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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 1,466/24 – 2006 ඔක්තෝබර් 13 වැනි සිකුරාදා – 2006.10.13
No. 1,466/24 – FRIDAY, OCTOBER 13, 2006

(Published by Authority)

PART I : SECTION (I) — GENERAL

Revenue & Expenditure Returns

AUDITOR - GENERAL'S DEPARTMENT

My No. CL/KD/F/PU/04/FA/241.

Report of the Auditor General on the Accounts of the University of Peradeniya for the year ended 31st December 2004 in terms of Section 108(2) of the Universities Act, No. 16 of 1978 and Section 13(7) (a) of the Finance Act, No. 38 of 1971

The audit of accounts of the University of Peradeniya for the year ended 31st December 2004 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 Sections 108(1) and 111 of the Universities Act, No. 16 of 1978 and Sub-sections (3), (4) and (7) of Section 13 of the Finance Act, No. 38 of 1971. This report is furnished in terms of Section 108(2) of the Universities Act and Section 13(7) (a) of the Finance Act.

1 : 2 Scope of Audit:

Audit opinion, comments and findings in this report are based on a review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and the extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards, methods and practices to obtain reasonable assurance as to whether the financial statements are free of material misstatements. The audit included examination of evidence supporting the amounts and disclosures in financial statements and assessment of accounting principles and significant estimates and judgements made in the preparation of financial statements, evaluation of their overall presentation and determining whether accounting policies adopted were appropriate, consistently applied and adequately disclosed. 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 extent of the audit.

2. Accounts

2 : 1 Audit Opinion :

Except for the effects on the financial statements of the matters referred to in paragraph 2.2 of this report, I am of opinion, so far as appears from my examination and to the best of my information and according to the explanations given to me that the financial statements have been prepared and presented in accordance with Sri Lanka Accounting Standards and the stated accounting policies as set out in Notes (from Note No. A to F) to the financial statements and give a true and fair view of the financial position of the University as at 31st December, 2004 and the financial results and cash flow for the year then ended.

2 : 2 Comments on Accounts :-

2 : 2 : 1 Accounting Policies :

The following observations are made.

- (a) Even though it was disclosed in the financial statements that all grants received by the University had been brought to account, the value of 145 computers received by the Information and Technology Institute, the value of the stock of furniture and equipment received from the Mahapola Legal Centre and the Seismometer valued at Rs. 30,000,000 received as a donation from the Japan International Co-operation Agency had not been brought to account.
- (b) Even though it was stated in the financial statements that the value of balance stocks had been brought to account on the basis of stock verification reports, balance stocks of 12 Departments had not been brought to account.

2 : 2 : 2 Accounting Deficiencies

The following accounting deficiencies were observed.

- (a) The total balance of other Funds shown in the balance sheet had been understated by a sum of Rs. 1,922,801 due to the adjustment of the debit balances amounting to Rs. 1,922,801 arising from the expenditure incurred over the income of two Projects brought to account under other Funds. Similarly, income amounting to Rs. 6,100,906 and expenditure amounting to Rs. 961,380 relating to 25 items which should be directly brought to account in the Income and Expenditure Account had been brought to account as Funds.
- (b) A sum of Rs. 1,488,149 recovered as administration expenses on the researches of 05 Faculties of the University had been credited to the Research Fund Account over several years instead of accounting for as income.
- (c) The debit balance of Rs. 1,090,474 being the net difference of unidentified debit and credit balances as at 01 January 2004, had increased to Rs. 1,704,965 as at 31 December 2004. Instead of identifying and settling the balances, the debit balance had been shown under the debtors.
- (d) The expenditure of Rs. 259,254 incurred by the University during the year under review on the External Examinations Division had been written off to the External Examinations Development Fund Account instead of charging to the Income and expenditure Account.
- (e) Stocks valued at Rs. 4,680,263 received by the Stores on 17 occasions during the year under review had been brought to account as stocks-in-transit.
- (f) The value of information technological equipment amounting to Rs. 1,331,700 purchased under the Project for the Improvement of Relevant and Quality of Undergraduate Education had not been brought to account.
- (g) Even though a sum of Rs. 3,688,258 had been shown in the accounts as the Contractors' retention money as at the end of the year under review, the retention money as at that date according to the Register of Contract Payments amounted to Rs. 8,866,161.
- (h) Even though all receipts from whatever resource received by the University should be credited to the Fund of the University, such receipts totalling Rs. 10,797,712 and the expenditure amounting to Rs. 5,132,837 incurred therefrom had been adjusted to the Sundry Fund Accounts. Thus, such income and expenditure had not been taken into consideration for the computation of the financial results of the University.

2 : 2 : 3 *Unreconciled Control Accounts :*

A difference of Rs. 8,975,000 was observed between the balance shown in the accounts as payable to the External Examinations Division and the balance shown in the accounts of the External Examinations Division presented as an annexe to the financial statements.

