

ANNUAL REPORT 2022



THE ASSOCIATED NEWSPAPERS OF CEYLON LIMITED

CONTENTS

Vision, Mission and Values	03
Group Performance Highlights	04
Chairman's Review	06
Our Product Portfolio	08
Board of Directors	09
Corporate Management	10
Chief Editors	11
Corporate Social Responsibility	12
Human Resources	13
Events of the Year	14
Towards Employees	18
Financial Review	20
Risk Management	21
Corporate Governance	24
Directors' Report	28
Directors' Responsibility for Financial Statements	32
Auditor General's Report	33
Statement of Financial Position	45
Statement of Comprehensive Income	46
Statement of Changes in Equity	47
Statement of Cash Flows	48
Notes to the Financial Statements	49
Chairman's Comments on Audit Observations	77
Statement of Value Added	82
Ten Year Summary	83
Share Information	84
Notice of Meeting	85
Corporate Information	86
Form of Proxy	87

Our Vision

Sri Lanka's most diversified and popular media service provider.

Our Mission

To be a quality, sustainable and profitable media services provider serving all stakeholders.

Our Values

- ❖ To be the market leader in the newspaper industry.
- ❖ To furnish accurate and authentic information.
- ❖ To be the most efficient newspaper service provider and conveyor.
- ❖ Excellence in customer service.
- ❖ To earmark the market based on the latest trends and demands and the positioning of the brands.
- ❖ To strengthen the market leadership in the print media advertising artistry.
- ❖ To become the most actively expressed publications of the new media.
- ❖ To gain access into convergent social media.
- ❖ To excel in newspaper web printing.
- ❖ To improve the human resource policy and the practices.

GROUP PERFORMANCE HIGHLIGHTS

REVENUE
LKR

1,854Mn

NET PROFIT/(LOSS)
LKR

(197)Mn

TOTAL ASSETS
LKR

3,341Mn

TOTAL EQUITY
LKR

1,770Mn

GROUP PERFORMANCE HIGHLIGHTS

Financial Performance	Unit	2022	2021	change %
Revenue	Rs. 000	1,854,347	2,217,890	-16%
Gross Profit	Rs. 000	1,009,497	1,289,541	-22%
Net Profit / (Loss) Before Tax & Fair Value Adjustment	Rs. 000	(191,936)	332,002	-158%
Net Profit / (Loss) After Tax & Fair Value Adjustment	Rs. 000	(197,357)	345,454	-157%
Gross Profit Margin	%	54%	58%	-7%
Net Profit Margin	%	-11%	16%	-169%
Return on Assets (ROA)	%	-6%	10%	-160%
Return on Equity (ROE)	%	-11%	19%	-158%

Financial Position

Assets	Rs. 000	3,341,457	3,440,633	-3%
Capital Expenditure	Rs. 000	20,270	31,624	-36%
Interest Bearing Liabilities	Rs. 000	352,184	494,261	-29%
Other Liabilities	Rs. 000	1,219,246	1,099,963	11%
Shareholders' Equity	Rs. 000	1,770,027	1,846,410	-4%
Gearing Debt / Equity	No. of times	0.89	0.86	3%
Net Assets Per Share	Rs.	508	530	-4%
Current Ratio	No. of times	3.4	3.1	10%
Quick Assets Ratio	No. of times	2.6	2.1	24%

CHAIRMAN'S REVIEW



CHAIRMAN'S REVIEW

On behalf of the Board of Directors of The Associated Newspapers of Ceylon Limited, it is my pleasure to present you with the Annual Report and Audited Financial Statements of the Company for the year ending 31st December 2022.

Financial Performance

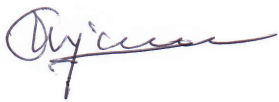
Even in the adverse social economic and political condition in the country during the first two quarters of year 2022, the net loss of Rs. 269mn in the first seven months of year 2022 reduced to Rs. 197mn by the end of the year due to correct strategic planning and management decisions.

Future Outlook

During the year under review, the Company performed its duties exceptionally despite the adverse social, economic and political climate prevailing in the country. The future of the Company and the newspaper industry have adversely affected due to the increase in world market newsprint prices, Sri Lankan Rupee depreciated against the US Dollar and hyperinflation. The company has taken necessary actions to introduce new avenues to enhance revenue in future and it is our aspiration to be a Company to contribute to country's economic development by achieving sustainable and profitable growth by managing costs and efficiency improvement strategies and digitization.

Appreciation

I express my sincere gratitude to our valued customers, shareholders, staff and all other related stakeholders for the trust placed on The Associated Newspapers of Ceylon Limited and look forward to their continued support in the future. Our future hope is that our Company will continue to be the leading print media company that is profitable and provides accurate information to the people with new technology.



Prof. Harendra Kariyawasam
Chairman and Managing Director
22nd December 2023

OUR PRODUCT PORTFOLIO

Daily Papers



Daily News



Weekend Papers



Sunday Observer



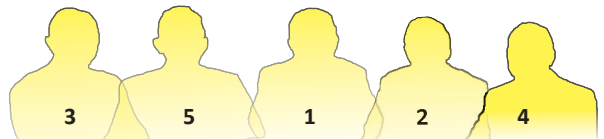
Periodicals



BOARD OF DIRECTORS



The Board of Directors as at 31st December 2022 :



1. Anusha Palpita	Chairman & Managing Director	Appointed w.e.f. 03.06.2022
2. Sisira Kumara Paranatantrie	Director - Editorial	Appointed w.e.f. 03.06.2022
3. Prabath Manjula Makumbura	Director - Operations	Appointed w.e.f. 03.06.2022
4. Prof. Harendra Kariyawasam	Director - Finance	Appointed w.e.f. 13.06.2022
5. Janaka Ranatunga	Director - Legal & Administration	Appointed w.e.f. 13.06.2022

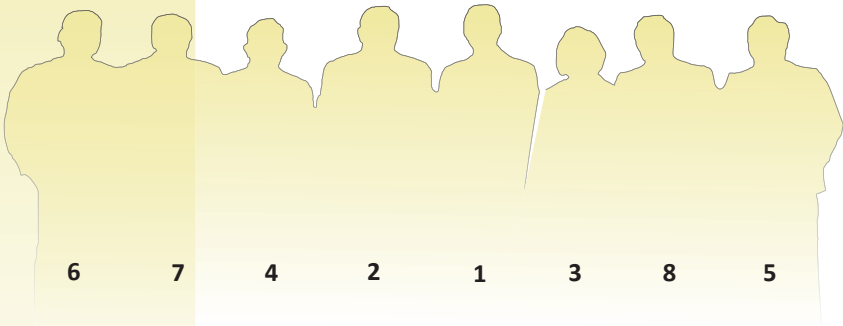
Former Board of Directors :

1. W. Dayaratne, PC	Chairman & Managing Director	Resigned on 31.05.2022
2. Rakhitha Abeygoonawardhana	Director - Legal & Administration	Resigned on 31.05.2022
3. Dharma Sri Kariyawasam	Director - Editorial	Resigned on 31.05.2022
4. Canishka Gaya Witharana	Director - Operations	Resigned on 31.05.2022
5. Janaka Ranatunga	Director - Finance	Resigned on 31.05.2022

CORPORATE MANAGEMENT



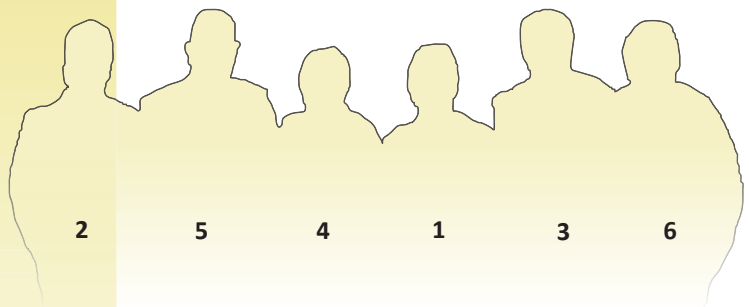
- 1. **Sumith Kothalawala**
General Manager
- 2. **Virajith Bois**
Additional General Manager
- 3. **Mrs. H.W.S. Prasanga**
Company Secretary / Acting Head of Legal
- 4. **Chandana Bandara**
DGM-Corporate Affairs
- 5. **Prasanna Jayasundara**
DGM-Advertising
- 6. **Sisiranath Adhikari**
DGM-Sales till 06.09.2022
- 7. **Kamal Wijesuriya**
SDGM-Printing & Maintenance
(Resigned on 30.06.2022)
- 8. **Narada Sumanarathne**
SDGM-Establishment
(Resigned on 14.06.2022)



CHIEF EDITORS



1. **Dharman Wickremaratne**
Editor – Silumina
2. **Gamini Jayalath**
Editor – Dinamina
3. **Thevadasan Senthilvellar**
Editor – Thinakaran –Varamanjari
4. **Pramod de Silva**
Editor – Daily News
(Resigned from the post on 20.03.2022)
5. **Jayantha Sri Nissanka**
Editor – Daily News
(Appointed w.e.f. 18.04.2022)
6. **Dinesh Weerawansa**
Editor In Chief – Sunday Observer



CORPORATE SOCIAL RESPONSIBILITY

Observer - SLT Mobitel School Cricketer of the Year - 2022



School Boy
Dunith Wellalage
St.Joseph's College - Colombo 10

School Girl
Vishmi Gunarathne
Rathnavali Balika Maha Vidyalaya - Gampaha



Best Bowler Division One
Dineth Samaraweera
Nalanda College - Colombo 10

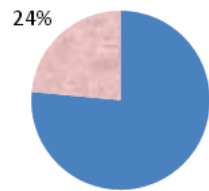
HUMAN RESOURCES

ANCL has recognized its workforce as the heart of its business while continuously evaluating human resources to recognize those who are ready to put forward their efforts towards the company. Having the idea of aligning human resources towards achieving the strategic goals, ANCL continued to attract, retain & widen their capabilities while expanding welfare facilities to its workforce.

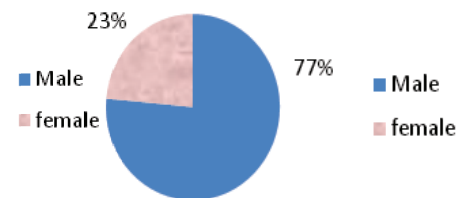
Gender Diversity (As at 31st December)

Gender	2022		2021	
	No	%	No	%
Male	853	76%	1,003	77%
Female	266	24%	295	23%
Total	1,119	100%	1,298	100%

Gender Diversity 2022



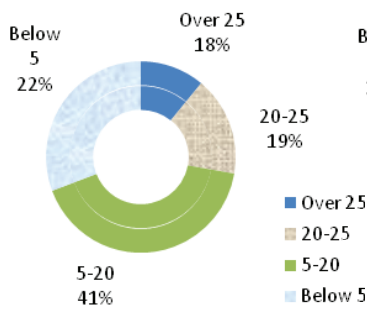
Gender Diversity 2021



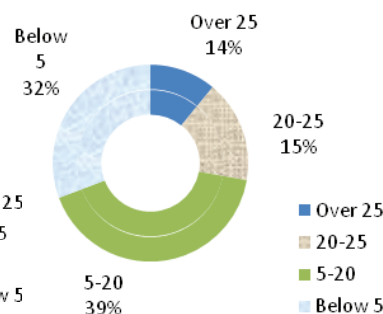
Service Analysis

Average Service Years of Employees

Service Analysis 2022



Service Analysis 2021

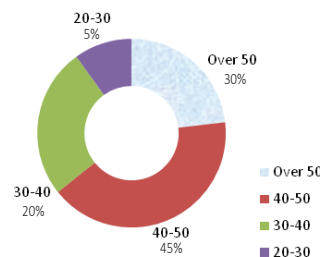


Service Years	2022		2021	
	No	%	No	%
Over 25	197	18%	180	14%
20-25	216	19%	196	15%
5-20	455	41%	507	39%
Below 5	251	22%	415	32%
Total	1,119	100%	1,298	100%

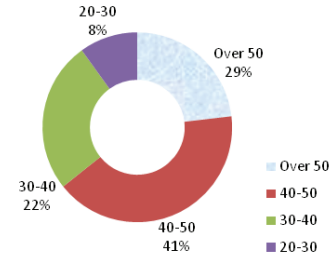
Age Analysis

Age	2022		2021	
	No	%	No	%
Over 50	332	30%	380	29%
40-50	508	45%	536	41%
30-40	220	20%	279	22%
20-30	59	5%	103	8%
Total	1,119	100%	1,298	100%

Age Analysis 2022



Age Analysis 2021



EVENTS OF THE YEAR

Signing of ANCL Collective Agreement



EVENTS OF THE YEAR

The 136th Birth Anniversary of ANCL Founder late Mr D.R. Wijewardene



EVENTS OF THE YEAR

Lake House Media Academy Inauguration Ceremony



EVENTS OF THE YEAR

Launch of Lake House Movers Transport Service



TOWARDS EMPLOYEES

Grade 5 Scholarship Awards Ceremony 2022



Covid 19 Vaccination Programme



FINANCIAL REVIEW

Financial Reporting & Achievements

The Associated Newspapers of Ceylon Limited adopts best practices in its financial reporting and keeps itself updated on new developments in the financial reporting environment. The financial reports on pages 45 - 76 have been prepared in compliance with the Institute of Chartered Accountants of Sri Lanka (CASL) and every attempt has been made to provide stakeholders, with a clear and comprehensive understanding on the Financial Statements.

Financial Performance

Group Financial Performance at a Glance

Item	2022 LKR Mn	2021 LKR Mn	Change LKR Mn
Revenue	1,854	2,218	(364)
Cost of Sales	845	928	(83)
Gross Profit	1,009	1,290	(281)
Other Income	276	499	(223)
Administrative Expenses	1,026	1,001	25
Distribution Expenses	376	310	66
Finance Expenses	76	54	22
Profit Before VRS	(192)	424	(616)
Voluntary Retirement Scheme(VRS) Cost	-	92	(92)
Profit Before Tax & Fair Value Adjustment	(192)	332	(524)
Tax Expenses	-	4	(4)
Fair Value Adjustment	(5)	9	(14)
Profit After Tax & Fair Value Adjustment	(197)	345	(542)

Sources of Revenue	2022 – LKR MN	2021 – LKR MN
Advertising	1,490	1,857
Circulation	331	319
Commercial Printing	33	42
Other Income	276	499
Total	2,130	2,717

RISK MANAGEMENT

Lake House has given due consideration to its risk management process in order to progress towards achievement of its goals and objectives. Risk management under the two forms of risks, namely Financial and Business, is regularly reviewed to ensure the related risks are minimized where the complete elimination is not possible.

