SELACINE TELEVISION INSTITUTE

2023

ANNUAL REPORT

Hon. Minister of Mass Media
Ministry of Mass Media
Colombo 5.

Hon. Minister,

Annual Report – 2023

According to the Section 14(1) in Finance Act No 38 of 1971, I am forwarding herewith the Annual Report of Selacine Television Institute for the year ending 30th September 2023.

Thank you.

Yours faithfully,

K. M. M. Mahesh Bandara
Chairman
Selacine Television Institute

CONTENTS

Mission, Vision & Objectives

Mission

Using talented creative and dedicated personal help and resourcefully using latest technology creatively to provide state and private institutions communication and other creative advertising services of the highest standards and thereby actively contributing to the economic, social and political development of Sri Lanka.

Vision

To be the leader of the advertising field through creative communication of progress in all business fields, developments and operations of the state mechanism.

Objectives

Increasing financial status

Increasing market Share

Using strategy to increase customer satisfaction

Developing employees and leaders of the organization

Chairman's Review

I am pleased to present this message on behalf of the 2023 annual report, marking the first year since my appointment as Director of Salacine Television Institute.

Founded in 1982, this institution has navigated numerous challenges over the past 41 years. However, in 2023, the company faced significant difficulties in maintaining normal operations due to a series of crises, including political upheavals, social unrest, a severe fuel shortage, a sharp increase in the value of the dollar against the rupee, and the rising costs of production materials and services.

Given these circumstances, the reduction in advertising provisions from government agencies has impacted our self-financed company's ability to meet its revenue targets for 2023. Additionally, due to increased administrative expenses, including staff salaries and production costs, achieving the anticipated profits for the year has proven unfeasible.

It should also be noted that administrative and other expenses were minimized to the greatest extent possible to mitigate potential losses under these challenging conditions.

I am pleased to report that the legalization of Salacine was successfully completed in 2023.

K. M.M. Mahesh Bandara
Chairman
Salacine Television Institute

General Manager's Review

Salacine Television was established on February 7, 1982, initially as a planning and implementation unit and later functioning as a unit within the Ministry of Mass Media for an extended period.

For an extended period, this organization was governed by a board of directors. However, lacking individual legal status, it was officially registered as a private company around 2011. Due to changes in top management, this task has periodically been prioritized by the organization. However, it had not yet been successfully completed.

However, this process was reinitiated around July 2022, and after an extensive procedure, we successfully registered Rs. 100 shares as a Treasury-owned company on June 20, 2023. The registration was completed at the Registrar General's Department under the name Salacine Media Solution (Pvt.) Company.

The new company commenced operations on October 1, 2023. Despite its 42-year history, it now operates as a start-up with legal personality.

I would like to express my gratitude to former Chairman Harith Gunawardena for his support and dedication in this endeavor. I am optimistic that this company will continue to thrive and achieve long-term profitability.

W.L.A.K.A.Gunathilake
General Manager
Selacine Television Institute

Corporate Information

Name

Selacine Television Institute

Legal form and nature of past activities

- On 1st February 1982, started under the authority of the Ministry of Plan Implementation.
- From 1982 to 1989, carrying out the job of making the general public aware of the Accelerated Mahaveli Project through the Human and Financial Resources Department of the Timber Corporation which was then under the purview of the Mahaweli Development Ministry.
- Carrying out the propaganda work for "Janasaviya" programme in 1989.
- By the Gazette Notice Extraordinaire of No. 832/15 of 19.08.1989, Salacine Institute was brought under the purview of the Ministry of Youth Affaires, Sports and Rural Development. (This is the first time transfer of this institute was done through a gazette notice.)
- By the Gazette Notice Extraordinaire of No. 979/2 of 09.06.1997, Salacine Television Institute was brought under the purview of the Ministry of Posts, Telecommunication and Mass Media.
- By the Gazette Notice Extraordinaire of No. 1215/14 of 20.12.2001, Salacine Television Institute was brought under the purview of the Ministry of Mass Media.
- By the Gazette Notice Extraordinaire of No. 1338/9 of 28.04.2004, Salacine Television Institute was named as an institute belonging to the Ministry of Information and Mass Media.
- By the Gazette Notice Extraordinaire of No. 1422/22 of 08.12.2005, Selacine Television Institute was established under the Ministry of Information and Mass Media.
- On 26.03.2008 memorandum was forwarded to the Cabinet of Ministers to convert Selacine as a government-owned Public Company according to the rules and regulation under Companies Act No. 07 of 2007.

Establishment role

- To become operative as the state media advertising and production institute.
- Through the gazette notification extraordinaire of 16.05.2005, the following were brought under the scope of Selacine.
    - i. Production of print / electronic media advertisements
    - ii. Propaganda work to make the general public aware of the development activities of the government
    - iii. Production of government advertising programmes
- After the observation regarding the message of the Hon. Minister for Mass Media and Information dated 02.12.2008, by the Cabinet Paper No. 08/2253/338/043 dated 24.12.2008, approval was granted to make it mandatory for all commercial advertisements and advertising programmes of all ministries and institutions under them to be done through Selacine Television Institute.
- Production of audio visual creations such as rupavahini documentaries, radio programmes as well as rupavahini and radio advertisements
- Creation of various newspaper notices and scheduling them on print and electronic media.
- Event management and printing work.

Administration Structure - 2023

Senior Management

Harith Gunawardhana	-	Chairman
W.L.A.K.A Gunathilake	-	General Manager

Management

Nadeeka Gamanayake	-	Chief Accountant
Kaneshi Dahanayake	-	Manager (Human Resources and Administration)
Sunanda Weerasinghe	-	Manager (Production)
Agbo Amarasekara	-	Manager (Head of Business Development)
Nalin Alahakoone	-	Manager (Media)
Sujith Pushpakumara	-	Manager (Graphics)
Prabath Kahaduwaarachchi	-	Manager (Purchasing & Supplying)

Auditors

Government Audit

Bankers

Bank of Ceylon

Peoples Bank

Contact Details

Address	-	No. 380/57, Sarana Rd, Colombo 07.
Telephone	-	011-4320777, 011-4061586
Fax	-	011-2058229
Email	-	selacine@gmail.com
Web site	-	www.selacine.lk

Graphics and Creations Division

It is our department's responsibility to shape the company's future by delivering high-quality designs that are both contemporary and forward-thinking, ensuring our competitiveness in the market. Currently, the team is working diligently and collaboratively towards achieving success.