2 : 2 : 4 *Accounts Receivable and Payable:*

The following observations are made.

- (a) Forty five balances totalling Rs. 3,170,300 shown in the accounts as the balances of other Funds as at the end of the year under review had remained outstanding over periods ranging from 02 years to 06 years.
- (b) Ninety staff loan balances totalling Rs. 3,284,252 included in the staff loan balance as at the end of the year under review had remained outstanding over periods ranging from 02 years to 03 years due to reasons such as interdictions, retirements, breach of bonds and deaths.
- (c) Advances totalling Rs. 1,738,756 granted during the period 1996 to 2001 for obtaining voted services expenditure for the University staff, had not been settled even up to 31 December 2004.
- (d) The unsettled local supplier advance balances included 24 balances totalling Rs. 327,452 older than 06 years, 126 balances totalling Rs. 1,550,186 older than 02 years and Rs. 158,231 as unidentified advances. The reasons for this non-settlement of the advance had not been explained.
- (e) It was observed that the sum of Rs. 667,005 included in the sundry debtors as unpaid salaries contained salaries of officers who had breached bonds after proceeding abroad or resigned or vacated posts. Necessary action had not been taken for the identification and settlement of those balances.
- (f) The credit balance of the Stock Adjustment Account as at 31 December 2004 amounted to Rs. 8,661,871 and the net balances of the values of stock shortages and excesses revealed at the stock verifications during the respective years had been transferred to this account. Action had not been taken either to recover the value of shortages from the officers responsible or for settlement.
- (g) A sum of Rs. 67,545,921 receivable from 140 teachers who had breached agreements and a sum of Rs. 12,364,701 recoverable from the Employees' Provident Fund of 47 teachers had been outstanding as at 31 December 2004. A proper course of action had not been taken for the recovery of these arrears.

2 : 2 : 5 *Lack of Evidence for Audit:*

The schedules, age analysis, subsidiary registers and confirmations of balances had not been made available for audit in respect of advance accounts amounting to Rs. 1,534,431 sundry deposits amounting to Rs. 114,530 unpaid wages amounting to Rs. 964,100 library deposits amounting to Rs. 650,000 creditors balance of the External Examinations Division amounting to Rs. 259,254 balances receivable from other Universities amounting to Rs. 749,264 and debtors balances amounting to Rs. 34,028.

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

Instances non-compliance with the provisions in the following laws, rules, regulations and management decisions, observed during the course of audit were brought to the notice of the Vice Chancellor of the University from time to time.

- (a) Finance Act, No. 38 of 1971 - Section 11

(b) Universities Act, No. 16 of 1978

- (i) Sections 45(1) and 45(2) (xv)
- (ii) Sections 71(1) and 71(2)
- (iii) Section 51(1)
- (iv) Section 72
- (v) Section 91
- (vi) Section 94

(c) Establishments Code of the Government of Sri Lanka - Chapter XV Section 10.1.1.

(d) Establishments Code for the University Grants Commission and Institutions of Higher Education.

- (i) Chapter III Paragraphs 9 and 17
- (ii) Chapter V Paragraphs 7, 7.1 and 7.8
- (iii) Chapter X Paragraphs 24.1, 26, 27.5, 27.7 and 33
- (iv) Chapter XX Paragraphs 3.1, 3.5 and 3.6
- (v) Chapter XV Paragraph 4.8
- (vi) Chapter XXVI Paragraphs 2.1 and 2.10
- (vii) Chapter XXVII Paragraph 8

(e) Circulars of the University Grants Commission

- (i) Circular No. 377 of 08 September 1988 - Paragraph 3
- (ii) Circular No. 88 of 10 July 1980

(f) Guidelines on Government Tender Procedure

- (i) Section 62.4
- (ii) Sections 149.1 and 149.2
- (iii) Sections 147.5, 150.1 and 150.2
- (iv) Sections 179, 180 and 182

(g) Public Finance Circular No. 380 of 19 January 2000 - Paragraph 6

(h) In terms of provisions in Section 131 of the Inland Revenue Act, No. 38 of 2000, withholding tax at 5 percent should be deducted from services and supplies and remitted to the Commissioner General of Inland Revenue. Nevertheless, test checks of payments made during the period 2001 to 2004 on the cleaning Service and the Security service of the University and the contracts revealed that withholding tax amounting to Rs. 11,098,949 had not been deducted and remitted to the Commissioner General of Inland Revenue.

2 : 2 : 7 Transactions Not Supported by Adequate Authority :

The following matters were observed.

- (a) Contributions to the Employees' Provident Fund and the Employees' Trust Fund had been made in accordance with circular instructions issued by the University Grants Commission, contrary to provisions in the Employees' Provident Fund Act, No. 15 of 1958 and the Employees' Trust Fund Act, No. 46 of 1980, on the academic allowance and the backlog clearing allowance and such overpayments made during the period 1998 to 2004 to the Employees' Provident Fund and the Employees' Trust Fund amounted to Rs. 83,092,508 and Rs. 16,618,501 respectively.