Risk Exposure	Company Objectives	Company Initiatives
Financial Risk Management		
1. Liquidity & Cash Management	To maintain liquidity position.	- This is achieved by regular follow up of trade debts, planning production and utilization of short term borrowing facilities. - Company has sufficient assets to offer as collateral for future funding requirements. - Obtaining funding facilities to adequately manage liquidity position through several financial institutions.
2. Interest Rate Risk	To minimize adverse effects of interest volatility.	- Negotiate with banks to obtain the best possible interest rate for Groups' borrowings and investments. - Negotiate and take supplier credit to mitigate the high cost and to avoid adverse fluctuations in local interest rates.
Business Risk Management		
1. Credit Risk	To minimize risk associated with debtors defaults.	- Facilitating advertising agents. - Follow an assessment procedure to ensure credit worthiness of customers. - Company maintains a comprehensive policy to adequately review and provide for doubtful debts.
2. Assets Risk	To minimize losses caused by machine breakdown and damages from fire or theft.	- Obtain comprehensive insurance covers for plant and machinery. - Carry out planned preventive maintenance programs.
3. Internal Controls	To maintain a sound system of internal controls to safeguard Company assets.	Carry out continuous internal audits by Internal Audit Department.

RISK MANAGEMENT

Risk Exposure	Company Objectives	Company Initiatives
4. Human Resources	- To reduce labour turnover. - To ensure smooth flow of operations without interruptions. - To ensure adaptability through training and adopting best practices.	- Maintain an employee evaluation scheme to reward them. - Maintain healthy and cordial relationship with employees at all levels through joint consultative committees. - Provide various employee benefits. - Provide specific and general training wherever necessary.
5. Technological and Quality Related Risk	To keep pace with current technological developments and quality standards to avoid obsolescence.	Develop a long term plan to replace existing machines with technologically advanced machines.
6. Inventory Management Risk	- To reduce stock out situations. - To reduce the accumulation of slow moving items. - To minimize the losses on obsolete stocks. - To minimize risk of sub-standard material being received. - To minimize inventory days.	- Plan monthly production based on budgets and sales forecasts at production planning meetings held monthly. - Continuous stock verification systems to identify non- moving stocks. - Regularly monitor inventory days. - Review periodically and provide adequately for slow moving stocks.
7. Risk of Competition	To avoid losses of market share from competitors.	- Strengthen Lake House brand through various advertising and promotional campaigns. - Maintain product availability throughout the country.
8. Investment in Capital	To reduce the risk of loss in present and future investments.	- Investments in assets are properly planned and made on timely basis. - Reduce the idle assets as far as possible.
9. Information Systems	To minimize possible risks associated with data security, hardware, software and communication systems.	- Data backups are taken regularly and stored in external locations. - Vendor agreements for support services and maintenance. - Regular upgrading of virus scanners, firewalls and software.
10. Environmental Issues	To minimize adverse impact of operations to the environment.	Comply with the standards set by the relevant authorities and ensure compliance.

RISK MANAGEMENT

Risk Exposure	Company Objectives	Company Initiatives
11. Legal and Regulatory Issues	- To minimize possible losses arising from non-compliance with statutory and regulatory requirement. - To minimize or take counter measures to reduce the impact arising from changes to regulatory issues.	- Comply with the requirements of statutory and regulatory bodies. - Obtain advice from the Employers' Federation of Ceylon when necessary.
12. Risk of Covid-19 Pandemic Situation	Covid free working environment	- Staff Vaccination - Staff deployment - Sanitizing premises - Providing face masks - Isolation facilities - Providing staff transport - Comply with health guidelines issued by the government

CORPORATE GOVERNANCE

Strong Corporate Governance practices are the bedrock of stakeholder value creation and long term sustainability. ANCL is committed to the highest standards of business ethics, accountability and transparency as evinced its comprehensive policy frameworks and clear governance structures which facilitate an appropriate balance of power. ANCL Corporate Governance framework has been designed in line with the requirements of Chartered Accountants of Sri Lanka (CA Sri Lanka).

1. The Board of Directors

The Board comprises of Directors who have the appropriate balance of skills, experience, independence and knowledge, which enable them to discharge their responsibilities effectively. The Board which meets regularly is the key decision making body for the matters which are significant to the Company.

From 01.01.2022 to 31.05.2022

Name of the Director	Number of meetings held	Number of meetings attended
W.Dayarathne, PC - Chairman and Managing Director	18	18
Canishka Gaya Witharana	18	18
Rakhitha Abeygoonawardhana	18	18
Janaka Ranatunga	18	18
Dharma Sri Kariyawasam	18	18

From 03.06.2022 to 31.12.2022

Name of the Director	Number of meetings held	Number of meetings attended
Anusha Palpita	30	30
Sisira Kumara Paranatantrie	30	30
Prabath Manjula Makumbura	30	24

CORPORATE GOVERNANCE

From 13.06.2022 to 31.12.2022

Name of the Director	Number of meetings held	Number of meetings attended
Janaka Ranatunga	29	26
Prof. Harendra Kariyawasam	29	28

2. Board Committees and their composition

Board has formed the following committees.

2.1 Executive Committee (EXCO)

EXCO is responsible to provide appropriate and timely information to the Board to enable the Board efficiently discharge their responsibilities. The EXCO members are the following.

- Board of Directors
- General Manager
- Additional General Manager
- Company Secretary
- Chief Editors
- Deputy General Managers

2.2 Audit Committee

The Audit Committee which meets once a quarter continuously reviews and monitors the effectiveness of internal controls to ensure that the company has sound financial discipline. The Audit Committee approves in advance the Annual Audit Plan of the Internal Audit and monitors its execution and progress. The Audit Committee comprises the following members.

- Director - Finance
- Director - Legal & Administration
- General Manager
- Company Secretary
- Additional General Manager
- Chief Internal Auditor
- Government Audit Superintendent
- Representative from The Ministry of Mass Media

CORPORATE GOVERNANCE

2.3 Procurement Committee

The Procurement Committee (Value of over LKR 1 Mn) is established to ensure consistent and correct application of procurement practices and processes. The Procurement Committee comprises the following members:

- Chairman & Managing Director
- Director - Finance
- Director - Legal & Administration
- General Manager
- Additional General Manager
- Chief Internal Auditor
- Head of Procurement

2.4 Grievance Committee

The grievance committee is established to consider the remedies for workers' grievances. During the year, no grievances have been handled.

3. Financial Reporting & Transparency

The Financial Statements of the Company have been prepared in accordance with the generally accepted accounting principles, concepts and the accounting standards laid down by the Institute of Chartered Accountants of Sri Lanka. The Financial Statements included in this Annual Report have been audited by the Auditor General.

The ANCL adopts best practices in its Financial Reporting & keeps itself updated on new developments in the financial reporting environment. The Financial Statements on pages 45 - 76 have been prepared in compliance with the Sri Lanka Financial Reporting Standards for SME issued by CA Sri Lanka.

4. Directors' responsibility for Preparation of Financial Statements

The statement of the Directors' responsibility for preparation of Financial Statements is given in page 32 of this Annual Report.

5. Internal Controls

The systems of internal controls are designed to cover the risk arising from errors, omissions and mistakes, safeguarding the assets of the Company and to record and maintain a proper set of books, through segregation of duties, authority levels and internal control procedures. The Board is responsible for ensuring that the Company has adequate and effective internal controls in place. Day to day financial & non financial activities are reviewed regularly by the Internal Audit Department of the Company.

6. **Compliance with the Statutory Payments**

The Board of Directors confirms that all known statutory payments have been paid up to date and all contributions payable on behalf of employees have been paid or provided in the Financial Statements.

7. **Relationship with Shareholders**

We maintain regular contact and communication with our shareholders.

8. **Corporate Social Responsibility**

The Company is well aware of its responsibilities towards the community and society at large.

9. **Employee Matters & Communications**

Employees are given unrestricted access to the management to voice their concern and solve their grievances then and there. No labour disruptions occurred during the year.

10. **Environment Protection**

Company has not engaged in any activity which is harmful to the environment.

11. **Going Concern**

The Directors after making necessary inquiries and review including reviews of the Company budget for the coming year, CAPEX requirements, future prospects, risks, cash flows and borrowing facilities have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Therefore, the going concern basis has been adapted in the preparation of the Financial Statements.

DIRECTORS' REPORT

The Directors have pleasure in submitting their Annual Report for the year ended 31st December 2022 together with the Audited Financial Statements.

1. Company Activities

The principal activities of the Company are printing, publishing and distribution of newspapers and periodicals. There have been no significant changes in the nature of the principal activities of the Company during the financial year under review.

2. Financial Statements

The Financial Statements of the Group are presented in this Annual Report.

3. Auditors' Report

The Auditors' report on the Financial Statements is given on page 33 of the Annual Report.

4. Significant Accounting Policies

Details of significant Accounting Policies adopted in the preparation of the Financial Statements are given under Accounting Policies stated in this Annual Report.

5. Review of the Year

A review of operations of the Company during the financial year and results of those operations are contained in the Financial Review presented in this Annual Report.

6. Revenue

The Group achieved total revenue of LKR 1,854 Million during the period ending 31st December 2022.

7. Profit & Appropriations (LKR Mn)

	2022	2021
Profit / (loss) before Tax & FV adjustment	(192)	332
Taxation	-	4
Fair Value adjustment	(5)	9
Profit / (loss) after Tax & FV adjustment	(197)	345
Dividends	-	-
Retained profits / (losses) carried forward	(197)	345

8. Revenue Reserves

The Company revenue reserve as at 31st December 2022 was LKR 330 Mn.

9. Property, Plant and Equipment

Capital expenditure on Property, Plant & Equipment and Capital work-in progress for the year 2022 amounted to LKR 20 Mn. The movement of Property, Plant & Equipment during the year is given in Note 6 to the Financial Statements.

10. Donations

During the period Company has not contributed any donations towards charitable institutions.

11. Net Assets per share

Net assets per share are LKR 508.04.

12. Share Information

Information relating to earnings, dividends and net assets per share is presented in Financial Highlights and Ten Year Summary. Distribution of shareholding is indicated under Share Information Report.

13. Substantial Shareholding

The Public Trustee holds 87.5% of the shareholding on behalf of the government of Sri Lanka.

14. Directors

The Directors of the Company as at 31st December 2022 and their shareholding were as follows.

Directors	No. of Shares
Anusha Palpita	NIL
Sisira Kumara Paranatantrie	NIL
Prabath Manjula Makumbura	NIL
Janaka Ranatunga	NIL
Prof. Harendra Kariyawasam	NIL

DIRECTORS' REPORT

15. Resignations / New Appointments during the year

Resignations during the year 2022 were as follows :

Name of the Director	Designation	Date of Resignation
W. Dayaratne, PC	Chairman & Managing Director	31.05.2022
Rakhitha Abeygoonawardhana	Director - Legal & Administration	31.05.2022
Canishka Gaya Witharana	Director - Operations	31.05.2022
Janaka Ranatunga	Director - Finance	31.05.2022
Dharma Sri Kariyawasam	Director - Editorial	31.05.2022

New appointments during the year 2022 were as follows :

Name of the Director	Designation	Date of Appointment
Anusha Palpita	Chairman & Managing Director	03.06.2022
Sisira Kumara Paranatantrie	Director - Editorial	03.06.2022
Prabath Manjula Makumbura	Director - Operations	03.06.2022
Janaka Ranatunga	Director - Legal & Administration	13.06.2022
Prof. Harendra Kariyawasam	Director - Finance	13.06.2022

16. Loans to Directors

No loans have been given to the Directors of the Company.

17. Directors' Interest in Contracts

Directors have no direct or indirect interest in any contract or proposed contract with the Company for the year ended 31st December 2022.

18. Directors' Remuneration

Directors' remuneration in respect of the Company for the year 2022 is stated in Note 26 to the Financial Statements.

19. Post Balance Sheet Events

There was no material post balance sheet event affecting the accounts as at 31st December 2022.

20. Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to the government and employees have been paid up to date.

21. Going Concern

The Board of Directors is satisfied that the Company is a going concern and has adequate resources to continue in business for the foreseeable future. For this reason, the Company follows the “Going Concern” basis when preparing Financial Statements.

22. Environmental Protection

The Directors, to the best of their knowledge and belief, are satisfied that the Company has not engaged in any activities, which have caused adverse effects on the environment and it has complied with the relevant environmental regulations.

23. Auditors

The Accounts for the year have been audited by the Auditor General as per Article 154 (3) of the Constitution of the Democratic Socialist Republic of Sri Lanka.



The Associated Newspapers of Ceylon Limited
Mrs. H.W.S. Prasanga
Company Secretary

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors' responsibility in relation to the Financial Statements is detailed below. The report of the Auditors sets out their responsibility in relation to the Financial Statements.

The Companies Act No. 07 of 2007 requires that the Directors prepare Financial Statements for each financial year, which reflects a true and fair view of the state of affairs of the Company as at the end of the financial year and the profit for the financial year. In preparation of these Statements, the Directors are required to ensure that:

1. Appropriate Accounting Policies have been selected and applied on consistent basis. Material departures, if any, are disclosed and explained.
2. Ensure that all applicable Accounting Standards have been followed.
3. The adjustments and estimates are reasonable and prudent.
4. The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose, with reasonable accuracy, the Financial Position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act. They are also responsible for taking reasonable steps to safeguard the assets of the Company and to establish appropriate system of Internal Controls, which provide reasonable though not absolute assurance to the Directors that assets are safeguarded and Internal Controls are in place with a view to the prevention and detection of fraud and error.
5. The Directors are required to prepare the Financial Statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspection they consider to be appropriate for the purpose of enabling them to give their report.

The Directors are of the view that they have discharged their responsibilities as set out in this Statement.

The Auditor General, the Auditors of the Company have examined the Financial Statements made available by the Board of Directors together with all the financial records, related data and minutes of Shareholders and Directors' meetings and express their opinion in their report presented in this Annual Report.

By order of the Board



The Associated Newspapers of Ceylon Limited

Mrs.H.W.S. Prasanga

Company Secretary

AUDITOR GENERAL'S REPORT

CAM/C/ANCL/2/22/FA-01

June 2023

Chairman
Associated Newspapers of Ceylon Limited

Report of the Auditor General on the Financial Statements and Other Legal Requirements of the Associated Newspapers of Ceylon Limited and its subsidiaries for the year ended 31 December 2022 in terms of Section 12 of the National Audit Act, No.19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Associated Newspapers of Ceylon Limited (“Company”) and its subsidiaries (“Group”) for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 provisions of the National Audit Act, No. 19 of 2018. My report will be tabled in Parliament in due course in terms of Article 154(6) of the Constitution.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium- Sized Entities.

1.2 Basis for Qualified Opinion

- (a) In accordance with paragraph 17.4 of Section 17 of Sri Lanka Accounting Standard for Small and Medium-Sized Entities, purchase of information technology accessories totalling Rs.455,715 which should be recognized as a fixed asset, had been accounted as a maintenance expenditure.
- (b) In accordance with paragraph 28.34 (b) of Section 28 of Sri Lanka Accounting Standard for Small and Medium-Sized Entities, in taking action to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy, the said benefit should be recognized as a liability and

1 | 12

AUDITOR GENERAL'S REPORT

an expense. Nevertheless, action had not been taken in accordance with the said standard relating to benefits payable to officers who terminate the service under voluntary redundancy as at the end of the year under review. As such, the loss of the year under review had been understated by Rs.178,471,698 and action had not been taken to indicate the value of gratuity amounting to Rs.139,692,726 payable to 149 employees who terminated the service during the period from the end of the year under review to 31 March 2023, separately as current liabilities.