Our team in the Design and Graphics Department is dedicated to producing all print materials, including advertisements, newspaper ads, billboards, handouts, and external publicity activities. We strive to apply the latest technical knowledge and contribute maximally to each project.

The workload of our department extends beyond regular office hours and includes tasks to be completed outside of standard working times. During the recent COVID-19 pandemic, our team demonstrated exceptional dedication and strength. Through effective coordination across all sectors, we successfully managed all tasks related to printed and social media without any disruption. As a result, we were able to work collectively towards achieving the goals necessary for the institution's development.

After integrating the previously inactive and loss-making high-speed printing division with the graphic division, we enhanced its efficiency and profitability. This integration also led to an increase in new clients.

I am pleased to inform you that, thanks to the 3D design talents within our department, we successfully presented models tailored to our clients' needs. Their satisfaction with our work has led them to choose our company for nearly all of their design projects.

We are committed to being a more proactive department, in alignment with performance instructions and in close collaboration with the new administration. Our goal is to provide the maximum contribution needed to achieve the annual revenue target.

Media Division

Our department assesses each client's advertising needs and undertakes the required activities to promote their message across newspapers, radio, television, magazines, and digital media. This includes tasks such as planning advertising strategies, negotiating with channels to secure competitive rates, preparing advertising reports, coordinating press conferences, researching the latest advertising opportunities, and building long-term relationships with media professionals.

In 2023, our division focused on achieving the highest possible income by optimizing the scheduling of the media division, which was carried out with greater efficiency. Members of our division are creative, strategic planners with excellent knowledge of media trends.

We would like to affirm that our team is prepared to generate increased revenue for our company in the coming year, surpassing the results of the previous year. Finally, we invite new customers to partner with us to achieve the maximum return on their investments.

Sales and Consumer Services Division

In 2023, the Customer Service Division generated a sales contribution of 163,237,759.00 rupees. Although this figure falls short of our 800 million rupee target, it was significantly impacted by the reduction in allocations for advertising activities from government agencies. Additionally, aside from the business opportunities generated by the marketing department, we did not secure any permanent business this year. Accordingly, marketing efforts have shown an increase compared to the previous year. This year, we successfully attracted a significant number of new clients to the institute. We have also secured agreements to undertake work in the coming year, thanks to our design presentations for two special projects in the public sector. The Board of Directors has approved the hiring of additional staff to support the expansion of the marketing department. In the coming year, we anticipate that promotional activities for the private sector will be successfully executed.

Human Resource and Administration Division

Amid the economic crisis on the island, the work of the Human Resources and Administration Department in 2023 is highlighted here. It was a particularly challenging year economically for Salacine Television Institute as well.

- On June 23, 2023, a significant milestone was reached in the 42-year history of Salacine Television Institute, as the company was incorporated under the name "Salacine Media Solutions Private Limited." The company's business activities commenced with a fresh new identity on October 1, 2023.
- Despite the financial challenges faced by our company this year, all employee salaries and allowances were paid promptly and without delay.
- Even amidst the financial challenges, arrangements were made to provide annual health insurance for the employees' welfare.
- With the legalization of Salacine Media Solutions Private Limited, the staff was restructured to align with the new business focus.

Internal promotions were granted to support the career development of employees.

Production Division

On February 2, 1982, the initiative began on a small scale with the establishment of Salacine Television Institute as a video program production entity. Over time, it expanded by leveraging resources from its environment and contributing to the enrichment of the entire ecosystem. A canal, stream, or river becomes truly beautiful when it flows through obstacles such as mountains and hills. The production company also advanced by overcoming various obstacles that arose from time to time. A river is constantly nourished by its surroundings and receives contributions from many tributaries. Similarly, as the manufacturing company evolved, it incorporated various departments. What began as a small trickle, Salacine, grew into a river. The primary stream of this river, named Salacine, drives forward as the main force of production. Other significant tributaries joined, transforming it into a great river, with the Production Division representing a smaller stream within this expansive network.

In 2023, our production division successfully managed the complete publicity for the 2023 population census conducted by the Department of Population and Statistics. Notably, we achieved the production of a one-and-a-half-hour documentary aimed at educating teachers and students for the health promotion school project, which will be implemented across all schools under the Family Health Department. Additionally, we conducted 32 teacher awareness programs related to this project. Furthermore, in 2023, we produced 15 documentaries for the Western Provincial Ministry of Tourism, 6 documentaries for NERD, and 3 documentaries for the National Productivity Secretariat. Although we are a small stream, we take pride in being the vital source of production for this great river.

Finance Division

All financial affairs of Salacine Television Institute are managed by the Finance Division. A major responsibility of the Finance Division is to deliver accounting reports on time. For the year 2023, we successfully submitted the relevant accounting reports to the Auditor General by the due date. It is a significant achievement for us to have addressed all previous delays and provided the accounts on time this year.

New methods were introduced to ensure the efficient implementation of all functions within the Finance Division. These new methods enabled us to work more efficiently. All accounts are prepared in accordance with government accounting standards, and many debts owed to suppliers were settled on time.

A suitable program was also implemented to collect outstanding arrears, which helped reduce audit queries.

According to the Auditor General's opinion, the Finance Division has significantly contributed to the Salacine Television Institute by presenting a true and fair view of the financial situation in accordance with public accounting policies from 2014 to 2022.

In the coming year, the Finance Division aims to deliver accurate and efficient service for all financial matters by providing accounting reports on time, in accordance with government accounting policies.

Event Management Division

The Event Management Division, established within the institution 9 years ago, has been a valuable contributor to the institution's progress. By integrating the Procurement Division with the Event Management Division, we have enhanced our ability to perform efficiently and effectively for the organization. We have successfully managed international events by presenting innovative proposals to our clients, particularly through the Event Management Division. Our company has achieved indelible milestones in Sri Lanka's history by becoming a leader in producing major events such as the Lotus Tower inauguration, the United Nations Vesak celebration, the Journalism Awards, and the President's Film Awards.

The addition of the Procurement Department has enabled us to call for tenders and deliver quality, cost-effective services in line with government procurement guidelines. The aim of this sector is to deliver effective service by competing alongside both public and private institutions.

In the future, this division aims to utilize innovative methods to organize international-level events and deliver exceptional service to both private and public sector clients. Additionally, we plan to enhance the efficiency and transparency of the Procurement Division through the implementation of electronic procurement methods.

