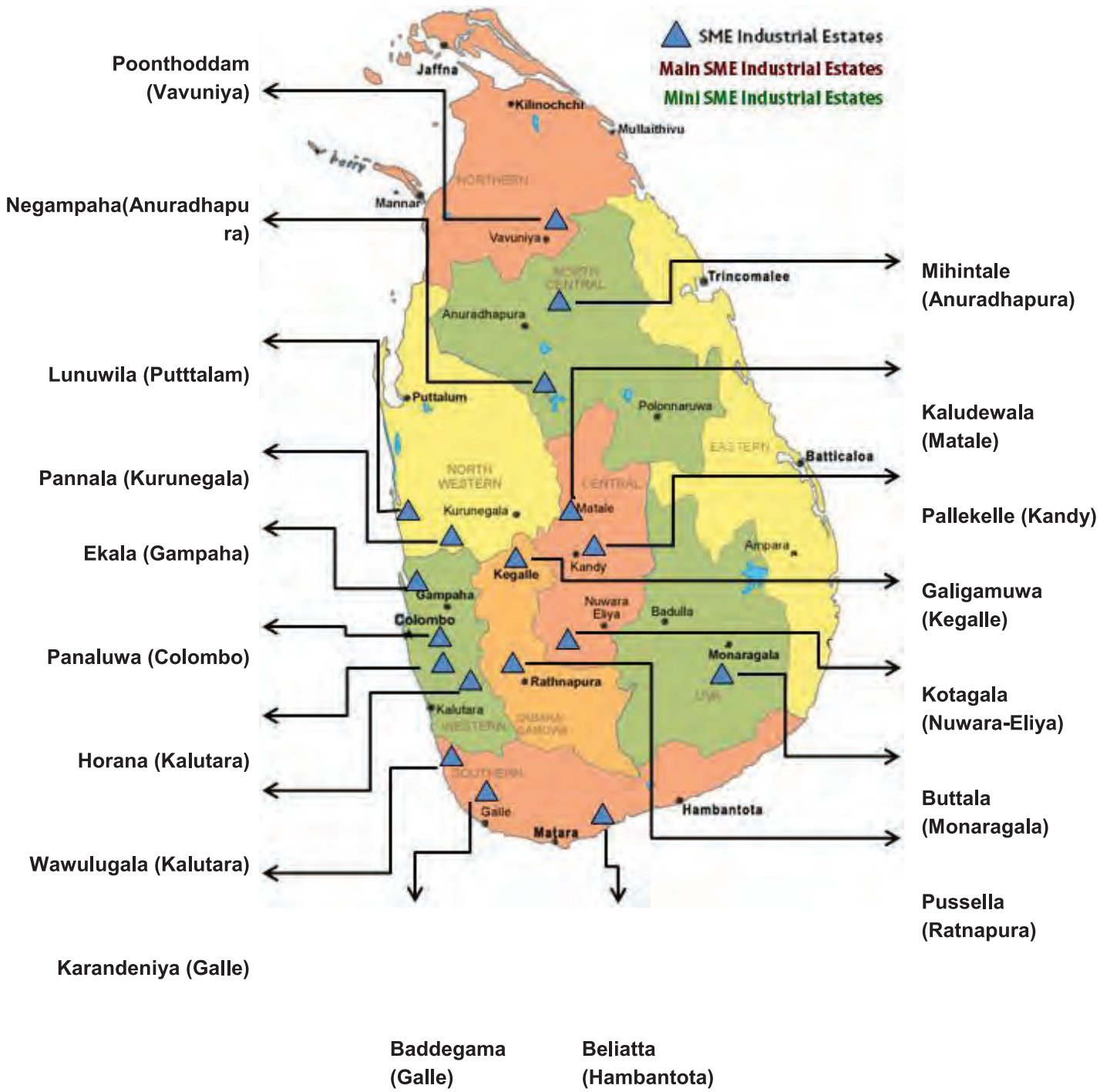


Chart 4.5.1 - Industrial Estates managed by the IDB

Opening of Atchcuveli Industrial Esate

Reactivation of Atchchuvveli Industrial Estate in Jaffna started after the civil war and the first phase of construction work completed successfully. Funds were obtained under the Indian Small Grant Development Assistance Programme to the value of Rs.220 Mn. Government of Sri Lanka provided Rs.50 Mn. as counterpart funds.

Infrastructure facilities such as internal road including storm water drains and pedestrian pavements, water supply system including an overhead water tank and related fittings, three phase electricity with street lights, sewer treatment facility, fire protection system, entire boundary wall (demarcating of cement masonry parapet wall and Chain Link Fence with entrance barricade), Administrative building, canteen, post-office and service building are included.

As a result of conducting an Investor Forum held in Colombo titled "*Investor Programme of Atchchuvveli Industrial Estate*", publishing an advertisement in three official languages in print media and via the websites of Line Ministry and IDB, 58 numbers of applicants were called for an interview for selection of industrialists for the Atchchuvveli Industrial Estate. Accordingly, 08 Nos. of industrialists were selected and at present 04 industrialists for manufacturing; PVC hose, alloy coated zinc aluminum roofing sheets, nut & bolts, cement based products etc., are in progress.

Selection of Industrialists for the Industrial Units

Industrialists presently occupied and applications received from investors who are seeking new Plots of Lands/Ready Built Buildings were called for interviews and selected 47 considering the viability during the year.

Signing of Lease Agreements

Lease Agreements for lands/ready-built buildings signed with the respective industrialists who performed business satisfactorily for a period of 30 yrs and 20 yrs for lands and ready-built buildings respectively. Accordingly 12 Lease Agreements were signed with them.

Participating in Exhibitions

A separate hall containing 26 numbers of stalls displaying activities of each selected industry of Industrial Estates were exhibited at **SMIDEX** in BMICH, the official exhibition organized by IDB annually.

The Industrial Estates Division with the participation of IDB Marketing Team actively engaged in the International Exhibition “**SIMEX**” held at BMICH which was jointly organized by the Association of Rubber & Plastic Manufactures in India and Sri Lanka. Accordingly, 24 numbers of stalls out of IDB registered industrialists were displayed in a separate Hall under IDB Logo.

Further, the IDB encouraged the SMEs in island wide to visit exhibition and extract the ideas of SMIEX.

Collection of Rental Income

Monthly/Annual rentals for the leased out lands and buildings were collected during the year, Rs. 53Mn which is nearly 90% out of the total invoiced income, from the tenants. The revolving fund which is maintained on behalf of the collections recovered as three year refundable deposits from the lessees when signing the lease agreements with them during the year Rs.2.33 Mn. Hence the accumulated amount of the revolving fund is Rs. 14 Mn at the end of year 2014.

Conducting of Awareness Programmes

Two awareness programmes were organized for the industrialists in Pallekelle Industrial Estate with the collaboration of ‘ Association of Industrial Estate Industrialists’ for enhancing their productivity and upgrading them individually and entirely focused on the ‘*Model Eco-Friendly Industrial Estate*’ in Sri Lanka.

4.6 Engineering Division (ED)

General

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

- Head Office at Katubedda - The Sections of Engineering Workshop, Foundry, Engineering Office (for Technical Information & Consultations, Valuation Reports), Civil Engineering and Electrical Engineering
- Electro Plating Centre (EPC) - Peliyagoda
- Appropriate Technology Research & Development Centre (ATRDC) - Pannala
- Common Services Centre (CSC) - Matara
- Brassware Services Centre (BSC) - Pamunuwa

Activities of the Division

In year 2014, the activities of the Engineering Division were geared to:

- Provide existing and new/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 orders
- Provide internal repairs, maintenance/renovations and construction planning & supervisory support to the Board in Civil and Electrical Engineering fields and technical and Technical support for Board's vehicle maintenance requirement
- Provide Civil and Electrical Engineering support services for the exhibitions and projects of the Ministry of Rural Industries and Self Employment Generation
- Other activities included Providing Machinery Valuation Reports, Laboratory Testing Services for Foundry sector as well as the Fabrication and Sale of Machinery, and implements which were made in advance
- Develop economic and appropriate machinery prototypes for industries

Performance in 2014

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

The revenue from external services by different sections and centres completed in the year 2014 are listed in the following table. The data are as at end of 2014 and **excluding VAT and NBT levies**

Table 4.6.1 - External Revenue for Completed services in 2014

Ref - No.	Section/Task	Gross Revenue (Rs.) (excluding VAT & NBT)
1	Engineering Workshop - Head Office, Katubedda	7,871,096
2	Foundry - Head Office	24,785
3	Valuation Reports - Head Office	884,439
4	Civil Engineering Services - Head Office	80,000
5	ATRDC, Pannala	1,739,228
6	EPC, Peliyagoda	1,639,416
7	CSC, Matara	436,283
8	BSC, Pamunuwa	408,567
Total		13,083,814

- **Internal Services**

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

Table 4.6.2 - Values of Internal Completed services in 2014

Ref. No.	Section	Value of Completed Internal Services (Rs.)
1	Workshop - Head Office	299,145
2	Foundry - Head Office	296,870
3	Civil Engineering Services - Head Office	1,381,377
4	Electrical Engineering Services - Head Office	238,500
Total		2,215,892

- **Consultancy/Extension Services**

Advisory services:

116 No. of advisory services providing technical/process information and consultations on design & fabrication were provided to industrialists by ATRDC Pannala, Electroplating Centre and Head Office (Workshop and Engineering office) in 2014.

4.7 Centre for Entrepreneurship Development and Consultancy Services

(CEDACS)

Centre for Entrepreneurship Development and Consultancy Services (CEDACS) was established by a cabinet paper in December 15, 1989 by the Ministry of Textiles & Rural Industrial Development, as a special training division under the Industrial Development Board. The CEDACS division consists of four units as Training unit, Library and information cell, IT unit and Printing unit.

The main role of training unit is to provide various training on management skills and entrepreneur development throughout the country. The library and information unit offers library facilities and industrial information in order to enhance, promote and develop SME's. The IT unit of the division provides network and information facilities within IDB and update and develop the web site. The printing unit undertakes printing of all documents including reports, hand books, leaflets etc.

Objectives of the division, the CEDACS:

- Create a new entrepreneurial culture
- Introduce new managerial strategies to expand existing industries
- Training of trainees (Entrepreneurship Development and Management Consultancy)
- Provide technical know-how and business experience to local industrialists
- Create awareness among SMEs and potential entrepreneurs on currently important business and industry topics
- Offer counseling services and industrial information

Activities assigned to the CEDACS:

- Conduct Entrepreneurship Development Programmes
- Conduct Business Creation Programmes
- Conduct Productivity Improvement Programmes
- Conduct Managerial Skills Development Programmes
- Provide Commercial & Business Training for Entrepreneurs
- 5 S implementation programmes within IDB
- Provide Internet and E-mail facilities

- Selling of Publications
- Development of Library Collection (Sinhala, Tamil and English)
- Processing Library Materials
- Organization of Industrial Information
- Registration of IDB Clients in Online Database
- Provide Details of Online Registered Clients to Regional Offices
- Dissemination of Industrial Information to Industrialists, Clients and IDB Staff
- Distribute information on New Arrivals to the Library
- Maintenance and Updating of Databases on Bibliographic data, Local Machinery and product Manufacturers, Reports, Sri Lanka Standards, Supporting Institutions, Collection of Acts.
- Provide Local and Foreign Machinery Information
- Preparation of IDB News Letter
- Compilation and Update Publication such as Hand Books, Packages, Leaflets, Indexes and Pamphlets etc.
- Inquiry and Answer Service
- Referral Service
- Participate in Exhibitions, Forums, Workshops and acquire latest information for Updating Library Collection

Performance in the year 2014

Activities for Achieving Corporate Goal	Measuring Indicator	Achievement	Income (Rs.)
Training programs on Entrepreneurship Development & Productivity Improvement	No. of Programmes	10	695,720
	No. of Participants	250	
Awareness Programmes	No. of Programmes	4	45,500
	No. of Participants	160	
Development of Curricular	No. of Curricular	4	-
Provide Commercial & Technical Training	No. of Programmes	11	817,225
	No. of Participants	160	
Counseling & Consultancy	No. of Services provided	61	-
Implementation of Quality Improvement Program within the IDB	No. of Programmes	1	-
Library Collection Development	No. Library Materials	993	
Maintenance of Data Bases	No. of Clients	1,993	
Online Registered Clients			
Building Material			
63			
Food and Beverages			
1084			
Oil and Fiber			
207			
Chemical			
639			
Other Data Bases			
Local Machinery and Product Manufacturers	No. of Records	2,762	
Bibliographic Data	No. of Records	20,254	
Lotus Smart Suite Approach	No. of Records	20,249	
Reports	No. of Reports	4,522	
Supporting Institution	No. of Institutions	325	
Sri Lanka Standards	No. of Publications	1,325	
Acts	No. of Records	1,024	
Industrial Survey Data	No. of Records	1,261	

Activities for Achieving Corporate Goal	Measuring Indicator	Achievement	Income (Rs.)
Dissemination of Industrial Information			406,783
Counseling Services	No. of Clients	1993	
Inquiry and Answer Service	No. of Clients	958	
Dissemination of leaflets (Sinhala, Tamil and English) to publicity for IDB	No. of Leaflets	5000	
Preparation of Product Files			
Dry fish/Smoked Fish/Salted Fish		01	
Sugar Candy		01	
SME Definition		01	
Compilation of Publications			
IDB Broacher			
Anthurium Cultivation	No. of Broachers	01	
Envelop Making Pamphlet	No. of Pamphlets	01	
Bakery Products Package	No. of Pamphlets	01	
Milk and Milk Products	No. of Packages	01	
Package	No. of Packages	01	
Newsletter	No. of Issues	01	
Preparation of Name Card for IDB Staff	No. of Name Cards	60	
Make armament to collect company details for Industrialists Directory	No. of Company Records	58	
Organizing Workshops			
Food Safety and Rules and Regulations for Food Products	No. of Participants	30	



Officers attached to the Ministry of Technology and Research were trained by CEDACS in 2014



Photograph of Productivity Improvement Programme held at Hingurakkgoda MOH in 2014



Photograph of Building construction Training Held at Welioya , Mahaweli area in 2014

4.8 Technical Services Division (TSD)

General

The Technical Services Division (TSD) is one of the main Divisions of the IDB, which caters to fulfill 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 Material and Computer Technology. Provision of technological assistance is mainly done through one-day technology transfer workshops with a strong practical component. In addition, the recently established Industrial Academy offers a series of Certificate Courses covering the above mentioned areas.

Performance Highlights

The activities carried out by the TSD in 2014 were:

(1) Technical training programs and technology demonstrations & workshops conducted. (G1a.12)

▪ Technology Transfer Workshops

The staff of the Technical Services Division together with technical experts and academic staff of universities has conducted 68 Technology Transfer Workshops and 39 Demonstrations under food, chemical, oil & fibre, building materials and mineral sub-sectors at the Technical Services Division and overall 2093 entrepreneurs and industrialists have been trained and supported through these workshops and demonstrations and has earned Rs. 3,185,344.00.

The following technologies were transferred through Technology Transfer Workshops/Demonstrations by the Technical Services Divisions in the year 2014.

Building Material and Mineral:

- Fiberglass Reinforced Plastics
- Cement Stabilized Soil Blocks
- Cement Flower Pots
- Pottery
- Cement Blocks
- Concrete Paving Blocks (CPB)Technology

Food:

- Instant Fruit Drinks
- Sweets
- Jam
- Banana Chips
- Cordial
- Mushroom Cultivation
- Chutney
- Goraka Paste
- Yoghurt
- Mustered Cream
- Dehydrated Vegetables
- Tamarind Concentrate
- Jelly Crystals
- Fresh Cut Vegetables
- Spice Processing technology
- Cereal Products Technology
- Lime Pickle
- Papadam
- Food safety and Packaging
- Bites and Mixtures
- Bakery Products
- Chili Pates and Maldives Fish Sambol

Chemical:

- Detergents
- Bottled Drinking water
- Candles and Fancy Candles
- Joss Sticks
- Thinner and Turpentine
- Wood Preservatives
- Camphor Tablets

Oils and Fiber:

- Soft Wood Treatment
- Exercise Books
- Envelopes
- Laundry Soap
- Paper recycling and handmade paper

Computer Technology:

- Computer Hardware and Networking

(2) Customized Training Programmes

The staff of the Technical Services Division visited C.D. de Fonseka and Sons Ltd., Panadura and provided consultancies to improve the efficiency of Soy Source Filtering Process.

(3) Technology Upgrading Programme for Brick and Tile Industry in Sri Lanka

A presentation on Upgrading Technologies of Brick and Tile Industry in Sri Lanka was organized for All Island Clay Roofing Tile Manufactures Association, Thoputhota, Waikkala on 28th June 2014 with the support of Indian Delegates of Vijayaprakash Industrials in India.

(4) Awareness Programme on Food Safety and Packaging

Two Awareness Programmes on "Food Safety and Packaging" were conducted for 91 entrepreneurs with the support of IDB District Office in Gampaha and Kalutara. Those programmes were sponsored by the Ministry of Industries and Commerce and they were conducted as pre-organizing programmes for Pro-Food Pro-Pack Exhibition 2014.

(5) Livelihood Development Programmes

The Staff of the TSD participated as resource persons in a Livelihood Development Programme organized by the Colombo District Office of the IDB under the Divineguma Programme for the beneficiaries in Colombo District on 26th September 2014. These programmes were conducted under the livelihood development areas; such as Dairy Technology, Welding Technology, Masonry, Painting and Electrical works.