- (c) The current and non-current liability recorded in the lease credit liability in the statement of financial position of the Company as at the end of the year under review were Rs.2,886,840 and Rs.8,386,829 respectively. However, according to computations of both parties, the Institute and Audit, it was observed that accurate values should be Rs.3,142,753 and Rs.8,129,817 respectively.
- (d) Maintenance expenditure of Rs.820,370 in respect of 300 computer software licences and websites relating to the year under review had not been identified in the financial statements of the year under review.
- (e) Action had not been taken to indicate pre-payments of Rs.903,867 paid for renewal of annual licences of 261 Google applications relating to the year 2023, under the current liabilities..
- (f) The value of capital expenditure amounting to Rs.7,039,950 incurred for modernization of the office premises of the Tax Appeals Commission of which the works were completed on 29 December 2021 had not been recognized in the financial statements in accordance with paragraph 17.4 of Section 17 of the Sri Lanka Accounting Standard for Small and Medium-Sized Entities (SLFRS for SMEs), even by the end of the year under review. As such, the value of total assets had been understated by Rs.7,039,950 and the loss of the year due to failure in identifying depreciation of Rs.711,998, had been understated by the same amount in the statement of financial position of the Company as at that date.
- (g) The value of rental income of Rs.2,632,500 receivable from the Tax Appeals Commission as at the end of the year under review had not been accurately identified in the financial statements.
- (h) In accordance with paragraph 10.21 of Section 10 of the Sri Lanka Accounting Standard for Small and Medium-Sized Entities (SLFRS for SMEs), the value of accounting errors pointed out by Audit relating to financial statements of the year 2021, not corrected in the year under review was Rs.7,966,630.

AUDITOR GENERAL'S REPORT

- (i) The balances of sundry debtors, Financial Instruments In Hand Account and Provision for Pension Gratuity Account had been overstated by Rs.12,605,232, Rs.10,522,146 and Rs.2,083,088 respectively.
- (j) As the service period of 14 employees had been counted less, the provision for pension gratuity for the year under review had been made in less of Rs.701,384.
- (k) In accordance with paragraph 21.11 of Section 21 of the Sri Lanka Accounting Standard for Small and Medium-Sized Entities (SLFRS for SMEs), it is necessary to review provisions and reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. However, when making provision, of the lawsuits filed against the Company, provision had been made as per the normal percentage of 0.4 per cent for the lawsuit filed against the company for which a compensation of Rs.500,000,000. The Company had filed an appeal against that in the Supreme Court and the Company had replied that as there is a probability of receiving a decision advantageous to the Company, provision was made according to that percentage.
- (l) The criterion required for making provision were met in accordance with paragraph 21.4 of Section 21 of the Sri Lanka Accounting Standard for Small and Medium-Sized Entities (SLFRS for SMEs). However, the Company had not made any provision whatsoever for the compensation amounting to Rs.4,120,740 ordered for the 4 decisions given for payment of compensation by the Labour Tribunals as at the end of the year under review.
- (m) The balance of trade, statutory, expenditure and non-staff creditors totalled Rs.40,976,807 under the payables of the year under review. However, an advance balance of Rs.6,997,346 relating to these balances had been set off. As such, the balance of value payable had been reflected less by the same amount and 02 creditors' balances of Rs.2,466,902 older than 05 years had not been settled even up to the end of the year under review.
- (n) The useful life of assets shall be reviewed at least at the end of the financial year in accordance with paragraph 17.19 of Section 17 of the Sri Lanka Accounting Standard for Small and Medium-Sized Entities (SLFRS for SMEs), and if current expectations differ from previous estimates, the said difference should be accounted in accordance with paragraphs 10.15 and 10.18 of Section 10 of the Sri Lanka Accounting Standard for Small and Medium-Sized Entities (SLFRS for SMEs). However, fully depreciated property, plant and equipment amounting to Rs.1,538,041,135 still in use, had not been so reviewed or accounted.

AUDITOR GENERAL'S REPORT

- (o) In accordance with paragraph 21.11 of Section 21 of the Sri Lanka Accounting Standard for Small and Medium-Sized Entities (SLFRS for SMEs), provisions shall be reviewed at each reporting day to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. However, other provisions of Rs.39,083,375 made in the years 2020 and 2021 had been reflected in the financial statements in the same amount without reviewing.
- (p) The Company had not taken action to correct the differences amounting to Rs.3,635,182 and Rs.2,669,967 up to the end of the year in the opening debit and credit balances of the year under review relating to 13 inventory items. Moreover, the stock had been under computed by Rs.22,806,249 relating to 6 items and it had been over computed by Rs.5,927,633 relating to 5 items.
- (q) The value of Rs.64,996,751 indicated as cost of motor cars, comprised the value of office equipment of Rs.3,912,786.
- (r) Even though the current loan balance of Commercial Bank had been indicated as Rs.175,502,000 under obtaining of loans as at the end of the year under review, the balance mentioned in the Bank Confirmation letter amounted to Rs.174,335,400, thus observing a difference of Rs.1,166,600.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other Information included in the Annual Report-2022 of the Group

Other information means the information included in the Annual Report -2020 of the National Institute of Plantation Management which is expected to be submitted to me after the date of this report, but not included in the financial statements and my audit report thereon. The Management should be responsible for other information.

Other information is not enclosed by my opinion on financial statements and I do not make any certification or express an opinion in that connection.

My responsibility relating to my audit on financial statements is to read other information identified as above when it is available and to consider whether other information is not materially compatible with financial statements or with my knowledge gained in audit or any other manner.

AUDITOR GENERAL'S REPORT

When reading the Annual report 2020 of the National Institute of Plantation Management, if I conclude that material misstatements exist, those matters should be communicated to those charged with governance for correction. If any material misstatements further exist, those will be included in the report tabled in Parliament by me in due course in terms of Article 154(6) of the Constitution.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium- Sized Entities, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

As per Section 16(1) of the National Audit Act, No. 19 of 2018, the Company and the Group are required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company and the Group.

1.5 Auditor's Responsibility for the Audit of Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise Professional judgment and maintain professional scepticism throughout the audit. I also:

AUDITOR GENERAL'S REPORT

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have obtained sufficient and appropriate audit evidence on financial information of institutions or business activities of the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the audit of the Group. I am totally responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, significant findings, including any significant deficiencies in internal control that I identify during my audit.

AUDITOR GENERAL'S REPORT

2. Report on Other Legal and Regulatory Requirements

- 2.1 National Audit Act, No. 19 of 2018 and the Companies Act, No. 7 of 2007 include specific provisions for following requirements.
- 2.1.1 Except for the effects of the matters described in the Basis for Qualified Opinion section of my report, I have obtained all the information and explanations that is required for the audit and as far as appears from my examination, proper financial records have been kept by the Company as per the requirement of Section 163(2) of the Companies Act, No. 7 of 2007 and Section 12(a) of the National Audit Act, No.19 of 2018.
- 2.1.2 The financial statements of the Company presented are consistent with the preceding year as per the requirement of Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- 2.1.3 Except for the observations indicated in paragraph 1.2 (h) of the Basis for Qualified Opinion section of my report, the financial statements presented include all the recommendations made by me in the previous year as per the requirement of Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- 2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;
- 2.2.1 To state that any member of the Governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of Section 12 (d) of the National Audit Act, No. 19 of 2018
- 2.2.2 Except for the following observations, to state that the Company has not complied with any applicable written law, general and special directions issued by the Governing body of the Company as per the requirement of Section 12 (f) of the National Audit Act, No. 19 of 2018.

Reference to Laws Rules/ Direction	Observations
(a) Section 27(2)(a) of the Employees' Provident Fund Act, No. 15 of 1958	The surcharge on delay charges of employees' provident funds totalling Rs.127,264,345 for the years 2019, 2020, 2021 and 2022, had not been paid even by the end of the year under review.

AUDITOR GENERAL'S REPORT

- (b) Section 2.2 of the Public Allowances had been paid to the Chairman and the Board of Enterprises Circular No. Directors without recommendation of the Secretary to the Line PED/03 of 17 June 2015 Ministry and the approval of the Ministry of Finance.
- (c) Section 47 of the Employees' Allowances and cost of living allowances had not been taken Provident Fund Act, No.46 of into account in the computation of employees' provident fund 1980 and Section 44 of contribution and as such, the contribution of the Company and paragraph 2(vi) of the ANCL employees for the E.P.F and the Employees' Trust Fund had E.P.F been under computed by Rs.40,053,954, Rs.42,532,794 and Rs.8,010,790 respectively.
- (d) Government Procurement The Government Procurement Guidelines had not been Guidelines 2006 followed and procurements valued at Rs.9,195,572 carried out in the year under review could not be confirmed due to lack of a proper procurement procedure approved by the Company.
- (e) Decision No.35/11/20 of the According to the Board Decision, an employee recruited to the Board of Directors of the Company, can be released only to the President's Office, Prime Minister's Office and Line Ministry based on the payment of salaries and wages by the Company. However, contrary to that, a sum of Rs.900,000 had been paid as consultancy fees to a consultant released to the Office of the Minister of Mass Media.
- (f) Section 38 (1)(e) of National Even though the Chief Accounting Officer shall ensure that all Audit Act, No.19 of 2018 audit queries be answered within the specified time as required by the Auditor-General, action had not been taken even by 15 May 2023 to reply for 12 audit queries issued from 03 November 2022 to 25 April 2023.

2.2.3 According to the requirement specified in Section 12 (g) of the National Audit Act, No.19 of 2018, the Company has not performed according to its powers, functions and duties except for the following observation.

According to a request made by the Minister of Mass Media on 26 November 2020, an independent consultant had been recruited on 07 December 2020 to the Company. Later, the said consultant had been released from service to the staff of Minister of Mass Media on 08 December 2020 and to the staff of the Minister of Health on 17

8 | 12

AUDITOR GENERAL'S REPORT

August 2021 and a sum of Rs.1,800,000 had been paid as salaries by the Company without obtaining any service.

2.2.4 According to the requirement specified in Section 12 (h) of the National Audit Act, No.19 of 2018, except for the following observations, the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

- (a) A sum of Rs.1,200,000 had been spent by the Company in December 2008 for the purchase of 1,200 shares of Associated Newspapers of Ceylon Limited. However, no benefits whatsoever had been received even by 31 December 2022.
- (b) A land of 8 Acres in extent located at Hokandara which was purchased in the year 1985 for the construction of a housing scheme and valued again in the year 2021 for Rs.733,000,000 had remained idle from the date of purchase.
- (c) The Management had taken action deviating from the General Disciplinary Procedure in respect of the financial fraud committed to the company due to negligence of responsibilities by the former Chief Marketing Officer and thus, no measures whatsoever had been taken in respect of the financial loss amounting to Rs.22,481,380.
- (d) The unsettled loan balance relating to 189 institutions remained over a period of 2 years was Rs.19,537,397, due to lack of specific conditions or a due period in publishing advertisements on credit basis, for Government institutions and other private institutions.
- (e) Two buses valued at Rs.14,700,000 purchased on the lease basis in February 2021 had been parked without operating for a period from May 2022 up to now.
- (f) Even though segregation of duties should be carried out for processes such as preparing, checking and approving of estimates reports, it was observed in Audit that such a procedure is not implemented in the Department of Commercial Printing. In preparing cost estimates, an accepted transparency methodology is not adhered to and it was observed that the said procedure is carried out on experience and personal decisions of the person who prepares the estimate. Moreover, it was observed that the income of the Department of Commercial Printing had decreased by Rs.8,451,347 in the year 2022 as compared with the year 2021.
- (g) The Lakehouse Property Development (Pvt) Ltd. had been commenced with the objective of involving in the property development business in the year 1985. However, cash flows had not been generated through operating activities even by May 2023.

9 | 12

AUDITOR GENERAL'S REPORT

- (h) The approval of the Board of Directors had not been obtained even by 31 December 2022 for the Human Resource Management Policy prepared by paying Rs.3,150,000 to a consultant in the year 2017 and again the said consultant had been recruited in November 2022 on contract basis for a period of 06 months for the same purpose and a sum of Rs.150,000 had been paid per month. Further, the contract period had been extended for another 06 months from 01 May 2023.
- (i) The balance totalling Rs.7,357,501 not recovered for a period from 1 year to 22 years due to retirement, termination or death of employees of the Company as well had been included in the balance recoverable from employees.
- (j) The Government ministries, departments, corporations and the public had been permitted by the Company to pay the subscription for publications of the Company and the arrears of balance indicated in the Subscription Account as at the end of the year under review was Rs.21,418,660. A sum of Rs.13,683,486 of that, had remained in arrears over a period from 1 year to 11 years and adequate measures had not been taken even by the end of the year under review to recover the said outstanding balance.
- (k) A loan balance of Rs.43,650,100 was recoverable from 503 representatives whose representativeness was cancelled prior to the year 2019.
- (l) The other income of the Company had decreased by 44.7 per cent as compared with the preceding year and action had not been taken to pay more attention towards the improvement of the alternative income sources.
- (m) In preparing estimates by the Company for the contract of painting the front side of the Head Office, an area of 10,650 square feet in extent had been omitted and as such, a sum of Rs.522,100 relating to the said area, could not be recovered from the old contractor and no disciplinary action had been taken in respect of those officers.
- (n) The approval of the Board of Directors had been granted in September 2022 for the payment of interest of deposit balances to representatives. As such, the deposit interest of representatives relating to the year under review amounting to Rs.1,465,102 had been paid from January to August without an approval.
- (o) Even though provision for the production development programme, procurements for the development of Printing Division and its improvements had been made under the Annual Action Plan, it had not been implemented accordingly. Plans for the Advertising Division, Digital Media Division and the Sales Division had been implemented at the minimum level and thus, the opportunity of increasing the income and minimizing the loss of the Company had been deprived of.

10 | 12

AUDITOR GENERAL'S REPORT

- (p) The number of newspapers sold during the period of 05 preceding years had dropped continuously and rapidly as compared with the preceding year. The sales income of newspapers in the year 2017 amounted to Rs.525 million and it had decreased up to Rs.331 million in the year 2022. The number of newspapers sold had decreased by 61 per cent by the year 2022 as compared with the year 2017 due to failure in taking adequate strategies and measures to be taken to increase the sales of newspapers.
- (q) As advertisements had been published erroneously in the year under review, the value of marketable ad space used for publishing advertisements of rectification of those errors , amounted to Rs.2,480,117.
- (r) A sum totalling Rs.2,194,637 paid as salaries and wages of three employees of Associated Newspapers of Ceylon Limited in the year 2017, had been indicated as a balance receivable as at 31 December 2022.