- (b) Sums totalling Rs. 18,694,118 had been paid during the period 1994 to 2004 as language proficiency allowance, long service allowance, medical insurance contributions and course fees contrary to provisions in the Public Enterprises Department Circular No. 95 of 14 June 1994.
- (c) A Engineering Consultant had been recruited without an approved post in the Engineering Construction and Planning Division and without the approval of the Director General of the Department of Management Services and an allowance of Rs. 560,000 had been paid for the period October 2003 to December 2004.
- (d) The approval of the University Council had not been obtained for the accounting of payments amounting to Rs. 1,007,200 and income amounting to Rs. 3,665,046 relating to preceding years in the Prior Year Adjustment Account.

3. Financial and Operating Review

3 : 1 Financial Results :-

The financial result for the year under review, after taking into account the Government Grant for recurrent expenditure, had been a deficit of Rs. 429,971,231 as compared with the corresponding deficit of Rs. 368,048,748 for the preceding year. Thus a net deterioration of Rs. 61,922,483 in the financial result for the year under review was observed. The increase in the personal emoluments and the provision for depreciation and the decrease in the grants for maintenance works and the recovery of examination fees had been the major contributory factors for the deterioration.

3 : 2 Idle and Underutilised Assets :-

The following idle and underutilized assets were observed.

- (a) It was not possible to make any observations on idle, underutilized and unusable assets as a physical verification of the fixed assets had not been carried out during the year under review. Nevertheless, it was observed that 12 motor vehicles had been left in the University premises exposed to the elements and deteriorating.
- (b) Even though the Seismometers valued at Japan Yen 39, 854,123 (Sri Lanka Rs. 30 million Approximately) donated by the Japan International Co-operation Agency was installed in April 2003, it had been in inoperative condition due to defects in the computer and telephone systems of the equipment.

3 : 3 Identified Losses

The following matters were observed.

- (a) The lowest monthly hire charge of Rs. 25,000 received in response to the quotations called for the procurement of a motor vehicle on hire basis had been rejected and a motor vehicle had been hired at a monthly hire charge of Rs. 36,000, thus overpaying a sum of Rs. 308,000 at Rs. 11,000 per month for the period of 28 months from December 2000 to March 2003.
- (b) Action in terms of the Establishments Code for Universities had not been taken for the recovery of a sum of Rs. 4,613,457 due from four lecturers who continued to remain abroad without approval after the expiry of their overseas academic leave.
- (c) A Plastination Machine purchased in November 2001 for a sum of Rs. 2,427,539 for the Medical Faculty from a foreign supplier without following the provisions in Guidelines on Government Tender Procedure had remained in an unusable condition.

3 : 4 Operating Deficiencies

The following deficiencies were observed:

- (a) Research advances totalling Rs. 459,344 paid from Sundry Funds to 25 lecturers during the period the year 1991 to 2001 had not been recovered even up to 31st Decembr, 2004.
- (b) A sum of Rs. 324,277 paid to 22 lecturers out of the research advances paid during the period from the year 1991 to 2001 had remained unrecovered due to reasons such as resignation from service, release on no-pay, vacation of posts and proceeding abroad.
- (c) Other research grants amounting to Rs. 4,692,102 received during the years 1999 to 2002 had not been utilized for the implementation of the Research Projects due to the reasons such as retirement or resignation of Research Officers and the expiry of agreed periods.
- (d) It was observed that balances of 45 Funds totalling Rs. 3,190,300 included under other Funds had remained as idle balances during periods ranging from 02 to 06 years.
- (e) Action had not been taken to acquire the legal ownership of the lands at Polgolla, Dodamgolla and Mahailuppallama utilized by the University over a long period of time.
- (f) A sum of Rs. 537,230 had been paid for the period November, 2002 to October 2004 to a University Lecturer for the procurement of consultancy services even though an Engineering Design Centre, Maintenance Engineering Division and an Engineering Design and Consultancy Division had been established in the University.

3 : 5 Cost Per Student

The expenditure incurred on academic activities and the average expenditure per student during the year under review as compared with those of the preceding two years are given below.