FINANCIAL REPORT 2023

Balance Sheet

As at 30th of September 2023 (in Sri Lankan Rupees)

	Notes	2023.09.30 Rs.	2022.12.31 Rs.
ASSETS			
Non Current			
Property, Plant & Equipment	02	13,246,475	13,391,548
Intangible Assets	02-A	625,101	1,007,188
Total Non Current Assets		**13,871,576**	**14,398,736**
Current			
Investments	03	22,943,243	15,847,321
Trade Receivables	04	320,911,880	327,186,162
Other Receivables	05	2,189,509	2,148,332
Cash in Hand & at Bank	06	4,185,876	14,141,553
Total Current Assets		**350,230,508**	**359,323,368**
Total Assets		**364,102,084**	**373,722,104**
EQUITY AND LIABILITIES			
Equity			
Retained Earnings		79,768,955	98,127,028
Total Equity		**79,768,955**	**98,127,028**
Liabilities			
Non Current			
Gratuity Payable	07	13,815,264	18,092,000
Non Current Liabilities		**13,815,264**	**18,092,000**
Current			
Trade & Other Payables	08	270,388,313	257,373,524
Advance Received		129,552	129,552
Current Liabilities		**270,517,865**	**257,503,076**
Total Equity and Liabilities		**364,102,084**	**373,722,104**

These Financial Statements have been prepared in accordence with the requirement of the Sri Lanka Public Sector Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka and Finance Act No. 38 of 1971.

General Manager - Selacine Television Institute

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board by,

Chairman
Selacine Television Institute

Income Statement

For the year ended 30th of September 2023 (in Sri Lankan Rupees)

	Notes	2023.09.30 Rs.	2022.12.31 Rs.
Revenue	09	**163,237,759**	**323,094,325**
Direct Expenses	10	(127,267,175)	(243,981,574)
Gross Profit/(Loss)		**35,970,582**	**79,112,751**
Other Income	11	4,282,416	5,267,201
Administration & Establishment Expenses	12	(52,876,360)	(88,891,095)
Selling & Distribution Expenses	13	(4,709,514)	7,949,229
Profit from Operation		**(17,332,875)**	**(12,460,372)**
Financial Expenses	14	(445,534)	(353,414)
Other Expenses	15	(869,286)	(1,486,144)
Net Profit/(Loss) before Taxation		**(18,647,695)**	**(14,299,930)**
Income Tax Expenses		-	-
Total Net Profit/ (Loss) After Taxation		**(18,647,695**	**(14,299,930)**

Statement of Changes In Equity

For the year ended 30th of September 2023 (in Sri Lankan Rupees)

Balance as at 01 January 2023		**98,127,028**
Prior Years Adjustments	17	289,622
		98,416,650
Net Profit/Loss For the year		(18,647,695)
Balance as at 30th September 2023		**79,768,955**

Cash Flow Statement

For the year ended 30th of September 2023 (in Sri Lankan Rupees)

	2023.09.30 Rs.	2022.12.31 Rs.
Cash Flows from Operating Activities		
Net profit before taxation	(18,647,694)	(14,299,930)
Adjustments for;		
Interest income	(3,006,454)	(3,654,726)
Depreciation	2,237,858	3,990,768
Provision for Gratuity	623,185	1,324,243
Provision for Bad Debtors	710,788	674,848
Prior Years Adjustments	-	-
Operating Profit before Working Capital Changes	**(19,503,893)**	**(11,964,797)**
(Increase)/Decrease in Trade & Other Receivables	6,274,282	58,240,095
(Increase)/Decrease in Deposits & Prepayments	(41,177)	(392,145)
Increase/(Decrease) in Trade Creditors & Other Payables	13,014,790	(68,399,807)
Investment (Increase/Decrease)	-	-
Advance Receivables (Increase/Decrease)	-	(73,626)
Cash Generated from / (used in) Operation	**19,247,896**	**(10,625,483)**
Gratuity paid	(4,599,423)	-
Net Cash from / (Used in) Operating Activities	**(14,648,471)**	**(10,625,483)**
Cash flows from Investing Activities		
Purchase of Property, Plant & Equipment	(1,710,700)	(545,890)
Interest Income	3,006,454	3,654,726
Fixed Deposits	7,396,417	(7,097,093)
Net Cash from / (Used in) investing Activities	**(6,100,663)**	**(3,988,257)**
Cash flows from Financing Activities		
Provision for Bad Debtors	710,788	(674,848)
Error Correction of Retained earning	289,622	20,040,591
Net Cash from / (Used in) Financing Activities	**1,000,410**	**19,365,743**
Net Decrease in Cash and Cash Equivalents	**(9,955,674)**	**(7,212,805)**
Cash and Cash Equivalent Beginning of the Year (Note A)	14,141,552	21,354,358
Cash and Cash Equivalent End of the Year (Note A)	**4,185,877**	**14,141,552**

NOTE A

Cash & Cash Equivalents

BOC - A/C No. 2323299	502,824	880,486
BOC Savings A/c No. 2329765	26,033	93,963
Peoples Bank 200100130005980	1,216,571	(5,532,427)
Peoples Bank 200100110005980	2,390,449	18,699,530
Petty Cash	50,000	-
	4,185,877	**14,141,552**

Notes for Financial Report

For the year ended 30th of September 2023 (in Sri Lankan Rupees)

1. CORPORATE INFORMATION

1.1 General

Selaecine Television Institute (hereinafter referred as Selacine) has been integrated To the Ministry of Mass Media by the Special Gazette Notification No.2112/13 of 26.02.2019

1.2 Principle Activities and Nature of Operations

The principle activities of the Selacine Consists of advertising activities, production of Television and Radio programmers and Event management.

1.3 Number of Employees

There were 41, Permanent and Contract employees as at 30.09.2023

2. SUMMERY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General Policies

The Financial Statements of Selacine Television Institute has been prepared in accordance with Sri lanka Accounting standards issued by the Institutes of Chartered Accountants of Sri lanka.The Financial Statements, which are presented in Sri Lankan Rupee, are presented on going concern basis.

2.2 Consistency and comparability

The accounting policies, adapted in the current year, are consistent with those used in previous years.

2.3 Borrowing Cost

Borrowing Costs are recognized as an expense in the accounting period in which they are incurred without any amount being capitalized.

3. VALUATION OF ASSETS AND THEIR MEASUREMNET BASES

3.1 Property plant & Equipment

Property plant & equipment are stated at cost or revalued amount.

3.2 Trade and Other Receivables

Trade and other receivables are stated at the amounts they are estimated to realize.

3.3 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.

3.4 Depreciation

Depreciation is recognized in the Income Statement on a straight-line basis over the estimated useful life of each asset. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of the equivalent owned assets.

