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ஆண்டறிக்கை
ANNUAL REPORT

2023

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இலங்கை தேசிய திரைப்படக் கூட்டுத்தாபனம்
THE NATIONAL FILM CORPORATION OF SRI LANKA

National Film Corporation of Sri Lanka

Annual Report 2023

Presentation

Date- 06.2024

My No. NFC/119/02/01/01 - 2023

Hon. Dr. Bandula Gunawardana
Ministry of Mass Media,
163, 'Esidisi Medura',
Kirulapona Mawatha,
Polhengoda,
Colombo 05

Through,
Secretary,
Ministry of Mass Media

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National Film Corporation of Sri Lanka
Annual Report -2023

In terms of the Section 32 (1) of National Film Corporation Act No 47 of 1971 amended by Act No 45 of 1980 and Section 14 (1) of Finance Act No 38 0f 1971, the annual report of the Corporation for the year ended on 31 December 2023is hereby submitted along with the following documents.

1. The tasks performed by the Corporation during year 2023 and other relevant statements
2. Profit and Loss Account for the year ended on 31. December 2023, related notes and the Balance Sheet on the above date
3. Report of the Auditor General for the year ended on 31 December 2023

Yours faithfully,

Sgd - Deepal Chandrarathna, Attorney at Law
Chairman
National Film Corporation of Sri Lanka

Ravi Prasad Kalupahana
General manger
National Film Corporation of Sri Lanka

Administration Report

01. Introduction
02. Board of Directors
03. Human Resources and Administrative Activities
04. Production of local films, publicity for films/ cine ads
05. Cinema Culture and Educational Affairs
06. Screening Films
07. Local Supplies – Imports and exports
08. Audit affairs
09. Financial activities
10. Legal affairs
11. Studio
12. Investigation activities
13. Planning Statistics and Training
14. Medical Aids
15. Welfare
16. Religious Affairs
17. Trade Unions
18. Expression of Gratitude

01. Introduction

Annual report of the Film Corporation of Sri Lanka for year 2023 which is submitted to Hon. Dr. Bandula Gunawardana, Minister of Mass Media and the Auditor General in terms of the Section 32 (1) of National Film Corporation Act No 47 of 1971 amended by Act No 45 of 1980 and Section 14 (1) of Finance Act No 38 0f 1971.

This report submitted for year 2022 is applicable for the 51st year of the Corporation from its establishment.

02. Board of Directors

The Board of Directors of the National Film Corporation of Sri Lanka consisted of the following members during year 2023.

	name	Post
01.	Mr. Deepal handrarathna, Attorney At Law	Chairman National Film Corporation of Sri Lanka
02.	Mr. Dinith Chinthaka Karunarathna	Director General of Information Department of Government Information (Ex officio)
03.	Mrs.Bhagya C Katudeniya (28.02.2023 – 15.07. 2023.)	Director , Cultural Affairs Department of Cultural Affairs (Ex officio)
	Mrs. Y I D Gunawardana (29.08.2023 – 31.12.2023)	
04.	Mr. Nalin Kumara Nishshanka (10.08.2022 – 31.10.2023)	Director General Sri Lanka Broadcasting Corporation Member of the Board of Directors (Ex officio)
	Mrs P U T Warusawithana (21.11.2023 – 31.12.2023)	
05.	Senior Professor Samantha Herath	Member of the Board of Directors (Representative of University)
06.	Dr. Uditha Gunasekara	Member of the Board of Directors (Representative of University)
07.	Mr. Jagath Wickramanayake, President Councilor	Member of the Board of Directors
08.	Mr. Ashly Rathna Wibhushana	Member of the Board of Directors (Cinema Industry)

09.	Mrs Sandhya Darshani Gunasekara (Nadeeka Gunasekara)	Member of the Board of Directors (Cinema Industry)
10.	Mr P P S R De Silva (2022.11.19 – 2023.09.18)	Director, Department of External Resources. Representative of General Treasury
	Mr D P G Pradeep (18.09.2023 – 31.12.2023)	Director Department of Information Technology Management , Representative of the General Treasury