Faculty	No. of Students			Direct Academic Expenditure			Expenditure Per Student		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
				Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Faculty of Arts	2,337	3,102	3,842	130,720,728	133,640,688	132,820,718	65,935	43,082	34,571
Faculty of Engineering	1,365	1,559	1,621	104,995,764	106,590,375	116,998,111	77,488	68,371	72,176
Faculty of Agriculture	1,171	1,109	1,071	81,446,525	82,055,847	90,978,077	69,553	73,991	84,947
Faculty of Medicine	1,046	1,234	1,254	89,991,213	97,122,213	105,410,533	86,034	78,705	84,059
Faculty of Veterinary	471	533	355	33,570,490	24,723,910	34,651,156	71,275	65,148	97,609
Medicine									
Faculty of Science	1,324	1,614	1,294	83,757,320	88,078,061	99,941,770	63,261	54,571	77,235
Faculty of Dental	430	484	429	54,090,789	55,761,035	69,537,250	125,792	115,209	162,091
Science									

3 : 6 Performance

The following matters were observed:

- (a) The number of students who sat the final year examinations and the number of students successful, and the number of referred and unsuccessful students as a percentage of the total number of students who sat the examinations of each Faculty for 4 academic years according to information furnished to audit are given below.

Faculty	Year	Number which Sat		Number Successful	Number Unsuccessful or Referred	Number Successful as a percentage of the Number which Sat	Number Unsuccessful/ Referred as a percentage of of the Number which Sat
Art	2001	General	299	252	47	84.3	15.7
		Special	376	370	06	98.4	1.6
	2002	General	241	201	40	83.4	16.6
		Special	325	323	02	9.4	0.6
	2003	General	206	156	50	75.7	24.3
		Special	354	350	04	98.9	1.1
	2004	General	226	207	19	91.6	8.4
		Special	441	422	19	95.7	4.3
Medicine	2001		285	192	93	67.3	32.7
	2002		233	172	61	73.8	26.2
	2003		400	333	67	83.2	16.8
	2004		26	17	09	65.4	34.6
Agriculture	2001		193	191	02	98.9	1.1
	2002		186	186	—	100.0	—
	2003		194	191	03	98.4	1.6
	2004	**	377	372	05	98.7	1.3
Dental Science	2001		72	44	28	61.1	38.9
	2002		77	45	32	58.4	41.6
	2003		74	57	17	77.0	23.0
	2004		83	52	31	62.6	37.4
Engineering	2001		1089	542	547	49.8	50.2
	2002		494	259	235	52.4	47.6
	2003		494	279	215	56.5	43.5
	2004		513	284	229	55.4	44.6
Science	2001	General	401	210	191	52.4	47.6
		Special	77	76	01	98.7	1.3
	2002	General	399	213	186	53.4	46.6
		Special	73	72	01	98.6	1.4
	2003	General	621	464	157	74.7	25.3
		Special	73	73	—	100.0	—
	2004	General	332	260	72	78.3	21.7
		Special	107	106	01	99.1	0.9
Veterinary Medicine	2001		134	122	12	91.0	9.0
	2002		60	55	03*	91.7	5.0
	2003		61	55	06	90.2	9.8
	2004		64	34	30	53.1	46.9

* Results of two students had been suspended.

** Two batches had been enrolled simultaneously.

(b) Particulars of the approved cadre, actual cadre, lecturers who had obtained academic leave and those engaged in academic activities of each Faculty of the University for the year 2004 are given below:

<i>Faculty</i>	<i>Department</i>	<i>Post</i>	<i>Number Approved</i>	<i>Actual Number</i>	<i>(Surplus)/ Deficit</i>	<i>Number released on academic leave</i>	<i>Number in service at present</i>
Veterinary Medicine	04	Professor	07	03	04	—	03
		Lecturer	34	28	06	06	22
Dental Science	07	Professor	06	06	—	01	05
		Lecturer	64	58	06	10	48
Agriculture *	09	Professor	18	25	(07)	03	22
		Lecturer	94	74	20	19	55
		Temporary Instructor	—	53	(53)	—	—
Engineering *	08	Professor	07	08	01	02	06
		Lecturer	96	52	44	19	33
		Research Assistant	08	04	04	—	04
		Instructor	16	24	(08)	—	24
		Teaching Assistant	41	25	16	—	25
		Temporary Instructor	47	52	(05)	—	—
Arts	16	Professor	40	35	05	03	32
		Lecturer	160	150	10	32	118
		Temporary Instructor	30	29	01	—	—
Medicine	17	Professor	24	18	06	—	18
		Lecturer	101	78	23	18	60
Science	09	Professor	28	28	—	05	23
		Lecturer	91	82	09	20	62

* Temporary lecturers had been recruited for the vacancies in the academic staff.

4. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Vice Chancellor of the University from time to time. Special attention is needed in respect of the following areas of control.