Depreciation percentage are amended are for fixed assets. The estimated useful lives for the current and comparative periods are as follows :

• Furniture & Fittings	10 Years
• Computer Equipments	05 Years
• Office Equipment	10 Years
• Motor Vehicles	05 Years
• Cameras & Filming Equipment	10 Years
• Computer Software	10 Years

Motor Vehicles are Fully depreciated and book Value in cost Rs. 7,835,824/-

3.5 Diposal of Fixed Assets

Year 2018 Assets has been disposed without identifying purchase year.

4. LIABILITIES AND PROVISIONS

4.1 Liabilities classified as current liabilities in the Balance Sheet are those obligations payable on demand or within one year from the Balance Sheet date. Items classified as non-current liabilities are those obligations, which expire beyond a period of one year from Balance sheet date.

4.2 Retirement Benefit Costs

Provision has been made for retirement benefits from the first year of services for all employees in conformity with LKAS 19 (Revised 2006) – Employee Benefit. However, under Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 05 years of continued service.

4.3 Defined Contribution Plans-EPF & ETF

Employees are eligible for Employees' Provident Funds contributions and Employees' Trust Funds contributions in line with respective statutes and regulations. The company contributes 15% and 3% of gross emoluments of Employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively.

5. INCOME STATEMENT

5.1 Turnover

The turnover of Selacine is from art works, scheduling, production of television and radio programmers, event management and Social Media.

5.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

5.3 Expenditure Recognition

Expenses are recognized in the income statement on the basis of direct association between the cost incurred and the earnings of specific items of income.

6. RELATED PARTY TRANSACTIONS

There had been no related party transaction during the period the financial statement refers to & LKAS24

7. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

7.1 There had been no material events occurring after the Balance Sheet date that require adjustment or disclosure in the financial Statements.

8. BAD & DOUBTFUL DEBTORS PROVISION

8.1 Bad & Doubtful debtors have been provided as 5% for debtors. (above 90 days)

9. An amount of Rs. 11,988,000 was credited to the welfare account without proper authorization, and legal proceedings have been initiated regarding this matter. Although this amount has been recorded under trade and receivables since 2014, it is now presented as a reconciled note to retained earnings, in compliance with Sections 34 and 89 of SLAS 37.

Notes To The Financial Statements

For the year ended 30th of September 2023 (in Sri Lankan Rupees)

NOTE - 02 - Property Plant & Equipment

NOTE - 02 - Property Plant & Equipment

	Cost as at 31.12.2022 Rs.	Additions/ Transfers Rs.	(Disposals)/ Transfers Rs.	Cost as at 30.09.2023 Rs.
02 -1 Gross Carrying Amounts				
Furniture & Fittings	11,098,227	-	-	11,098,227
Computer Equipment	10,849,339	1,710,700	-	12,560,039
Office Equipment	8,233,327	-	-	8,233,327
Motor Vehicles	7,835,824	-	-	7,835,824
Camera & Filming Equipment	15,169,000	-	-	15,169,000
	53,185,717	**1,710,700**	**-**	**54,896,417**

	Balance as at 31.12.2022 Rs.	Charge for the year/Transfers Rs.	(Disposals)/ Transfers Rs.	Balance as at 30.09.2023 Rs.
02.2 Depreciation				
Furniture & Fittings	3,923,466	712,059	-	4,635,525
Computer Equipment	8,574,535	691,210	-	9,265,745
Office Equipment	4,605,230	420,762	-	5,025,992
Motor Vehicles	7,835,824	-	-	7,835,824
Camera & Filming Equipment	14,855,113	31,742	-	14,886,855
	39,794,168	**1,855,773**	**-**	**41,649,942**
	13,391,548			**13,246,475**
NOTE - 02-A Intangible Assets				
Accounting Software	3,389,000	-	-	3,389,000
Network System	3,419,651	-	-	3,419,651
	6,808,651	**-**	**-**	**6,808,651**
Amortization				
Accounting Software	2,810,427	125,613	-	2,936,040
Network System	2,991,037	256,473	-	3,247,510
	5,801,464	**382,086**	**-**	**6,183,550**
	1,007,187			**625,101**

Notes To The Financial Statements

For the year ended 30th of September 2023 (in Sri Lankan Rupees)

	Notes	2023.09.30 Rs.	2022.12.31 Rs.
NOTE - 03 - INVESTMENTS			
Bank of Ceylon - 8162593		500,000	500,000
Bank of Ceylon - 83636019		7,000,000	7,000,000
Bank of Ceylon - 84622785		2,073,289	1,810,680
Peoples Bank - 2006001000068281		6,369,954	5,536,641
Peoples Bank - 200600100007202-5		1,000,000	1,000,000
Bank of Ceylon - 91158251		3,000,000	-
Bank of Ceylon - 91357849		1,000,000	-
Peoples Bank - 2006001000076511		2,000,000	-
		22,943,243	**15,847,321**
NOTE - 04 - TRADE & RECEIVABLES			
Trade Debtors	**NOTE 04.1**	288,712,301	282,563,403
Staff Debtors	**NOTE 04.2**	1,800,666	1,813,822
Advance Paid		19,510,870	20,125,000
Insurance premium		-	41,800
WHT		238,548	82,459
ESC		3,599,744	3,599,744
Penalty & Surchage Receivable		194,068	194,068
Refundable deposits	**NOTE 04.3**	5,581,100	5,544,100
Bank Interest Income Receivable		361,895	390,138
Money Fraud by Employees		-	11,988,000
Other Receivable		82,891	63,151
E-Mansala Control A/C		367,917	367,917
අයවිය යුතු වියදම්		3,600	-
Production Advance -(Non-Pay)		223,280	137,400
Other Advance -(Non-Pay)		235,000	275,160
		320,911,880	**327,186,162**
NOTE 04.1 - TRADE DEBTORS			
Trade Debtors		301,638,624	296,200,514
Less- Debtor Received		(755,272)	(755,272)
Less- Provision for bad debts		(12,171,051)	(12,881,839)
		288,712,301	**282,563,403**
NOTE 04.2 - STAFF DEBTORS			
Festival Advances		163,125	25,000
Staff Loan		579,397	1,453,400
Staff Receivables-Other		184,366	112,320
Staff insurance		873,778	223,102
		1,800,666	**1,813,822**
NOTE 04.3 - Refundable Deposits			
Deposits - New Buliding		4,050,000	4,050,000
Deposits - Rajagiriya Building		1,120,000	1,120,000
Deposits - Fuel		300,000	300,000
Deposits - Vehicle		5,000	5,000
Deposits - Tenders		91,100	54,100
Deposits - Water		15,000	15,000
		5,581,100	**5,544,100**