2.3 Other Matters

- (a) Out of the balance of Rs.728,686,241 relating to 1274 trade debtors, only the balance valued at Rs.8,135,294 15 relating to 15 debtors was reconciled with the total debtors balance as at 31 December 2022. However, action had not been taken to confirm the balance of Rs.204,617,890 relating to 583 debtors.
- (b) When hearing a lawsuit instituted claiming a sum of Rs.500 million from the Company relating to a letter published in the “Silumina” which is a weekend newspaper, at the Colombo District Court in the year 2010, the Attorney-at-Law of the Company, who appeared for the Company, was in a wrong court room and thus, the Court has given a judgment which was biased towards the Plaintiff and an order to pay a compensation of Rs.500 million. Subsequently, the Company had to pay a sum of Rs.18,230,000 as legal charges for filing an appeal at the Supreme Court in respect of the said judgment. Moreover, Attorneys –at –Law had been selected by the said Attorney-at-Law himself, who was in a wrong court room, for this case and produced to the Board of Directors. However, no disciplinary action whatsoever had been taken against the said officer. This case is still being heard at the Supreme Court.
- (c) Bank reconciliation statements relating to 10 accounts including the main current account of the Company had been prepared with a certain delay. As such, the objectives expected by preparing bank reconciliation statements are not achieved and there were sums of Rs.20,684,387 relating to 511 unidentified direct remittance in the Account No.377 of the Bank of Ceylon and Rs.20,220,216 relating to 25 instances of direct payments recorded in the cash book. Moreover, 121 cheques valued at Rs.2,271,916 which were issued but not realized and lapsed 06 months, were observed and in the examination of other bank accounts, 277 dishonored cheques

11 | 12

AUDITOR GENERAL'S REPORT

valued at Rs.27,442,442 were observed by the end of the year under review. Out of that, 76 cheques valued at Rs.2,483,943 had remained unsettled over a period of 5 years without taking measures to settle them.

- (d) Action had not been taken to identify routes permit Nos. 1551 and 1154 relating to buses owned by the Company as intangible assets in the financial statements of the year under review.


W.P.C. Wickramaratne
Auditor General

STATEMENT OF FINANCIAL POSITION

		Company		Group	
As at 31 st December	Notes	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
ASSETS					
Non Current Assets					
Property, Plant & Equipment	06	1,541,115	1,461,362	1,541,115	1,461,362
Investment Property	07	19,866	21,522	19,866	21,522
Intangible Assets	08	3,575	7,471	3,575	7,471
Long Term Financial Assets	09	13,538	215,720	13,538	215,720
Investment in Subsidiaries	10	7,500	7,500	-	-
Deferred Tax Assets	11	69,276	69,276	69,276	69,276
Plan Asset	23	309,611	246,538	309,611	246,538
Staff Receivables	14	54,051	77,297	54,051	77,297
Total Non Current Assets		2,018,533	2,106,685	2,011,032	2,099,185
Current Assets					
Inventories	12	327,383	423,980	327,383	423,980
Trade & Other Receivables	13	652,212	801,317	670,886	820,009
Staff Receivables	14	51,872	45,096	51,872	45,096
Current Tax Assets	28	8,120	19,667	8,120	19,667
Cash & Cash Equivalents	15	272,163	32,695	272,163	32,695
Total Current Assets		1,311,751	1,322,755	1,330,424	1,341,447
Total Assets		3,330,284	3,429,440	3,341,457	3,440,633
EQUITY & LIABILITIES					
Equity					
Stated Capital	16	34,837	34,837	34,837	34,837
Revaluation Reserves		1,405,004	1,284,029	1,405,004	1,284,029
Retained Earnings		319,022	516,380	330,185	527,543
Total Equity		1,758,864	1,835,246	1,770,027	1,846,410
Liabilities					
Non-Current Liabilities					
Deposits	17	176,472	184,349	176,472	167,343
Borrowings	18	171,293	253,135	171,293	253,135
Leases	19	8,387	11,274	8,387	11,274
Provision for Claims	20	59,840	51,844	59,840	51,844
Employee Benefit Obligations	23	769,628	676,350	769,628	676,350
Total Non-Current Liabilities		1,185,620	1,176,953	1,185,620	1,159,947
Current Liabilities					
Borrowings	18	178,004	238,239	178,004	238,239
Leases	19	2,887	2,887	2,887	2,887
Provisions - Other	21	56,588	39,084	56,588	39,084
Trade & Other Payables	22	148,321	137,032	148,331	154,068
Total Current Liabilities		385,800	417,242	385,810	434,277
Total Liabilities		1,571,420	1,594,195	1,571,430	1,594,224
Total Equity & Liabilities		3,330,284	3,429,440	3,341,457	3,440,633

The accounting policies and notes to the Financial Statements form an integral part of these Financial Statements. It is certified that these Financial Statements have been prepared in compliance with the requirements of Companies Act No. 7 of 2007.



Virajith Bois
Additional General Manager

Board of Directors is responsible for the preparation and presentation of these Financial Statements which were approved by the Board of Directors and signed on their behalf.



Anusha Palpita
Chairman & Managing Director



Professor Harendra Kariyawasam
Director - Finance



Janaka Ranatunga
Director - Legal & Administration

23rd February 2023
Colombo

Annual Report 2022

45

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 st December	Notes	Company		Group	
		2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Revenue	24	1,854,347	2,217,890	1,854,347	2,217,890
Cost of sales		(844,851)	(928,349)	(844,851)	(928,349)
Gross profit		1,009,497	1,289,541	1,009,497	1,289,541
Other income	25	275,976	499,247	275,976	499,247
		1,285,473	1,788,788	1,285,473	1,788,788
Administrative expenses		(1,025,945)	(1,001,331)	(1,025,944)	(1,001,340)
Distribution expenses		(375,648)	(309,885)	(375,648)	(309,885)
Operating profit	26	(116,120)	477,573	(116,119)	477,563
Finance expenses		(75,817)	(53,608)	(75,817)	(53,608)
Profit before VRS		(191,937)	423,965	(191,936)	423,955
Voluntary Retirement Scheme (VRS) Costs	27	-	(91,952)	-	(91,952)
Profit before tax & FV adjustment		(191,937)	332,012	(191,936)	332,002
Tax expense	28	-	4,480	-	4,480
Fair value adjustment		(5,421)	8,971	(5,421)	8,971
Profit for the year		(197,358)	345,464	(197,357)	345,454
Profit attributable to owners of the parent		(197,358)	345,464	(197,357)	345,454
Other Comprehensive Income					
Revaluation of Lands		-	1,284,029	-	1,284,029
Revaluation of Motor Vehicles		120,975	-	120,975	-
Total Comprehensive income for the period		(76,383)	1,629,493	(76,382)	1,629,483
Profit attributable to owners of the parent		(76,383)	1,629,493	(76,382)	1,629,483

STATEMENT OF CHANGES IN EQUITY

Company

	Stated Capital LKR '000	Revaluation Reserves LKR '000	Retained Earnings LKR '000	Total LKR '000
Balance as at 1 st January 2021	34,837	-	170,916	205,752
Profit for the year 2021	-	-	345,464	345,463
Revaluation of Lands	-	1,284,029	-	1,284,028
Dividends	-	-	-	-
Balance as at 31st December 2021	34,837	1,284,029	516,380	1,835,245
Profit for the year 2022	-	-	(197,358)	(197,358)
Revaluation of Motor Vehicles	-	120,975	-	120,975
Dividends	-	-	-	-
Balance as at 31st December 2022	34,837	1,405,004	319,022	1,758,862

Group

	Stated Capital LKR '000	Revaluation Reserves LKR '000	Retained Earnings LKR '000	Total LKR '000
Balance as at 1 st January 2021	34,837	-	182,089	216,929
Profit for the year 2021	-	-	345,454	345,454
Revaluation of Lands	-	1,284,029	-	1,284,029
Dividends	-	-	-	-
Balance as at 31st December 2021	34,837	1,284,029	527,542	1,846,412
Profit for the year 2022	-	-	(197,357)	(197,357)
Revaluation of Motor Vehicles	-	120,975	-	120,975
Dividends	-	-	-	-
Balance as at 31st December 2022	34,837	1,405,004	330,185	1,770,030

STATEMENT OF CASH FLOWS

For the year ended 31 st December	Notes	Company		Group	
		2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Net profit before tax & fair value adjustment		(191,937)	332,012	(191,936)	332,002
Adjustments					
Depreciation/Amortization		62,429	62,178	62,429	62,178
Provision for trade & other receivables		24,871	13,262	24,871	13,262
Provision for claims against the company		7,996	26,924	7,996	26,924
Provisions - Other		17,505	29,905	17,494	29,905
Income Tax written off		11,547	15,401	11,547	15,401
Gratuity provision		120,771	113,793	120,771	113,793
Finance expenses		75,817	53,608	75,817	53,608
Rental income		(77,922)	(74,024)	(77,922)	(74,024)
Interest income		(58,021)	(15,723)	(58,021)	(15,723)
Dividend income		(5,335)	(8,109)	(5,335)	(8,109)
(Profit)/loss on sale of property, plant & equipment		-	(1,267)	-	(1,267)
(Profit)/loss on disposal of shares		(7,145)	-	(7,145)	-
Operating cash flow before working capital changes		(19,425)	547,961	(19,434)	547,951
Changes in working capital					
(Increase)/decrease in inventories		96,597	(102,407)	96,597	(102,407)
(Increase)/decrease in trade & other receivables		166,324	(56,311)	166,324	(56,311)
Increase/(decrease) in trade & other payables		43,509	(83,192)	43,518	(83,182)
Cash generated from operations		287,006	306,052	287,006	306,051
Interest paid		(75,742)	(53,628)	(75,742)	(53,628)
Payment - other provisions		-	(18,085)	-	(18,085)
Gratuity paid		(29,576)	(142,146)	(29,576)	(142,146)
Income tax paid		-	-	-	-
Payment for claims against the company		-	-	-	-
Cash flow from operating activities		181,687	92,193	181,688	92,193
Investing activities					
Purchase of property, plant & equipment		(20,271)	(35,096)	(20,271)	(35,096)
Sale of property plant & equipment		-	1,267	-	1,267
Purchase of intangible assets		(354)	-	(354)	-
(Increase)/decrease in Plan Asset - Gratuity Trust Fund		(63,073)	(45,334)	(63,073)	(45,334)
Rental income		43,648	81,706	43,648	81,706
Interest received		46,519	15,723	46,519	15,723
Dividend received		5,335	8,109	5,335	8,109
Cash proceeds from sale of shares		203,906	-	203,906	-
Cash flow from investing activities		215,710	26,374	215,710	26,374
Financing activities					
Cash proceeds from loans obtained during the year		-	140,000	-	140,000
Loan repayments during the year		(86,828)	(101,316)	(86,828)	(101,316)
Finance Lease		-	16,170	-	16,170
Repayment of lease		(2,887)	(2,010)	(2,887)	(2,010)
Cash flow from financing activities		(89,715)	52,844	(89,715)	52,844
Net change in cash & cash equivalents		307,682	171,411	307,683	171,411
Cash & cash equivalent at 1st January		(93,626)	(265,036)	(93,626)	(265,036)
Cash & cash equivalent at 31st December	15	214,057	(93,626)	214,057	(93,626)

NOTES TO THE FINANCIAL STATEMENTS

The Associated Newspapers of Ceylon Ltd Notes to the Financial Statements for the year ended 31st December 2022

1. CORPORATE INFORMATION

1.1. General

The Associated Newspapers of Ceylon Limited is a limited liability Company and domiciled in Sri Lanka. The registered office and the principal place of business is located at No. 35, D.R. Wijewardene Mawatha, Colombo 10. Business activities are carried out in following locations too.

1. Kandy Branch :- No. 99, D.S. Senanayaka Street, Kandy
2. Kataragama Branch :- Sri Rewatha Mawatha, Kataragama
3. Matara Branch :- No 29, 30, 31, New Bus Stand Shopping Complex, Matara
4. Anuradhapura Branch :- Harischandra Mawatha, New Town, Anuradhapura
5. Jaffna Branch :- No. 06, Srimpiady Lane, Off Stanley Road, Jaffna

The consolidated Financial Statements for the year ended 31st December 2022, comprise the Parent Company and its Subsidiaries (together referred to as the “Group”).

1.2. Principal Activities and Nature of Operations

Parent Company

During the year, the principal activities of the Company were printing and publishing newspapers, periodicals, magazines and the commercial printing. The Company has corporate headquarters and printing plants in Colombo and sells mainly in Sri Lanka.

Subsidiaries

During the year, the principal activity of the subsidiary is as follows;

■ Lake House Property Development (Pvt) Ltd

The Company formed its first fully owned subsidiary, Lake House Property Development (Pvt) Ltd in 1985 with the intention of diversifying into property development business but has not commenced operations yet.

2. BASIS OF PREPARATION

The statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, together with accounting policies and notes, (“Financial Statements”) of the Group as at 31st December 2022 and for the year then ended have been prepared in accordance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities issued by the Institute of Chartered Accountants of Sri Lanka. (hereafter “ SLFRS for SMEs”).

These Financial Statements are presented in Sri Lankan Rupees and all financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand.

NOTES TO THE FINANCIAL STATEMENTS

2.1.1 Statement of Compliance

The Consolidated Financial Statements of the Group have been prepared in accordance with the SLFRS for SMEs. The preparation and presentation of these Financial Statements is in compliance with the Companies Act No. 07 of 2007.

2.1.2 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and not intend either to liquidate or to cease trading.

3. BASIS OF CONSOLIDATION

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31st December 2022.

Subsidiaries are consolidated from the date of incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

Unrealized gains and losses on transactions between Group companies are eliminated. When unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment. Amounts reported in Financial Statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. Foreign Currency Translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS

4.2. Taxation

Current Taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act. Tax is recognized in the income statement, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward unused tax assets and unused tax losses can be utilized except, where the deferred income tax assets relating to the deductible temporary difference arisen from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Deferred income tax assets and liabilities are measured at the rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced by the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

4.3. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.4. Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable 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. Cost is determined using the first-in, first-out method except for reel newsprint which is valued at weighted average basis. Inventories are assessed for impairment at each reporting date. Impairment losses on inventory are recognized immediately in the profit and loss.

4.5. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash on hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisitions are also treated as cash equivalents.

The previous year's figures and phrases in the cash flow statement are rearranged wherever necessary to conform to the current year's position.

4.6. Property, Plant and Equipment

Cost

Property, Plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight line method. The following annual rates are used for the depreciation of property, plant and equipment:

Buildings - Old	25 years
Buildings - New	20 years
Plant and Machinery	08 years
Motor Vehicles	04 years
Furniture & Fittings	08 years
Computer and Installations	04 years
Air conditioners	04 years

Depreciation of an asset begins when it is available for use and ceases when the asset is derecognized. If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Capital Work-in-Progress

Capital work-in progress is stated at cost. These are expenses of a capital nature directly include in the construction work of long term capital projects. Expenses that are in the capital nature are accounted for as capital work-in progress until the projects are completed and the related assets are available for use.