- (a) Fixed Assets
- (b) Debtors and Creditors
- (c) Cash and Bank
- (d) Purchases
- (e) Contract Administration
- (f) Repair and Maintenance of Houses
- (g) Library Activities
- (h) Advances
- (i) Budget
- (j) Stock Control
- (k) Hostels Control

S. C. MAYADUNNE,
Auditor General.

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2004 - UNIVERSITY OF PERADENIYA

Description	Note No.	Sch.	Page No.	General Fund		Eastern & Jaffna Unit for Displ. Students Rs	Total 2004 Rs	Total 2003 Rs
				University Rs	Ext.Exam.Unit Rs			
ASSETS								
Non-Current Assets								
Property, plant and equipment	01	H,HI	12-14	3,632,372,215.71	3,113,404.72	2,00	3,635,485,622.43	3,780,893,836.68
Work in Progress	02	A	15	148,380,002.18			148,380,002.18	246,885,831.30
Restricted Fund Investment-1	03	I	16-20	66,158,000.62			66,158,000.62	61,405,669.34
Restricted Fund Investment-2	04	J	21-30	173,142,812.87			173,142,812.87	147,330,496.18
				4,020,053,031.38	3,113,404.72	2.00	4,023,166,438.10	4,236,515,833.50
Current Assets								
Stocks	05	K	31	38,995,732.68	1,005,917.89		40,001,650.57	27,620,518.65
Goods in Transit-80-01-02-40	06	K-1	32-35	18,453,099.45			18,453,099.45	20,110,098.30
Receiveable University Staff defaulted agreements and viola-tion of bonnds 12-01-62-00	07	K-2	36-38	67,407,403.98			67,407,403.98	64,660,682.91
Moneys due from other Univer-sity and Institutions	08	Q	39	749,264.06	60,217,660.68	3,819,554.49	14,220,570.55	13,679,356.28
Sundry Debtors-Miscellaneous	09	L	40	15,888,569.63			15,888,569.63	12,076,771.45
Supplies & Services Advance	10	P	41	5,843,053.81			5,843,053.81	9,085,905.04
Loans & Advance to student	11	N	42	278,945.00			278,945.00	279,545.00
Loans & Advance to staff	12	M	43	98,546,775.03	2,191,646.00	28,141.90	100,766,562.93	103,968,289.95
Miscellaneous Advance	13	O	44	13,436,630.53	63,095.00		13,499,725.53	10,434,094.88
Pre-Payments	14	R	45	3,049.90			3,049.90	749,334.74
Cash at Bank - Balance in cashbook	15	S	46-47	68,949,961.75	2,861,011.44	7,606.35	71,818,579.54	54,470,322.89
				328,552,485.82	66,339,331.01	3,855,302.74	348,181,210.89	317,134,920.09
Total Assets				4,348,605,517.20	69,452,735.73	3,855,304.74	4,371,347,648.99	4,553,650,753.59
LIABILITIES								
Current Liabilities								
Deposits	16	U	48	6,079,246.42	4,903.16		6,084,149.58	6,009,781.54
Monies due to other Univer-sities and Institutions	17	W	49	28,333,772.63		903,982.84	900,303.34	902,945.84
Sundry Creditors	18	T	50	39,113,267.92	806,326.32	45,990.52	17,737,128.21	11,539,128.64
Expense Creditors	19	V	51	17,612,270.10	1,170,927.44		18,783,197.54	13,167,488.23
Total Liabilities				91,138,557.07	1,982,156.92	949,973.36	43,504,778.67	31,619,344.25
Total Net Assets				4,257,466,960.13	67,470,578.81	2,905,331.38	4,327,842,870.32	4,522,031,409.34
NET ASSETS/EQUITY								
1. Capital								
1. Capital-Spent Capital Grant	20.01	A	52	1,798,410,407.47	1,073,686.50	1,097,232.67	1,800,581,326.64	1,592,757,443.25
2. Capital-Spent Capital Grant Work in Progress				92,616,873.13			92,616,873.13	195,293,809.43
3. Unspent Capital Grant-Building 20.01		A	52	13,635,486.00		536,342.33	14,171,828.33	1,138,433.09
4a. Specific Reserves:								
Unspent Capital Grant-Equip-ment Furniture Library Books & Periodicals	20.02	B	53	28,295,117.35			28,295,117.35	6,721,636.36
4b. Rehabilitation:								
1. Rehabilitation Spent Grant Capital Nature Work in Progress	20.01	A	52	52,946,763.19			52,946,763.19	51,592,021.87
2. Rehabilitation Unspent Grant	20.03	B1	54-60	312,987.18			312,987.18	12,378,303.72
2 Donation-Buildings				1,225,101,020.00			1,225,101,020.00	1,225,101,020.00
Donations (Assets)				988,622,335.11			988,622,335.11	967,529,984.82
Foreign Aid				500,745,951.84			500,745,951.84	500,745,951.84
RESERVES								
1. Fixed Assets Revaluation Reserve				2,440,915,018.34	4,542,658.83		2,445,457,677.17	2,445,457,677.17
2. General Reserve of the Insti-tution				(3,573,163,976.62)	57,726,004.73	1,229,356.38	(3,514,208,615.51)	(3,098,512,046.38)
3. Retirement Gratuity	21			328,374,943.00			328,374,943.00	283,567,582.30