Notes To The Financial Statements

For the year ended 30th of September 2023 (in Sri Lankan Rupees)

	Notes	2023.09.30 Rs.	2022. 12.31 Rs.
NOTE - 05- Pre Payments & Other Receivable			
Pre Payments - Insurance		2,189,509	2,148,332
		2,189,509	2,148,332
NOTE 06 - Cash & Cash Equivalents			
BOC - A/C No. 2323299		502,824	880,486
BOC Savings A/c No. 2329765		26,033	93,963
Peoples Bank (CA) No. 200100130005980		1,216,571	(5,532,427)
Peoples Bank Savings A/c No. 200200110005980		2,390,449	18,699,530
Petty Cash		50,000	-
		4,185,876	**14,141,553**
NOTE - 07 - GRATUITY PAYABLE			
Balance B/F		18,092,000	17,638,518
Gratuity Expenses for the Year		623,185	1,426,268
		18,715,185	19,064,786
Gratuity Payments		(4,899,921)	(972,786)
Gratuity Payable		**13,815,264**	**18,092,000**
NOTE - 08 - TRADE & OTHER PAYABLES			
Trade Creditors		222,939,260	177,326,059
Telephone Charges		-	47,303
Sales Commission Payable		444,772	581,475
Stamp Duty Payable		7,850	8,925
VAT		32,453,353	32,545,718
Building Rent Payable		-	900,000
Other Creditors/Other Payables		6,828,312	9,692,862
WHT		205,000	-
Fuel	-	41,651	
Salary Control		147,037	140,580
Suspence A/C		-	10,353
Control A/c - Vision 2020 President Secretariat		616,896	616,896
Accrued Expenses	**NOTE 08.01**	6,675,834	35,391,700
Refundable Deposit		70,000	70,000
		270,388,313	**257,373,524**

Notes To The Financial Statements

For the year ended 30th of September 2023 (in Sri Lankan Rupees)

	Notes	2023.09.30 Rs.	2022. 12.31 Rs.
NOTE - 08.1 - Accrued expenses			
Audit Fee		581,150	616,896
EPF		24,233	-
ETF		3,163	-
Staff Salary Payble		285,819	-
Mobile Allowance		18,989	-
Building Rent - Film Corporation		1,702,355	-
Building Rent - Film Corporation		990,000	-
Building Rent - Rajagiriya		124,445	-
Computer - Maintenance		146,450	-
Water BillP ayble		4,300	-
Legle Fee		35,500	-
Administration & Other expenses		839,860	339,940
Direct expenses		1,919,570	34,234,866
		6,675,834	**35,391,702**
NOTE -09 - REVENUE			
Production		16,573,278	134,957,292
Graphics & Printing		44,164,394	63,719,024
Scheduling		93,369,707	120,736,896
Event Management		1,182,625	1,336,363
Social Media, Web and Other Income		7,947,754	2,344,750
		163,237,758	**323,094,325**
NOTE -10 - DIRECT COST			
Production Expenses		6,679,804	95,409,217
Graphic & Printing Expenses		37,633,263	52,079,047
Scheduling Expenses		75,298,400	93,335,210
Event Management Expenses		1,001,800	1,114,250
Social Media Expenses		6,653,908	2,043,850
Creative Agency Commission		-	-
		127,267,175	**243,981,574**
NOTE - 11 - OTHER INCOME			
Non Refundable Deposit Income		42,000	-
Staff Loan interest		34,673	66,215
Bank Interest		3,006,454	3,654,726
Bad Debts Over Provision		-	-
Other Income		-	421,260
Registration of Supply		488,500	1,125,000
Debtors' Over Provision		710,788	-
		4,282,416	**5,267,201**

Notes To The Financial Statements

For the year ended 30th of September 2023 (in Sri Lankan Rupees)

	Notes	2023.09.30 Rs.	2022. 12.31 Rs.
NOTE - 12 - ADMINISTRATION & ESTABLISHMENT EXPENSES			
Salaries & Wages		25,526,525	41,637,140
EPF		3,394,141	5,556,740
ETF		678,828	1,112,250
Allowance		239,643	335,247
Allowance - Chairman		1,125,000	1,500,000
Allowance - Contract Services		-	58,459
Allowance - Trainees		103,000	37,000
Allowances - Fuel		1,143,000	1,347,000
Allowances - Fuel		991,120	1,246,680
Allowances - Mobile		702,175	1,183,250
Staff Over Time & Bata		1,219,414	5,786,673
Accounts Fee		-	425,000
Audit Fee		150,000	200,000
Audit and management Fee		37,500	10,460
Board Meeting Expenses		-	58,890
Board Meeting Fee		272,500	267,500
Tender Board & TEC Member fee		135,000	187,000
Building Rent Expenses - Film Corporation		-	945,000
Building Rent Expenses		6,125,000	8,100,000
Cleaning And Senitary Item Expenses		10,000	15,000
Computer Equipment Maintenance		168,300	200,800
Depreciation		1,855,774	3,390,934
Electricity		1,891,187	2,155,150
Gratuity Expenses		623,185	1,324,243
Internet Charges		295,295	423,456
News Papers & Periodical		17,370	33,130
Office Equipment Maintenance		105,080	457,298
Office Maintenance Expenses		14,620	348,706
Postage		27,220	27,855
Printing & Stationary		1,412,608	3,519,578
Renewal & Maintance fee - Agreement		65,700	136,500
Registration Fees		55,300	104,427
Refreshment Expenses		71,345	41,817
Security Services Expenses		732,820	1,313,130
Staff Insurance		2,346,378	2,726,600
Staff welfare		537,327	797,071

Notes To The Financial Statements

For the year ended 30th of September 2023 (in Sri Lankan Rupees)

	Notes	2023.09.30 Rs.	2022. 12.31 Rs.
Web Site Expenses		-	8,000
Telephone Charges		158,901	312,363
Surcharges		-	220,250
Training Programs Charges		2,000	109,000
Training & Development Expenses		-	123,120
Vehicle Rent		-	703,462
Water Expenses		352,433	404,916
Web Site Expenses		119,000	-
Company formation fees		48,896	-
Vehicle insurance and licence		122,775	107,564
		52,876,360	**88,998,658**

NOTE - 13 - SELLING & DISTRIBUTION EXPENSES

Fuel Expenses		659,759	1,566,171
Motor Vehicle Repair & Maintenance		982,551	1,706,520
Sales Commission		187,568	792,468
Sales Promotion & Advertising Expenses		7,380	178,700
Special Discount		2,744,406	2,753,634
Bad Debtor Provision		-	674,848
Stamp Fee		15,850	19,480
Transport & Parking		17,920	146,761
Tender Fee		94,079	110,647
		4,709,514	**7,949,229**