Revaluation

All lands owned by the Company were revalued as at 31st December 2021 and the carrying value amounted to LKR. 1,287 Mn (2020 - LKR. 3.8 Mn). The information related to revaluation is given in Note 6 to the Financial Statements.

All motor vehicles owned by the Company were revalued as at 31st December 2022 and the carrying value amounted to LKR 113.4 Mn (2021 - LKR. 17.9 Mn.) The information related to revaluation is given in Note 6 to the Financial Statements.

De-recognition

An item of property, plant and equipment any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

Reclassification to Investment Property

When the use of a property changes from owner-occupied to investment property, the property is reclassified to investment property and is stated at cost.

4.7. Investment property

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at its cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Investment properties are de-recognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the Statement of Profit or Loss in the period of de-recognition.

Transfers are made to (or from) investment property only when there is a change in use. Transfers between investment property, owner - occupied property do not change the carrying amount of the property transferred from owned property to investment property is transferred at the carrying value, which would be the deemed cost for subsequent accounting purposes.

4.8. Leases

A lease is classified as a Finance Lease if it transfers substantially all the risks and rewards of ownership of the leased asset to the Group. The related asset is then recognized at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental costs, if any. A corresponding amount is recognized as a finance lease liability.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance lease liability is reduced by lease payments less finance charges, which are expensed as part of finance costs. The interest element of lease payments is calculated using the effective interest method to represent a constant proportion of the capital balance outstanding and is charged to profit and loss over the period of the lease. All other leases are treated as operating leases. Payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

4.9. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for intangible assets with finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expenses on intangible assets with finite lives are recognized in the income statement in the expense category consistent with the function of the intangible assets.

Computer Software

Computer Software is amortized over the 4 years from the date of acquisition or development.

4.10. Financial Instrument- Initial recognition and subsequent measurement

4.10.1. Financial Assets

Trade and Other Receivables and Cash and Cash Equivalents

These Financial Assets are recognized initially at the transaction price. Subsequently they are measured at amortized cost using the effective interest method, less provision for impairment. Sales are made on normal credit terms and trade receivables do not bear interest. Where there is objective evidence that the carrying amounts of receivables are not recoverable, an impairment loss is recognized in profit or loss. Trade receivables which are outstanding for more than a year are provided in full.

Long Term Financial Assets

Long term Financial Assets comprise investments in equity securities. They are recognized initially at transaction price. After initial recognition, investments in equities that are publicly traded or for which the fair value can be measured reliably, are measured at fair value with changes in fair value recognized in profit or loss. Other equity investments are measured at cost less any impairment.

4.10.2. Financial Liabilities

The Group's Financial Liabilities include borrowings and trade and other payables. Financial Liabilities are recognized initially at transaction price. After initial recognition they are measured at amortized cost using the effective interest method. Trade payables are on normal credit terms and do not bear interest.

NOTES TO THE FINANCIAL STATEMENTS

4.11. Post Employment Benefits, Short-Term Employee Benefits and Termination Benefits

4.11.1. Post-employment Benefits

a) Defined Contribution Plans (EPF, ETF)

The group provides post-employment benefits through defined contribution plans (EPF, ETF) under which the Group pays fixed contributions to independent entities. Contributions to the plans are recognized as an expense in the period when the contributions are payable and any unpaid amounts are recognized in current liabilities.

b) Defined Benefit Plans (Gratuity)

The liability for retiring gratuity payable under Gratuity Act No. 12 of 1983 has been funded fully by creation of an independent Trust. The extra retiring gratuity to make up the total payable in accordance with the scheme of the Company has been provided fully in the accounts of the Company in respect of all the employees from the commencement of the employment. The liability of the gratuity is calculated using the simplifications allowed under Section 28 of SLFRS for SMEs.

Basis of payment of retiring gratuity for employees joined before 05th of June 2008 under the Company's scheme is as follows

Service at retirement in number of years	No. of weeks salary for each year of service
Over 25	6
20 to 25	4
05 to 20	3

Basis of payment of retiring gratuity for employees joined on or after 05th of June 2008 under the Company's scheme is as follows

Service at retirement in number of years	No of weeks salary for each year of service
Over 20	3
05 to 20	2

4.11.2. Short-Term Employee Benefits

Short-term Employee Benefits including holiday entitlement are current liabilities included in 'Other Payables' and are measured at the undiscounted amount the Group expects to pay as a result of the unused entitlement.

NOTES TO THE FINANCIAL STATEMENTS

4.12. Revenue Recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services rendered, excluding sales taxes, rebates and trade discounts. Nation Building Tax is included in Administrative Expenses.

4.12.1. Sale of Goods (Circulation)

The Group dispatches newspapers, periodicals and magazines to the newsagents, street sellers, corporate institutions and to individuals. Revenue is recognized when the customer has taken undisputed delivery of the goods.

4.12.2. Rendering of Services (Advertising)

The Group publishes numerous newspapers, periodicals and magazines and sells advertising space in each publication. Other than prepaid advertisements, revenue is recognized on the date of issue of the relevant publication.

4.12.3. Rental Income

Rental income from leased properties is recognized on accrual basis.

4.12.4. Interest and Dividend Income

Interest income is recognized on an accrual basis using the effective interest method. Dividend income is recognized at the time the right to receive payment is established.

4.12.5. Others

Other income is recognized on an accrual basis. Net Gains and losses of a revenue nature on the disposal of property, plant & equipment have been accounted for in the income statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

4.13. Significant Accounting Assumptions, Judgements, and Estimates

In the process of applying the group accounting policies, management is required to make judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the Financial Statements. Further management is required to consider key assumptions concerning the future and other key sources of estimation uncertainty at the

NOTES TO THE FINANCIAL STATEMENTS

balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the Financial Statements. The key items as such are discussed below.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Accordingly, the thermal power plants in which the group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. The group exercised significant judgment in determining criteria that individually or in combination would lead to lease being classified as a finance lease or operating lease.

Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments

Reviews of Impairment Losses on non financial assets

The group determines whether assets have been impaired by performing an impairment review. This requires the estimation of the 'value in use' of the cash generating units. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash generating unit and also to select a suitable discount rate in order to calculate the present value of the relevant cash flows. This valuation requires the group to make estimates about expected future cash flows and discount rates, and hence, they are subject to uncertainty.

Impairment Losses on Trade and Other Receivables

Trade and other receivables that have been assessed individually and found not to be impaired and all individually insignificant receivables are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the receivable portfolio (such as levels of arrears, credit utilization, etc.), and judgments on the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

NOTES TO THE FINANCIAL STATEMENTS

Taxes

The Group is subject to income taxes and other taxes including VAT. Significant judgment was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS for SMEs in the Financial Statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

The Group recognized assets and liabilities for current, deferred and other taxes on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

Deferred tax assets are recognized for unused tax losses & gratuity trust fund liability to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Useful lives of Property, Plant & Equipment

The group reviews the assets' residual values, useful lives and methods of depreciation at each reporting date. Judgment by the management is exercised in the estimation of these values, rates, methods.

4.14. Related Party Transactions

The Group's related parties include its subsidiaries and key management personnel. None of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances were unsecured and are usually settled in cash.

4.14.1. Transactions with Key Management Personnel

Related parties include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company. Key management personnel include members of the Board of Directors of the Company.

Name of the Director	Designation
Anusha Palpita	Chairman & Managing Director
Professor Harendra Kariyawasam	Director
Manjula Makumbura	Director
Janaka Ranatunga	Director
Sisira Paranatantrie	Director

Directors' emoluments' amounted to LKR 36 mn is disclosed in Note 26 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

4.14.2. Transactions with Subsidiaries

Lake House Property Development (Private) Ltd

The Subsidiary transferred its land & land development cost of LKR 3.8 mn in the year 2014. During the year parent has not incurred any expenses on behalf of the subsidiary Company. The total amount payable to the subsidiary stood at LKR 18.7 mn as at 31st December 2022.

4.15. Contingent Liabilities

There are 40 cases pending against the Company awaiting adjudication. Details of the provisions are disclosed in Note 20 to the Financial Statements. Board approval was granted to estimate 0.4% of the total value of claims as a provision for claims against the company in Financial Statements from the year 2020 onwards.

5.1. Comparatives

The Accounting Policies are consistently applied by the Company and are consistent with those of the previous year other than those required by the SLFRS for SMEs. The previous year's figures and phrases are re-arranged wherever necessary to conform to the current year's presentation.

5.2. Events occurring after the balance sheet date

All material events occurring after the balance sheet date are considered and where appropriate adjustments to or disclosures are made in the respective notes to the accounts.

NOTES TO THE FINANCIAL STATEMENTS

Note 06

6.1 Property, Plant & Equipment [PPE] - (Company)

Cost

Item	Balance 1/1/2022 LKR'000	Revaluation in 2022 LKR'000	Additions in 2022 LKR'000	Disposals in 2022 LKR'000	Transfers / Adjustments in 2022 LKR'000	Balance 31/12/2022 LKR'000
Free hold land	1,287,860	-	-	-	-	1,287,860
Building	113,351	-	-	-	-	113,351
Computer and installations	196,153	-	17,016	-	-	213,169
Plant & machinery	1,395,669	-	2,370	-	-	1,398,039
Motor vehicle & garage equipment	64,697	104,250	529	-	-	169,476
Leasehold Motor Vehicles	18,900	16,725	-	-	-	35,625
Furniture fittings & equipment	49,171	-	356	-	(65)	49,462
Total	3,125,801	120,974	20,271	-	(65)	3,266,982

Depreciation

Item	Balance 1/1/2022 LKR'000	Revaluation in 2022 LKR'000	Additions in 2022 LKR'000	Disposals in 2022 LKR'000	Transfers / Adjustments in 2022 LKR'000	Balance 31/12/2022 LKR'000
Free hold land	-	-	-	-	-	-
Building	76,896	-	2,708	-	-	79,604
Computer and installations	187,866	-	6,259	-	-	194,125
Plant & machinery	1,298,353	-	35,174	-	-	1,333,527
Motor vehicle & garage equipment	62,563	4,754	-	-	-	67,317
Leasehold Motor Vehicles	3,938	1,156	3,938	-	-	9,031
Furniture fittings & equipment	39,747	-	2,546	-	(31)	42,263
Total	1,669,363	5,910	50,625	-	(31)	1,725,867

Carrying value

Item	As at 31/12/2022 LKR'000	As at 31/12/2021 LKR'000
Free hold land	1,287,860	1,287,860
Building	33,747	36,455
Computer and installations	19,044	8,287
Plant & machinery	64,512	97,316
Motor vehicle & garage equipment	102,159	2,134
Furniture fittings & equipment	26,594	9,423
Leasehold Motor Vehicles	7,199	14,963
Capital work-in-progress	-	4,924
Total	1,541,115	1,461,362

NOTES TO THE FINANCIAL STATEMENTS

Note 06

6.2 Property, Plant & Equipment (PPE) - (Group)

Cost

Item	Balance 1/1/2022 LKR'000	Revaluation in 2022 LKR'000	Additions in 2022 LKR'000	Disposals in 2022 LKR'000	Transfers / Adjustments in 2022 LKR'000	Balance 31/12/2022 LKR'000
Free hold land	1,287,859	-	-	-	-	1,287,859
Building	113,350	-	-	-	-	113,350
Computer and installations	196,154	-	17,016	-	-	213,170
Plant & machinery	1,395,669	-	2,370	-	-	1,398,039
Motor vehicle & garage equipment	64,697	104,250	529	-	-	169,476
Leasehold Motor Vehicles	18,900	16,725	-	-	-	35,625
Furniture fittings & equipments	49,171	-	356	-	(65)	49,462
Total	3,125,801	120,974	20,270	-	(65)	3,266,982

Depreciation

Item	Balance 1/1/2022 LKR'000	Revaluation in 2022 LKR'000	Additions in 2022 LKR'000	Disposals in 2022 LKR'000	Transfers / Adjustments in 2022 LKR'000	Balance 31/12/2022 LKR'000
Free hold land	-	-	-	-	-	-
Building	76,896	-	2,708	-	-	79,604
Computer and installations	187,866	-	6,259	-	-	194,125
Plant & machinery	1,298,353	-	35,174	-	-	1,333,527
Motor vehicle & garage equipment	62,563	4,754	-	-	-	67,317
Leasehold Motor Vehicles	3,938	1,156	3,938	-	-	9,031
Furniture fittings & equipments	39,747	-	2,546	-	(31)	42,263
Total	1,669,363	5,910	50,625	-	(31)	1,725,866

Carrying value

Item	As at 31/12/2022 LKR'000	As at 31/12/2021 LKR'000
Free hold land	1,287,859	1,287,860
Building	33,746	36,455
Computer and installations	19,045	8,287
Plant & machinery	64,512	97,316
Motor vehicle & garage equipment	102,159	2,134
Furniture fittings & equipment	7,199	9,423
Leasehold Motor Vehicles	26,594	14,963
Capital work-in-progress	-	4,924
Total	1,541,115	1,461,362

NOTES TO THE FINANCIAL STATEMENTS

Note 06

6.3

Free Hold Land of ANCL

1. Land at Hokandara
2. Land at Kotahena

6.4

Head office land which is on 99 year lease terms is treated as operating lease and the agreement will expire on 18th December 2024. Extension of lease period for a period of 30 years has been granted from the date on which the current lease period expires - Cabinet Paper No. 22/2165/609/029.

6.5

Kataragama land which is on 99 year lease terms is treated as operating lease and the agreement will expire on 13th July 2087.

6.6

Kataragama Building which was constructed in year 2015, was reclassified as "Investment Property" and is stated at cost.

6.7

During the period the Group acquired Property, Plant & Equipment to the aggregate value of LKR 20 Mn {year 2021 - LKR 35 Mn}.

6.8

Property, Plant and Equipment include fully depreciated assets at a cost of LKR. 1,538 Mn used to generate cash flows and company will reassess its useful life.

6.9 Revaluation

Revaluation of Lands

6.9.1 Accounting judgments, estimates and assumptions

The Company uses the revaluation model of measurement of lands. The Company engaged independent expert valuer to determine the fair value of its lands. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property.

These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs. The most recent revaluation was carried out during the period ended 31st December 2021.

The changes in fair value are recognized in other comprehensive income and in the statement of equity. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

The valuations as of 31st December 2021 were contained a higher estimation uncertainty as there were fewer market transactions which are ordinarily a strong source of evidence regarding fair value, the value reflected represents the best estimate based on the market conditions that

NOTES TO THE FINANCIAL STATEMENTS

prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement including SLFRS for SMEs.