10 A I කොටස : (I) ඡේදය - ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ අති විශේෂ ගැසට් පත්‍රය - 2006.10.13

PART I : SEC. (I) - GAZETTE EXTRAORDINARY OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA - 13.10.2006

Description	Note No.	Sch.	Page No.	General Fund		Eastern & Jaffna Unit for Displ. Students Rs	Total 2004 Rs	Total 2003 Rs
				University Rs	Ext.Exam.Unit Rs			
3.RESTRICTED FUNDS								
1.(a) Endowment Fund	22.01	C	61-66	66,119,232.59			66,119,232.59	63,304,228.80
(b) Student Bursaries Fund						42,400.00	42,400.00	42,400.00
2. Special Grants	22.02	D	67	1,613,585.00			1,613,585.00	1,675,846.08
3. Research Grants	22.03	E	68-73	69,07,702.18			69,007,702.18	68,196,093.47
4. Cash Donation				60,038.09			60,038.09	60,038.09
5. Other Funds	22.04	G	74-79	223,853,476.28	4,128,228.75		227,981,705.03	204,980,985.43
				4,257,466,960.13	67,470,578.81	2,905,331.38	4,327,842,870.32	4,522,031,409.34

Certified correct

Prof. K. G. A. Goonasekara
Vice-Chancellor
28.02.2004.

M. S. M. Musthafa
Acting Registrar

A. Sivaguru
Acting Bursar

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31st DECEMBER 2004 - UNIVERSITY OF PERADENIYA

	Notes	2004			Eastern & Jaffna Unit for displ. Students SL Rs.	2004 Total SL Rs.	2003 Total SL Rs.
		General Fund		Ext. Exam. Unit SL Rs.			
		University SL Rs.	SL Rs.				
Operating Revenue	Pg. 341	932,410,000.00	957,511,150.00		932,410,000.00	876,256,600.00	
<u>Recurrent Grant</u>							
(a) Government Grant Recurrent							
<u>Other income</u>							
(b) Funds from withdrawal of Fixed Deposits							
(c) Government Grant-Student Bursary		10,848,950.00			10,848,950.00	10,522,500.00	
(d) Government Grant for Mahapola		14,252,200.00			14,252,200.00	19,798,400.00	
			957,511,150.00		957,511,150.00	906,577,500.00	
Rehabilitation Grant for Maintenance			29,533,503.90		29,533,503.90	35,884,839.16	
Interest from Investment		9,731,661.24			9,731,661.24	8,228,181.14	
Interest from Staff Loans		4,840,205.31		106,326.85	4,946,532.16	5,017,013.53	
Rent from Properties		4,591,648.37			4,591,648.37	4,353,100.24	
Sale of Old Stores		991,525.50			991,525.50	136,222.72	
Sale of Produce		70,365.00			70,365.00	70,484.37	
Reimbursements		-			-	1,700.80	
Miscellaneous Receipts (I)		9,844,324.02		26,874.50	9,871,198.52	7,672,131.43	
Registration fees (Undergraduate)		1,679,230.00		4,155,067.50	5,834,297.50	5,076,247.00	
Registration fees (Postgraduate)		1,679,230.00		4,155,067.50	5,834,297.50	5,076,247.00	
Tuition Fees (under Graduate)		30,985.00			30,985.00	57,896.50	
Tuition Fees (Post Graduate)					-	-	
Examination Fees (Undergraduate)		543,098.00		9,197,225.00	9,740,323.00	12,676,966.00	
Examination Fees (Postgraduate)					-	-	
Sale of Publication		114,599.00		824,613.00	939,212.00	1,248,824.00	
Library Fine		447,885.09			447,885.09	378,852.93	
Medical Fees		302,205.00			302,205.00	262,620.00	
Proceeds from Anciliary Activities		8,102,251.06			8,102,251.06	6,174,644.92	
			41,289,982.59				
			1,028,334,636.49	14,310,106.85		1,042,644,743.34	993,820,224.74
Operating Expenses							
Personal Emoluments		834,228,154.07		7,216,896.09		841,445,050.16	739,240,498.66
Travelling		3,540,964.29		54,501.50		3,595,465.79	4,072,726.38
Supplies and consumable used		53,991,667.28		1,080,167.41		55,071,834.69	56,790,651.51
Maintainance expenses		5,394,366.48		144,838.81		5,539,205.29	5,795,990.10
Contractual services	109,795,169.50		1,100,687.16		110,895,856.66	109,194,850.36	
Other operating expenses							
Research and Development expenses	78,261,128.66		3,498,153.11		81,759,281.77	96,145,731.89	
Depreciation and amorisation expenses	373,718,536.14		590,744.01		374,309,280.15	350,628,524.76	
Total operating expenses		1,458,929,986.42	13,685,988.09		1,472,615,974.51	1,361,868,973.66	
Surplus/(Deficit) from operating activities		(430,595,349.93)	624,118.76		(429,971,231.17)	(368,048,748.92)	