(6) Conducted Training programme for Regional Development Division

Five Training Programmes were conducted with the support of IDB District Offices. Pottery (slip casting) in Batticaloa District, Fiberglass Technology in Jaffna District, Camphor Tablets in Puttlam District and Two Programmes on Soap, Joss-sticks, Candles and Camphor Tablets at Oddamavadi and Eravur in Batticaloa District. Total number of entrepreneurs trained in the above programmes were 128.

(7) Assistance to obtain Certifications

Technical Services Division together with the Ministry of Industry and Commerce assisted to obtain ISO 22000 (Food Safety Management System) Certification and SLS Certification for the under mentioned industries.

- Foreconns Canneries, No. 10 Temple Road, Beruwala. - (ISO 22000)
- Challenge Food Products, Malwatta, Godakawela. - (SLS)
- Nelco Food Products, Malwatta, Godakawela. - (ISO 22000)

(8) Computer Hardware Network Course (03 Months, Full Time)

A computer Hardware and Networking Courses were conducted for 20 students in the year 2014.

(9) SMIDEX 2014 – Industrial Exhibition

TSD participated in the SMIDEX 2014 Industrial Exhibition organized by the IDB and carried out the following tasks.

- Arrangement of Technical presentation with the support of Indian delegates
 - ✓ Techno-Economic Potential of Bamboo Industry by Mr. T.P. Subramony, Director of the International Network for Bamboo and Rattan (INBAR) Office in India and Regional Coordinator for South Asia-INBAR.
 - ✓ Up-grading Technologies in Brick and Tiles industry by Mr. Babu Appart, Mr. George Methews and Mr. K.K. Vijayan of Vijayaprakash Industrials, India.
- Display of inventions, innovative products and new technologies to the industries and general public at the exhibition
- Organized Technology Transfer Demonstration on Handmade Paper, Laundry Soap, Candles, Cement Ornaments and Packaging of Coconut Milk at the Exhibition
- Public and private sector institutes coordination

4.9 Rubber Products Development and Services Centre (RPDSC)

The Rubber Products Development and Services Centre (RPD&SC) was set up at Peliyagoda, under the directions and financial assistance of the World Bank in 1980 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 in the following areas.

- 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

The performance of the Division in the year 2014 is as follows:

Table 4.9.1 – Performance of the RPDSC

Corporate Goal	Activities for Achieving Corporate Goal		Measuring Indicator	Performance
G1a. Encourage promote & develop industries	9	New Industries/MSMEs setup and commissioned	No. of Units	4
	10	Provided assistance to improve existing industries/MSMEs	No. of Units	33
	12/14	Conduct technical training and technology transfer programmes, demonstrations and workshops; promote service via email/media and website public area		
	(i)	Technology Transfer Programmes	No. of Programmes	22
	(ii)	Conduct customized Training Programmes	No. of Programmes	02
G1b. Entrepreneur training, developing & providing consultancy	7.	Providing counseling & consultancy for entrepreneurs in: marketing, technology, finance, management, production etc.		
	(i)	Technical assistance and consultancy	No. of Entrepreneurs	42
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	03
			No of Industries	12
	(ii)	Facilitation of Sub contractual Orders	No. of Job Orders	6
	(iii)	Providing Quality Testing and Certifications	No. of Certifications	129
			No. of Samples tested	1,564
			No. of Industries served	12
(iv)	Assisting to Manufacture of Rubber Products	No. of Products	14	
(v)	Internal Manufacture of Rubber Products	No. of Products	02	

The revenue earned from all income generating activities of the RPDSC is given in the Table given below:

Table 4.9.2 – Income of the RPDSC

Corporate Goal	Generation of Income: Processing and Supplying of Raw Materials, and Testing and Certification of Samples, Semi-finished and Finished Products etc.		Quantity	Income (Rs.)	
G1a.12, 14, 25, G9.4, 9.5, and G.13.2, 13.3, 13.4 Provide all services & facilities for industrial undertakings including capital, credit, marketing, managerial & technical facilities, and legal advice	(i)	Processing and Supplying of Rubber Compounds	35,498 Kg	16,882,280	
	(ii)	Milling of Rubber Compound	17,231 Kg	254,979	
	(iii)	Centrifuged Latex & Compound	9,008 litres	2,889,922	
	(iv)	Sub contracting	06 nos.	1,009,474	
	(v)	Quality Control & Laboratory Testing:			
			Issuing of certificates	129 nos.	300,008
			Testing product samples	1,564 nos.	
	(vi)	Assisting to Manufacture of Rubber Products	14 nos.	121,551	
	(vii)	Internal Manufacture of Rubber Products	02 nos.	50,000	
	(vii)	Delivering of Customized Training Facility	02 nos.	56,250	
(ix)	Technology Transfer Programmes	22 nos.	55,000		
Total				21,619,464	

SPECIAL WORK carried out by the centre:

(I) Research and Development Activities

(i) Development of neoprene rubber compound for heat resistance gasket

(II) Main Product Development Activities

The designing of compounds and process technologies for the following products have been developed and transferred to the industrialists

- | | |
|-------------------------|-------------------------------------|
| (i) Motor coupling | (v) Generator mount |
| (ii) Duet seal compound | (vi) Raid pads |
| (iii) Vibration mount | (vii) Solid ankle cushion heel foot |
| (iv) Torque arm bush | |

(III) Designed and developed the following Rubber compounds for sub-contractual opportunities

- | | |
|-----------------------------|------------------------------------|
| (i) Boggier pad for C.G.R | (iii) Beading for Sri Lanka Navy |
| (ii) Rubber boot for C.G.R. | (iv) Air value Diaphragm for C.G.R |

4.10 Centre for Development of Leather Products and Footwear (CDLPPF)

Centre for Development of Leather Products and Footwear (CDLPPF) was established in 1998 for the development of leather products and footwear production sector in Sri Lanka. The centre conducts short term and long term courses, supply skilled workers, suitable technical information and provides facilities to produce footwear and leather goods etc. The main centre is at Katubedda, Moratuwa and two regional units are situated at Wariyapola and Vitharandeniya.

The services provided by the centre are as follows:

- Conduct Technology Transfer Workshops on Footwear
- Conduct Technology Transfer Workshops on Leather Goods
- Footwear Design And Pattern Making
- Innovative Ideas And Information on New Product And Product Development
- Provide Trade And Machinery Information
- Provide Incubator Facilities
- Provide Skilled Labour for Industries
- Conduct Training and Skills Development Programmes:
 - Design And Pattern Making
 - Shoe Upper Closing
 - Leather Clicking
 - Manufacturing Ladies Footwear
 - Manufacturing Gents Footwear
 - Manufacturing Leather Goods

Following facilities 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
- Re-activator Machine

Corporate Goal	Activities for Achieving Corporate Goal	Measuring Indicator	Performance
G1a Encourage promote & develop our industries	9.	Provide technological & related assistance to start new enterprises, and commission new enterprises	
	(i)	Services were provided directly to establish new Footwear and Leather Goods manufacturing units	No. of Units 30
	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)	Providing processing facilities for new designs for promoting footwear industrialists	No. of Industrialists 151
	12.	Conduct technical training programmes and technology transfer demonstration, programmes & Workshops	
	(i)	22 Technology Transfer Programmes were conducted in many parts of the country for 442 entrepreneurs to enable them to find jobs in the private sector and commence self-employment projects under the funds from government and non-governmental organizations.	No. of Programmes 22
			No of Participants 442
	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 09
	14.	Conduct customized training programmes	
	(i)	Customized Programmes were conducted on Footwear Designing & Pattern Making for the development of the footwear sector.	No. of Entrepreneur s 82
			No. of Programmes 05
	(ii)	Sector-wise demand-driven programmes were conducted on Footwear Designing & Pattern Making for persons working in the footwear sector.	No. of Persons 33
No. of Programmes 02			
25.	Facilitate Sub-contracting (Footwear)		
(i)	SMI sector (leather) industrialists were provided sub-contracting facilities and machineries on concessionary rate	No. of Job Orders 87	
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 industrial business or job opportunity in Footwear sector (school leavers, graduates, vocationally trained etc.)	No. of Programmes 06
			No of Participants 67

Corporate Goal	Activities for Achieving Corporate Goal	Measuring Indicator	Performance	
G7 Engage in or cooperate with local bodies or foreign institutions or governments in the display or distribution of our industrial products	2.	Participate in local trade fairs for industry and post on website		
	(i)	Organized SME pavilion, Footwear & Leather Goods Design Competition and Workshops at the International Footwear and Leather Fair 2014	No. of Trade Fairs	01
			No. of Manufacturers	33
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 manufacturers were provided with machinery facilities at IDB Leather Centre, Katubedda.	No. of Jobs	180

Table 4.10.1 – Performance of the CDLPF

By achieving over 50% of its scheduled activities the center could gain Rs 4,099,661/- amount of earnings during the period under review.

Special Activities performed by the centre

- As the co-organizer Centre for Development of Leather Products and Footwear organized the Third International Footwear and Leather Fair 2014 with the Sri Lanka Export Development Board on 7 - 9 February, 2014 at the BMICH, Colombo.

Including local and foreign businessmen, more than 220 stalls were set up in this exhibition. The Leather Products & Footwear Development Centre directly organized SME pavilion including 33 SME stalls, Footwear and Leather Goods Design Competition, Workshops, and Demonstration on Handmade Shoe Manufacturing. Also organized an Awarding Ceremony for those who had made a significant contribution to promote Leather and Footwear Sector in the country since 1900 to 1950.

- The following Footwear and Leather Manufacturing villages are operating successfully at the district level under the supervision of IDB District Offices: Hambantota/ Muthiammagama/ Galle/ Ampawila/ Anuradhapura/ Devanampiyatissapura/ Jaffna/ Karawedi & Anthiran/ Nuwaraeliya/ Walapane/ Rathnapura/ Pallegedara and Gampaha/ Negombo.
- In order to develop this sector and absorb young graduates, made necessary arrangements to conduct Awareness and Training Programmes in collaboration with the University of Moratuwa and the University of Visual and Performing Arts.
- Participated and contributed to policy formation process in various committees in association with the Ministry of Industry and Commerce, National Committee on Economic Development (NCED), Sri Lanka Export Development Board (IDB), National Apprentice and Industrial Training Authority (NAITA), and Sri Lanka Standard Institute. By these advisory committees suggestions were made towards the developing of Footwear and Leather Products Manufacturing Sector in Sri Lanka.
- Provided technical know-how, advice and consultancy for selecting sample of shoes for the National School Shoes Donating Programme conducted by the Ministry of Education.
- Maintain a database of Footwear and Leather Goods Manufactures and Training Institutes in Sri Lanka. This is the largest data base containing various information on all aspects of the sector.
- Provided incubator facilities to those who were trained under IDB to reduce risk of their initial investment.
- Participated in Technical Evaluation Committees of various government institutes to procure their footwear and leather goods requirements.

FINANCIAL STATEMENTS

- Balance Sheet as at 31st December 2014
- Notes to Balance Sheet
- Property, Plant & Depreciation as at 31st December 2014
- Accumulated Deficit
- Income & Expenditure Statement for the period from 2013-2014
- Income Statement for the year ended 31st December 2014
- Staff Cost
- Other Operating Expenses

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON


Statement of financial position

(all amounts in LKR)

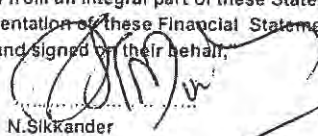
Notes	2014	2013	
ASSETS			
Non Current Assets			
Property Plant & Equipment	17	1,183,148,184	243,201,773
Capital Work-in-Progress		62,230,193	23,763,937
Fixed Deposits		10,536,959	28,125
		<u>1,255,915,336</u>	<u>266,993,834</u>
Current Assets			
Inventories (Stocks & work-in-progress)	18	30,859,050	37,483,282
Trade & Other Receivables (Debtors)	19	28,245,619	25,082,909
Other Current Assets	21	39,106,477	40,130,291
Pre-payments	20	64,101,314	64,537,904
Special Projects	12	26,072,964	9,925,434
Cash & Cash Equivalents	22	46,786,787	33,464,340
		<u>235,172,211</u>	<u>210,624,159</u>
Total Assets		<u>1,491,087,547</u>	<u>477,617,994</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Net Government Contribution	9	278,694,719	274,328,482
Capital Reserves		6,243,013	6,243,013
Value of Assets Transferred	10	13,447,061	13,447,061
Surplus on revaluation of Fixed Assets		953,015,969	14,820,829
Other Government Grants	11	125,933,744	76,047,332
		<u>1,377,334,506</u>	<u>384,886,716</u>
Government grants	13	1,930,291,117	1,930,291,117
Accumulated Losses		(2,136,683,921)	(2,146,388,663)
		<u>(206,392,804)</u>	<u>(216,097,546)</u>
Total Equity		<u>1,170,941,702</u>	<u>168,789,170</u>
Non Current Liabilities			
Provision for Gratuity	23	100,395,508	115,063,783
Current Liabilities			
Dues to Government	14	69,679	66,604
Dues to Corporation	15	3,656,897	3,752,890
Bank Credit balances	22	1,784,411	3,571,507
Grants for Special Projects	12	58,754,659	44,237,239
Provisions and Accrued Expenses	16	155,484,691	142,136,801
		<u>219,750,337</u>	<u>193,765,041</u>
Total Equity & Liabilities		<u>1,491,087,547</u>	<u>477,617,994</u>
		0	

Prepared by:- D.J.M.Kusumawathie Acting Director Finance 

"The Accounting policies on pages 05 to 12 and Notes on 13 to 24 form an integral part of these Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf,



Mahinda Jinasena
Chairman



N.Sikkander
Member of the board

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Comprehensive Income statement

(all amounts in LKR)

	Notes	2014	2013
Sales & Services	6 a	188,539,103	167,506,534
Cost of sales & Services	8 a	(103,502,334)	(82,574,878)
Gross profit		85,036,769	84,931,655
Other income	6 b	62,283,657.91	37,453,072
Government Recurrent Grant	7	250,000,000.00	231,000,000
Administrative expenses	8 b	(396,572,923.24)	(437,708,275)
Results from operating activities		747,504	(84,323,547)
Finance costs	8 c	(328,191.99)	(405,180)
Net finance income / (cost)		(328,192)	(405,180)
Profit before tax		419,312	(84,728,727)
Loss / Profit for the year		419,312	(84,728,727)
Other comprehensive income	8d	961,019,480	(10,320,017)
Total comprehensive loss/income for the year		961,438,792	(95,048,744)

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Statement of changes in equity

(all amounts in LKR)

	Net Government Contribution	Capital & Reserve	Value of Asset Transferred	Revaluation Surplus	Other Government Grant	Government Grant	Accumulated Excess/Defecit	Total
Balance as at 01 January 2013	273,382,457	6,243,013	13,447,061	14,820,830	64,971,123	1,930,291,117	(2,012,883,988)	290,271,613
Previous Year Adjustment							(38,455,931)	(38,455,931)
Loss for the year		-					(95,048,744)	(95,048,744)
Addition in Government Grants	25,000,000				14,007,310			39,007,310
Amotization of the Grants	(24,053,976)				(2,931,104)			-
Balance as at 31 December 2013	274,328,481	6,243,013	13,447,061	14,820,830	76,047,329	1,930,291,117	(2,146,388,663)	168,789,168
Balance as at 01 January 2014	274,328,481	6,243,013	13,447,061	14,820,830	76,047,329	1,930,291,117	(2,146,388,663)	168,789,168
Previous Year Adjustment							(9,826,031)	(9,826,031)
Loss for the year							419,312	419,312
Revaluation Surplus				941,908,020				941,908,020
Retirement Benefit Obligation							19,111,460	19,111,460
Government Grants	35,000,000				54,048,778			89,048,778
Amotization of the Grants	(30,633,762)				(4,162,367)			-
Revaluation Surplus				(3,712,881)				(3,712,881)
Balance as at 31 December 2014	278,694,719	6,243,013	13,447,061	953,015,969	125,933,740	1,930,291,117	(2,136,683,923)	1,170,941,697

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Statement of cashflow

(all amounts in LKR)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Cash (used in) / generated from operations	(1,698,999)	30,227,381
Finance cost paid	(328,192)	(405,180)
Retirement benefit obligations paid	(9,134,472)	(14,793,910)
Net cash (used in) / generated from operating activities	<u>(11,161,663)</u>	<u>15,028,291</u>
Cash flows from financing activities		
Grants received from government	35,000,000	25,000,000
Cash flows from investing activities		
Other Government Grants	54,048,778	14,007,310
Purchase of property, plant and equipment	(50,484,328)	(67,151,318)
Increase of Fixed Deposits	(10,508,834)	(3,125)
		-
Net cash (used in) / generated from investing activities	<u>28,055,617</u>	<u>(28,147,132)</u>
Net (decrease) / increase in cash and cash equivalents	<u>16,893,954</u>	<u>(13,118,841)</u>
Cash and cash equivalents at beginning of year	29,892,833	43,011,674
Cash and cash equivalents at end of year	<u>46,786,786</u>	<u>29,892,833</u>

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Significant accounting policies and notes to the financial statements

1 General information

Industrial Development Board of Ceylon is a Statutory Board incorporated under the Industrial Development Board of Ceylon Act No. 36, 1969. The Head Office of the Board is situated at 615, Galle Road, Katubedda, Sri Lanka.

Principal activity of the IDB is to assist in the encouragement, promotion and development of industries in Sri Lanka.