Note 06

6.9.2

Land	Name of the Chartered Valuation Surveyor	Estimated Price Per Perch	Method of Valuation
Hokandara	A.A.M. Fathihu	LKR 500,000 - LKR 1,250,000	Open market value adjusted based on the assumptions on National Development Plan
Kotahena	-Do-	LKR 4,750,000 - LKR 6,000,000	Open Market Value

Effective date of valuation was 31st December 2021

Revaluation of Motor Vehicles

6.9.3 Accounting judgements, estimates and assumptions

The Company uses the revaluation model of measurement of motor vehicles. The Company engaged independent expert valuer to determine the fair value of its motor vehicles. Fair value is determined by reference to market-approach comparative method and this is based on market transactions involving identical or comparable (i.e. similar) assets class. The fair value is usually supported by current prices in an active market for similar comparable in the condition and maintenance.

These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The most recent revaluation was carried out during the period ended 31st December 2022.

The changes in fair value are recognized in other comprehensive income and in the statement of equity. The valuer has used valuation techniques such as market approach and comparative method.

The valuations as of 31 December 2022 were contained three levels of inputs to the valuation techniques used to measure the fair value. The aim of the hierarchy is to increase the consistency and comparability in fair value measurements and disclosures. The three levels of inputs are as follows :

Level 1 - Quoted Price (unadjusted) in an active market price for identical assets that the entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets, either directly or indirectly.

Level 3 - Unobservable inputs for the assets.

Name of the Chartered Valuation Surveyor	Method of Valuation
A.A.M. Fathihu	Market Approach - Comparative Method

Effective date of valuation was 11th November 2022.

NOTES TO THE FINANCIAL STATEMENTS

Note 07

Investment Property

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Opening Balance	21,522	23,178	21,522	23,178
Changes in Fair Value	-	-	-	-
Depreciation/Amortization	(1,656)	(1,656)	(1,656)	(1,656)
Closing Balance	19,866	21,522	19,866	21,522

Kataragama Building at Sri Rewatha Mawatha, Kataragama which was constructed in year 2015, was reclassified as "Investment Property" and is stated at cost.

Note 08

Intangible Assets

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Opening Balance	7,471	12,507	7,471	12,507
Reclassification from PPE	-	940	-	940
Additions	354	-	354	-
Changes in Fair Value	-	-	-	-
Depreciation/Amortization	(4,249)	(5,976)	(4,249)	(5,976)
Closing Balance	3,575	7,471	3,575	7,471

NOTES TO THE FINANCIAL STATEMENTS

Note 09

Financial Assets and Financial Liabilities

As at 31 st December	2022		2021	
	LKR '000	No. of Shares	LKR '000	No. of Shares
Financial assets				
Measured at fair value through profit or loss				
Long term financial assets				
Cargills Ceylon Ltd, Ordinary shares of Rs 1/-	-	-	196,761	914,103
Commercial Bank, NV ordinary shares of Rs 10/-	7,305	176,874	12,239	169,993
Housing Dev.Fin.Corp. Ordinary shares of Rs 10/-	5,004	180,000	5,490	180,000
Total	12,309		214,490	

Measured at cost less impairment

Long term financial assets

Lankapuvath Limited, Ordinary shares of Rs 1,000/-	1,213	1,213	1,213	1,213
Press Trust of Ceylon Ltd, Ord.shares of Rs 100/- *	60	600	60	600
National Newspapers & Paper Mills Ltd *	1	100	1	100
Associated Investments Ltd, Ord.shares of Rs 100/- *	29	3,480	29	3,480
Galle Face Hotel Co.Ltd, Ord.shares of Rs 100/-	16	4	16	4
Total	1,319		1,319	
Less-Provision for loss on Associate Companies	(90)	-	(90)	-
Total long term financial assets	13,538		215,720	

Cargills Ceylon Ltd. shares have been disposed at LKR 225/= per share on 9th November 2022 and the proceeds have been utilised for VRS 2023.

* In respect of investment of LKR. 60,000/- in Press Trust of Ceylon Ltd, LKR. 29,000/- in Associate Investments Ltd and Rs.1,000/- in National Newspapers & Paper Mills Ltd - 100% provision is made in the accounts as the amounts are unrecoverable.

Note 10

Investment in Subsidiaries

As at 31 st December	Share Holding		Company	
	2022 - %	2021 - %	2022 LKR '000	2021 LKR '000
Lake House Property Development (Pvt) Ltd	100%	100%	7,500	7,500
Provision for loss on investment in subsidiary companies			-	-
Total			7,500	7,500

NOTES TO THE FINANCIAL STATEMENTS

Note 11

Deferred Tax

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Deferred Tax Liabilities				
Property, Plant & Equipment	-	30,470	-	30,470
Deferred Tax Assets				
Defined Benefit Obligations	-	(99,747)	-	(99,747)
Net Deferred Tax Liabilities	-	(69,276)	-	(69,277)

The carrying amount of deferred income tax asset is reviewed at each reporting date and reduced by the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Year 2021 deferred tax asset balance is evaluated and also future taxable profit will not be available due to the existence of unused tax losses.

Note 12

Inventories

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Newsprint	55,203	167,591	55,203	167,591
Machinery spares	135,971	137,030	135,971	137,030
Motor vehicle spares	6,744	4,446	6,744	4,446
Commercial printing materials	89,018	95,764	89,018	95,764
Others	39,274	19,705	39,274	19,705
Work-in-progress (Commercial printing)	4,957	558	4,957	558
	331,166	425,093	331,166	425,093
Less - Provision for inventories	(3,783)	(1,113)	(3,783)	(1,113)
Total	327,383	423,980	327,383	423,980

NOTES TO THE FINANCIAL STATEMENTS

Note 13

Trade and Other Receivables

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Trade receivables				
Trade receivables	758,985	935,020	758,985	935,020
Provision for doubtful trade receivables	(178,561)	(154,569)	(178,561)	(154,569)
Net trade receivables	580,424	780,450	580,424	780,450
Other receivables				
Current accounts with subsidiaries	(18,673)	(18,692)	-	-
Other receivables	93,551	41,768	93,551	41,768
	74,878	23,076	93,551	41,768
Provision for doubtful other receivables	(3,090)	(2,210)	(3,090)	(2,210)
Net other receivables	71,788	20,866	90,461	39,559
Total	652,212	801,317	670,886	820,009

Note 14

Staff Receivables

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Non-current				
Staff Receivables	54,051	77,297	54,051	77,297
Total	54,051	77,297	54,051	77,297
Current				
Staff Receivables	51,872	45,096	51,872	45,096
Total	51,872	45,096	51,872	45,096
Total Staff Receivables	105,923	122,393	105,923	122,393

NOTES TO THE FINANCIAL STATEMENTS

Note 15

Cash and Cash Equivalents

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Cash at bank and in hand	61,035	32,160	61,035	32,160
Short term bank deposits	211,129	535	211,129	535
Total	272,163	32,695	272,163	32,695

Cash and cash equivalents include the following
for the purpose of the cash flow statement,

Cash and cash equivalents as stated above	272,163	32,695	272,163	32,695
Bank overdrafts (Note 18)	(58,107)	(126,321)	(58,107)	(126,321)
	214,057	(93,626)	214,057	(93,626)

Cash Flow Statement

The previous year's figures and phrases are rearranged wherever necessary to conform to the current year's position.

Note 16

Stated Capital

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Authorized capital, 5,000,000 ordinary shares of Rs. 10/- each	50,000	50,000	50,000	50,000
Issued & fully paid capital, 3,483,714 ordinary shares of Rs. 10/- each	34,837	34,837	34,837	34,837

Note 17

Deposits

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Newspaper agents	105,302	112,612	105,302	112,612
Advertising Agencies & Regular Advertisers	49,709	50,068	49,709	50,068
Other deposits	21,461	21,669	21,461	4,663
Total	176,472	184,349	176,472	167,343

"Refundable deposit balance" previously included in other payable balance in Note 22 - Trade & Other Payable, has been rearranged in current year and included in other deposits balance.

NOTES TO THE FINANCIAL STATEMENTS

Note 18

Borrowings

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Non-current				
Bank loans	171,293	253,135	171,293	253,135
Total	171,293	253,135	171,293	253,135
Current				
Bank overdrafts	58,107	126,321	58,107	126,321
Bank loans	119,897	111,918	119,897	111,918
Total	178,004	238,239	178,004	238,239
Total borrowings	349,297	491,374	349,297	491,374

Assets Pledged

The Following Securities are given against the bank facilities.

Name of Bank	Nature of Liabilities	Facility Granted LKR '000	Balance as at 31.12.2022 LKR '000	Assets Pledged
Commercial Bank	Term Loan	270,000	175,502	Primary Mortgage over land at Hokandara
Bank of Ceylon	Import Loan	550,000	36,938	Negative Pledge over Property at No. 35, D.R. Wijewardene Mawatha, Colombo 10.
	Term Loan	140,000	78,750	
	Overdraft	200,000	-	
DFCC	Import Loan	100,000	-	Newsprint, Debtors
	Overdraft	150,000	-	

NOTES TO THE FINANCIAL STATEMENTS

Note 19

Leases

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Non-current				
Lease Creditor	8,965	12,950	8,965	12,950
Interest in Suspense	(578)	(1,676)	(578)	(1,676)
Total	8,387	11,274	8,387	11,274
Current				
Lease Creditor	3,984	3,984	3,984	3,984
Interest in Suspense	(1,098)	(1,098)	(1,098)	(1,098)
Total	2,887	2,887	2,887	2,887
Total Lease Creditors	11,274	14,160	11,274	14,160

Note 20

Provision for Claims Against the Company

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Carrying amount at the beginning of the year	51,844	24,920	51,844	24,920
Provision for the year	7,996	26,924	7,996	26,924
Payments made during the year	-	-	-	-
Carrying amount at the end of the year	59,840	51,844	59,840	51,844

Note 21

Provision - Others

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Carrying amount at the beginning of the year	39,083	27,407	39,083	27,407
Provision for the year	17,505	29,762	17,505	29,762
Payments made during the year	-	(18,085)	-	(18,085)
Carrying amount at the end of the year	56,588	39,084	56,588	39,084

NOTES TO THE FINANCIAL STATEMENTS

Note 22

Trade & Other Payables

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Trade payables	67,464	61,068	67,464	61,068
Value Added Tax	16,448	14,999	16,448	14,999
Unexpired subscription & Deferred Revenue	4,361	3,153	4,361	3,153
Tender deposits	4,849	4,761	4,849	4,761
Other payables	55,199	53,051	55,209	70,087
Total	148,321	137,032	148,331	154,068

"Refundable deposit balance" previously included in other payable balance in Note 22 - Trade & Other Payable, has been rearranged in current year and included in "other deposits" balance in Note 17 - Deposits.

Note 23

Employee Benefits

Defined benefit plan - Gratuity

The liability for retiring gratuity payable under Payment of Gratuity Act No. 12 of 1983 has been funded fully by creation of an Independent Trust. The extra retiring gratuity to make up the total payable in accordance with the scheme of the company has been provided fully in the accounts of the company in respect of all the employees from commencement of the employment. The liability of the gratuity is calculated using the simplifications allowed in Section 28 of the SLFRs for SME and the calculations are based on the following :

1) **Number of years of service**

Service period up to the year end from the date of commencement of employment is considered. Though the entitlement commences from completion of five years of service, liability is recognized from the date of commencement of the employment. For calculation purposes, any fraction of year of service is considered as a full year.

2) **Gratuity entitlement of employees joined before 05th June 2008**

Service at retirement in number of years	No. of weeks salary entitled
Over 25	6
20 to 25	4
05 to 20	3

3) **Gratuity entitlement of employees joined on or after 05th June 2008**

Service at retirement in number of years	No. of weeks salary entitled
Over 20	3
05 to 20	2

4) The extra retiring gratuity to make up the total payable in accordance with the scheme of the Company has been provided fully in the accounts of the Company in respect of all the employees from commencement of the employment.

Two Weeks Liability - Gratuity Trust Fund

Others (Other than two weeks salary) - Company

NOTES TO THE FINANCIAL STATEMENTS

- 5) Following simplifications used in measuring Company's defined benefit obligation ;
- a) Ignored estimated future salary increases
 - b) Ignored future service of current employees
 - c) Assumed all current employees will receive the post-employment benefits
- 6) Two weeks gratuity provision has been fully funded by the Trust Fund and plan asset included in the Government Securities. Plan assets are stated at their investment value.

	As at 31.12.2022 LKR '000	As at 31.12.2021 LKR '000
Treasury Bills	-	2,369
Fixed Deposits	309,611	244,169
	309,611	246,538

Company provision has not been funded through plan assets.

Movement of gratuity liability - Company Provision

As at 31 st December	2022 LKR '000	2021 LKR '000
Provision available in the accounts		
Carrying amount at the beginning of the year	356,238	375,529
Payments made during the year	(15,815)	(83,033)
Provision for the year	71,663	63,742
Carrying amount at the end of the year	412,086	356,238

Movement of gratuity liability - Gratuity Trust Fund

As at 31 st December	2022 LKR '000	2021 LKR '000
Carrying amount at the beginning of the year	320,112	329,173
Payments made during the year	(11,678)	(59,113)
Provision /(over provision) for the year	49,108	50,052
Carrying amount at the end of the year	357,542	320,112

Movement of gratuity liability

As at 31 st December	2022 LKR '000	2021 LKR '000
Carrying amount at the beginning of the year	676,350	704,703
Payments made during the year	(27,493)	(142,146)
Provision/(over provision) for the year	120,771	113,793
Carrying amount at the end of the year	769,628	676,350

NOTES TO THE FINANCIAL STATEMENTS

Note 24

Revenue

For the year ended 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Sunday Observer	326,974	342,166	326,974	342,166
Dailynews	586,156	686,206	586,156	686,206
Dinamina	349,357	435,118	349,357	435,118
Silumina	144,276	152,235	144,276	152,235
Thinakaran	259,983	315,303	259,983	315,303
Varamanjaree	42,121	50,629	42,121	50,629
Tharunee	22,203	33,350	22,203	33,350
Mihira	10,388	13,347	10,388	13,347
Sarasaviya	734	2,812	734	2,812
Budusarana	16,893	11,584	16,893	11,584
Subasetha	3,875	9,551	3,875	9,551
Arogya	357	2,340	357	2,340
Manchu	(607)	12,142	(607)	12,142
Vidunena	175	2,398	175	2,398
Vanna Vaanavil	463	1,260	463	1,260
Sithmina - 6	314	3,875	314	3,875
Sithmina - 7	205	3,679	205	3,679
Sithmina - 8	96	2,673	96	2,673
Sithmina - 9	93	2,528	93	2,528
Sithmina - 10	265	2,343	265	2,343
Sithmina - 11	645	2,492	645	2,492
Athurumithuru	4,122	6,938	4,122	6,938
Muthu Ahura - 1	4,922	8,033	4,922	8,033
Muthu Ahura - 2	4,149	7,358	4,149	7,358
Muthu Ahura - 3	3,860	7,031	3,860	7,031
Muthu Ahura - 4	3,553	6,166	3,553	6,166
Muthu Ahura - 5	2,642	4,962	2,642	4,962
Muthu Ahura English - 1	220	1,704	220	1,704
Muthu Ahura English - 2	167	1,597	167	1,597
Muthu Ahura English - 3	150	1,412	150	1,412
Muthu Ahura English - 4	93	1,095	93	1,095
Muthu Ahura English - 5	(27)	914	(27)	914
Budusarana Dahampasal	133	1,215	133	1,215
Kutti chutti	411	859	411	859
Google	5,422	4,171	5,422	4,171
Web	3,650	2,583	3,650	2,583
Government Relations Dept.	19,801	30,212	19,801	30,212
Vesak Kalapaya	-	10	-	10
Vidunena Books	3	1,938	3	1,938
Sithmina Book	2,681	-	2,681	-
Total of papers	1,820,919	2,176,231	1,820,919	2,176,231
Commercial Printing	33,183	41,634	33,183	41,634
Digital Printing	246	25	246	25
Total	1,854,347	2,217,890	1,854,347	2,217,890

NOTES TO THE FINANCIAL STATEMENTS

Note 25

Other Income

For the year ended 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Interest income	58,021	15,723	58,021	15,723
Sale of old newspapers	81,888	73,766	81,888	73,766
Rent income	77,922	74,024	77,922	74,024
Dividends	5,335	8,109	5,335	8,109
Branch office	7,560	2,964	7,560	2,964
Profit on disposal of assets	-	1,267	-	1,267
Government Grant	-	300,000	-	300,000
Sundry	45,249	23,394	45,249	23,394
Total	275,976	499,247	275,976	499,247

Note : Government Grant for Covid-19 Relief

Company received LKR 300 Mn grant from the Government during Year 2021 in order to meet the working capital requirement of the Company.