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	Notes	2004			Eastern & Jaffna Unit for displ. Students SL Rs.	2004	2003
		General Fund		Ext. Exam. Unit SL Rs.		Total	Total
		University				SL Rs.	SL Rs.
		SL Rs.	SL Rs.				
Gain on sales of property plant and equipment							
Total non operating revenue				-	-	840,000.00	
Net surplus (deficit) before Extra ordinary items			(430,595,349.93)	-	(430,595,349.93)	(369,563,219.14)	
			-	-	-	-	
Net surplus/(deficit) for the period			(430,595,349.93)	624,118.76	(429,971,231.17)	(367,208,748.92)	

CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER 2004 UNIVERSITY OF PERADENIYA

	2004 SL Rs.	2003 SL Rs.
1. Cash Flow from operating activities		
Surplus/Deficit from ordinary Activities	(429,971,231.17)	(367,208,748.00)
Non Cash movements		
Depreciation	374,309,280.15	349,619,513.00
Gratuity & other adjustment	89,382,094.50	
Interest Income	(9,731,661.24)	(8,228,181.00)
Operating Surplus/(Deficit) before working capital Changes	23,988,482.24	(25,817,416.00)
Working Capital Changes		
(Increase) /Decrease stock	(12,381,131.92)	(5,408,480.00)
(Increase) /Decrease Goods in transit	1,656,998.85	(17,539,670.00)
(Increase) /Decrease Receivable from violation of bonds, etc.	(2,746,721.07)	(819,550.00)
(Increase) /Decrease Money due from other Universities	(541,214.27)	16,017.00
(Increase) /Decrease Sundry Debtors	(3,811,798.18)	5,763,280.00
(Increase) /Decrease Supplies and Advances	3,242,851.23	(2,021,789.00)
(Increase) /Decrease Loans & Advances to Student	600.00	67,357.00
(Increase) /Decrease Loans & Advances to Staff	3,201,727.02	6,228,984.00
(Increase) /Decrease Miscellaneous Advance	(3,065,630.65)	288,800.00
(Increase) /Decrease Prepayments Advances & Deposits	746,284.84	386,763.00
(Increase) /Decrease Refundable Deposits	74,368.04	757,249.00
(Increase) /Decrease Sundry Creditors	6,197,999.57	88,965.00
(Increase) /Decrease Money due to other Universities	(2,642.50)	(1,037.00)
(Increase) /Decrease Expense Creditors	5,616,709.31	(14,949,114.00)
Net Cash flows from Operating activities	22,176,882.51	(52,959,641.00)
2. Cash flow from Investing activities		
Addition to Fixed Assets	(228,224,313.90)	(145,362,432.72)
Work in Progress	98,505,829.12	
Proceeds from disposal of Fixed Assets	-	2,200,000.00
Restricted Fund investment I	(4,752,331.28)	(4,087,741.00)
Restricted Fund investment II	(25,812,316.69)	(16,998,431.00)
Interest Income	8,604,068.69	8,228,181.00
Self Financing Project	(149,738,116.99)	(249,935,240.02)
Net Cash Flow used in investing Advities	(301,417,181.05)	(405,955,663.74)
3 Cash Flow from Financing Activities		
Government Grant for:		
Equipment, Books & Periodicals	20,000,000.00	52,100,000.00
Building Programme	19,500,000.00	28,000,000.00
Rehabilitation Capital Natrue	43,000,000.00	26,118,893.52
Information Technology Centre	38,500,000.00	24,000,000.00
Special Grant for Mahailluppallama Ministry of Agriculture	-	1,000,000.00
Special Grant for GELT Programme	-	-
Material Donations (Teaching & Lab Equipment)	21,092,350.29	69,995,764.00
Self Financing Project	154,496,205.25	263,016,534.22

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PART I : SEC. (I) - GAZETTE EXTRAORDINARY OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA - 13.10.2006

	2004 SL Rs.	2003 SL Rs.
Net Cash Flows from Financing Activities	296,588,555.54	464,231,191.74
Net Increase in Cash & Cash equivalents	17,348,257.00	5,315,887.00
Cash and cash equivalents at the beginning of the year	54,470,322.00	49,154,435.00
Cash and cash equivalents at the end of the year	71,818,579.00	54,470,322.00

APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2004 - UNIVERSITY OF PERADENIYA