03. Human Resources and Administrative Activities

Staff of the Corporation in year 2023

Staff as at 01.01.2023	
Approved Cadre	186
Permanent Staff	114
Number of employees who left Corporation in year 2023	
No of employees retired	04
No of employees resigned from service	04
Dismissal from service	01
Permanent staff as at 31.12.2023	105
Other staff	
Chairman	01
Total staff as at 31.12.2023	**106**

Administration of the institution and satisfying the requirements of the employees

Service delivery has been ensured continuing the actions taken in relation to the administration of employees of the institute.

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04. Production of local films, publicity for films/ cine ads

Programme	Activity	Financial progress for the period from 01.01.2023 to 31.12.2023 (Rs)	Total (Rs)
Registration of Local films	Issuance of registration letters	**71**	
		355,000.00	**355,000.00**
Approval for foreign scripts and synopsis	Film scripts	**15**	
		142,500.00	
	Synopsis	**42**	
		210,000.00	**352,500.00**
Approval for shooting conduct for foreign films	Feature films	**3**	
		874,500.00	
	Documentaries	**31**	
		1,514,000.00	
	Short films	**1**	
		112,000.00	
	Tele series	**2**	
		374,500.00	
	Reality programmes	**3**	
		668,000.00	
	Programmes on tours, travelogues life styles and film songs	**8**	
		540,000.00	
	Advertisements	**1**	
		87,000.00	**4,170,000.00**
Importation of foreign films	Issuance of import permits for films	**146**	
		1,460,000.00	
	Registration of film importers	**20**	
		1,000,000.00	**2,460,000.00**
Publicity by advertisements	Publicity for Sinhala films in newspapers	**2**	
		20,123.20	
	Display of film publicity boards	**53**	
		594,000.00	**614,123.20**
Printing of identity cards for artists and technicians in the field	Printing and issuance of identity cards	**45**	
		22,500.00	**22,500.00**
Grand total			**7,974,123.20**

Programme	Activity	Total (Rs)
Welfare and appreciation of artists	Payment of funeral aids for actors and technicians	**300,000.00**
	Payment of medical aids	**90,000.00**
	Promoting films	**50,000.00**
	Payment of pension for film artists and technicians (A monthly payment of Rs. 5,000.00 has been made for 150 film artists.)	**9,000,000.00**

Summary of the expenses made for publicity

	Institution to which the payment was made	Description of the advertisement	Amount (Rs)
1	Associated Newspaper of Ceylon Ltd (Lake House)	Provision of security services - 2022/2023	122,930.40
2	Associated Newspaper of Ceylon Ltd (Lake House)	Registration of importers - 2023	85,120.70
3	Associated Newspaper of Ceylon Ltd (Lake House)	Film script writing	13,196.25
4	Associated Newspaper of Ceylon Ltd (Lake House)	NFC/BID/S/2023-3(LOI)	136,850.00
5	Associated Newspaper of Ceylon Ltd (Lake House)	Provision of sanitary service - 2023/2024	120,428.00
6	Associated Newspaper of Ceylon Ltd (Lake House)	Provision of security services - 2024/2025	120,428.00
7	Wijaya Newspapers Ltd	Newspaper advertisement- Lockdown	22,943.88
8	Wijaya Newspapers Ltd	Newspaper advertisement- Rahas Kiyana Kandu	28,152.00
9	Wijaya Newspapers Ltd	Newspaper advertisement- Rahas Kiyana Kandu	7,038.00
10	Associated Newspaper of Ceylon Ltd (Lake House)	Procurement notice	148,384.50
11	Associated Newspaper of Ceylon Ltd (Lake House)	Registration of suppliers - 2024	233,583.40
12	Associated Newspaper of Ceylon Ltd (Lake House)	Registration of importers - 2024	85,120.70
	Total		**1,124,175.83**

05. Education, promotion and cultural

Diploma on cinematography - 2023

Study works have been commenced on 28.01.2023 after selecting qualied candidates for the diploma on cinematography and now the course has come to its final stage. However, studies shoud be carried out for nearly a month on shooting. The incpme of the course is Rs. 2,970,000.00

Ceremony for awarding certificates of the diploma on cinematography

The ceremony for awarding certificates for the students successfully completed the diploma on cinematography in 2021has been held on 02.06.2023.