2 Summary of significant accounting policies

This is the first set of financial statements prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and adoption of Sri Lanka Financial Reporting Standards

IDB prepares its financial statements in accordance with Sri Lanka Accounting Standards - 2011 (SLFRSs) / (LKAS) issued by the Institute of Chartered Accountants of Sri Lanka. Sri Lanka Accounting Standards (SLASs) were revised to incorporate International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board, which requires all entities to apply these standards effective for years beginning on or after 1 January 2012.

Subject to certain transition exemptions and exceptions disclosed in Note 5, the IDB have consistently applied the accounting policies in the preparation of its opening statement of financial position at 1 January 2011 and throughout all periods presented, as if these policies had always been in effect. Note 5 discloses the impact of the transition to SLFRSs on the IDB's reported financial position and financial performance, including the nature and effect of significant changes in accounting policies from those used in the IDB's financial statements for the year ended 31 December 2012 prepared under previous Sri Lanka Accounting Standards (SLAS).

These financial statements have been prepared under the historical cost convention, as modified by the revaluation and fair valuation of the financial assets and liabilities preparation of financial statements in conformity with SLFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the IDB's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the IDB's financial statements are disclosed in Note 4.

An explanation of how the transition to SLFRSs has affected the reported financial position and financial performance of the IDB is provided in Note 5.4.

2.2 Changes in accounting policy and disclosures

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted.

SLFRS 13, 'Fair Value Measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across SLFRSs. The management is yet to assess the full impact of this standard.

SLFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. SLFRS 9 replaces the parts of LKAS 39 that relate to the classification and measurement of financial instruments. SLFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the LKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The IDB is yet to assess SLFRS 9's full impact and intends to adopt SLFRS 9 no later than the accounting period beginning on or after 1 January 2015.

There are no other Standards, amendments and interpretations that are not yet effective that would be expected to have a material impact on the IDB.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

2.3 Property, plant and equipment

All property, plant and equipment is initially recorded at cost and stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to accumulated profits / (loss) on retirement or disposal of the asset.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefit associated with the item will flow to the IDB and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance costs are charged to income statement during the financial period in which they are incurred.

(b) Depreciation

Depreciation begins when an item of property, plant and equipment is available for use and will continue until it is derecognised, even if during that period the item is idle. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

1	Land Improvement	2.5%
2	Building	2.5%
3	Plant & Machinery	10.0%
4	Printing Machinery	10.0%
5	Office Equipment	10.0%
6	Lab Equipment	10.0%
7	Tools	25.0%
8	books	25.0%
9	travelling bags	25.0%
10	Computer Softwares	7.0%
11	Computer	20.0%
12	Motor Vehicles	20.0%
13	Furniture & Fittings	10.0%
14	Bicycle	10.0%
15	Sundry Assets	10.0%
16	Utility Services	10.0%
17	PABX Services	10.0%
18	Other assets	10.0%
19	Other assets	10.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.4 Financial assets

2.4.1 Classification

IDB classifies its financial assets under loans and receivables, based on purpose for which the financial assets were acquired.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as trade and other receivables except for maturities greater than 12 months after the balance sheet date.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

2.4.2 Recognition of financial asset

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using effective interest method.

2.4.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.4.4 Impairment of financial assets

(a) *Assets carried at amortised cost (Loans and receivables)*

IDB assesses at the end of each reporting period whether there is objective evidence that a financial asset or IDB of financial assets is impaired. A financial asset or a IDB of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or IDB of financial assets that can be reliably estimated.

IDB first assesses whether objective evidence of impairment exists.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Impairment testing of trade receivables is described in Note 2.10.

2.5 Financial liabilities

IDB's financial liabilities include trade and other payables and borrowings. All financial liabilities except are recognised initially at their fair values and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

2.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The cost incurred in bringing inventories to its present location and condition are accounted as follows.

Raw Materials--At actual cost on first in first out basis

Finished Goods--At Cost

Work-In-Progress--At the cost of direct materials, direct labour And an appropriate proportion of production overheads based on normal operating capacity

2.7 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

2.7 Trade receivables (Contd)

A provision for impairment of trade receivables is established when there is objective evidence that IDB will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Provision Calculated as follows. Over 5 Years 100% Provisioned and others 10%.

2.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.9 Provisions

Provisions are recognised when IDB has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.10 Trade and other payables

Liabilities classified as other payables in the balance sheet are those which fall due for payment on demand or within one year from the balance sheet date. Items classified as non-current liabilities are those which fall due for payment beyond a period of one year from the balance sheet date.

2.11 Defined benefit plan

Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. The defined benefit plan comprises the gratuity provided under the Act, No 12 of 1983.

The defined benefit obligation is calculated annually by using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in comprehensive income in the period in which they arise.

Past service costs are recognised immediately in the statement of comprehensive income, unless the changes to the plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

2.12 Defined contribution plan

All permanent and contract employees of IDB are members of the Employees' Provident Fund and Employees' Trust Fund, to which the IDB contributes 12% and 3% respectively, of such employees' basic wage or salary, cost of living allowances.

2.13 Investments

Investments are carried at the cost determined on the basis of individual investment.

2.14 Government grants

Grants from the government are recognised at their fair value here there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in noncurrent liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

2.15 Donation

Donations are generally non-reciprocal transfers. However there may be instances where nominal consideration is provided by IDB to the donors. For such donations, where the consideration provided to the donors is significantly lower than that of the donations received, such that it results in an unfair exchange transaction, they should be recognised as donations received.

2.16 Revenue recognition

(a) Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised on a time-proportion basis.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of IDB's activities. Revenue is shown net of Value Added Tax, returns, rebates and discounts.

2.17 Expenditure recognition

(a) Operating expenses

The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the period.

(b) Net financing costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested, and foreign exchange gains and losses that are recognised in the income statement.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of net financing costs.

3 Financial risk management

3.1 Financial risk factors

The principal financial instruments of IDB comprise of bank loans, short term deposits and cash. The main purpose of these finance instruments is to raise and maintain liquidity for IDB's operations, and maximise returns on IDB's financial reserves. IDB has various other financial instruments such as trade receivables and trade payables which arise directly from its business activities.

IDB is exposed to a variety of financial risks. These include foreign exchange risks, credit risks, interest rate risks and liquidity risks. Based on our economic outlook and IDB's exposure to these risks, the Board of IDB approves various risk management strategies from time to time.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. IDB exposure to the risk of changes in market interest rates relates to primarily to IDB's long-term debt obligations with floating rates. IDB manages its interest rate risk by daily monitoring and managing cash flows, keeping borrowings to a minimum, negotiating favorable rates on borrowings and deposits. IDB is not exposed to interest rate risk as at 31 December 2012, as IDB does not have any borrowing at variable rates of interest.

(ii) Credit risk

The credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to foreign customers, including outstanding receivables and committed transactions.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

3 Financial risk management (Contd)

3.1 Financial risk factors (Contd)

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table show the maximum risk positions.(as at 31.12.2014)

	Trade and other receivables	Amounts due from related parties	Cash and cash equivalents	Total
Risk exposure				
Trade and other receivables	20,660,544			20,660,544
Cash and cash equivalents			45,002,376	45,002,376
	20,660,544	-	45,002,375.61	65,662,919.4

3.2 Capital management

IDB's objectives when managing capital are to safeguard IDB's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, IDB monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings by total equity. Total borrowings including non-current and current borrowings as shown in the statements of financial position. Total equity is calculated as 'Total equity' in the statements of financial position.

The gearing ratio at 31 December 2014 was as follows:

	2014	2013
Total borrowings	-	-
Total equity	1,170,941,702	168,789,170
Gearing ratio	-	-

The decrease in the gearing ratio during 2014 resulted from decrease in borrowings during the year.

4 First time adoption of SLFRS / LKAS

These are IDB's first set of financial statements prepared in accordance with Sri Lanka Accounting Standard (SLFRS / LKAS). The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 December 2012 together with comparative information for the year ended 31 December 2011 and opening SLFRS statement of financial position as at 1 January 2011 being the transition date of IDB.

In preparing SLFRS statement of financial position for previously reported financial periods, required adjustments have been made in accordance with respective SLFRSs. The effect of the transition from Sri Lanka Accounting Standards (SLASs) to SLFRSs has been illustrated in the reconciliation statements and acIDBing notes to the reconciliations.

Set out below are the applicable exemptions and exceptions under SLFRS 1 applied by IDB in transition to SLFRSs.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

4 First time adoption of SLFRS / LKAS (contd)

4.1 SLFRS Optional exemptions

The following exemptions do not apply to the IDB.

- 4.1.1 LKAS 23 - Borrowing cost, as the policy adopted under previous GAAP (SLASs) was inline with LKAS 23.
- 4.1.2 SLFRS 2 - Share-based payments, as such scheme was not vested as at the date of transition to SLFRSs.
- 4.1.3 SLFRS 4 - Insurance contracts, as this is not relevant to the IDB's operations.
- 4.1.4 LKAS 21 - Foreign operations, as IDB does not have any foreign operations as defined in LKAS 21
- 4.1.5 IFRIC 4 - Arrangements contains a lease, IFRIC 18 - Transfers of assets from customers, as IDB has not entered into these types of arrangements at the date of transition.
- 4.1.6 LKAS 19 - Employee benefits, as the policy adopted under previous GAAP (SLASs) was inline with LKAS 19.
- 4.1.7 LKAS 27 - Investments in subsidiaries, jointly controlled entities and associates, as IDB does not have such investments.
- 4.1.8 Designation of previously recognized financial instruments under LKAS 39 as available-for-sale or fair value through profit or loss before the IDB's and the Group's transition date, as IDB has not designated any financial instrument either as available-for-sale or fair value through profit or loss before the transition date
- 4.1.9 IFRIC 1 - Decommissioning liabilities included in the cost of property, plant and equipment, as the accounting treatment applied by IDB for changes in existing decommissioning liabilities are aligned with IFRIC 1
- 4.1.10 IFRIC 12 - Service Concession Arrangements, as IDB has not entered into agreement within the scope of IFRIC 12.
- 4.1.11 IFRIC 19 - Extinguishing financial liabilities with equity instruments, IDB do not have these types of financial instruments as at the date of transition.
- 4.1.12 LKAS 29 - Financial reporting in hyperinflationary economies, as IDB does not operate in a hyperinflationary economy.
- 4.1.13 IFRS 1 - Deemed cost , IDB opt to apply the exemption as the policy on historical cost remained unchanged.
- 4.1.14 LKAS 32 - Compound Instruments - IDB does not have any compound instruments as at the date of transition.
- 4.1.15 IFRIC 18 - Transfers of assets from customers , this is not applicable to IDB.

SLFRS mandatory exceptions

Set out below are the applicable mandatory exceptions in SLFRS 1 applied in the conversion from SLAS to SLFRS.

Exception for estimates

SLFRS estimates as at 1 April 2011 are consistent with the estimates as at the same date made in conformity with Sri Lanka Accounting Standards.

The other compulsory exceptions of SLFRS 1 have not been applied as these are not relevant to IDB.

- Derecognition of financial assets and financial liabilities
- Non - controlling interests
- Hedge accounting

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

4 First time adoption of SLFRS / LKAS (Contd)

4.2 Reconciliations of SLAS to SLFRS

Sri Lanka Accounting Standards (SLFRS / LKAS) requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. IDB's first-time adoption did not have an impact on the total operating, investing or financing cash flows. The Notes 4.3.1 and 4.3.2 represent the reconciliations from SLAS to SLFRS / LKAS for the respective periods noted for equity, earnings and comprehensive income.

In preparing these financial statements in accordance with the SLFRS / LKAS, all the mandatory exceptions and the optional exemptions from full retrospective application of the SLFRS / LKAS are not applicable to IDB.

5 Information about key sources of estimation uncertainty and judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and assumptions

IDB makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed below.

(a) 'Defined benefit plan - Gratuity

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit obligations include the discount rate, future salary increment rate, mortality level, withdrawal and disability rates and retirement age. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using appropriate interest rates by the actuarial valuer.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 20.

(b) 'Useful lives of property, plant and equipment

IDB reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation charge and decrease the property, plant and equipment.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

6 Revenue

	<u>2014</u>	<u>2013</u>
6 a Sales		
Sales	32,722,575.83	46,982,182.40
Sales (Non Ferrous Project)	83,946,898.63	53,087,770.73
Sales of Income Casper	2,396,950.00	2,234,935.00
Work performed by the enterprise & Capitalised		926,911.77
Sales of Publications	574,495.12	339,626.54
Rent - Ind Estates	40,610,481.96	32,172,840.36
Water Charges	6,728,096.31	6,906,752.83
Infrastructure Facilities	324,017.00	1,982,325.99
Surcharges	1,381,701.88	2,564,815.41
Insurance Premium	44,896.52	94,997.95
Training Programme	16,176,183.60	17,573,284.02
Project Reports	972,527.03	737,333.49
Service Charges for Industrial Estates	712,229.00	709,774.89
Service Charges	1,948,050.32	1,192,982.27
	<u>188,539,103.20</u>	<u>167,506,533.65</u>
6 b Other Income		
Commissions - Lakkam		250,017.50
Commissiton (Sub- contracting Exchange)	112,487.67	332,613.35
Commissions - Lakkam Center	2,366,892.15	1,767,588.76
Registraion of Suppliers	746,310.00	169,812.09
Non-Refundable Tender Deposits	7,080.00	45,920.00
Lakkam Hall Charges	7,500.00	-
Notarial Fees	190,260.00	198,060.00
Panalties	60,362.84	182,410.75
Web Publishing Income	10,385.00	1,500.00
Visiting Bangalow Charges	179,674.25	268,604.73
Sales of Fixed Assets	3,083,676.25	-
Sundry Income	1,445,833.15	3,676,554.84
Savings Interest	1,007,771.27	965,638.29
Service Charges For Lab Test	299,116.02	307,777.93
Staff Loan Interest	1,568,637.32	1,378,217.07
Intrest income from Staff Loan (IFRS)		923,277.27
Capital Grant Transferred	34,796,128.99	26,985,079.82
Exhibtion Income	16,401,543.00	
	<u>62,283,657.91</u>	<u>37,453,072.40</u>

7 Grants

	<u>2014</u>	<u>2013</u>
Revenue grants	250,000,000.00	231,000,000.00
	<u>250,000,000.00</u>	<u>231,000,000.00</u>

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

8 Expenses by nature

8 a Cost of Sales

	2014	2013
Cost of Sales - Direct Materials	21,235,948.75	32,004,726.96
Cost of Sales - Purchasing - Non Ferrous Scrap Project	51,768,776.30	23,589,813.42
Cost of Sales - Direct Labour	2,734,821.44	3,104,284.20
Cost of Sales - Indirect Materials	3,543,637.57	5,566,542.53
Consumable Engineering Raw Materials	2,500.00	-
Consumable - Foundry Raw Materials		121,318.65
Maintenance of Printing Machinery		
Maintenance of Plant & Machinery	279,962.00	1,047,607.17
Maintenance of Tools & Spares		3,272.07
Power	3,272,020.00	3,884,438.83
Depreciation of Plant & Machinery	1,209,956.00	2,292,013.75
Depreciation of Tools	49,810.00	51,248.89
Depreciation of Printing Machinery	335,535.50	
Non Ferrous Scrap Collection Commission	3,300.00	-
Charges Of Engineering Works	336,752.08	136,267.39
Marketing Expenses	93,032.30	188,942.19
Sub Contract Charges	976,400.00	847,118.34
Factory Over Head	(1,957,432.39)	(2,934,679.10)
Amount Recovered by way of Genarai Over Heads	(2,206,175.29)	(3,432,719.01)
Maintenance of Industrial Estates	2,185,823.05	2,074,350.22
Maintenance of Lab Equipment	2,500.00	1,264,000.00
Maintenance of Printing Machinery	25,335.98	250,447.96
Transport Charges	1,641,375.14	1,279,113.50
NBT Expenses - Lakkam	155,562.04	
Training Programmes	17,812,893.68	11,236,770.33
Total	103,502,334.15	82,574,878.29

8 b Administrative Expenses

Basic Salaries	120,318,962.49	127,597,485.45
Chairman's Remuneration	600,000.00	345,154.99
Special Allowance 5%	27,007,834.95	22,102,451.03
C. O. L. Allowance	44,676,537.08	39,757,840.66
Other Allowance	4,744,183.76	5,020,507.49
EPF (Contribution)	20,212,519.60	78,813,481.32
ETF (Contribution)	5,053,948.37	13,275,370.50
Bonus for Board Employees	453,000.00	491,000.00
Gratuity Charge for the year	13,577,657.28	17,623,618.61
Training Allowances	802,281.28	1,663,788.39
Daily paid & care taker allowances	2,623,592.81	2,045,726.71
Staff Cost (IFRS Loan Adjustment)		923,277.27
Unutilized Medical Leave Encashment	10,025,747.01	8,348,314.64
Overtime	10,628,179.90	9,730,205.26
Holiday Pay	787,890.23	691,053.88
Travelling (Local)	7,041,000.78	6,093,941.82
Travelling (Foreign)	869,229.93	605,053.13
Lodging Expenses	222,296.00	182,443.96
Stationary & Office Requisites	2,848,544.35	2,595,675.95
Supplier Registration Fees	24,579.00	-
Fuel Expenses	4,430,757.22	4,388,227.06
Uniforms	1,159,872.40	1,278,422.56
Maintenance of Land	103,852.42	207,175.89
Maintenance of Building	1,021,795.45	1,490,604.94
Maintenance of Plant & Machinery	157,271.88	227,606.06
Maintenance of Computers & Accessories	448,736.17	739,021.04
Maintenance of Motor Vehicle	3,638,853.60	3,604,555.48
Maintenance of Office Equipment	492,193.24	908,084.90
Maintenance of Furniture, Fittings & Office Equipment	357,565.33	411,679.80
Maintenance of Bicycles	2,515.00	1,755.00
Maintenance of PABX Services	42,927.28	89,556.06
Maintenance of Sundry Assets	51,627.90	77,513.65
Maintenance of Water Supply	478,710.60	649,228.34
Maintenance Of Land	26,685.00	15,281.00
Electricity	9,356,840.16	9,268,119.85
Telephone Charges	4,779,401.64	5,061,703.78
Payment of Security Services	21,064,040.28	21,479,111.80
Postage & Telegrams	938,753.10	804,323.97