Note 26

Operating profit

Operating profit for the year has arrived after charging all expenses including those disclosed below:

For the year ended 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Directors emoluments	36,358	27,052	36,358	27,052
Depreciation/Amortization	62,429	62,178	62,429	62,178
Auditors remuneration	2,699	1,020	2,708	1,030
Donations	-	256	-	256
Contributions to defined contribution plan -EPF	80,444	82,481	80,444	82,481
Contributions to defined contribution plan -ETF	16,091	16,571	16,091	16,571
Contributions to defined benefit plan -Gratuity	120,771	113,793	120,771	113,793

NOTES TO THE FINANCIAL STATEMENTS

Note 27

Voluntary Retirement Scheme (VRS) Costs

VRS 2023

VRS was announced on 10th November 2022. Even though the last date of separation from employment was 31st December 2022, the related VRS payments were made on 31st January 2023 according to the VRS circular. Accordingly, the said VRS cost of LKR 194 Mn will be recognized in the statement of comprehensive income in year 2023.

VRS 2021

VRS was announced on 13th January 2021. Accordingly, based on the number of applications received from employees, a VRS cost of LKR 91.95 Mn was incurred and recognized in the statement of income of the Company in year 2021.

Note 28

Tax expense

Income Tax

The parent company is liable for taxation at 28%, Lake House Property Development (Pvt) Ltd is liable at 28%, The group tax expense for the year is as follows;

For the year ended 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Accounting profit/(Loss) before tax	(191,937)	332,012	(191,937)	332,002
Taxable profit/(Loss)	(154,923)	(3,282)	(154,923)	(3,282)
Tax on taxable profit	-	-	-	-
Under/(Over) provision	-	-	-	-
Income tax expense	-	-	-	-

Deferred Tax

For the year ended 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Deferred Tax Expense Note 11	-	(4,480)	-	(4,480)
Total	-	(4,480)	-	(4,480)
Tax Expense	-	(4,480)	-	(4,480)

Tax Payable/(Receivable)

As at 31 st December	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Opening balance	(19,667)	(35,069)	(19,667)	(35,069)
Tax expense	-	-	-	-
Income Tax - Unrecoverable ESC written off	11,547	15,402	11,547	15,402
Tax paid & credits	-	-	-	-
Tax liability at the end of year	(8,120)	(19,667)	(8,120)	(19,667)

CHAIRMAN'S COMMENTS ON AUDIT OBSERVATIONS

1.2. Basis for qualified opinion

- a) The said asset will be capitalized in year 2023.
- b) A Voluntary Retirement Scheme (VRS) was implemented in December 2022 and all related payments and retirements will be effective with effect from January 2023. Due to this retirement, a salary saving of Rs.10.4 Mn per month would be expected from January 2023 onwards and hence this retirement expense will be shown in the year 2023 Financial Statements in accordance with generally accepted accounting principles. A disclosure in this regard, has been presented in the year 2022 Financial Statements.

Rs. 139 Mn gratuity payment of 149 employees have to be paid after the last day of the subsequent month when those employees retire and consequently, there is no necessity to recognize this liability as a current liability at the end of the year 2022. All gratuity payments were paid on January 31, 2023 without any delay.

- c) This error occurred while classifying the lease debtor. Even though, there is an impact of Rs. 256,000/- to the working capital there is no impact to the profitability.
- d) As the final tax invoice related to this expenditure was not received until February 2023, this could not be identified in the year 2022 financial statements. This expenditure is recognized in this year's financial statements.
- e) This could not be recognized in the year 2022 financial statements due to non-receipt of the final tax invoice. This has been recognized as a current asset once the final tax invoice is received.
- f) Agreed. This will be rectified in year 2023.
- g) Agreed. This will be rectified in year 2023.
- h) Audit errors in the year 2021 financial statements have been rectified in the year 2022 financial statements. Accounting errors identified in year 2022 will be adjusted in the statement of changes in equity in 2023.
- i) The VRS gratuity cheque printing process of voluntarily resigned employees has been started from December 2022. Due to restrictions on printing postdated cheques in the Leobiz accounting system, payments made for gratuity on VRS during December 2022 were charged to financial year 2022. However, to eliminate the impact on the gratuity provision, all VRS Gratuity payments completed by December 2022 have been temporarily transferred to the sundry debtors and then transferred to the gratuity provision account in early January 2023. Further, it is emphasized that due to the above transaction there will be no impact on the profit or loss as at 31st December 2022 and this weakness in the Leobiz system has already been communicated to the system provider.
- j) This situation arose by understating the period of services of 14 out of 1200 employees due to an error in the HRIS computer system. This has been communicated to the system provider and has been rectified in this year.
- k) This has been discussed with our lawyers and the said case is in favour of the company and hence general provision of 0.4% was made as a provision.

CHAIRMAN'S COMMENTS ON AUDIT OBSERVATIONS

- l) The amount allocated for four cases has been deposited under the LT Deposit Account.
- m) The Leobiz computer system is designed to exhibit the advance balances in the accounts after deducting the actual credit balance. Profitability is not affected due to this situation and however, the advance balance will be accounted as an asset from 2023 onwards.

The balance money received for the projects of the Dialog and the Presidential Secretariat will not be returned to those institutions and if they are not used for those projects in this year, they will be accounted by considering as income.

- n) In year 2021, all the freehold properties of the company and in year 2022 all the motor vehicles of the company were revalued and included in the financial statements. In year 2023, all the printing machines of the company will be revalued.
- o) The service awards ceremony for the years 2020 and 2021 could not be held due to the poor financial condition of the company. One employee is entitled to one pound gold medal and two months' basic salary prevailing on that day. Due to the fluctuation of gold pound value in the world market, the value of the gold pounds contained in the provision was not reviewed and the over or under value of the gold pound value will be adjusted at the time the gold pounds are purchased.
- p) The net balance related to 13 stock items is Rs.965,215/=. This will be rectified in 2023.
- q) Agreed. This error will be rectified in 2023 and was not affected to the profit.
- r) Agreed. This accounting error was rectified in February 2023.

2. Notice of other legal and regulatory requirements

2.2.2

- a) Due to the Easter attack in year 2019, Covid-19 pandemic in year 2020 & 2021 and political instability in year 2022, there was a delay in the payment of funds to the Company Provident Fund. The Provident Fund Committee was informed of this delay and there is no need to pay a surcharge. All arrears have now been paid and payments to the fund are being made on time without any delay.
- b) The Associated Newspapers of Ceylon Limited is an organization that is not under the purview of the Public Enterprise Department. Therefore, there is no necessity to follow such departmental circulars. This was informed in writing by the Director General of the said department.
- c) Since 1959, the fund contribution of the employees of The Associated Newspapers of Ceylon Limited has been based on the basic salary plus meal allowance. Currently, most organizations calculate employee provident fund based on the basic salary of the employees.
- d) Lake House does not conduct procurement activities based on Government Procurement Guidelines and purchases are made according to the procurement guidelines approved by the Board of Directors of the Company. A procurement manual will be introduced in this year.
- e) At the request of the then Minister of Mass Media 31.12.2021, an independent consultant has been recruited to our Company for a period of one year from 01.01.2022. According to the request of the then Minister of Media on 10.01.2022, he has been released to the Office of the Minister of Mass Media with effect from the date of his appointment. His service has been ended after June 30, 2022.

CHAIRMAN'S COMMENTS ON AUDIT OBSERVATIONS

- f) Agreed. The chief internal auditor and senior management have been instructed to reply to government audit queries within the prescribed time period.

2.2.3.

The previous management recruited an independent consultant to the company at the request of the then Minister of Mass Media. The service of this person was terminated from 06.12.2022. At present, no independent consultant has been recruited and released to the ministerial staff.

2.2.4.

- a) Lanka Puwath Ltd, which is under the Ministry of Mass Media, has been a non operating company since 2014. As the amount due from the said company could not be recovered and hence this will be written off as bad debts in this year.
- b) Arrangements will be taken to utilize the Hokandara land effectively after the political and economic situation of the country is stabilized.
- c) According to our financial statements, the resulting loss was 14,103,153.08 million rupees. Since this amount could not be collected, this will be written off as bad debts in 2023.
- d) Due to the severe competition in the newspaper industry, it is difficult to impose strict conditions or to fix a credit period for credit basis advertising. In the last 10 years, the balance outstanding from advertisement revenue is 19.5 million rupees. Accordingly, even though it is a small amount when taken as a percentage, we have implemented all the relevant procedures to collect this money.
- e) Due to the continuous loss from the two buses the Kataragama bus service has been stopped. It was decided to sell one of the two buses and use the other bus for employee transportation.
- f) A segregation of duties has been done for the steps of preparation, checking and approving of estimate reports. The main cause that affected the reduction in the income of the Commercial Printing Department in the year 2022 is the political instability that existed from April to August.
- g) Lake House Property Development is a non operating company that does not carry out business operations. It will be closed in the future.
- h) The company has never taken the assistance of a consultant to prepare a human resource plan, and in 2017, the services of a consultant were taken on a monthly payment basis to prepare a performance management process. This performance process consisted of several steps, and those steps were; Preparing performance indicators (KPIs) for all employees of the company, informing all employees through awareness sessions, performance evaluation, conducting performance feedback sessions with employees and handling performance related grievances etc. The above task was successfully completed on 24.01.2018 within the assignment period given to the consultant.

The performance process of the company remained inactive due to the changes in the management from time to time, the covid 19 epidemic situation and economic instability in the country at that time. In the year 2022, after the current management considered the importance of a performance process, to replace a performance process in the company, management arranged to get the services of the previous consultant once again, and for that, they agreed to pay the same monthly consultant fee paid in 2017. This consultant has been successfully restored the performance process once again in a very short period of time. During this period, apart from successfully implementing a performance-based process, the company started drafting job descriptions (JDs) for all employee job positions, preparing the company's approved cadre.

CHAIRMAN'S COMMENTS ON AUDIT OBSERVATIONS

Considering the satisfactory performance of the consultant and the challenges in the human resources department, the management decided that the company still needs the services of the consultant and extended the services again on 05.01.2023.

- i) As of today, the amount to be recovered from the employees who have left the service is Rs. 5,458,049.91 and out of that amount, an amount of Rs. 2,116,441.01 can be recovered from the Employees' Provident Fund. Legal actions will be taken to recover the balance amount of Rs.3,563,573.40.
- j) The outstanding balances shown in the account for more than 10 years will be written off and the remaining amount will be recovered.
- k) As per debtors age analysis as at 31st December 2022, the debtor balance of more than two years is 28.5 million rupees. This amount our regional sales executives will be recovered.
- l) With the intention of generating an alternative source of income in year 2023, arrangements have been made to collect money for e-paper from March 2023.
- m) Rs. 100,000/= each was recovered from the two officers responsible for this and the head of the department was retired without extending the contract period. By this time the other officer also resigned from the service.
- n) Approval obtained to pay interest on deposits many years ago and a copy of such approval could not be found and hence approval of the Board of Directors was obtained for the same in September 2022 on the advice of audit.
- o) The necessary human and physical resources have been provided to strengthen the digital media sector and there is a gradual increase in the income from the sector.
- p) Due to the Covid-19 pandemic prevailed in the year 2021 too, there was a decrease in the number of newspapers sold in the entire newspaper industry, which resulted in a decrease in sales revenue.
- q) Agreed. In the year 2022, the newspaper advertisement revenue is close to Rs. 1,490 Mn and Rs. 2.5 Mn cost was incurred for correction notices for incorrect advertisements. This situation is common in the newspaper industry and necessary instructions have been given to the Deputy General Manager - Advertising to reduce the issues as much as possible that cause advertisements to be published incorrectly.
- r) Lanka Puwath Ltd, which is under the Ministry of Mass Media, has been a non operating company since 2014. As the amount due from the said company could not be recovered and hence this will be written off as bad debts in this year.

2.3. Other matters

- a) As agreed with the Auditor General's Department, Lake House sent balance confirmation letters to debtors over Rs.200,000/=. However, only a few debtors responded and this situation is beyond our control. Although there are no responses for the confirmation letters sent, most of the outstanding balances as at 31st December 2022 have been settled as at 22.05.2023. As on December 31, 2022, there were outstanding balances of Rs.178,560,785/= for more than one year, but the majority of this has been recovered in the year 2023.

CHAIRMAN'S COMMENTS ON AUDIT OBSERVATIONS

- b) On perusal of the proceedings of the said case in the District Court of Colombo, it has been fixed for ex-parte trial as the attorney for the defendants has been in the District Court No.1 where this case had been called on previous occasions, but on 20th October 2010 the case has been called in District Court No. 3.

Since the defendants were absent and unrepresented in Court No 3, this case has been fixed for the ex-parte trial against the defendants (ANCL and another) on application of the registered Attorney-at-Law of the plaintiff. This case was due to come up on 20th October 2010 for the trial. By that time a motion had been filed on 30th September 2010 by the plaintiff's registered Attorney-at-Law stating the inability of plaintiff to be present at Court on 20th October 2010 since he was expecting to travel overseas and by that motion the registered Attorney-at-Law of the plaintiff had further informed the Court to remove this matter from the trial list and call the matter to be refixed for another date. Therefore, anyway, there was no possibility to take up the matter for trial on the said particular day.