NOTE - 14 - FINANCIAL EXPENSES

Bank Charges		445,534	245,850
		445,534	**245,850**

NOTE - 15- OTHER EXPENSES

Amortization - Accounting Software		125,613	257,858
Amortization - Network System		256,473	341,965
Legal Fees		482,200	771,000
Penalty & Surcharge		-	19,424
Donation		5,000	72,097
Other Expenses		-	23,800
		869,286	**1,486,144**

Notes To The Financial Statements

For the year ended 30th of September 2023 (in Sri Lankan Rupees)

NOTE - 16 - NON RELATED PARTY DISCLOSURES (LKAS 24)

NAME	DESIGNATION	NATURE OF THE RELATED PARTY TRANSACTION & AMOUNT	ADDRESS
1. Mr. Harith Gunawardena	Chairman	Salaries & Allowances Rs. 2,215,490.00	No. 181/B6, Suhada Mawatha, Arewwala, Piliyandala
2. Mr. A. D. L. P. Kalansooriya	Director	Rs. 123,000.00	No. 34, Mangala Rd, Kurana, Negombo
3. Mr. M. V. S. Priyantha	Director	Rs. 123,000.00	No. 485/A, Weera Mw, Depanama, Pannipitiya
4. Mr. W. E. M. S. B. Jayasundara	Director	Rs. 123,000.00	No. 163, Asidisi Medura, Kirulapone Mw, Polheengoda, Colombo 05
5. Mr. K. M. M. Bandara	Director	Rs. 123,000.00	No. 19/15, Borella
6. Mr. W.L.A.K.A Gunathilake	General Manager	Salaries & Allowances Rs. 1,788,110	No. 3/40, Niwungama, Piliyandala.

Non Related party transactions have taken place between Selacine Television Institute and each of the above personnel and with any of their family members, for the financial year 2023. 01. 01. from 2023.09.30.

Notes To The Financial Statements

For the year ended 30th of September 2023 (in Sri Lankan Rupees)

NOTE - 17 - PRIOR YEAR ADJUSTMENTS

	2023.09.30	2022.12.31
Money Frauds	(11,988,000)	-
Correction of administrative expenses	1,747,943	-
Correction of - Direct expenses	10,529,679	-
Correction of Expenses for previous year	-	(4,396,999)
NBT Write off	-	24,437,590
	289,622	**20,040,591**

Auditor General's Opinion of Financial Activites of year 2023

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. CAM/B/SELACINE/1/FA/2023 ඔබේ අංකය / உமது இல. / Your No. දිනය / திகதி / Date 13 June2024

Chairman,
Selacine Rupavahini Institution.

Report of the Auditor General on the affairs of Selacine Rupavahini Institution including the Financial Statements and other Regulatory Requirements for the year ended by 30th September 2023 in terms of Section 12 of the National Audit Act No. 19 of 2018

1. Financial Statements

1.1 Quantified Opinion

The Statement of Financial Position as at 30th September 2023 of Selacine Rupavahini Institution, the Statement of Financial Performance as the year ended by said date, the Statement of Changes in Equity, Cash Flow Statement for the year ended by said date and, Notes to the Financial Statements, the Financial Statements as at the period of 09 months ended by 30th September 2023 comprising with the Summary of Significant Accounting Policies was carried out under my direction in pursuance of the provisions in Section No. 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 and the Finance Act No. 38 of 1971. My report in terms of the Regulation No. 154(6) in the Constitution will be presented at the Parliament in due course.

Except the effect made by the matters described in the part of the basis for the quantified opinion in my report, my opinion is that the financial position of the Council as at 30th September 2023 and, its financial performance and the cash flow as at the year ended by said date reflects a true and fair position in terms of Sri Lanka Accounting Standards.

1.2 Basis for the Quantified Opinion :

(a) 06 balances of Fixed Deposits for the amount of Rs.19,869,954 with the maturity period of 01-03 months which should be identified under Cash and Cash equivalents in terms of Section 07 in Standard 07 in Sri Lanka Accounting Standards were included in the investments and therefore the investment balance indicated in the financial statements were overestimated and cash and cash equivalents were understated.

(b) The rectification of prior errors should include the restatement of relevant assets, liabilities, and retained earnings balances in accordance with paragraph 42 of Sri Lanka Accounting Standards No. 08 for the year under review. However, the corrections made by Salacine as of 30th September 2023 concerning the year 2022 were incomplete since the restatement of assets, liabilities, and retained earnings was not reflected in the statement of financial position and the statement of changes in equity as at 1st January 2022, 31st December 2022, and 30th September 2023, nor was an explanatory note included in the financial statements as of 30th September 2023.

(c) Although the Nation Building Tax (NBT) of Rs. 24,784,856 which was written off in the year 2022 in accordance with the Finance Act No. 18 of 2021, the net value of Rs. 24,437,590, which included the receivable balance for the NBT of Rs. 347,265, was adjusted to the retained earnings for the year 2022, this adjustment was not disclosed in the notes to the financial statements for the period ended 30th September 2023.

(d) A total amount of Rs. 4,396,999 in direct expenses was incorrectly recorded as advances in the year 2021. This error was corrected in 2022 by adjusting the amount against retained earnings. However, the assets, liabilities, and retained earnings as of 1st January 2021, 31st December 2021, and 31st December 2022 were not restated. Although an explanatory note detailing the nature of the errors and the corrected amounts should have been included per the relevant accounting standards, the financial statements for the period ended 30th September 2023 did not disclose the reasons for these changes in the opening balances, and only the total amount was stated.

(e) According to provisions 5.5.13 to 5.5.16 of Sri Lanka Accounting Standards No. 09, if the credit risk of a financial asset increases after its initial recognition, it should be adjusted for impairment loss in accordance with the expected credit loss (ECL) approach. However, the organization has applied a policy of allocating a 5% provision for doubtful debts across all debtors, including 64% of the total debtor value of Rs. 301,638,624, which amounts to Rs. 195,774,141, representing balances that are over five years old, as well as all other debtors with balances exceeding 90 days.

(f) An initial payment of Rs. 21,000,000 has been paid relevant to the building acquired on lease for the administrative activities of the institution and instead of identifying the said value as a pert of right to use asset in line with Sri Lanka Accounting Standard 16, it has been entered into an advance payment account. This has caused an overestimate of current assets in the Financial Statements.