Description	2004			2004	2003
	General Fund		Eastern & Jaffna Unit ford ispl. Students SL.Rs.	Total	Total
	University SL.Rs.	Ext. Exam. Unit SL.Rs.		SL.Rs.	SL.Rs.
Excess of Income over Expenditure	(430,595,349.93)	624,118.76		(429,971,231.17)	(367,208,748.92)
Balance brought forward from Previous year	(3,145,226,472.65)	57,101,885.97		(3,088,124,586.68)	(2,678,396,407.84)
Add : Gratuity over provision in previous year	-	-	-	-	35,186,019.55
Add Income in respect of past years and other adjustments	3,665,045.96	-	-	3,665,045.96	759,287.28
	(3,572,156,776.62)	57,726,004.73	-	(3,514,430,771.89)	(3,009,659,849.93)
Less: Provision for previous year retirement gratuity payment in respect of past years and other adjustment	(1,007,200.00)	-	-	(1,007,200.00)	(88,852,196.45)
BALANCE CARRIED DOWN TO BALANCE SHEET	(3,573,163,976.62)	57,726,004.73	-	(3,515,437,971.89)	(3,098,512,046.38)

Pro. K.G.A. Goonasekara
Vice-ChancellorM. S. M. Musthafa
Acting RegistrarA. Sivaguru
Acting Burssar

28th February, 2004.

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 13ST DECEMBER 2004
UNIVERSITY OF PERADENIYA

	Accumulated Fund	Revaluation Reserve	Translation Reserve	Total
Balance as at 31st December 2002	2,229,150,091.00	2,023,599,664.00	-	4,252,749,755.00
Deficit on revaluation of properties surplus on revaluation of investments currency translation differences		421,858,013.00	-	421,858,013.00
Surplus on revaluation of properties deficit on revaluation of investments currency translation differences	-	-	-	-
Net gains and losses not recognised in the statement of financial performance	214,632,389.00	-	-	214,632,389.00
Surplus/(Deficit) for the period	(367,208,748.00)	-	-	(367,208,748.00)
Balance as at 31st December 2003	2,076,573,732.00	2,445,457,677.00	-	4,522,031,409.00
Deficit on revaluation of properties surplus on revaluation of investments currency translation differences				
Net gains and losses not recognised in the statement of financial performance				
Surplus/(Deficit) for the period	(429,971,231.00)	-	-	(429,971,231.00)
Balance as at 31st December 2004	1,882,385,193.00	2,445,457,677.00	-	4,327,842,870.00

Financial Highlights

Govt. Grants		2003	2004
I. Government Grant for Recurrent Expenditure	Rs.	876,256,600.00	932,410,000.00
II. Government Grant for Mahapola Scholarship Payments	Rs.	19,798,400.00	14,252,200.00
III. Government Grant for Bursary Payments	Rs.	10,522,500.00	10,848,950.00
IV. Capital 101 Rehabilitation Programme	Rs.	70,000,000.00	43,000,000.00
V. Capital 102 Equipment and Books & Periodicals	Rs.	* 52,100,000.00	48,000,000.00
VI. Capital 103 Building Programme	Rs.	28,000,000.00	19,500,000.00
VII. Information Technology Centre, University of Peradeniya	Rs.	* * 24,000,000.00	9,000,000.00
VIII. Special Grant received for Faculty of Agriculture from Ministry of Plantation	Rs.	250,000.00	250,000.00
IX. Special allocation for Health Centre Equipment	Rs.	17,500.00	-
X. Special Grant for Mahaillupallama from Ministry of Agriculture, Livestock, Land & Irrigation	Rs.	1,000,000.00	590,541.06
XI. IT improvement - Fac. of Eng., Bldg. Struc. for increase intake of Computer Eng Studies Library Automation Career Guidance Work General	Rs.		500,000.00
			1,500,000.00
			500,000.00
	Rs.		1,000,000.00
XII. Supplementary Allocation received from Ministry of Education & Higher Education for Research Capacity Building in Electrical and Electronic Engineering project funded by SIDA.	Rs.		1,006,307.00
XIII. IT Development Fund Grant for the improvement of Dept. of Electrical and Electronic Engineering	Rs.		10,000,000.00
Total	Rs.	1,082,125,000.00	1,092,357,998.00
XIV Self Financing Projects		263,016,534.22	154,496,205.25

AUDIT OPINION

The audit of accounts of the University of Peradeniya for the year ended 31st December 2004 was earned 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 108(1) and 111 of the Universities Act No. 16 of 1978 and Sub section (3), (4) and (7) Section 13 of the Finance Act, No. 38, of 1971.

Except for the effects on the financial statements of the matters referred to in paragraph 2:2 of my report I am of opinion so far as appears from my examination and to the best of information and according to the explanations given to me that the financial statements have been prepared and presented in accordance with Sri Lanka Accounting Standards and the stated accounting policies as set out in notes (Note A to F) to the financial statements and give a true and fair view of the financial position of the University as at 31 December 2004 and the financial results and cash flow for the year then ended.

Comments and observations arising out of the audit are contained in my report of even date addressed to the Vice Chancellor of the University.

(S. C. Mayadunne)
Auditor General

08th June 2005,
Auditor General's Department,
Colombo 07.

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