Film script writing – Certificate course

Applications have been called for the course and 25 applications have been submitted accordingly. Applications have been made by many for the course in weekends. Accordingly, at present arrangements are being made to commence the course at the place, where film library is maintained, until the store building is prepared for this purpose.

Programmes for enhancing the taste on films

1. Programme conducted on 12.05.2023 at Koswaththa Maha Vidyalaya, Bandarawaththa.
2. Programme conducted on 12.05.2023 centering Police station Katupotha.
3. Screening an educational film centering District Secretariat, Kegalle.
4. Conducting a programme to enhance the taste on cinema on 21.10.2023 concurrently to the ceremony held to launch two film songs by Sivali Central Collage, Rathnapura
5. Workshop to enhance the taste on cinema at Arts faculty, University of Colombo on 20.11.2023
6. Workshop to enhance the taste on cinema on 04.12.2023-Saripuththa National Collage of Education, Dambadeniya
7. Workshop to enhance the taste on cinema on 05.12.2023-Kuli/Katumuluwa Kanishta Vidayalaya, Katumuluwa
8. Workshop to enhance the taste on cinema on 15.12.2023- St Aloysius Vidyalaya, Rathnapura

Sale of publications

Sale of publications on cinema concurrently to the dialogues on cinema conducted at the theater of Corporation.

Taking action to sell publications at the sales outlet newly established in front of the Film Corporation.

Providing publications on cinema to Nine Publishers and Sarasavi Publishers for selling them at the Colombo International book exhibition

Income generated by 31.12.2023 from the sale of publications is Rs.**223,063 /=**

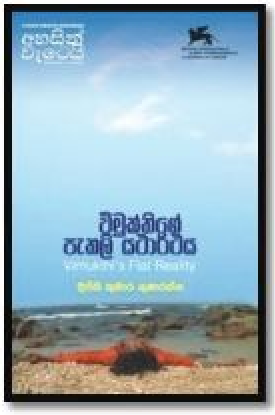
Chithtapata magazine

First and second issues of Chithrapata magazine in in 2023 has been issued and magazines have been sent to bookshops.

Cinema Library

The Library connecting to cinema has been updated suing the provisions allocated under action plan-2023. Action has been taken to purchase new books and new cupboards.

Cinema Publications



The manuscripts , which have been called under the project for publication of books on cinema as per the action plan 2023, have been sent to the Board of scholors and accordingly their report has also been obtaibned.

Taking action to launch the book ‘Vimukthige Petheli Yatharthaya’ by Deepthi Kumara Gunarathna, which was written on the movie Ahasin Wetei by Vimukthi Jayasundara, on 21.09.2023 concurrently to the Colombo International book exhibition.

Dialogue on cinema

1.Taking action to conduct a dialogue on the theme ‘H. D. Premarathna’s Medamawathe Cinamawa’ on 16.03.2023 at the theater of the Film Corporation. .

2.Taking action to conduct a dialogue on cinema along with the launching of the book ‘ Vimukthige Petheli Yatharthaya’ , which was held concurrently to the screening of the film 'Ahasin Wetei’on 21.09.2023.

3.Screening the documentary ‘Minerates’ on 16.11.2023 and launching the review on the same film.

4.Holding monthly cinema dialogue which is organized by past students of Diploma in Cinematography. .