(g) As per the provisions in the above standard the interest expense in line with the audit calculations in the monthly lease installments amounting to Rs. 3,806,797 should be identified in the income statement. However, Salacine Institute has identified an amount of Rs. 6,125,000 as the building rent expense for the year under review and it has caused an overestimation of the loss of the year by Rs. 2,318,203.

(h) Details of the equipment of which the cost was Rs.38,767,209 in year 2002-2014 included in the property, plant and equipment in the financial statements for the period ended on 30th September with the value of Rs.54,896,417 had not been included in the fixed assets register and the required evidence to confirm the value was not submitted for audit.

(i) Advance payments of Rs. 1,294,095 and Rs.150,000 recived from 02 transactions occurred during the period from 01st January 2023 to 30th September 2023 were not credited to any advance account but to the relevant debtor account and therefore the debtor balance showed less Rs. 1,444,095.

(j) The source of a debtor receipt of Rs. 755, 272 had not been confirmed and in the financial statements of 2021 it was understated. No action has been taken to correct it in the year under review as well.

(k) As per Section 3(1) of the Economic Service Charge Act No 13 of 2006 any economic service charge paid by any person can be set off from the income tax payable in the relevant quarter. However, despite the fact that income tax has never been paid from its inception in year 1982, a balance of Rs. 3,599,749 which is an underserved charge has been indicated under trade and other receivables in the statement of financial position as an economic service charge. Therefore, the current assets were overstated.

(l) Even though only Rs.4,662, which was an amount that could not be recovered for year 2023 on behalf of the new medical insurance scheme should be identified as staff debtors, Rs.720,926 which should be recovered during the next 09 months have been shown as staff debtor which caused it to be overstated by Rs.716,265. Further as per the audit calculations the insurance cost for the year under review was Rs. 265,367. However, an amount of Rs.773,231 had been paid to the insurance company as the first installment. It is an overpay of Rs.507,863. In the financial statements it has been mentioned as Rs.2,189,509 and therefore the advance payments were overstated by Rs. 1,681,646.

(m) Insurance expenses of Rs. 3,184,405 for the period from 01st September 2023 to 31st August 2024 had been deposited in an account under the name of the insurance company and therefore the current liabilities in the financial statements were overstated by Rs. 2,410,175.

(n) Even though the trade and payable balance to Independent Television Network is Rs. 5,679.084 as per the financial statements of Salacine Television Institute, the financial statements of Independent Television Network show that the recoverable amount is Rs. 4,340,100. Therefore, there is a difference of Rs. 1,338,84 However the management has failed to review and settle the matter.

(o) When corrections were made for the employee financial fraud of Rs. 11,988,000 in year 2014, it was not restated in the statement of financial position in each year.

(p) The interest income to be adjusted to the net income of Rs. 18,647,694 before tax for the period ended on 30th September 2023 was Rs.3,106,210, only an amount of Rs.3,006,454 has been indicated in the statement of cash flow. Therefore, the interest income was adjusted, less Rs.99,756 and the interest income received from investment activities was understated by Rs.35,286.

(q) Even though an amount of Rs.278,640 should be shown in the financial statements as the gratuity allocations for the period under review, it has been shown as Rs.623,185 and therefore the profit of the year has been identified less Rs.344,545. Further the gratuity expenses of the period was Rs.4,599,423. However, it has been included in the notes as 4,899,921. In addition, the value of the gratuity allocations to be adjusted to net profit before tax in the cash flow statement is Rs. 278, 640. But the adjusted amount was Rs. 623,185 and therefore the gratuity allocations were overstated by Rs.344,545.

(r) Even though an amount of Rs. 262,600 should be indicated as cash flow under investment activities in the cash flow statement, an amount of Rs. 7,396,417 which is the value of the fixed deposits with the maturity period of 3 months and less to be identified under cash and cash equivalents, were shown as cash flow under investment activities deviating from the provisions of the standard. Further, even though the value of the cash and cash equivalent as at 01st January 2023 and 30th September 2023 should be Rs.27,178,193 and Rs. 24,055,831 respectively, the fixed deposit values which should be identified under cash and cash equivalents have been identified under investments and therefore the values were entered as Rs. 14,554,112 and Rs. 4,185,877 respectively.

(s) A cash flow for the amount of Rs. 289,222, a net value of an incorrect adjustment from which a cash flow is not generated, had been adjusted to the retained earnings in the period under review and shown under cash flow generated by financial activities in the statement of cash flow.

(t) No journal vouchers and source documents were presented to the audit in relation to an amount of Rs. 11,988,000 relevant to the money fraud adjusted to the retained earnings for the period of 09 months ended on 30th September 2023 and the adjustment value of Rs.25,803,090.

I conducted the audit in compliance to the Sri Lanka Audit Standards (S.L.A.S). My responsibility under these audit standards had further been described in the part of Auditor's responsibility in relation to the financial statements in this report. My belief is, the audit evidences obtained by me to provide a basis for my quantified opinion is sufficient and appropriate.

1.3 Other information contained in the Annual Report 2023 of the Institution

The information expect to provide me after the date of this audit report that had been included in the Annual Report 2023 of the institution but doesn't contain in the financial statements and my audit report relating to that means 'other information'. The management is responsible for these 'other information'.

Other information relating to the financial statements doesn't disclose from my opinion and, I won't give any assurance or make judgment with regard to that.

Regarding my audit relating to the financial statements, my responsibility is to read the other information identified aforesaid as and when those information could be obtained and, to consider whether those information would be quantitatively incompatible with the financial statements or according to the knowledge I acquired the audit or in another way.

When reading the Annual Report 2023 of the institution, if I determine that there are quantitative misstatements, the said misstatements should be communicated to the controlling parties for correction. If there are misstatements that can't be further corrected, such misstatements will be included in my report which will be presented to the Parliament in due course, in terms of the Regulation No. 154(6) in the Constitution.

1.4 Responsibilities of the 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 Public Sector Accounting Standards, 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 institution'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 intends to liquidate the institution or to cease operations, or has not realistic alternative but to do so.

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

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

1.4 Auditor's responsibility for the audit of financial statements

As a whole, the financial statements, my intension is to issue the auditor's report including my opinion with a fair confirmation which is free from quantified misstatements occurred due to the frauds and errors. Although the fair assurance is a higher level assurance, it won't always be a confirmation of disclosing of the quantified misstatements when auditing in terms of Sri Lank Auditing Standards. The quantified misstatement could be occurred due to the frauds and errors effect singly or collectively and, it is expected that an effect could be occurred to the economic decisions taken by the users based on these financial statements.