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

Water Charges	4,438,769.78	4,774,775.46
Rent ,Rates & Taxes	14,279,488.53	3,311,973.94
Insurance	1,266,014.32	1,423,421.52
Newspapers & Journals	600,890.54	677,367.00
Corporate Plan		673,850.84
Capacity Building	613,690.32	2,591,956.02
Directors' Fees	649,800.00	334,200.00
Consultancy Fees	251,200.00	1,000.00
Contribution to Medical Aid Scheme	241,500.00	550,200.00
Audit Fees	600,000.00	600,000.00
Medical Examination Fees	16,000.00	74,180.00
Welfare	1,316,021.27	1,470,891.70
Entertainment	331,062.29	315,861.27
Advertisement	1,357,720.14	1,496,237.87
Legal Charges	325,772.00	429,558.00
Fees for Trade Tests, Interview etc.	82,555.00	13,366.00
Local Training for Board Employees	1,211,791.79	439,330.00
Membership Fees of Professional Bodies (Local & Foreign)	8,820.00	800.00
Licence Fee	195,119.66	224,865.00
Promotional Expenses	1,000.00	173,000.00
Exhibition Expenses	22,644,444.68	1,234,718.18
Opening Expenses of Atchchuweli	1,089,550.00	
Research & Development	223,720.31	118,811.43
Feasibility Studies	16,460.00	-
Publications	91,659.00	201,658.00
Photos	2,380.00	691.00
Restatement of Government Grant	39,730.00	-
Miscellaneous Expenses	596,638.63	51,311.00
Registration fees	39,300.00	34,395.71
Intrest income from Staff Loan (IFRS)		
Provision as per Labour Cases		4,406,388.54
Provision as per Obsolite Stock		155,066.00
Depreciation Of - Land Improvement	1,485,666.66	1,410,559.24
Depreciation of - Buildings	4,271,632.89	4,011,701.69
Depreciation of - Plant & Machinery	2,476,073.82	1,901,809.40
Depreciation of - Computer Accessories	3,958,607.33	2,998,032.66
Depreciation of - Lab Equipments	96,194.35	95,869.69
Depreciation of - Printing Machinery		516,154.70
Depreciation of - Motor Vehicles	6,066,752.61	7,768,492.61
Depreciation of - Office Equipments	2,003,433.58	1,916,950.56
Depreciation of - Travelling Bags	20,615.68	28,989.00
Depreciation of - Furniture & Fittings	1,094,915.08	1,048,869.08
Depreciation of - Bicycles	10,307.78	8,245.78
Depreciation of - Tools & Spares	48,319.92	5,118.00
Depreciation of - Library Books	396,107.05	230,509.15
Depreciation of - PABX Services	269,934.36	268,863.46
Depreciation of - Utility Services	340,464.19	358,201.69
Depreciation of - Sundry Assets	281,355.69	459,490.68
Depreciation of - JICA Equipment	151,060.50	151,059.50
Depreciation of - Computer Software		141,121.43
	396,572,923.24	437,708,275.04
Finance Cost		
8 c Bank Charges	328,191.99	405,179.95
	328,191.99	405,179.95
8 d Actuarial Gain (loss) for the year	19,111,459.68	(10,320,017.14)
Revaluation Surplus	941,908,020.46	
	961,019,480.14	(10,320,017.14)
Average number of employees employed during the year		
Permanent	500	484

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

9 Net government contribution

	2014	2013
Government Capital Grants as at 1st January 2014	243,694,719.12	249,328,481.60
Government Capital Grants Received during the year 2014	35,000,000.00	25,000,000.00
Net Government Contribution	278,694,719.12	274,328,481.60

10 Value of Asset Transferred

IDB Prier to 1969	4,403,441.00	4,403,441.00
Industrial Estate Corporation	9,043,619.85	9,043,619.85
	13,447,060.85	13,447,060.85

11 Other government grants

	2014	2013
Grant From U N D P	1,010,000.00	2,020,000.00
Grant Pug Mill Machine	58,500.00	87,750.00
Cess Fund	10,500,000.00	10,500,000.00
Sirap Fund - Building	27,232,449.43	27,930,717.36
Srap Fund - Machinery	458,850.00	917,700.00
Ministry Funds Achchuweli	17,407,084.09	16,691,560.48
Ministry Funds Industrial Estates	59,266,860.33	7,899,604.05
Non Ferrous	10,000,000.00	10,000,000.00
Other Government Grants	125,933,743.85	76,047,331.89

12 Grants for Special Project

	2014	2013
T Sunami	1,540,899.30	1,540,899.30
Village Development Projects	49,260,117.77	36,022,280.24
Kithul Development Project	1,253,681.86	
Ministry Funds Divinaguma	6,699,960.27	6,674,059.37
Divinaguma Project	-	-
Grants for Special Projects	58,754,659.20	44,237,238.91
Less		
Construction Of Common Service Centres - Village	-	-
Service Centre and Goods in Stock for Distribution	11,097,018.86	-
Tsunami Stocks distributed	-	-
Casper Project - Ministry	10,898,903.77	9,925,433.65
Divineguma Project - Cottage Industries	4,077,041.53	-
Expenses for Special Projects	26,072,964.16	9,925,433.65
Grants for Special Projects	32,681,695.04	34,311,805.26

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

13 ACCUMULATED DEFICIT

	2014	2013
Government Recurrent Grants as at 01.01.2014	1,930,291,117.0	1,930,291,117.0
Less excess of expenditure over Income up to the year	(2,146,388,662.66)	(2,012,883,987.0)
Previous Year Adjustment	(9,826,030.0)	(38,455,931.3)
Gov. Recurrent Grant Received During the Year		231,000,000.0
Deficit carried forward	19,530,771.4	(326,048,744.4)
	(2,136,683,921.3)	(2,146,388,662.7)
Add / Less Excess / Deficit for the year	(206,392,804.3)	(216,097,545.7)

14 Dues to Government

	2014	2013
Commissioner of Inland Revenue	28,879.00	28,879.00
Commissioner of Inland Revenue Stamp Duty	40,800.00	37,725.00
Dues to Government	69,679.00	66,604.00

15 Dues to boards & corporation

	2014	2013
Central Bank of Ceylon E.P.F.	3,218,069.31	3,301,455.73
Employee Trust Fund	438,827.63	451,434.68
Dues to Boards & Corporations	3,656,896.94	3,752,890.41

16 Trade & other creditors, provisions and accrued expenses

	2014	2013
Lunuwila Estate Deposits	1,458,834.50	1,458,834.50
Employees Donation	8,695.08	8,695.08
Nation Building Tax`3% Stamp Duty	1,640,769.09	1,705,112.27
Staff Deduction Payable	178,527.42	31,335.97
Payee Tax Payable	25,778.33	16,960.58
Miscellaneous Creditors	3,072,949.13	3,357,487.60
Sundry Creditors - Head Office	6,162,741.22	5,562,741.22
Sundry Creditors -Non Ferrous	2,948,762.29	1,001,108.32
EDB Village	-	813,500.71
Salaries Payable	1,991.00	1,991.00
Laknipaum Sales & Display Centre - Creditors	74,897.50	83,897.50
Advance on Jobs	4,817,454.89	2,144,799.40
Refundable Tender Deposits	937,238.85	937,238.85
Security Deposits	218,267.31	207,650.53
Refundable Deposits	33,858,338.12	31,635,853.56
Buddhist Association Control A/C - Head Office	4,140.20	3,300.20
Welfare Society Control Account	-	193,883.00
Thrift Society Control Account	36,510.00	40,970.00
Other Department Control A/C	44,638.62	44,510.56
Payable Cents Control A/C - Head Office	2,353.67	2,048.98
Trade Union Control A/C	4,528.50	3,878.50
Insurance Control Account	709,462.03	398,385.79
Customer Over Payment	627,948.27	-
Medical Scheme	2,368,791.37	3,564,691.37
Provision for Labour Cases	4,406,388.54	4,406,388.54
Sub Contract Agro Equipment	2,583,296.80	1,864,778.40
Accrued Expenses	89,291,388.51	80,949,809.12
Lakkam Craditors	-	-
Slindex Exhibition 2013	-	1,696,949.00
Trade & other creditors, provisions and accrued expenses	155,484,691.24	142,136,800.55

INDUSTRIAL DEVELOPMENT BOARD

Notes to the financial statements (Contd)

17 Property, plant and equipment as at 31/12/2014

	Land	Land Improvement	Building	Plant, machinery & equipment installation	Printing Machinery	JICA Project assets	Office equipment	Lab Equipment	Travelling Bags
Year ended 31 December 2013									
Opening net book value	3,020,951	48,465,444	105,588,638	19,479,139	449,165	302,117	9,276,397	437,777	38,899
Additions during the period	3,564,311	3,120,350	21,002,711	2,216,172			2,201,244	6,070	29,000
Adjustments		(26,240)	44,108						
Depreciation charge (Note 8)		(1,410,559)	(4,011,702)	(4,193,823)	(516,155)	(151,060)	(1,916,951)	(95,870)	(28,989)
Adjustments		(31,765)	(308,851)	(175,000)	175,000				
Closing net book amount	6,585,262	50,117,230	122,314,905	17,501,488	(66,990)	151,058	9,560,690	347,978	38,910
At 31 December 2013									
Cost	6,585,262	58,511,708	184,155,415	110,695,526	7,612,955	228,842,382	37,894,399	8,839,398	1,216,005
Accumulated depreciation		(8,394,477)	(61,840,510)	(94,944,038)	(5,929,945)	(228,691,324)	(28,333,709)	(8,491,420)	(1,177,095)
Net book amount	6,585,262	50,117,230	122,314,905	15,751,488	1,683,010	151,058	9,560,690	347,978	38,910
Year ended 31 December 2014									
Opening net book value	6,585,262	50,117,230	122,314,905	15,751,488	1,683,010	151,058	9,560,690	347,978	38,910
Additions during the period	-	20,113,799	606,208	168,000	-	-	1,303,151	7,500	18,800
Adjustments			4,617,973	416,650			(76,160)		
Adjustments	(6,585,262)	(44,324,713)	60,172,804						
Depreciation charge (Note 8)		(1,485,667)	(4,183,776)	(3,644,365)	(335,536)	(151,061)	(2,003,434)	(96,194)	(20,616)
Adjustments		(852,995)	(87,505,054)	(333,320)					
Adjustments		(3,770,741)	(4,272,458)						
Revaluation	676,552,750		311,884,530						
Closing net book amount	676,552,750	19,796,913	403,635,131	12,358,453	1,347,474	(3)	8,784,248	259,283	37,094
At 31 December 2014									
Cost		23,567,654	129,706,335	111,280,176	7,612,955	228,842,382	39,197,550	8,846,898	1,234,805
Revaluation	676,552,750		311,884,530						
Adjustments							(76,160)		
Accumulated depreciation		(3,770,741)	(37,955,734)	(98,921,723)	(6,265,481)	(228,842,385)	(30,337,142)	(8,587,615)	(1,197,711)
Net book amount	676,552,750	19,796,913	403,635,131	12,358,453	1,347,474	(3)	8,784,248	259,283	37,094

Furniture & Fittings	Bicycle Cost	Tools & Spares	Library Books	PABX Services	Utility Services	Sundry Assets	Computer & communication equipment	Computer Software	Motor vehicles	Total
5,479,058	40,264	68,534	369,280	1,571,524	2,063,460	2,427,029	7,754,163		20,180,834	227,012,672
1,569,909	38,393	305,759	524,039	1,860		1,469,195	7,338,368			43,387,381
			(166,438)				(987,850)	987,850	165,239	16,670
(1,048,869)	(8,246)	(56,367)	(230,509)	(268,947)	(358,202)	(459,491)	(2,998,033)	(141,121)	(7,768,493)	(25,663,385)
								(846,729)	(359,849)	(1,547,194)
6,000,098	70,411	317,926	496,373	1,304,436	1,705,259	3,436,733	11,106,648	(0)	12,217,731	243,206,145
14,556,563	198,838	10,530,926	10,094,277	4,203,111	15,864,011	10,375,773	45,773,077	987,850	47,520,298	804,457,772
(8,556,465)	(128,427)	(10,213,000)	(9,597,904)	(2,898,675)	(14,158,752)	(6,939,040)	(34,666,429)	(987,850)	(35,302,567)	(561,251,628)
6,000,098	70,411	317,926	496,373	1,304,436	1,705,259	3,436,733	11,106,648	(0)	12,217,731	243,206,145
6,000,098	70,411	317,926	496,373	1,304,436	1,705,259	3,436,733	11,106,648	(0)	12,217,731	243,206,145
-	-	-	308,266	11,620	-	590,781	2,655,615	-		25,783,741
			1,625,075			(6,845,707)	(7,350)		(5,954,570)	(6,224,089)
(1,094,915)	(10,308)	(98,130)	(233,599)	(269,934)	(340,464)	(581,337)	(3,958,081)		(6,059,328)	(24,566,743)
			(500,884)			5,143,203	(526)			(84,049,576)
									(203,834)	(8,247,033)
									39,550,000	1,027,987,280
4,905,182	60,103	219,796	1,695,231	1,046,122	1,364,795	1,743,674	9,796,306	(0)	39,550,000	1,183,152,553
										1,183,544,408
14,556,563	198,838	10,530,926	10,402,543	4,214,731	15,864,011	10,966,554	48,428,692	987,850	1,295,433	667,734,897
			1,124,191			(1,702,503)	(7,876)		39,550,000	1,027,987,280
(9,651,381)	(138,734)	(10,311,130)	(9,831,503)	(3,168,609)	(14,499,217)	(7,520,377)	(38,624,510)	(987,850)	(1,295,433)	(511,907,274)
4,905,182	60,103	219,796	1,695,231	1,046,122	1,364,795	1,743,674	9,796,306	(0)	39,550,000	1,183,152,555

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

18 Stock & work-in-progress

	2014	2013
Engineering Raw Materials - (H/O)	1,073,493.93	1,200,810.9
Printing Raw Materials	145,223.00	189,099.5
Stationary	2,007,499.07	1,240,182.7
Other Raw Materials	1,865,500.35	2,392,674.2
Stock Of Village Development Project	6,502,888.49	11,829,995.4
Sub Stores - Foundry	3,106,775.85	2,655,998.0
Sub Stores - Rubber	6,006,948.71	5,490,227.2
Sub Stores - Leather	226,026.10	193,100.3
Sub Stores - C S C - Matara	122,984.45	297,835.5
Sub Stores - C S C - A'pura		
Sub Stores - Electroplating Centre	978,879.62	1,097,908.7
Sub Stores - A T R D C - Pannala	897,722.49	833,289.3
Sub Stores - Divinaguma	138,554.81	4,072,171.5
Sub Stores - Kithul Development Programme	5,221,931.50	2,511,625.0
Brass Centre - Pilimathalawa	318,612.44	312,283.5
Work-in-progress - Direct materials (H/O)	605,280.74	522,906.9
Work-in-progress - Direct Labour	192,356.79	246,181.7
Work-in-progress - General Overheads	123,500.47	142,339.1
Work-in-progress - Factory Overhead	69,915.00	81,171.3
Finished Goods		
Non-Ferrous Metal Scrap	4,303,512.78	5,222,037.0
Machinery & Other Saleable Items Capital		
Provision for Impairment of Non Moving Stock	(1,584,235.53)	(1,584,235.5)
Provision for Impairment of Obsolite Stock	(1,464,320.70)	(1,464,320.7)
Inventory	30,859,050.36	37,483,281.53

19 Debtors

	2014	2013
Sundry Debtors - Head Office	264,713.38	264,713.38
Sundry Debtors - Leather	18,269.68	282,002.84
Sundry Debtors - Leather Vitharandeniya	-	140,004.79
Sundry Debtors - Engineering	599,611.30	599,603.30
Sundry Debtors - Engineering - Workshop)	20,218,991.37	16,211,124.03
Sundry Debtors - Rubber Division	1,217,200.91	1,203,292.95
Sundry Debtors - A T R D C - Pannala	1,388,714.75	1,739,464.75
Sundry Debtors - E P C	53,794.82	46,084.42
Sundry Debtors - Printing	374,061.45	374,061.45
Sundry Debtors - Electrical	701,825.80	701,825.80
Sundry Debtors - Foundry	4,399,364.71	5,722,574.91
Sundry Debtors - Civil	2,155,802.72	2,167,226.72
Sundry Debtors - Laknipaum	42,120.00	42,120.00
Sundry Debtors - C S C - Matara	60,317.07	331,192.09
Sundry Debtors - C S C - A'pura	15,024.50	15,024.50
Debtors - Returned Cheques	209,397.62	209,397.62
Tenant Debtors	33,028,715.06	31,864,580.47
Miscellaneous Debtors	406,706.93	406,706.93
Lakkam Sales Centre	-	-
Non ferrous Debtors - Village	-	-
Non ferrous Debtors - Yugadekma	-	-
	65,154,632.07	62,321,000.95
Less:- Provision for Impairment of Bad & Doubtful debts	36,909,013.44	37,238,091.57
Trade and other recievables	28,245,618.63	25,082,909.38