21.10.2023.	Review – Vidarshana Kannagara
25.11.2023	Review – Deepthi Kumara Gunarathna
23.12.2023	Review – Chinthana Dharmadasa

Enhancing Cinema School

Project report has been prepared for the enhancement of Cinema School for 2024 and it has been referred to the Ministry.

Action is being taken to improve the courses under NVQ VI.

Taking action to hold awarding ceremony of the Sumithra Peries commemoration National Youth Film Festival

06. Distribution of films

1. **Screening films**
   - 45 cinema halls were operated during year 2023 under Rithma circuit.

2. **Releasing films**
   - Films have been released by Rithma Circuit to 45 movie theaters.
   - Ramoga Movie Theater, Palaviya has been opened as a new cinema hall under Corporation (Rithma) Circuit and Hasala Cinema Hall and Samanala Cinema Hall, Melsiripura, which have been closed temporarily, have been reopened for film screening.
   - Action has been taken to release films during 2023 joining with Rithma and other circuits.
   - Action has been taken to release 09 Sinhala films and one Tamil film through Rithma Circuit.
   - Action has been taken by Rithma Circuit to release 09 Tamil films, 03 Hindi films and 02 documentaries imported by the suppliers, from January of this year joining with Rithma and other circuits.
     (Action has been taken to release films through Rithma circuit by way obtaining films from the quota allowed to the circuit of the Board.)

3. Film Rental

Film rental received for the films, which have been provided to other circuits

❖ Lanka Films Distributors Company (pvt) Ltd	= Rs.	4,185,557.81
❖ E A P Films and Importers (pvt) Ltd	= Rs..	34,214,002.56
❖ Cinema Entertainment (pvt) Ltd	= Rs.	2,056,091.00
❖ Movie Producers and Importers (pvt) Ltd	= Rs.	785,975.83

Payments have been made in the following manner for the films obtained to movie theaters under Rithma circuits from other circuits.

❖ Lanka Films Distributors Company (pvt) Ltd	= Rs.	25,941,172.10
❖ E A P Films and Importers (pvt) Ltd	= Rs.	34,729,632.29
❖ Cinema Entertainment (pvt) Ltd	= Rs.	7,625,890.10
❖ Movie Producers and Importers (pvt) Ltd	= Rs.	6,977,432.36

07. Local Supplies Imports and Exports

1. Carrying out all printing works pertaining to Head Office and Sarasavi Studio and purchasing stationary. (Printing of tickets, magazines etc.)
2. Commencing procurement works pertaining to the purchase of office furniture.
3. Commencing procurement works pertaining to the purchase of tyres for the vehicles of the Corporation
4. Commencing procurement works pertaining to the purchase of uniforms required to the employees of Head Office and Sarasavi Studio.
5. Commencing procurement works pertaining to the purchase of all office equipment, and mechanical equipment to the Head Office and Sarasavi Studio.
6. Commencing procurement works pertaining to the purchase of security services and sanitary services required to the Head Office and Sarasavi Studio.
7. Commencing procurement works pertaining to making agreements for the maintenance works, periodical services and repairs of all mechanical equipment of Head Office and Sarasavi Studio.
8. Carrying out all procurement works pertaining to the maintenance, periodical services, insurance and repairs of all the vehicles belonging to the Corporation.
9. Carrying out all procurement works pertaining to the Corporation's Celebration Day.
10. Carrying out all procurement works pertaining to President's Films Awarding Ceremony-2023.
11. Carrying out all procurement works pertaining to the refreshments for the requirements of the Corporation.

12. Procurement works have been commenced calling quotations by a newspaper notification and opening bids for repairing Tharangani Cinema Hall.
13. Procurement works have been commenced pertaining to the preparation of the website of the Corporation
14. Carrying out procurement works for all goods and services required for the maintenance of the Corporation.
15. Carrying out procurement works for repairing 4K projector
16. Publishing notifications in newspapers for the registration of suppliers for year 2024.
17. Carrying out works pertaining to E- Ticketing project, which is in process..