The audit was conducted by me in terms of Sri Lanka Auditing Standards with professional judgment and professional apprehensive. Further,

- The base for my opinion is to obtain sufficient and appropriate audit evidences to avoid the risks occurred due to the frauds or errors in identifying the risks of quantified wrongful statements that could be occurred in the financial statements due to the frauds and errors and, planning the appropriate audit procedures suitably to the situation when valuating. The effect of a fraud is more powerful than the effect of quantified wrongful statements and, fraud could be occurred due to collusion, forgery, avoiding deliberately or avoiding the internal controls.

- Although not in the intent of declaring an opinion about the productivity of the internal control, a knowledge about the internal control to plan appropriate audit procedures was obtained.

- The advisability of the accounting policies used, fairness of the accounting estimates and, related disclosures made by the management were evaluated.

- The relevancy of using the basis about the continuance existence of the institution for the accounting, based on the audit evidences obtained in relation to whether a quantified uncertainty about the continuance existence of the Selacine Rupavahini Institution due to the incidents or circumstances, was determined. In case I determine that there is a sufficient uncertainty, my audit report's attention should be drawn towards the disclosures made in the financial statements with regard to that and, in case said disclosures are insufficient, my opinion should be audited. However, the continuance existence could be ended based on the future incidents or circumstances.

- Presentation of the financial statements containing disclosures, structure and content were evaluated and, the transaction and incidents based for that were evaluated as they had been included to the financial statements fairly and appropriately.

The controlling parties are made aware of with regard to the significant audit findings identified within my audit, key internal control weaknesses and other matters.

2. Report on other legal & regulatory requirements

2.1 Special provisions in relation to the following requirements contain in the National Audit Act No. 19 of 2018.

2.1.1 According to the requirements contained in Section 12(a) of the National Audit Act No. 19 of 2018, except the effect of the matters described in the part of the basis for the quantified opinion in my report, all information and clarifications need for the audit were obtained by me and, the proper financial reports had been maintained by the Selacine Rupavahini Institution, according to my investigation.

2.1.2 According to the requirement contained in Section 6(1) (d) (iii) of the National Audit Act No. 19 of 2018, the Financial Statements submitted by the Selacine Rupavahini Institution suit with the previous year.

2.1.3 According to the requirement contained in Section 6(i) (d) (iv) of the National Audit Act No. 19 of 2018.

2.2 Nothing was brought to my attention to make the following statements based on the measures followed, evidences obtained and, within restriction to the quantitative matters.

2.2.1 According to the requirement contained in Section 12(d) of the National Audit Act No. 19 of 2018, there is a relationship excluding normal business circumstances directly or by another way relating to any agreement linked with any member of the management of the Selacine Rupavahini Institution.

2.2.2 According to the requirement contained in Section 12(f) of the National Audit Act No. 19 of 2018, except the following observations, it had been acted non-compliance with any related written law or any other general or special directives issued by the management of the Selacine Rupavahini Institution.

Reference to the rules / directive		Non-Compliance
(a)	Section 40 (1) and 2(1) sub section of National Audit Act No 19 of 2018	No actions have been taken till the date of this report to get a post of internal auditor approved no internal auditor has been appointed to date.
(b)	Treasury Circular No 842 dated 10th December 1972 and Public Finance Circular No 359 dated 04th August 1998 and Management Audit Circular No DMA/2009(2) dated 01st September 2009	Even though it is required to maintain the fixed assets register enabling to confirm the accuracy of the value of the fixed assets indicated in the financial statements to prove the strength of the internal control related to fixed assets, to facilitate the authentication of fixed assets and to maintain a physical control over utilization of institutional assets, Salacine institute has not been maintained the fixed assets registry with proper update.
(c)	Management Service Circular No 02/2016 dated 25th April 2016 and Section 5, Para VII of the Establishment Code.	An excess amount of Rs. 1,414,857 had been paid to 04 officers in the institution as salaries as at 30th September 2023 violating these provisions.

2.2.3 Non-compliance with powers, tasks and functions of the institution, according to the requirement contained in Section 12 (g) of the National Audit Act No. 19 of 2018.

2.2.4 According to the requirement contained in Section 12 (h) of the National Audit Act No. 19 of 2018, the institution's resources had not been procured and used economically, efficiently and productively within relevant time periods in compliance with the relevant rules and regulations.

2.3 Other Matters

(a) A properly classified chart of accounts with appropriate account codes had not been maintained to ensure effective internal controls. Additionally, account codes had not been systematically implemented within the accounting system. As a result, individuals from different departments created and recorded entries in various accounts without standardized procedures, jeopardizing the accuracy and integrity of the accounting system.

(b) Although the corporate plan for 2022-2026 projected a target income of Rs. 903,000,000 for the year 2023, the actual income earned was Rs. 233,328,718, achieving only 26% of the target. Additionally, compared to 2022, sales revenue in 2023 decreased by 28%, amounting to Rs. 89,765,607. The strategies established by the Salacine Institute to achieve the sales targets for 2022 and 2023 were not implemented. Furthermore, no measures were taken to analyze the discrepancies between the planned and actual results.

(c) The Action Plan was not prepared in alignment with the Corporate Plan, and although the goal was to engage clients in the private sector in 2023, this target had not been achieved as of September 30, 2023.

(d) It was observed that the property, plant, and equipment of the production division of the institute had remained idle for an extended period. Additionally, computers designated for editing were frequently out of order, and the operational computers had not been updated with antivirus software.

(e) As of the end of the period under review, the debtor balance was Rs. 301,638,624. This amount included outstanding receivables over 5 years old totaling Rs. 195,774,141 and receivables aged 1-5 years amounting to Rs. 36,778,240. No actions were taken to recover these overdue balances.

(f) As of the end of the period under review, the trade creditor balance of Salacine Television Institute was Rs. 222,939,260, which included balances over 5 years old amounting to Rs. 43,088,779. The relevant creditor balances included a negative total value of Rs. 1,304,787 brought forward from 4 and 5 years.

(g) When payments are received for tasks performed for a client institution, they should be identified and recorded under the specific task regulation number. However, this was not done, and receivables were instead recorded under the client, leading to a negative balance of Rs. 960,520. As a result, these negative balances were offset against debtor balances, distorting the debtor aging analysis. Furthermore, when provisions were made for doubtful debts, the accounting system automatically included these negative balances in the calculation, leading to inaccurate impairment loss allocations in the financial statements.

W.P.C. Wickramarathna
Auditor General