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

20 Deposits & prepayments

	2014	2013
Security Deposits	218,267.31	207,650.53
Prepayments	29,991,069.97	32,690,572.44
Provision for Imf. Of Pre Payments	(7,226,318.71)	(7,226,318.71)
Prepayments Advance - Head Office)	192,205.99	192,205.99
Advance to Staff - Head Office	1,024,062.08	735,791.58
Provision for Imf. Of Per. Advances	(560,073.22)	(560,073.22)
Advance to Staff for Fuel - Head Office	269,862.00	238,492.00
Provision for Imf. Of Per. Advances	(235,612.00)	(235,612.00)
Travelling Advance	6,000.00	
Other Deposits Receivable	3,004,925.85	2,499,437.85
Prepaid Staff Cost(IFRs Adjustment)	37,226,305.13	35,995,758.00
Travelling Advance (Foreign)	190,620.00	
Deposits & prepayments	64,101,314.40	64,537,904.46

21 Other current assets

	2014	2013
Festival Advance	617,300.00	629,800.00
Motor Bicycle Loan	1,261,045.50	2,042,679.5
Bicycle Advance	281,104.00	217,204.0
Distress Loan	37,739,859.31	37,466,720.5
Less : Deffered Staff Cost	(37,226,305.13)	(35,995,758.0)
Special Advance Book	11,900.00	14,900.0
Receivable from Other Department	421,933.12	421,933.1
Receivable from Election Comittioner		47,709.4
Sub Contract Exchange	837,417.55	837,417.6
Shilpa - 2004 Exhibition		1,556,352.3
Capacity Building	1,227,380.65	
Withholding Tax	1,679,833.75	1,679,833.8
Good & Services Tax (G S T)	1,424,653.54	1,424,653.5
VAT Receivable	16,843,916.78	17,168,660.2
Receivable for Hambanthota Village	2,020,949.28	
Non Ferrous-Vat	10,741,854.24	10,741,854.2
Foreign Travelling - Local		190,620.0
Mispostings Account	6,524.21	6,525.0
Kithul - Marketing	281,674.86	281,674.9
Non Ferrous Control Account	742,660.83	742,660.8
Lakkam Craditors	21,902.22	483,977.9
Economic Service Charges	170,872.00	170,872.0
Other Current Assets	39,106,476.71	40,130,290.59

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

22 Cash & bank balances

A/C Code	Account No.	2014	2013
	Bank Account - Laknipayum - Polonnaruwa	11,604.98	11,605.0
185065	Divineguma Project - Cottege Industries	7,378.58	(822,741.7)
185200	Current Account - IRDP - Matara	2,075.74	2,075.7
185080	Current Account - Sub contract - Marketing	42,050.47	1,250,633.8
	Current Account - Monaragala		17,005.5
185040	Current Account - Distress Loan	2,393,125.39	54,037.9
185010	Current Account - Idama - Moratuwa	(1,784,410.97)	(1,435,168.0)
185110	Current Account - Peliyagoda - RPD&SC	3,080,994.73	780,287.2
185020	Current Account - Capital Grant Bank Account	3,971,481.05	1,462,026.7
185030	Bank Balance - Engineering Division	2,463,634.84	5,524,730.9
185050	Bank Balance - REAP	15,697.17	28,197.2
185180	Bank Balance - Village Development Project	2,252,444.86	(62,374.3)
185070	Bank Balance - Non Ferrous	5,259,164.95	49,566.9
185060	Bank Balance - Regional Division (Kithul)	522,914.70	534,364.9
185412	BOC - "Idama" Scrap Project Savings Account	172,848.62	166,084.2
185090	Current Account - Peoples Bank	10,000.00	10,000.0
185415	Current Account - Lakkam Sales Centre	813,051.81	437,277.1
185015	Current Account - Debit Tax Exempted	1,023,358.76	(431,544.2)
185125	District Office - Bank Account (Reginal)	1,911,023.49	(819,678.7)
185411	Fixed Deposit Account - BOC - Idama	30,999.99	28,125.0
185410	Fixed Deposit Account Pepoles Bank	10,505,958.71	-
185413	Savings Account - CESS Fund	11,114,908.75	10,854,502.9
185025	Savings Account - Capital Funds	3,265,242.49	1,698,351.2
185135	Savings Account - Estate Deposits	8,351,059.66	10,512,599.01
	Imprest Accounts	42,116.90	10,385.10
	Special Imprest - Cashier	23,378.54	23,378.54
	Cash-in-Transit	24,690.10	24,690.10
	Cash-in-Transit Metal Scrap Project	12,540.00	12,540.00
	Cash and Cash Equivalents	55,539,334.31	29,920,957.73
	Fixed Deposit	10,536,958.70	28,124.99
	Debit Balances	46,786,786.58	33,464,339.66
	Credit Balances	(1,784,410.97)	(3,571,506.9)
	Cash and Cash Equivalents	55,539,334.31	29,920,957.7

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

23 Retirement benefit obligations

The amounts recognised in the statement of financial position are determined as follows:

	2014	2013
Present value of unfunded obligation	100,395,507.96	115,063,782.5
Liability in the statement of financial position	100,395,507.96	115,063,782.5

The movement in the defined benefit obligation over the year is as follows:

	2014	2013
At 1 January	115,063,782.36	102,883,736.8
Current service cost	6,627,285.00	4,511,322.5
Interest cost	6,950,372.28	12,142,615.9
Actuarial loss / (gain) on post employment benefit obligation	(19,111,459.68)	10,320,017.1
Benefits paid	(9,134,472.00)	(14,793,910.0)
At 31 March	100,395,507.96	115,063,782.4

The principal actuarial assumptions used were as follows.

	2014	2013
Discount rate		
Future salary increases	5%	10%
Staff turnover rate	7%	13%
Retiring age	60	60

24 Financial instrument by category

	Loans and receivables	
	2014	2013
Assets as per statement of financial position		
Trade and other receivable excluding pre- payments	67,352,095.34	65,213,199.97
Cash an cash equivalent	46,786,786.58	33,464,339.66
Total	114,138,881.92	98,677,539.63

Other financial liabilities at amortised cost

	2014	2013
Liabilities as per statement of financial position		
Trade and other payables excluding non financial liabilities	219,750,337.35	193,765,040.79
Total	219,750,337.35	193,765,040.79

25 Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	2014	2013
Loss before tax	419,311.73	(84,728,727.23)
Adjustments for:		
Depreciation	24,566,742.89	25,663,384.96
Amortization of the Capital Grants	(34,796,128.99)	(26,985,076.82)
Sale of Fixed Assets	(3,230,102.00)	(10,320,017.14)
Finance costs	328,191.99	405,179.95
Changes in working capital:		
- inventories	6,624,231.17	(4,165,279.84)
- trade and other receivables	(17,849,835.82)	12,553,890.82
- trade and other payables	27,772,392.51	90,830,070.71
Retirement benefit obligations	(5,533,802.40)	26,973,955.53
Cash generated from operations	(1,698,998.92)	30,227,380.94

**AUDITOR GENERAL'S REPORT FOR
COMENTS OF THE BOARD**



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



LS/H/IDB/1/14/21

29 October 2015

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 2014 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 2014 comprising the statement of financial position as at 31 December 2014 and the statement of comprehensive income, statement of changes in equity and 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 Board 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 issued to the Chairman of the Board on 11 May 2015.

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.



1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub - sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and the extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Industrial Development Board of Ceylon as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

The instances of non-compliance with Sri Lanka Accounting Standards are as follows.

- (a) Even though it had been disclosed that the value of closing stocks had been stated in the financial statements at cost or net realizable value, whichever is lower in terms of the Sri Lanka Accounting Standard 02, the stock of Rs.30,859,050 had been shown at cost in the financial statements as at the end of the year. However, evidence for reconciliation of the cost with the net realizable value had not been made available to audit.
- (b) Materially important machinery, equipment, furniture, computer hardware and software with the net book value of Rs.37,450,946 had been further stated at historical cost without being revalued to show a fair value in terms of Sri Lanka Accounting Standard No. 16.
- (c) Even though unrecoverable loan balances should be represented separately in the financial statements if any, in terms of Sri Lanka Accounting Standard No. 39, the unrecoverable loan balances amounting to Rs.447,082 existed as at 31 December of the year under review had been classified under normal debts.

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) A sum of Rs.3,230,102 received from sale of motor vehicles by the Board during the year under review had been classified as operating activities without showing under investment activities in the Cash Flow Statement.
- (b) The Board had not taken action to eliminate the revalued profit amounting to Rs.2,333,112 relating to the motor vehicles sold during the year under review from the Revaluation Reserve Account.
- (c) A sum of Rs.29,991,070 which was identified as assets and expenditure but not brought to account as at 31 December of the year under review had been shown as pre-payments under the current assets.
- (d) The accounting system used for the amortization of the sum of Rs.1,841,071 spent for the capacity building of the staff of the Board had not been disclosed in the financial statements.

2.2.3 Lack of Evidence for Audit

Confirmations of balances relating to the debtors balances totalling Rs.67,198,057 and creditors balances of scrap materials totalling Rs.15,703,805 had not been made available to audit.

2.2.4 Un-reconciled Control Accounts

In the reconciliation of receivables shown in the financial statements as at 31 December of the year under review and recoverable from the industrialists of Industrial Estates with the reports of the Industrial Estates Division, a difference of Rs.11,307,861 had been observed and reasons for that difference had not been made available to audit.



2.3 Accounts Receivable and Payable

The following observations are made.

- (a) Necessary action had not been taken during the year under review for the settlement of a fuel advance amounting to Rs.235,570 brought forward prior to the year 2010.
- (b) Action had not been taken to settle the value of deposits paid to the Local Authorities in obtaining the services such as water and electricity and constructions of buildings amounting to Rs.3,004,925 shown under other receivable deposits even after obtaining the relevant service.
- (c) A balance amounting to Rs.8,419,804 shown under the trade and other receivable accounts and the debtors balance amounting to Rs.4,815,862 in respect of the Engineering Workshop classified under the sundry debtors of Rs.20,225,259 had remained without being recovered from 2 to 5 years.
- (d) Even though the main source of income of the Board is to obtain the ground rent by granting developed lands to the industrialists in Industrial Estates, according to the financial statements, a sum of Rs.33,129,822 was recoverable to the Board, representing 51 per cent of the total recoverable balance.
- (e) Balances exceeding 5 years included in the receivable Value Added Tax totalling Rs.10,741,964 and in the tax values amounting to Rs.16,307,420 had been shown under other current assets and the Board had not taken action to settle those values.



3. Financial Review

3.1 Financial Results

The financial result of the Board for the year under review had been a surplus of Rs.419,312 as against the deficit of Rs.84,728,727 for the preceding year, thus indicating an increase of Rs.85,148,039 in the financial result of the year under review as compared with the preceding year. The contributions and interest thereon which had to be paid by the Board due to failure in taking into consideration the cost of living allowance in remitting to the Employees' Provident Fund and Trust Fund since the year 2006 had been computed and brought to account in the year 2013 and that value amounted to Rs.66,354,739. As such, the unusual decrease in the financial result of the year 2013 and the exhibition income amounting to Rs.16,401,543 not received in the preceding year but received in the year under review had mainly attributed to the better improvement of the financial result of the year under review.

3.2 Inordinate Increase in the Expenditure.

A sum of Rs.16,439,000 had been incurred for rent and lease, allowances for Directors, entertainment allowances and exhibition expenses during the year under review and it was an increase of 68 per cent as compared with the preceding year. Making provisions amounting to Rs.10 million for rates and taxes payable for many years to the Local Authority for the premises where the Head Office is located, had mainly attributed to the increase in those expenses.

4. Operating Review

4.1 Performance

The following observations are made.

- (a) Out of the registered industrialists in the Scrap Material Project, 85 per cent had been centered in the Western Province and the Central Province and effective measures had not been taken to expand to other Provinces.

- (b) The activities of the Financial and Administrative Divisions had not been included in the Action Plan prepared by the Board and parties or Divisions which should be directly responsible for fulfilling of relevant activities had not been identified.
- (c) Prescribed targets were impracticable due to matters such as impracticable targets used for the preparation of the Action Plan in respect of each Division, preparation of the Action Plan traditionally without identifying future demands and new marketing trends, failure in taking into consideration the specific features which cannot be controlled and related to the Division, failure to pay attention on vacancies existing in every district, failure to carry out a study in respect of the cadre of the Division. As such, the variance of the actual result had ranged from 10 per cent to 198 per cent and in certain Divisions it had ranged from 50 per cent to 241 per cent. Moreover, 10 activities fulfilled by the Engineering Division which is the most important Division of the Board had not been included in the Action Plan. Only one activity out of 8 included in the Technical Services Division had been fulfilled and it was observed that even though another 04 activities had been fulfilled, those were not included in the Action Plan as well.

4.2 Operating Inefficiencies

The costing method in respect of supplies and services provided to the customers by the Divisions such as Leather, Rubber, Technical Services and Engineering Division had not been updated.

4.3 Matters of Contentious Nature

Contrary to the recommendation of the Technical Evaluation Committee, the contract for the supply of security services to the Board had been awarded to a value of Rs.20,994,741 to the same institution by which the unsatisfactory service had been supplied before.

4.4 Idle and Underutilized Assets

The following observations are made.

- (a) A sum of Rs.150,000 had been paid for consultancy services without obtaining a consultancy service during the year under review.
- (b) The building constructed by spending a sum of Rs.2.9 million for the Technical Services Division by considering as an urgent requirement in December 2010 had remained idle without utilizing for any purpose.
- (c) The Mobile Technical Bus purchased at a cost of Rs.8.2 million in the year 2008 had not been utilized.

4.5 Uneconomic Transactions

The following observations are made.

- (a) Despite having motor vehicles owned by the Board for the transportation of scrap materials, an extra expenditure amounting to Rs.492,855 had been incurred thereon for using hired vehicles during the year under review.
- (b) Telephone and internet facilities had been obtained from two institutions without considering on the requirement and as such, a sum of Rs.1,085,250 was payable as at 31 December of the year under review. Further, despite obtaining internet facilities from the Sri Lanka Telecom, internet facilities had been obtained from Dialog Institute as well and a sum of Rs.283,125 had been spent thereon.
- (c) Despite having a female legal officer in the service of the Board, a sum of Rs.158,500 had been incurred for legal expenses during the year under review.

4.6 Personnel Administration

The following observations are made.

- (a) The approved cadre as at 31 December of the year under review had been 714 whereas the actual cadre had been only 500. As such, 214 vacancies had existed in the staff. Among them, the actual cadre for the posts of Deputy Director General and the Director had been 11, out of which, 06 had been vacant. Moreover, out of the posts of Development Officer, Senior Business Promotion Officer who were directly involved in the main objectives and operating performance of the Board, 67 per cent had been vacant.
- (b) Appointments had been made on acting basis for the vacant posts and allowances amounting to Rs.1,039,748 had been paid thereon only during the year under review alone.
- (c) Action had been taken to revise the salaries of the employees of the Board on the instructions and approval of the Chairman of the Board without consulting the Department of Management Services and the Board had failed to formulate a methodology for Graded promotions on the instructions given by the Management Services Circular No.30. Salaries had been overpaid and underpaid by Rs.6,268,931 and Rs.1,222,589 respectively for two groups of employees from the year 2006 to the year 2010 alone through the erroneous computation of salaries due to failure in applying the proper salary steps.

4.7 Vehicle Utilization

An additional motor vehicle had been allocated to the Chairman of the Board during the year under review and a sum of Rs.608,076 had been paid as salaries, overtime and travelling expenses due to deploying a driver in the service for him.



5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though the draft, annual reports and accounts relating to every State Corporation should be presented to the Auditor General within 60 days after the closure of the financial year in terms of Section 6.5.1 of the Public Enterprises Circular No. PED/12 dated 02 June 2003, the financial statements for the year 2014 had been presented on 18 March 2015.

5.2 Internal Audit

Even though an internal audit unit had been established in the Board, the post of Internal Auditor had been vacant for many years. Moreover, the approval should be obtained for the internal audit plan relating to a certain year on or before 15 January in every year. Nevertheless, it had not been so done and attention of the Accounting Officer of the Board had not been drawn to the relevant audit queries properly.

5.3 Procurement Activities

Shoes purchased at a cost of Rs.555,988 for the employees of the staff during the year under review are contrary to the specifications and the shoes provided were not in a usable condition.

5.4 Budgetary Control

In the reconciliation of the estimated expenditure with the actual expenditure, the expenditure of 12 items had exceeded the estimated limit ranging from 117 per cent to 4,022 per cent. It was observed that the budget had not been made use of as an effective instrument of management control of the Board due to weaknesses in expenditure control as well as the estimating errors.

5.5 Tabling the Annual Reports

The Annual Report of the year 2011 had been tabled in Parliament on 19 November 2014 and Annual Reports of the years 2012 and 2013 had not been tabled up to the date of audit.

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 from time to time. Special attention is needed in respect of the following areas of control.