08. Internal Audit Activities

In terms of the action plan, which has been prepared in order to achieve the objectives in the Act No 18 of 1971 and Amendment Act, the annual internal audit programme has been prepared as per the instructions of the Auditor General.   .

During the year under review, 03 meetings of the Audit and Management Committee have been conducted..

21.04. 2023.
21.07.2023.
06.12. 2023.

Members of the Audit and Management Committee -21.042023 and 21.07. 2023.

Name	Post
Mr. P P S R De Silva	Chairman of the Committee (Representative of General Treasury)
Mr. Nalin Kumara Nishshnka	Member of the Committee
Mrs. Nadeeka Gunasekara	Member of the Committee
Mr. R M J Rasnayaka	Superintendant of Audit National Audit Office
Mrs. C D Jayasuriya	Acting Internal Auditor Ministry of Media

Members of the Audit and Management Committee 06.12. 2023.

Name	Post
Mr. D P G Pradeep	Chairman of the Committee (Representative of General Treasury)
Mrs. Nadeeka Gunasekara	Member of the Committee
Mr. R M J Rasnayaka	Superintendant of Audit National Audit Office
Mrs. C D Jayasuriya	Acting Internal Auditor Ministry of Media

09. Financial Activities

01. Sources of income

Particulars of the actual income of year 2022 and 2023 and budgeted income of year 2023 are given below.

Income	2022 Actual Rs. M.	2023 Actual Rs.M.	Increase / decrease (%)	2023 Budgeted Rs.M.
Commission for distribution Local	8.3	38.1	359	25
Foreign	38.6	56.6	46.6	
Corporation Trust (Increase)	6.6	9.2	39.3	3.5
Fines for investigations on surcharge and other	1.5	2.7	80	1.5
Cine ads commission	0.01	0.02	100	0.1
Income from studio	2.5	4.6	84	2.5
Trade affairs	1.8	2.9	61.1	2.7
Income from operations	**59.3**	**114.1**	**92.4**	**35.3**
Other income	**91.9**	**141**	**53.4**	**87.7**
From General Treasury -Receipt of provisions for recurrent expenses of the ceremony	**0**	**7.9**	**-**	**52**
	97.4	**109.4**	**12.3**	**110**
Total Receipts	**248.6**	**372.4**	**49.7**	**285**

When comparing with year 2022, the income from operations has shown an increase by 92.4% in year 2023 than 2022. The increase observed in commission from local distribution and foreign distribution by 359% and 46.6 and increase in income from operations and increase of other income by 53.4% is the main reason for the increase in the total income

01. Source of the expenditure

Particulars of the actual expenditure in year 2022, 2023 and the budget expenditure in year 2023 are as follows

Expenditure	2022 Actual Rs.M.	2023 Actual Rs.M.	Decrease/ increase (%)	2023 Budgeted Rs. M.
Employees' remunerations	88.8	103.9	17	98.1
Travelling and subsistence allowances	0.4	0.9	125	0.9
Supplies and equipment	2.8	2.8	0	12.3
Repairs and maintenance	4.7	11.4	142.5	11.3
Depreciations	27.1	26.9	(0.7)	19.3
National Film Festivals	35	35.6	1.7	59.6
Cost of sales	1.2	2.2	83.3	3
Travelling, links and other	28.6	46.1	61.1	42.1
Allocations for bad debts	19.4	0.06	(99.6)	0.5
Allocations for gratuity	2	1.9	(5)	2.5
Fund for film artists and technicians	8	10.3	28.7	-
Total expenditure	**218**	**242**	**11**	**249.6**

Comparatively to year 2022, the expenditure has marked an increase by 11% in year 2023.Main reason for such a situation is the increase of the expenditure for employees' remuneration by 17% in 2023 comparatively to 2022. .