Even though the registered Attorney-at-Law of the plaintiff had filed such a motion informing the court that the inability of the plaintiff to be present at the Court on 20.10.2010 and requesting the Court to be fixed the matter for another date for the trial, when this matter was called on 20.10.2010 in the Court No.3 he has taken undue advantage by making an application to be fixed the matter for ex parte trial on the ground that the defendants were absent and unrepresented.

After the service of the ex-parte decree, reasonable grounds have been presented to the Courts on behalf of the defendants to vacate the ex-parte decree. At the inquiry, Company Secretary, Company's instructing Attorney as well as the Counsel too had given evidence in the case, but the Learned Additional District Judge has refused to vacate ex parte decree.

An appeal has been made to the Civil Appellate High Court to set aside the said order of refusal to vacate the ex parte decree. But the said appeal too has been dismissed by the Civil Appellate High Court. This case is presently pending in the Supreme Court seeking the reliefs aforementioned.

According to the above facts this case has not reached yet its finality and until the conclusion of the proceedings of the Supreme Court Appeal the ex-parte decree entered in the District Court is unenforceable. Therefore, I have noted that it was not possible to initiate a disciplinary inquiry regarding the professional negligence of the Company's Attorney-at-Law. However, the said Attorney-at-Law has retired from the Company after reaching the retirement age.

- c) During the Covid-19 pandemic and the political unstable period, employees were called for duty only three days per week. In that situation, the preparation of bank reconciliations was delayed and now the delay has been controlled. Necessary arrangements have been made to take legal action to recover the money for the returned cheques.
- d) The route permit numbers 1551 and 1554 of the buses owned by the company were given to the company free of charge around 35 years ago. This year, despite plans to recognize those assets as intangible assets, the company stopped bus passenger transportation due to continuous losses. Due to this, a situation of recognition as an intangible asset does not arise. Furthermore, the National Transport Commission has informed that the route permits cannot be transferred or sold.

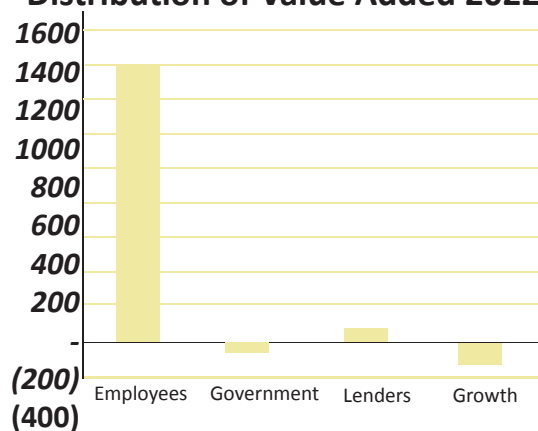


Prof. Harendra Kariyawasam
Chairman & Managing Director

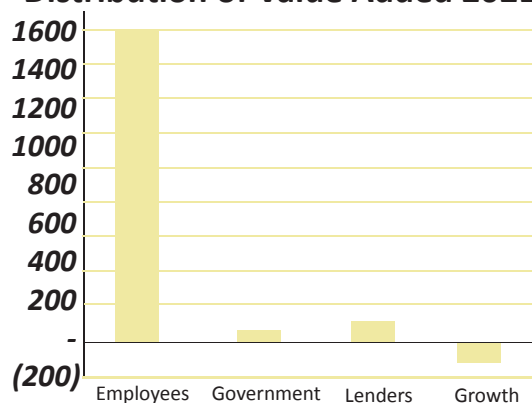
STATEMENT OF VALUE ADDED

	2022		2021	
	LKR Mn.	%	LKR Mn.	%
Value added				
Revenue	1,854		2,218	
Other Income	276		499	
	2,130		2,717	
Brought in Material & Service	(798)		(818)	
	1,332		1,899	
Distribution of Value Added				
To Employees				
Salaries, Wages & Other Benefits	1,362	102%	1,335	70%
VRS Expenses	-	0%	92	5%
To Government				
Income Tax	-	0%	(4)	0%
Rates	24	2%	24	1%
To Lenders				
Interest & Related Charges	76	6%	54	3%
To Providers of Capital				
Dividend to Shareholders	-	0%	-	0%
To Business Expansion & Growth				
Depreciation	62	5%	62	3%
Reserves	(192)	-14%	336	18%
	1,332	100%	1,899	100%

Distribution of Value Added 2022



Distribution of Value Added 2021



TEN YEAR SUMMARY

	2022	2021	2020	2019	2018	2017 Restated	2016 Restated	2015 Restated	2014 Restated	2013
<u>Selected Financial Data (LKR Mn)</u>										
<u>Operational Results</u>										
Revenue	1,854	2,218	1,911	2,912	2,976	2,972	3,050	2,954	3,187	3,593
Annual Sales Growth (%)	(16)	16	(34)	(2)	0	(3)	3	(7)	(11)	(3)
Profit Before Taxation	(192)	332	(218)	(216)	(167)	270	29	16	72	73
Taxation on Profit	-	4	22	26	13	64	9	5	27	12
Profit / (Loss) After Taxation	(197)	345	(187)	(197)	(133)	208	21	40	61	59
<u>Shareholders' Fund</u>										
Share Capital	35	35	35	35	35	35	35	35	35	35
Reserves	1,735	1,811	182	369	572	709	508	482	443	347
	1,770	1,846	217	404	607	744	542	517	477	382
Non Current Liabilities	1,186	1,160	1,103	937	876	889	1,029	597	659	663
Capital Employed	2,956	3,006	1,320	1,341	1,483	1,633	1,571	1,114	1,136	1,044
<u>Assets Employed</u>										
Fixed Assets (including Motor Vehicle Revaluation)	1,541	1,461	198	249	289	325	358	253	327	327
Investment Property	20	22	23	25	26	28	30	31	-	-
Intangible Assets	4	7	13	21	17	19	-	-	-	-
Long Term Investments	14	216	207	197	204	183	180	180	151	135
Deferred Tax Assets	69	69	65	43	21	19	32	37	31	-
Plan Assets	310	247	201	313	313	283	265	-	-	-
Staff Receivables	54	77	88	76	38	-	-	-	-	-
Working Capital	945	907	525	416	575	775	706	613	627	582
	2,956	3,006	1,320	1,341	1,483	1,633	1,571	1,114	1,136	1,044
<u>Ratio Analysis</u>										
<u>Profitability</u>										
Profit Before Taxation to Gross Turnover (%)	(10)	15	(11)	(7)	(6)	9	1	1	2	2
Profit before Taxation to Shareholders' Fund (%)	(11)	18	(100)	(53)	(27)	36	5	3	15	19
Profit After Taxation to Shareholders' Fund (%)	(11)	19	(86)	(49)	(22)	28	4	8	13	15
Earnings Per Share (LKR)	(57)	99	(53)	(56)	(38)	60	6	11	17	17
<u>Liquidity</u>										
Current Assets to Current Liabilities (Ratio)	3.4:1	3.1:1	1.7:1	1.5 :1	1.6:1	2.50:1	2.13:1	2.05:1	1.66:1	1.59:1
Quick Assets to Current Liabilities (Ratio)	2.6:1	2.1:1	1.3:1	1.1:1	0.9:1	2.08:1	1.60:1	1.58:1	1.09:1	1.13:1
<u>Dividends Proposed</u>										
Dividends (Gross)	-	-	-	7	3	6	-	-	-	-
Dividends Per Share (LKR)	-	-	-	2	1	2	-	-	-	-
<u>Long Term Solvency</u>										
Non Current Assets to Shareholders' Fund (%)	114	114	366	229	150	115	159	97	107	121
Non Current Assets to Working Capital (%)	213	231	151	222	158	111	122	82	81	79
Net Assets Per Share at year end (LKR)	508	530	62	116	174	213	156	148	137	110

SHARE INFORMATION

Shareholders

		2022		2021	
		No. of Shares	%	No. of Shares	%
1.	Public Trustee on behalf of the GOSL	3,050,380	87.56	3,050,380	87.56
2.	Ceylon Petroleum Corporation	61,206	1.76	61,206	1.76
3.	Insurance Corporation of Sri Lanka	61,206	1.76	61,206	1.76
4.	Ceylon Shipping Corporation	31,206	0.90	31,206	0.90
5.	Phillip Sivali Wijewardene	20,000	0.57	20,000	0.57
6.	Parakrama Sujana Wijewardene	20,000	0.57	20,000	0.57
7.	National Savings Bank	20,000	0.57	20,000	0.57
8.	Paddy Marketing Board	20,000	0.57	20,000	0.57
9.	National Film Corporation of Sri Lanka	20,000	0.57	20,000	0.57
10.	National Gem & Jewellery Authority	20,000	0.57	20,000	0.57
11.	Sriyan Rajitha Gomes	15,821	0.45	15,821	0.45
12.	Rukmalie Shalini Hurulle	14,822	0.43	14,822	0.43
13.	Ceylon Port Services Ltd.	10,000	0.29	10,000	0.29
14.	Ceylon Shipping Lines Ltd.	10,000	0.29	10,000	0.29
15.	Colombo Dockyard Ltd.	10,000	0.29	10,000	0.29
16.	Asoka Chandralal Wijewardene	7,925	0.23	7,925	0.23
17.	Aswini Kumar Wijewardene	7,919	0.23	7,919	0.23
18.	Kamalika Janaki Wijewardene	6,944	0.20	6,944	0.20
19.	Ranil Wickremasinghe	6,786	0.19	6,786	0.19
20.	Amitha Lal Gooneratne	5,967	0.17	5,967	0.17
21.	Arjun Indrajit Gooneratne	5,967	0.17	5,967	0.17
22.	Ayoma Irandathi Wijesundere	5,967	0.17	5,967	0.17
23.	Other Shareholders	51,598	1.48	51,598	1.48
	Total	3,483,714	100	3,483,714	100

Shareholdings as at 31st December 2022

	No. of Shareholders	No. of Shares	%
1 - 1,000	58	4,990	0%
1,001 - 5,000	11	20,310	0%
5,001 - 10,000	15	103,773	3%
10,001 - 50,000	9	181,849	5%
50,001 - 100,000	2	122,412	4%
Over 100,000	1	3,050,380	88%
Total	96	3,483,714	100%

Categories of Shareholders

	No. of Shareholders	No. of Shares	%
Public Trustee	1	3,050,380	88%
Institutions	10	263,618	7%
Individuals	85	169,716	5%
Total	96	3,483,714	100%

NOTICE OF MEETING

Notice is hereby given that 50th Annual General Meeting of the Shareholders of the Company will be held in terms of the Associated Newspapers of Ceylon Limited (Special Provisions) Law No. 28 of 1973, at the Registered Office of the Company at No.35, D.R.Wijewardena Mawatha, Colombo 10 at 3.00 p.m. on 26th February 2024.

1. To read the Notice convening the meeting.
2. To confirm the minutes of the Annual General Meeting held on 24th February 2023.
3. To confirm the minutes of the Extra Ordinary General Meeting held on 07th August 2023.
4. To receive and consider the report of the Directors and the Financial Statements of the Company for the year ended 31st December 2022 with the Auditor's Report thereon.
5. The appointment of three Directors by the Public Trustee.
6. To elect two Directors in terms of provision (1) to Section 6 (i) (g) of the Associated Newspapers of Ceylon Limited (Special Provisions) Law, No. 28 of 1973.
7. To fix remuneration of the Directors.
8. To authorize Directors to determine contribution to charities.

Notes:

1. Any shareholder unable to attend the meeting may appoint another person who is a member of the Company to act for him/her proxy. The proxy form is annexed for this purpose and must be deposited at the registered office of the Company not less than 48 hours before the time appointed for the holding of meeting.
2. In the case of corporation and corporate bodies which are shareholders of the Company, attention is invited in regard to their representation at the Annual General Meeting, to Section 138(1) (a) of the Companies Act No. 07 of 2007, which read as follows:

"A corporation, whether a Company within the meaning of this Act or not, may where it is a member of another corporation, being a Company within the meaning of this Act, by resolution of its Directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company".

By order of the Board of Directors,



Mrs.H.W.S. Prasanga

Company Secretary

CORPORATE INFORMATION

Name of the Company	The Associated Newspapers of Ceylon Limited
Registered Office	No.35, D.R. Wijewardene Mawatha, Colombo 10.
Legal Form	The Associated Newspapers of Ceylon Limited is a Public Limited Liability Company incorporated in 1926 and governed by The Associated Newspapers of Ceylon Limited (Special Provisions) Law No.28 of 1973(as amended), the relevant Gazette Notifications published in time to time, Companies Act No.07 of 2007 and Finance Act No.38 of 1971(For Accounts and Audit) At present, The Associated Newspapers of Ceylon Limited operates as a Statutory Company under the purview of the Ministry of Mass Media.
Accounting Year End	31st December
Principal Line of Business	- Printing & Publishing Newspapers, Periodicals & Magazines - Commercial Printing
Subsidiaries	- Observer Jobs (Private) Limited - Lake House Connect (Private) Limited - Lake House Property Development (Private) Limited - (Non Operating) } Under Liquidation
Company Secretary	Mrs. H.W.S. Prasanga
Bankers	- Bank of Ceylon - People's Bank - Commercial Bank of Ceylon PLC - Seylan Bank - Hatton National Bank PLC - DFCC Bank
Auditors	Auditor General, National Audit Office, No. 306/72, Polduwa Road, Battaramulla.

FORM OF PROXY

ANCL Annual Report 2022

I / We of
.....Member/s of the Associated Newspapers of Ceylon Limited
hereby appoint.....
..... (NIC No.....)
of as my/our proxy to represent me / us and vote for me/us on my/
our behalf at the Annual General Meeting of the Associated Newspapers of Ceylon Limited to be held on
26th February 2024 at 3.00 p.m. or at any adjournment thereof.

As witness my / our hand this day of..... 20.....

.....
Signature/s of Shareholder/s

.....
NIC/PP/Co.Reg.No. of Shareholder/s

Notes:

Instructions as to completion of this Form of Proxy are given below:

- (1) If the Form of Proxy is signed by an Attorney, the relative Power of Attorney (POA) should accompany the completed Form of Proxy for registration in the event such POA has not already been registered with the Company.
- (2) If the shareholder is a Company or a Corporate Body, the Form of Proxy should be executed under its common seal or in such other manner as may be provided for in its constitutional documents, if any, or signed by its Attorney or by an Officer on behalf of the Company/Corporate Body in accordance with its Articles of Association/Statute.
- (3) Every alteration or addition to the Form of Proxy must be duly authenticated by the full signature of the Shareholder signing the Form of Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.
- (4) The use of the word "Member/s" herein is a reference to "Shareholder/s".



THE ASSOCIATED NEWSPAPERS OF CEYLON LIMITED

ශ්‍රී ලාංකේය පුවත්පත් කලාවේ මහගෙදර

No.35, D.R. Wijewardena Mawatha, Colombo 10.
Email: info@lakehouse.lk / webmarketing@lakehouse.lk
Tel: 011 2 429 429 / 011 2 421 181 / 011 2 331 181
Fax: 011 2 429 329 / 011 2 449 069