- | | |
|---|--|
| (a) Personnel Administration | No action had been taken to fill the staff vacancies. |
| (b) Accounting | Non-compliance with Accounting Standards. |
| (c) Reporting the progress according to the Action Plan | Non-preparation of the progress in an updated manner. |
| (d) Budgetary Control | Failure in assessing the expenditure correctly in the preparation of the budget. |
| (e) Procurement Activities | Neglecting the recommendations of the Technical Evaluation Committee and purchase of goods contrary to the specifications. |
| (f) Fixed Assets Control | Purchases, use and documentation had not been made properly. |

W. P. C. Wickramaratne
Acting Auditor General



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இலங்கை கைத்தொழில் அபிவிருத்திச் சபை
INDUSTRIAL DEVELOPMENT BOARD OF CEYLON



615, ගාලු පාර, කටුබෙදා, මොරාතුwa, ශ්‍රී ලංකා.
615, කාලි வீதி, கட்டுபெத்தை, மொரட்டுவா, இலங்கை.
615, Galle Road, Katubedda, Moratuwa, Sri Lanka.

කර්මාන්ත හා වාණිජ කටයුතු අමාත්‍යාංශය

கைத்தொழில் மற்றும் வணிகம் மற்றும் அமைச்சு MINISTRY OF INDUSTRY AND COMMERCE

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2014

Report of the Auditor General in terms of Section 14(2)(C) of the Finance Act No.38 of 1971.

Solutions for the paragraphs for which audit opinion was commented and the present situation

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

- (a). In accordance with SLAS 29, the income of Lakkam Sales Division was calculated for year 2014 on accrual basis and journal entries were made (Sage 87950, 87760). Action was taken from June 2015 to enter in the accounts the income of Lakkam Sales Division at the time of the sale itself.
- (b). In accordance with SLAS 19, the primary assumed salary increment rate and the interest rate relating to provisions for gratuity were adjusted as 5% and 7% based on the actuarial value and accordingly the accounts were adjusted as follows:

	Calculated value	Value according to changes in assumptions	Difference
Charges for the year	6,627,285/-	6,627,285/-	
Interest	13,523,439/-	6,950,372/-	6,573,006/-
Balance as at 31.12.2014	100,402,173/-	100,395,508/-	6,665/-
Surplus	25,667,861/-	19,111,458/-	6,566,401/-

- (c). In terms of SLAS 02, stock value has been shown on cost which is the lower value of the two, the cost and the net realised value. Net realised value has not been used as cost takes the lower value due to the increase of prices consequent to inflation.
- (d). In terms of SLAS 16, the remaining capital assets are being revalued and the revaluation activities will be completed in year 2015 and the revaluation value will be included in the financial statements for year 2015.
- (e). The revaluation profit of Rs. 941,908,020.46 was transferred to the comprehensive income statement (Sage 88192, 88203).

2.2.2 Accounting Deficiencies

- (a). The sales profit relating to the 10 vehicles that were sold during the year and the revaluation surplus of those vehicles had been entered in accounts under selling of fixed assets. The relevant journal entries were made and the profit on the sale and the revaluation surplus of the sold vehicles were entered in accounts separately.
- (b). The amount of Rs. 3,230,102/-, which was earned through the sale of vehicles, was entered in the cash flow statements.

- (c). The revaluation surplus of the sold vehicles had been transferred to the fixed assets register and that amount of Rs. 2,339,112/- was removed and entered in accounts separately (Sage 87970, 87971).
- (d). Schedules that contain the corrections relating to entering in accounts the repairs and additions done to vehicles have been submitted to Audit.
- (e). The accounting deficiency that had occurred when the VAT was entered in accounts while entering in accounts the sales of vehicles (Sage 87972, 87973).
- (f). The schedule on vehicles was corrected entering the numbers of vehicles and the corrected schedule was submitted to the Audi.
- (g). The balance in the revised financial statements has been reduced from Rs. 56,572,130.29 to Rs. 29,991,069.97 by way of settling on all possible occasions the prepayments relating to which vouchers can be submitted. A committee has been appointed to examine the previous balances and, as contained in the observations of that committee, transactions of which settlements have not been made, but goods and services have been received by the Board and the needs of the Board have been fulfilled, will be submitted to the Board of Directors for approval and the necessary corrections will be made in the accounts for year 2015.
- (h). The balance of Rs.10,966,554/- that has been entered under sundry assets in the financial statements has been reduced to Rs. 4,120,847.45 and the relevant corrections were included.
 - (i). Motor vehicle spare parts that had been entered under sundry assets were removed from sundry assets and the necessary corrections have been made. Schedules have been submitted to Audit.
 - (ii). Library books and assets that should be entered under plant and machinery were removed from sundry assets and the necessary corrections have been made. Schedules have been submitted to Audit.
- (i). The amount of Rs. 21,357,137/- relates to the assets of the JAICA Project and schedules relating to them had not been submitted since 2006 as those assets had taken a zero value. Schedules have been submitted again for year 2014. They will be revalued and action will be taken to enter the fair value in the financial statements.
- (j). The years in which computers and accessories were purchase have been stated in the schedule. The year, month and date have been stated since year 2013.
- (k). Advance for the computer software system was paid in years 2004 and 2005 and the software system was installed in year 2007. The date has been stated as 31.12.2007. This asset, which has taken a zero value at present, will be revalued and the fair value will be entered in the financial statements.
- (l). Revaluation accounts are correct. The error in addition in the schedules has been corrected and the schedule has been submitted again.

(m). There have been differences between the cash flow statement given in the revised financial statements of year 2013 and the cash flow statement of 2013 given in the financial statements of 2014 because the amount of capital provisions set off for revenue statement was adjusted again for the net outcome. It has been shown under No.25 on page 25 of the financial statements.

2.2.3 Accounts receivable and payable

- (a). The balance of unsettled advances for fuel before year 2010 is Rs.235,562.00 and all the advances given in years 2011, 2012, 2013 and 2014 have been settled. The report prepared by the committee consisting of the Internal Auditor and the Accountant that were nominated for settling the old balances will be submitted to the Board of Directors and necessary action will be taken to settle these old balances.
- (b). The amounts included in the balance of Rs.5,004,925/- stated under deposits receivable are the water supply, electricity supply, utilizing of buildings and the amounts paid as deposits for various services. This situation has arisen as those balances had not been settled after obtaining these services. This balance has been reduced to Rs.3,004,925 in the revised financial statements for year 2014.
- (c). The deposit of Rs.2,000,000/- relating to the scrap project was transferred to the prepayments account. Although a sum of Rs.150,000/- that was remaining as deposits during the year was identified as a prepayment, it has been entered in accounts as deposits since it was not set off for the rental.
- (d). The revised financial statements for year 2013 were submitted to the Department of the Auditor General on 21.01.2015 and the financial statements for year 2014 were submitted on 17.03.2015. This period of time was not sufficient for adjusting the allocations for impairments and for settling the old balances. After the report of the committee that has been appointed for settling the old balances has been submitted to the Board of Directors in 2015, necessary action will be taken to settle those balances and the impairment allocations account.
- (e). Settlement of the prepayment balance of Rs.56,572,130/- that had been shown in the financial statements as at 31.12.2014 has been reduced to Rs.29,991,069.97/- by entering settlements. Out of the advances that were given by the Supplies Division in 2014, only Rs.246, 675.51/- has to be settled.

(i) National Building Research Organization	Rs.122,133.93	} Settled in 2015
(ii) Lanka Electricity Company Pvt. Ltd.	Rs. 9,487.18	
(iii) Sadasarana Motors Village – 028412 18.06.2014	Rs. 61,174.00	
(iv) Buddhini Auto Traders – 028286 Spare parts 60/7463	<u>Rs. 33,880.00</u>	
	<u>Rs.246,675.00</u>	

Out of the advances given from the Scrap Project in 2014, the value of the remaining amount is Rs.9,473,240.00/-.

(f). According to the financial statements, although a sum of Rs.33,129,822/- has been stated as balances receivable from the industrialists engaged in industries having obtained built up lands in industrial estates, only a sum of Rs.21,821,457/- has been shown as per the records of the Industrial Estate Division. Accordingly the difference is Rs.11,307,861/-. The following are the reasons for this difference:

(i). Debtor balances of which the payment of rental had been defaulted and cases have been filed against have been removed from the Industrial Estate Division.

Eg: 1. Global Surgical

2. V.R.C. Fertilizer

(ii). The books maintained at the Industrial Estate Division are not subjected to the accounting process. If the funds for the last month of the year are received until 10th – 12th January of the succeeding year, the Finance Division records them as receipts of the succeeding year, but the Industrial Estate Division records them as receipts in the relevant year. However, reconciliation activities are being done by checking the books and documents of the Industrial Estate Division and accordingly arrangements have been made to submit a Board Paper for the balances that have been caused by accounting deficiencies and to take necessary action.

2.2.4. Lack of evidence for audit

In order to verify the debtor balances, balance confirmation letters were sent through the Superintendents of Estates in year 2013, but those balance verification letters have not been received by the Finance Division. However, balance confirmation letters for year 2014 have been sent at present.

2.2.5. Trade and other receivable accounts

A sum of Rs.29,959,965/- has been shown as trade and other receivable balances as at 31st December 2014.

(i) The balance of Rs.10,353,853/- had been shown as an unrecoverable balance since several years ago, and out of that a sum of Rs.1,591,568.21 (a sum of Rs.1,327,835.05 in the name of Sri Lanka Ports Authority and a sum of Rs.263,733.16 in the name of Export Development Board) has been corrected in the revised accounts of year 2014. The sum of Rs.3,357,157.72 in the name of Director – Marketing of the Casting Unit should go to the Casting Unit of the Sub Contract Division.

(ii) Reconciliation of old balances that are over 05 years old is being done and accordingly the necessary adjustments will be entered in year 2015 after obtaining the approval of the Board of Directors.

(iii) Details relating to the receivable balances of Rs.33,129,822/- that has been generated through the lease of built up lands in the industrial estates have been given in schedule 01. Accordingly, the difference between the balance that has been named as 'A' receivable from the present industrialists and the balance in the books of industrial estates is Rs.1,272,497.09. The balance of Rs.9,993,653.75 identified as industrialists who had left the industries will be reconciled and a Board Paper will be submitted. Reconciliation of monthly balances is being done and arrangements have been made so that there will be no differences in the current year.

- (iv) The reason for this was that there had been no space to take action regarding old balances during the period between the times when the annual reports of year 2013 and that of 2014 were submitted to the Department of the Auditor General. Reconciliation activities are being carried out and the necessary adjustments will be entered in the future.
- (v) Out of the sum of Rs.20,225,259/- that is under the Engineering Workshop, Rs.13,096,059.82 was a sum that had been invoiced for the village development programme. Reconciliation activities relating to this balance and the other balances are being carried out at present. The necessary adjustments will be entered in year 2015.
- (vi) Commissioner of Inland Revenue will be informed of values relating to the taxes contained in the sum of Rs.16,307,420/- and necessary action will be taken, Further, the other balances have been identified as accounting deficiencies and the necessary corrections will be entered after obtaining approval through a Board Paper.
- (vii) This value of Rs.10,741,964/- which has been shown as VAT receivable, is VAT relating to the Scrap Project before 2007 and further action will be taken regarding that after obtaining necessary instructions from the Commissioner General of Inland Revenue about the steps that can be taken in this regard.
- (viii) The amount that was spent on capacity building programme for the staff was corrected by entering it in the accounts under amortization.
- (ix) When the employees retired in the previous years, some of the balances shown in the schedule were settled, but they had not been settled in the accounts. Action will be taken to obtain the approval of the Board of Directors to settle those balances and also to take legal action regarding the balances to be settled.

3. Financial review

- 3.1 As EPF and ETF relevant to the cost of living from 2006 to July 2007 were calculated and were entered in financial statements of year 2013, the deficit before adjusting the government contribution has dropped in year 2013 as against 2014.
- 3.2 Attention of the management has been drawn towards bringing the values in financial statements under standard rates.
- 3.3 The cause of the unusual increase in expenditure is the impact of the following factors:
 - (i). Allocation of Rs.10 million for paying the taxes of the Head Office.
 - (ii) Increase in the number of meetings of the Board of Directors and the Audit and Management Committee when compared to year 2013.
 - (iii). Inclusion of the expenses of the opening ceremony of Achchuveli Industrial Estate under the expenditure on refreshment (This has been corrected).
 - (iv). The expenses incurred on the Awards Ceremony and the Industrial Exhibition that was organized by the IDB after a long time.

4.1 Performance

- (i). Progress reports that were prepared by the Planning Division for year 2014 have been submitted to the Board of Directors and to the Ministry. There were delays in the other two divisions due to their busy schedules and also due to the changes that took place in the recruitment procedure, and action will be taken to report the progress properly in future.
- (ii). The divisions that are directly responsible for annual activities have been stated and it is practically difficult to include in the action plan a detailed report for each activity. However, the active contribution of each division will be included in the action plan that is prepared for year 2016.

(a) Rubber Products Development Division

- (i). Activities of a wider range have been shown where the completed activities have exceeded the amount of activities that had been targeted in the Rubber Products Development Division because many industrialists prefer to obtain the services of this Division.
- (ii). Although it has not been included in the action plan, such services have been provided as the industrialists who used to obtain such services earlier unexpectedly continued to come seeking those services.
- (iii). As rubber products that are of lower quality than those produced in Sri Lanka are imported from China and India, most industrialists are used to purchasing rubber compounds of lower quality at lower prices, and therefore it has been unable to achieve the expected progress.

(b). Leather Products Development Centre

- (i). The progress stated in the action plan had exceeded the expected target in 2014 because the number of those who started industries after receiving training was greater than the expected number.
- (ii). Although it was not included in the action plan, this Division had provided the services requested by industrialists.

(c). Industrial Estate Division

- (i). Under each phase relating to the industry after the completion of the first activity in the action plan (selection of industrialists) until the commencement of production activities, i.e. obtaining environmental approvals, getting the building plans approved by the Pradeshiya Sabha, obtaining the plot of land after paying the deposits and taxes to the Board, construction of buildings, installing machinery and commencing the industry takes from 06 months to one year, and therefore, the progress of the other activities has declined in this manner.
- (ii). Industrial estate modernization programme was commenced in 2013 and Achchuveli Industrial Estate was reopened in 2014. Industrial estate modernization programme is being implemented as a continual programme in years 2014, 2015 and 2016.

(d). Regional Development Division

(i). Reasons for the decline in the progress of Activity No. 05 from 0 to 24%:

Targets were determined for each district based on the total number of officials attached to district office when preparing the action plan for year 2014 which included activities such as the following:

- ❖ preparing resource study reports,
- ❖ preparing industrial data systems, and
- ❖ consultancy services.

It was done so because it had been planned at that time to fill the vacancies at the district offices. However, as vacancies were not filled during that year, the expected targets could not be achieved.

(ii). Reasons for the progress of 5 activities to take percentage values form 133% to 221%

As stated above, targets were determined for each activity based on the number of officials and based on regional differences. Further, there were occasions where many programmes had to be conducted on requests and funding of various external institutes. Therefore, although there was a shortage of officials, arrangements could be made to implement these programmes by sharing the officials among districts, and this resulted in an improvement in the performance.

(e). Marketing Division

(i). The following factors resulted in the difference between the action plan and the progress:

(a). display and sales facilities at Lakkam Sales Centre

Although it had been targeted to get the participation of 500 industrialists for displaying products at the Lakkam Sales Centre, participation of suitable industrialist could not be obtained in that, and therefore the expected target could not be achieved.

(b). The number of marketing programmes conducted

As the Marketing Division did not have the sufficient strength of staff, the targeted programmes could not be implemented.

(e). When bids are invited by government institutes, the Board submits bids and the contract orders that are thus obtained are fulfilled through the industrialists who are registered with the Sub Contract Division of the Board. The expected targets could not be achieved as orders are given after competitive bids have been considered by those institutes.

(f). Amount of metal scrap collected

Scrap that is discarded by government institutes are obtained by the Board and are distributed among industrialists who have been registered with the Scrap Project of the Board. The expected targets could not be achieved since the Board had to collect the amounts of scrap that is provided by those government institutes.

(ii) The progress of this could not be assessed as it had not been included in the action plan.

Under this, what has been stated from 01 – 04 relates to the SMIDEX – 2004 Industrial Exhibition and the Best Entrepreneur competition.

Before 2014 the Crafts Exhibition was organized jointly by the National Crafts Council and the Industrial Development Board. The financial provisions required for holding that exhibition were granted by the Ministry of Traditional Industries and Small Enterprise Development.

However, instructions were given by the Ministry to hold this industrial exhibition and the Best Entrepreneur Award by the IDB alone from 2014 and action was taken accordingly. Instructions were received for that in 2014 and therefore it was not included in the action plan for year 2014.

As per the details given under No.06, Lak Nipeyum Sales Centre had to be shifted to a new location in Olcott Street in Colombo Fort. The expected target could not be achieved as the centre was shifted to this new location.

(f). Engineering Division

(i). The expected targets could not be achieved due to the lack of sufficient cadres in the engineering and technical staff for the implementation of the activities that had been included in the action plan.

(ii). The activities of various sub-divisions that are under the Engineering Division are linked to the day-to-day activities and, when industrialists who had obtained the services of the Board come again to the Engineering Division seeking such services as required, the Division has taken measures to provide those services although they were not included in the action plan. Therefore, services that had not been included in the action plan, too, have been provided.

(g) Technical Services Division

When examining the progress of the Technical Services Division, the progress of the Division for year 2014 can be shown as follows:

Product Demonstrations

Month	No. of Product Demonstration
January	05
February	03
March	01
April	02
May	02
June	08
July	07
August	04
September	02
October	-
November	01
December	04
Total	39

Accordingly the expected target of 10 product demonstrations has been exceeded.

Technology transfer workshops

Month	No. of Technology Transfer Workshops
January	01
February	02
March	03
April	01
May	01
June	04
July	03
August	09
September	07
October	14
November	13
December	10
Total	68

Accordingly the expected target of 40 technology transfer workshops has been achieved.

In year 2014, the Board was able to provide financial concessions up to Rs.200,000/- through the Ministry of Industry and Commerce for 03 food industries to obtain quality certification under Assisting for Certification Programme. The progress of this was reported in January 2015.

Srl. No.	Name of the Industry	Certification
1	Foreconns Canneries No 10, Temple Road, Beruwala	Completed IS O 22000
2	Challenge Food Products Malwatta. Godakawela	Completed SLS
3	Nalco Food Products Malwatta. Godakawela	Completed IS O 2200

Accordingly, these activities, too, have achieved the expected target in 2014.

Further, the Division did not have sufficient staff to implement the following activities: improving quality and productivity, assisting to upgrade existing industries to the next desired level, and facilitating consultancy services. It is clearly understood from the following table:

Position	Requested Cadre	Cadre available in 2014
Business Promotion Manager	09	03
Engineer	01	-
Technical Assistant	02	-
Laboratory Assistant	04	-
Laboratory Worker	04	01
Management Assistant	03	01
Office Assistant	02	01

However, the industrialists who attended the technology transfer workshops conducted by the Division have improved the quality of their products and have also enhanced the productivity of their industries and have thereby upgraded their industries. After the required officials have been recruited, action will be taken to carry out follow-up in this regard and to report the progress of these activities.

The Division did not have the sufficient numbers of officials and laboratory staff for implementing product development work. Further, the Division did not have the required laboratory equipment and facilities either.

The equipment required for year 2015 has been ordered and the Division has already received some. Therefore, the Division will be able to carry out activities as set out in the action plan.

4.2 Management Inefficiencies

(i)

- | | |
|------|---|
| (a). | } Because of the shortcomings in the accounting system named SAGE that is used at the Finance Division of the Board and as this system does not suit the current needs, a new software system has been installed. Consultancy services of ICTA are obtained for this. |
| (b). | |
| (c). | |
| (d). | |
| (e). | |

- (ii). Equipment required for the new laboratory of the Technical Services Division was obtained and installed, and the laboratory was opened in May 2015.
- (iii). The mobile phone worth Rs.199,000/- and the other inventory items that were used by the former Chairman of the Board have been returned to the Board.
- (iv). Scrap Project

The following facts can be cited related to the provision of raw materials to industrialists on concessionary rates under the Scrap Project.

(a). As per the guidelines that were prepared after the discussions held by the Secretary to the Ministry of Traditional Industries and Small Enterprise Development with the relevant parties in 2014, applications were called by publishing in national newspapers in all three languages, and industries were examined, and the applications submitted by each district office were also considered and finally, the industrialists were registered.

(b). When transporting scrap materials, a crane, too, is used in addition to the lorries of the Board. The private vehicle that is used for this purpose has a crane, too. Therefore, the amount of money that has to be spent on a crane need not be spent. Further, vehicles of this type can carry 10 tons, but the lorries belonging to the Board can carry only 2 tons. Further, if lorries of the Board are used, a daily wage of Rs.1,200/- has to be paid for each labourer that is outsourced for loading and unloading the scrap material.

(c). The stock of scrap material that was brought from the Government Press had to be returned due to some internal problem of the Press, which was a situation beyond the control of the Board. However, a sum of Rs.284,416.80 has to be paid to the Government Press for the goods that have been obtained from them and the loss that the Board had to incur can be recovered when this amount is paid to the Press.

(d). Before 2011, the Scrap Project was implemented by the Ministry of Rural Industries and Small Enterprise Development and its project office was situated at the premises of that Ministry. Prepayment bills for 954,010/- and Rs.31,384,211/- in years 2013 and 2014 respectively have been settled and the remaining bills can be settled very soon. All the prepayment advances that had been given in 2012 have been settled.

(e). The reason for issuing a greater part of the scrap materials to a few industrialists when distributing scrap materials among industrialists is that industrialists are selected based on factors such as the nature of the industrialist and the value of the raw materials etc., and it can be understood through the nature of the relevant raw materials that have been issued to the following industrialists and the value of those materials:

i. Mr. Palitha Silva

Although scrap material valued at Rs.10,887,484/- had been issued to this industrialist, out of that amount, the value of the transformers alone that had been issued to him was Rs.9,557,590.91. The value of one transformer ranges from

Rs.82,340/- to Rs.440,966/- depending on their capacity and therefore the number of transformers issued to him was small.

As the Electricity Board had informed in 2014 that at least 500 transformers should be purchased per month, efforts were made at issuing transformers to those who had applied for them.

Out of the remaining material that had been issued to him, 80% was high carbon cast-iron. As other industrialists had refused to purchase these scrap materials, they were issued to the one who had requested them.

ii. Mr. I.A. Zwahir

Most of the scrap materials that had been issued to this industrialist consisted of aluminium service wire and aluminium bundle wire. He had been issued with a larger amount of this scrap material because the number of industrialists who had requested this type of scrap material was very small and because he produces aluminium products in large scale. The amount of aluminium that has been approved to be issued to him per month is 25,000 kg.

iii. J.A.P. Metal Pvt Ltd.

This industrialist had been issued with a large number of transformers. Therefore, about 50% of the total value of scrap materials is of transformers. Since this industrialist was registered for purchasing iron, aluminium and copper as well, these scrap materials had been issued to him.

iv. Mr. T. Winson

Only a limited number of industrialists have been registered for purchasing scrap tyres under the Scrap Project. When purchasing used tyres from institutes, the entire stock has to be purchased without selecting. Since this industrialist purchases tyres without selecting any, a large number of tyres were issued to him. In year 2012, industrialists had examined the tyres before purchasing the tyres, and they had purchased only the ones of good quality. The scrap tyres that were remaining at various institutes, have been brought to the warehouse in Navabima and have been piled up there.

4.3 Operating inefficiencies

- (a). A procedure has been implemented to regularize the process of determining the price and the expenditure of the Board.
- (b). The leaflets about the mobile technical bus is due to be submitted to the Board of Directors for making a decision after it has been submitted to the Audit and Management Committee.
- (c). While there was a Legal Officer at the Board to handle the legal affairs of the Board, the service of a lawyer had been outsourced spending Rs. 158,500/-, and out of that amount a sum of Rs.17,500/- was paid to the external lawyers and Rs.141,000/- was paid to the Department of the Attorney General. The following are the reasons for that.

i. Despite that the legal officer should appear in cases that have been filed by the Board and in those filed against the Board. It was beyond control that the service of a lawyer had to be outsourced because cases were heard at many courts on the same day, and therefore, the Legal Officer could not cover all of them. Further, for cases that are heard at courts in outstation areas, it is not essential that the Legal Officer personally appears before those courts on certain days and therefore, on such days the service of a lawyer in the relevant area was outsourced in order to minimize the amount that has to be spent on the Legal Officer to appear before such courts.

Six cases that had been filed against the Board by the Commissioner of Labour for not paying EPF relating to the cost of living allowance had been fixed for 17.04.2014 at the Magistrate's Court, Moratuwa, and on the same day cases relating to the Board had been fixed at the District Court, Matale, and at the District Court Kandy, the case No. 61668, that is stated in the audit report, had to be heard at the Magistrate's Court, Kandy. On this day, the professional service of the Legal Officer was most required for the case to be heard at the District Court, Matale, and therefore, she attended to that while the services of lawyers were outsourced for the other cases. Accordingly, the service of Mrs. Senani Wasala, Attorney-At-Law, was obtained for the case at the Magistrate's Court, Moratuwa, (a sum of Rs.3,000/- was paid for all the 6 cases – Voucher No.1043) and the service of Mrs. Galkaduwa, Attorney-At-Law, was obtained for the case at the Magistrate's Court, Kandy (Voucher No,3503). The amounts paid to these lawyers are less than 10% of the amount charged by the Department of the Attorney General for such cases. As it is stated that the payment that were paid under voucher No.1044/45/47, which you had enquired about, were paid to the Attorneys-At-Law Mrs. Menike Galkanda and Lasantha Balasooriya for the cases that were heard at the courts in Kandy and Matale. Such payments were made because of the abovementioned reasons.

On 07.03.2014, written submissions were due to be presented for case No. 61668 at the Magistrate's court, Kandy, and no oral submissions were to be made on that day. As the Legal Officer had to appear in a case before the Magistrate's Court in Matara on 06.03.2014, the services of Mrs. Galkanda, Attorney-At-Law was obtained for the case at Kandy Court on 07.03.2014 (Voucher No. 3504). This case had been fixed for 28.03.2014 for written submissions and the service of the same lawyer was obtained for that, too (Voucher No.3505).

The case No.67/2011 at the High Court, Kandy, had been fixed for 11.06.2014 for issuing the determination and a discussion had been scheduled for the same day at the Department of the Attorney General regarding case No.SPL/LA/158/2013 of the Supreme Court. As the case at the High Court, Kandy, had been fixed only for issuing the determination, and as there was no space for making any submissions, only appearing before the Court on behalf of the Board was required, and as the discussion that was held at the Department of the Attorney General was regarding the written and oral submissions that had to be presented before 26th June, and as the State Counsel who appeared for that case had stated that he could not give another date for that discussion, the service of Mrs. Galkaduwa, Attorney-At-Law, was obtained for the case at the High Court, Kandy on this day (Voucher No.3504). Further, the second copies of the deeds that were certified by the Legal Officer of the Board were to be handed over to the Land Registry on the same day.

It had been fixed to hear 21 cases on 12.06.2014 at the District Court, Moratuwa, regarding not paying of EPF and gratuity and the case No.DLM/00041/2013 at the District Court, Kandy, had been fixed for the same date. In the cases relating to EPF, submissions had to be prepared on behalf of the Board and the case at the District Court, Kandy, had been fixed only for replication of the complainant and therefore, the Legal Officer of the Board appeared before the Magistrate's Court in Moratuwa where her professional service was most required, and the service of Mrs. Galkanda, Attorney-At-Law, was obtained for the case at the District Court, Kandy (Voucher No.3505).

The case No.61668 at the Magistrate's Court in Kandy had been fixed for 20.06.2014 for issuing the determination and on the same day, the Legal Officer had to appear at the Department of Labour for an examination. As the case at the Magistrate's court, Kandy, had been fixed only for issuing the determination, the service of Mrs. Galkanda, Attorney-At-Law, was obtained for that and Mr.Gavarammana, Superintendent of Pallekele Industrial Estate appeared before the Court representing IDB.

A third party had filed the case No. L 6303/2009 against the IDB at the District Court, Matale, regarding one of the boundaries of the Kaludewala Industrial Estate in Matale and, after presenting submissions on behalf of the IDB, it was ordered to survey the land in order to settle the dispute over the over the boundary of the land. It is the responsibility of the complainant to take further action in that regard and, until the report of the relevant commission has been submitted to the Court the accused party (IDB) has nothing else to do other than appearing before the Court. As it was not essential that the Legal Officer of the Board appear before the Court for that, the expenses that the Board had to incur if the Legal Officer was to appear before the Court in Matale was taken into consideration and, on the recommendation of the IDB district office, Matale, the service of Mr. Lasantha Balasooriya, who was an Attorney-At-Law in Matale area, was obtained for that. This case had been fixed for 16.05.2014 for submitting the report of the Commission and the Legal Officer of the Board had to attend a discussion at the Department of the Attorney General on the same day regarding case No.28852 of the Magistrate's Court, Moratuwa. Therefore, the services of Mr. Balasooriya, Attorney-At-Law, was obtained for the case to be heard on 11.05.2014 (Voucher No. 3506).

Further, the duty expected of the Legal Officer of an institute is to provide the necessary legal assistance and where consultancy and services of counsels are required, such services are obtained from the Department of the Attorney General.

Obtaining the services of the Department of the Attorney General for cases of public institutes is done in terms of the government circulars.

Accordingly, for the two days on which the State Counsel appeared for the case No.53593 at the Magistrate's Court, Kandy, and for preparing the written submissions for that case a sum of Rs.49,500/- and, for the State Counsel for appearing on 06 days before the Commercial High Court, Colombo, for the case No. CHC/26/2011/MR that had been filed against IDB and for preparing objections, answers and written submissions for that case, a sum of Rs.91,500/- (altogether Rs.141,000/-) were paid to the Department of the Attorney General. In addition to the

aforesaid case No. CHC/26/2011/MR, the case No. CHC/27/2011/MR that had been filed at the same Court had also been fixed on each day the aforesaid case No.26 was heard. The service of the State Counsel was provide for the latter case, too; however, an additional amount was not charged for that case.

The rates charged by the Department of the Attorney General are increased from time to time and those charges are commonly applicable to all government institutes.

4.4 Controversial transactions

(a). Payment of deed fees

The lands and buildings in the industrial estates maintained by the IDB are transferred on long-term lease basis, and when signing legal lease agreements for that the stamp fees and notary's fees that are charged for that are recovered from the industrialist. Accordingly, 1% of the relevant lease value is charged as stamp fees, and stamps to the value of that amount are stuck on the duplicate deed, and action is taken to hand it over to the Land Registry before the 15th day of the succeeding month. An amount equal to 1% of the relevant lease value subjected to a ceiling of Rs.20,000/- is charged from the industrialist as notary's fees, and out of that amount payments are made to the Legal Officer as follows based on the decision No.4141 of the of the Board of Directors dated 11.02.2005.

Accordingly, as stated above, a sum of Rs.2,000/- up to a value of Rs.5,000/-, a sum of Rs.2,000/- for values from Rs.5,000/- to Rs.7,500/-, and a sum of Rs.3,000/- for values from Rs.10,000/- to Rs.20,000/- are paid to the Legal Officer.

Deeds for revoking lease agreements do not have a value and the Board charges a sum of Rs.5,000/- as Notary's fees for that from the industrialist, and out of that, a sum of Rs.1,000/- is paid to the Legal Officer. Accordingly, the amount charged by the Board for the relevant deeds stated in that audit report, and the numbers of the receipts relevant to the amounts thus charged are shown in the grid below:

Voucher No.	Name of the Industrialist	Amount charged from the Industrialist	The number of the relevant receipt	Notary's fees
401	U.S.S. Engineering	20,000/-	511246	3,000/-
417	M.H.M. Amirdeen	20,000/	515601	3,000/
758	C&A Silicate	20,000/	511285	3,000/
2104	Ranfor	20,000/	517,808/-	3,000/
4311	Co Lanka	5,000/-	530028	1,000/-
		20,000/	530026	3,000/
5048	Evershine	20,000/	530796	3,000/
	Vengadeshwar	20,000/	534022	3,000/-
	Agrotechnica	20,000/-	530026	3,000/-

Accordingly, this not at all a sum paid out of the funds of the Board. It is paid to the Legal Officer as determined by the Board of Directors out of the amounts that is charged by the Board from the industrialist as notary fees. Before making the decision in this regard by the Board of Directors, enquiries were made from the Department of the Attorney General and other government institutes of this nature. As per the decision of the Board of Directors that

existed before this, with regard to charging of notary's fees, 75% of the amount that was charged from the industrialist as notary's fees had to be to the Legal Officer. Although notary activities are not included in the in the regular duties of the Legal Officer, lease agreements are signed annually on behalf of the district offices of the Board without charging any notary fees.

The responsibility a Legal Officer has for the deeds he writes and certifies still lies with him even if his period of service at the IDB is over.

(b). Security service contract

The contract for security service has been awarded taking the following factors into consideration:

There were several shortcomings related to the company named Magnum 4 that had submitted the lowest bid and therefore the contract was not awarded to them. Sathira Security Services and Investigations Pvt. Ltd., which had submitted bids that were lower than those of Allied Security and C.P. Lanka companies, had the shortcoming of not submitting records of payment of EPF and ETF contribution. The relevant documents were called for from the that company and been satisfied after having examined those documents, the Tender Board decided to award that contract to that company.

Further, no written evidence was received either by the Technical Evaluation Committee or by the Tender Board to the effect that the selected company, Sathira Security Services and Investigations Pvt. Ltd. had provided unsatisfactory services in the past.

4.5 Under utilization of funds

(a) The present situation of the balance of Rs.22,904,059/- that has been invested in savings accounts as at 31.12.2013 is given below:

	Description	Account No.	31.12.2013	31.12.2014	30.07.2015
01.	Savings Account – CESS fund	912386	10,854,502.09	11,114,908.75	11,286,469.85
02.	Savings Account – Capital provisions	7 16487	1,698,351.02	3,265,242.49	2,499,377.92
03.	Savings Account – Estate deposit	71 5824	10,512,599.01	8,351,059.66	2,809,077.31
04.	Fixed deposits - Estates	000068		10,505,958.71	10,505,958.71

The manner in which the CESS fund shown under N0.01 in the above grid was utilized in 2014 for purchasing raw materials under the Scrap Project is presented under Schedule 02. If this amount had been invested in fixed deposits, there would have arisen difficulties with regard to utilizing of this fund in this manner for the needs

of the Board. The Board would have lost the interest of the fixed deposit, too. However, when funds are saved in savings accounts, interest will not be lost in large amounts consequent to utilization of funds. As at 01.08.2015, the difference between the interest rate of savings accounts and that of fixed deposits was 2%.

The manner in which capital provisions under No.02 were transferred for purchasing requirements is presented through schedule 03.

The amount that had been invested in estate deposits under No. 03 was invested in fixed deposits in year 2014. It has been shown under No.04.

- (b). The balances in current accounts changes due to day-to-day activities of the Board, and those balances are used for purchasing raw materials. The attention of the management has been drawn towards investing them in fixed deposits. Further, no overdraft is shown in the current accounts as at 31.12.2004.
- (c) No bank overdraft facility has been obtained. This overdraft has been created because of the period of time taken for the deposited cheques to be realized, and the period of time taken for the transfer of money between the accounts.

4.6 Inactive underutilized assets

- (a). There is no evidence which shows that the officers of the Board had been involved in the distribution of manually operated potter's wheels, and it has been observed that the officers of the Ministry of Small and Rural Industries had distributed this equipment at that time. Therefore, the then Chairman of the Board, through his letter of 03.05.2013 had informed the Secretary to the Ministry of Traditional Industries and Small Enterprise Development that it would be appropriate to appoint an investigation officer / committee at Ministry level to carry out these investigations. Accordingly, a preliminary investigation was carried out by a committee that included a representative of the Ministry and a report was submitted, but as that decision was not adequate, it had been informed through the letter dated 20.11.2013 to carry out a preliminary investigation and to submit a report. Accordingly, the service of an external, independent officer was obtained to carry out a preliminary inquiry. While this inquiry was being carried out, under the instructions of the then Chairman, it was decided that this investigation should be carried out at Ministry level and the aforesaid preliminary investigation was suspended. Later, as informed by the Board, an officer was sent by the Ministry, but their representation was changed from time to time. Therefore a five-member committee including a representative from the Ministry, an officer from the Board, and an officer from the National Crafts Council was appointed by the Chairman for carrying out this investigation. However, as this Committee delayed submitting its report due to various reasons, this investigation has been assigned at present to another committee that consists of a Ministry representative and an officer of an external institute.
- (b). A preliminary investigation had been carried out by an external person into the purchasing of the mobile technical bus, and the report of that investigation had been handed over to the former Chairman. This report is due to be submitted to the present Board of Directors for further instructions.

- (c). Although the Legal Officer of the Board should appear in cases that are filed by the Board and in those that are filed against the Board, these expenses had to be incurred on obtaining the services of external lawyers because the Legal Officer cannot cover all the cases on occasions where cases relating to the Board have been fixed for the same date at several courts.
- (d). Stocks verification of the Board includes stores of raw material stocks, too, in addition to the inventory items of the Board. It takes a long period of time to complete the stocks verification of these stores and the officers who are assigned with this task should possess some knowledge and some experience in that regard, and officers with technical knowledge, too, need to be used as required. In many district offices, the number of officers available is very limited. It has been unable to assign those officers with the task of stocks verification because it affects the day-to-day activities of those offices. However, at offices outside the Head Office, the employees of those offices are used for Boards of Survey, but those officers have to travel to the Head Office to collect the necessary survey documents, and before submitting the relevant reports to the Head Office after completing the surveys, they have to prepare the final reports for making relevant adjustments and for looking for inaccuracies. On such occasions, additional costs have to be incurred and suitable Boards of Survey are appointed for surveys so that costs are minimized and officers for those Boards are selected from among the employees of the Head Office and district offices who have the required technical knowledge and experience about inventories depending on the stocks available at stores and assets available at the relevant offices and work places. Doing such stocks verifications at the end of the year is compulsory as set out in the circulars.

Under payment for consultancy services, an assignment was given to Mr. Samantha B Abeywickrama for the period from 01.02.2014 to 31.07.2014 to provide consultancy services relating to the provision of services to industrialists by the IDB together with Regional Boards of Industry and Commerce and to provide consultancy services to the industrial exhibition (SMIDEX) organized by the Board. Approval of the Board of Directors has been granted for this. These payments have been made accordingly.

- (e). Out of the equipment and other materials that are available in the Leather Products Development Centre, most of those that are not utilized at present are those that have been donated by the private sector. A committee has been appointed to examine the machinery that cannot be further utilized and to discard them, and accordingly discarding of such machinery is being done at present.

4.7 Uneconomical transactions

- (a),(b) Facilities had been obtained from Dialog Company with the view to providing direct line telephone facilities to every officer in the Technical Services Division and for obtaining internet facilities and for maintaining the website of the Board, but the facilities obtained from the Dialog Company were not cost effective and therefore the then Chairman of the Board informed the Dialog Company to disconnect this facility with effect from 03.07.2014. Consequently, this facility is not available at present. A Board Paper is due to be submitted to the next meeting to make the remaining payments for this facility.

4.8 Staff administration

- (i) After publishing newspaper advertisements calling applications for the posts of Director General, Deputy Director General and Directors of the Board, and after conducting interviews, recruitments have been made to the positions of Director General, Director – Finance and Director – Marketing. Recruitments will be made in future for the remaining positions as well.
- (ii), (iii). Recruitments have not been made to these positions within the approved cadre and as they had fulfilled the required qualifications for these positions that had existed before the new cadre was approved, the Department of Management Services had approved making these appointments so that they are personal to these officers only.
- (iv). Although the positions of Development Officer and Business Promotion Officer in the salary group JM, that have been shown as vacant positions which have an impact on achieving the main objectives of the Board, have been shown separately according to the new recruitment procedure, approval has been obtained to take action considering those two positions as a single position because of the nature of their duty and accordingly, they have been placed in the positions of Senior Business Promotion Officer. Accordingly all the vacancies in that position have been fulfilled. However, recruitments to the positions of business promotion officer (MA 5 – 2) and positions in the JM salary group have not been made due to certain inequalities that exist in the prerequisites for those recruitments. The Department of Management Services has been informed of this. Recruitments will be made soon after the approval has been given.
- (v), (vi). For higher positions, applications were called through newspaper advertisements published on 10.06.2014 and interviews have been held. Accordingly, it is hereby stated that this is not an expense without purpose and recruitments are to be made based on the results of that interview. Then the positions on acting basis will be removed and the problematic situation that is shown under No. (5) and No. (06) will be resolved.
- (vii) The following facts can be cited with regard to implementation of Management Services Circular No.30 by the Board:
 - (a) All the employees of whom salary anomalies have been removed belong to the category of Management Assistant (Technical) and all these officers have been recruited to the Board by placing them in a salary group that is above the salary group relevant to Management Assistant (Non-technical). According to the new, approved recruitment procedure, those who belong to the non-technical category were absorbed by placing them in the salary step they had been placed in earlier as per the management circular 30, but those who belong to the Technical category, had been absorbed by placing them in a salary step that was not parallel to the salary step they had been placed on earlier. Therefore, as those in the non-technical category, had been placed on a salary step that was higher than the salary step of those in the technical category, there created a salary anomaly between officers belonging to the technical category and those belonging to the non-technical category. Even the committees that had been appointed to look into the salary anomalies had pointed out this situation, and

those officers, too, continued to make requests regarding this situation. Therefore, action was taken under the instructions of the Chairman to remove those salary anomalies.

- (b) Activities relating to the recruitment procedure have been completed and arrangements have been made to give promotions in the relevant grades following a suitable methodology.
- (c) Since the Board had had no proper methodology for giving promotions for a long time, and when absorbing employees to salary steps in terms of the aforesaid circular, since the employees had not been divided into two categories as those who receive promotions and those who do not, salaries of all the employees were determined considering that all the employees had received promotions and salaries have been paid accordingly. It was observed that, in doing so, some of the employees had been overpaid while some had been underpaid, but as no decision had been made about this situation by the then management, this situation had continued to exist. A large number of employees who had faced this situation have already retired.

4.9 Utilization of vehicles

- (a) By now the former Chairman has properly returned the relevant official vehicle to the Board and according to the practice of the Board, even in year 2013, two vehicles had been released for the use of the then Chairman, too. two drivers had been attached for those vehicles. As the driver had engaged in duty for long hours daily because of the service requirement of the Chairman, a bigger overtime allowance had to be paid to that driver for performing duty.

The vehicle numbered PD 6019, too, had been used by the Chairman for his official duties. Further, fuel for this vehicle had been purchased out of the fuel allowance of the Chairman. However, running records, running distance and the volume of fuel had been recorded and calculated. Those calculations have been examined by the Transport Division and the relevant officer has certified them. Further, all the running records have been certified by the Chairman being the officer who used that vehicle.

- (b). As per the instruction of the Ministry, the Chairman had to travel to distant areas such as Jaffna (Achchuveli Industrial Estate) and therefore the maintenance cost had increased.

5. Accountability and good governance

- 5.1. This delay occurred because it took a long time to prepare the financial statements for year 2013 in consistent with the International Financial Recording Standards and because reconciliation of a large number of old balances was done in 2014. Financial Statements will be presented in the due date in year 2015 as per circulars.

5.2 Internal Audit

At present the audit reports are submitted to the Chairman of the Board and action has been taken to submit a copy of the reports to the government Audit Office. As per the Action Plan 2016 of the Board, arrangements have been made to submit the audit plan, too, before 15 January 2016.

5.3 Purchasing of safety shoes

The process of purchasing shoes for the officers of the Board had been done in the following manner:

- (a) In relation to the application for goods and services submitted by the Administration Division on 21.05.2014, it has been referred to the Technical Evaluation Committee (TEC) by the Supplies Division for making specifications. Accordingly, in order to purchase shoes of higher quality for the employees of the Board, the TEC submitted specifications for this year in consistent with the same specifications that had been used in the previous year. The TEC, giving priority to the employees who wear shoes, provided 09 samples and out of the ones selected as those in consistent with the specifications, and those not in consistent with the specifications, recommended purchasing of lacing safety footwear and shoes of lacing type. The selection of these shoes was done by the recipients of these shoes.
- (b) Samples were received as per specifications. Accordingly the types of shoes were selected within the range of employees and orders were placed as required. Further, selection of these samples was done before the officers in the TEC.
- (c) When purchasing uniforms for the employees, the Supplies Division called for quotations in consistent with the specifications of the TEC, samples were selected as per the requirement of the employees, and with the recommendation of the TEC for those samples, and with the approval of the Tender Board, the relevant purchases were made by the Supplies Division.
- (d) In terms of Paragraph 2:4:1(4) of the Procurement Guidelines, the entire procurement process has been carried out correctly by the TEC and the Procurement Committee. Arrangements will be made to provide in future shoes of the same time when purchasing industrial safety clothing and safety equipment for employees. Arrangements have been made to do follow-up to ensure whether facilities provided by the Board are properly utilized. It has been decided to prepare specifications in future after conducting further discussions with the TEC and the due recipients in order to avoid any contradicting views among the recipients. The relevant suppliers have supplied the items for the ordered amount of lacing shoes – 119 as it had been recommended by the employees who wear them and by the TEC. However, the size of the shoes manufactured and supplied by different companies will not be the same in size as the Board had ordered. Accordingly, the total amount is correct, and if there is some difference in the amount ordered and in the amount that is received, every supplier would replace the shoes that have been supplied so that the supplied stocks are in consistent with the order. As the price of the shoes and the size of the shoes that are purchased differ, the unit price of the item will not be changed.
- (e) Under the instructions of the Management, arrangements have been made to sell to the employees of the Board through a tender process the remaining stocks of shoes that are remaining after the annual stocks verification, and such stocks have been remaining in the stores because of the retirement of employees and because some employees are reluctant to wear shoes. When purchasing shoes of the same time in future, purchasing can be done reducing the amount that would remain in the stores, and therefore arrangements have been made to follow this process when purchasing these items in future.

- (f) Arrangements have been made so that uniforms and shoes that are provided to the employees of the Board will be provided in the early part of the year in future.
- (g) At the Leather Products Training Centre, only training programmes are conducted at present. Production is not done on a commercial basis. Employing of amateurs for production activities is an obstacle for carrying out training activities. Further, after producing and selling those items, maintenance of those items has to be done, too. But the Board does not have sufficient cadres for that and therefore it is not feasible to produce the shoes provided to the employees of the Board at this centre.

5.4 Budgetary control

Among the facts that have been given on the budgeted expenses of year 2014 and on the actual expenses of year 2013:

- (i) Expenditure over the estimated limit for ten items has been shown;

- (a) Overtime

- Inputs for overtime were essential because of the increase of income generating activities and therefore the expenditure has increased.

- (b) Gratuity

- Annual estimates are prepared only for the employees who retire after completing 60 years of service; however, the estimated limit has been exceeded because some employees leave the service before retirement age.

- (c). Travelling expenses

- Because of the increase of income generating activities, inputs for travelling expenses have become essential and therefore expenditure has increased.

- (d). Maintenance of office equipment

- Expenses on maintenance of office equipment have not increased. Instead, vehicle maintenance expenditure has been copied in the audit query. Office equipment maintenance cost is Rs.492,193.24

- (e). Sundry assets

- Expenditure has increased due to maintenance of old assets.

- (f). Rentals and taxes

- These expenses have increased because of the allocations made for paying the assessment taxes for the Head Office.

- (g). Directors' allowances

- As per the accounts, directors' allowances is Rs.649,800/-.

- (h). Expenditure on refreshment

Expenditure on refreshment has increased because the expenses relating to the opening ceremony of Achchuveli Industrial Estate had been entered in accounts under expenditure for refreshment. These expenses have been transferred to expenses on opening of Achchuveli Industrial Estate.

- (i). Membership fees paid were Rs.8,820/-. Expenses on local training was rs.1,211,166/-.
- (j). Registration fee is Rs.39,300/- and adjustment of loan interest in terms of IFRS is Rs.2,011,166/-.
- (ii) Although assessments, surveying, corporate plan, and measurement of industries had been estimated under miscellaneous expenses, those activities could not be fulfilled within the actual income generated by the Board.
- (iii). Budgets are prepared in the months of May and June in the preceding year. When preparing budgets the estimates in the Divisions and the expenses up to that time are taken into consideration. Action will be taken to take into consideration the mid-year actual expenditure and to revise the budget in future.

5.5 Tabling of Annual Reports

Annual reports of year 2012 have been prepared and have been submitted to the Ministry of Rural Industries and Self Employment Promotion for obtaining the Cabinet approval. By now, the Board has received the final audit report for year 2013, and it has been planned to expedite the activities of presenting in Parliament the annual reports for years 2013 and 2014 and to submit to the Auditor General the financial statements for year 2015 by the due date, and thereby to minimize the delay in presenting annual reports in Parliament.

6. Systems and controls

- (a) Arrangements have been made by now to fill the vacancies in several key positions including Director General, Director - Finance and Director - marketing. Further, shortcomings existing in the recruitment procedure are being corrected and action will be taken to fill the remaining vacancy of the Board in future.
- (b), (c), (d). A new accounting software has been installed and action has been taken through that to minimize the shortcomings existing in these systems.
- (e). Necessary instructions have been given to remove the shortcomings related to utilizing of vehicles and maintenance of records.

Mahinda Jinasena
Chairman
Industrial Development Board

Prepared by: Director – Finance

Checked by: Internal Auditor

Certified by: Director General

INDUSTRIAL DEVELOPMENT BOARD

ESTATE DEBTORS-AS AT 31/12/2014

Annex 01

Estate	A	B	C	D	E	F
	Total for existing	Total for ceased operation	A+B Total	Balance for the above date as per the AQ 2014/22	A - D Variance	C - D Variance
61 Industrial Estate -Ekala	5,899,893.77	3,068,529.72	8,968,423.49	6,374,290.00	- 474,396.23	2,594,133.49
62 Pallekale	4,524,373.55	3,157,816.63	7,682,190.18	1,696,851.00	2,827,522.55	5,985,339.18
63 Horana	3,527,179.94	1,927,605.70	5,454,785.64	3,607,096.00	- 79,916.06	1,847,689.64
64 Pannala	567,247.78	1,169,794.79	1,737,042.57	615,566.00	- 48,318.22	1,121,476.57
65 Lunuwilla	792,774.57	40,947.30	833,721.87	1,026,747.00	- 233,972.43	(193,025.13)
69 Mathale	2,322,732.42	204,419.66	2,527,152.08	2,398,439.00	- 75,706.58	128,713.08
71 Pussella	208,430.52	-	208,430.52	294,333.00	- 85,902.48	(85,902.48)
72 Galigamuwa	242,194.20	153,398.09	395,592.29	-	242,194.20	395,592.29
73 Panaluwa	1,436,542.94	169,609.91	1,606,152.85	2,068,017.00	- 631,474.06	(461,864.15)
74 Beliatta	428,638.81	3,866.02	432,504.83	-	428,638.81	432,504.83
75 Kotagala	364,607.01	24,663.49	389,270.50	313,395.00	51,212.01	75,875.50
79 Vaulugala	1,550,648.16	-	1,550,648.16	3,028,419.00	- 1,477,770.84	(1,477,770.84)
81 Vavuniya	1,228,686.42	73,002.44	1,301,688.86	398,300.00	830,386.42	903,388.86
Total	23,093,950.09	9,993,653.75	33,087,603.84	21,821,453.00	1,272,497.09	11,266,150.84

Date: 06/08/2015

Time: 10:19:45

Industrial Development Board - 2014

Annexure Page: 2

Nominal Activity

Date From: 01/01/1980
Date To: 06/08/2015

N/C From:
N/C To: 99999999

Transaction From: 1
Transaction To: 99999999

N/C: 185413 Name: Cess Fund - Savings Account- 9123868 Account Balance: 11,114,908.75 DR

Table with columns: No, Type, Date, Account, Ref, Details, Dept, T/C, Value, Debit, Credit, V, B. Contains multiple rows of financial transactions including payments, interest, and bank charges.

Totals: 24,527,554.68 13,412,645.93

History Balance: 11,114,908.75