	2022	2023	%
Income from operations	59.3	114.1	92.5
Less			
Expenditure from operations	(218)	(242)	11
Operational loss / profit	(158.7)	(128)	(19.3)
Add			
Other income	91.9	141	53.4
Profit/loss of the year	(66.8)	13	(119.4)
Add			
From Treasury –Receipts for recurrent expenditure of the President's Film Awards ceremony -	-	7.9	-
	97.4	109.4	12.3
Surplus	30.6	130.3	325.8

Comparatively to year 2022, the operational loss has marked a decrease by 119.4% in year 2023. Even though there was a loss from operation in 2022 it has been transformed to a profit from operation. A surplus of 225.5% is shown after adjusting the receipts for recurrent expenditure from General Treasury. A surplus is shown by 325.8% in 2023 comparatively to 2022 after adjusting receipts for recurrent expenses from General Treasury.

01. <u>Fixed Assets</u>

Rs. 268,750 and Rs. 1.6 million have been spent in year 2023 respectively for the purchase of a computer for the office of Sarasavi Studio and multimedia projector for the sound division of Sarasavi Studio. Further Rs. 1.7 million has been spent for the purchase of P/B PCB Unit and Evc B PCB Unit for the projector of the Corporation and Rs. 6.9 million has been spent to repair B A W Jayamanna room in year 2023.

02. <u>Current Assets</u>

Current assets have shown an increase by Rs. 409 million comparatively to the previous year.

03. <u>Current Liabilities</u>

Comparatively to year 2022 current liabilities have marked an increased by Rs. 100 million in year 2023 due to the increase of creditors on film rental.

10. Legal Affairs

Legal activities carried out during year 2023 by the Legal Division are as follows.

- Appearing for the Corporation at Courts in cases for which the Corporation is named as a party..
- Appearing for the Corporation on labor disputes at the Department of Labor and Labour Tribunals..
- Appearing before Human Rights Commission for the Corporation for complaints on human right violations.
- Preparation of all legal agreements, providing agreements to relevant parties after signing the perfected agreements.
    - President's Awards Ceremony-2023
    - Lester-Sumithra Commemoration National Youth Short Film Festival -2023 project
    - Distribution of films
    - Films which are imported
    - Obtaining supportive services to Corporation, purchase of goods, construction of buildings, and other works.
- Giving instructions to the legal matters referred from all Divisions of the Corporation on daily requirements.

Judicial Affairs

Particulars which are/ were in process at the court during the year 2023

- **Court cases which were concluded**

  - **Appeal Court Case No: CA/Writ 308/2019**
    This case has been filed by 05 parties including Liberty Cinema against the decision taken to remove the distribution of movies by private circuits. Court decision has been issued on 25.05.2023 in favor of the defendant..

  - **Appeal Court Case No: CA/Writ 309/2019**
    This case has been filed by Cinema Entertainment Institute and Lanka Film Distributors against the decision taken to remove the distribution of movies by private circuits. Court decision has been issued on 25.05.2023 in favor of the defendant.

  - **Appeal Court Case No: CA/Writ 329/2019**
    This case has been filed by Mr. Mohamad Nazarulla against the decision taken to remove the distribution of movies by private circuits. Court decision has been issued on 25.05.2023 in favor of the defendant.

  - **Western Provincial High court Case No.: HCALT 25/2021**
    The Labour tribunal has given its order in favor of the complainant after hearing this case which has been registered as Labour Tribunal Case No. 13/41/2013. The Corporation has filed this case against the above order. Accordingly the verdict was given on 10.01.2023 in favor of the appellant, who is the defendant.

  - **Appeal Court Application No. CA/Writ/570/2021**
    This case has been filed against the former Chairman and 15 others making them defendants for interdicting Mrs. Wathsala Wickramarachchi, Assistant General Manager- Legal, in an unfair and unreasonable way without giving any opportunity to submit explanations and without conducting any investigation. However the case has been settledon 31.03.2023 based on the agreement made between two parties. .

  - **Magistrate Court Case No B-71120/05/22**
    This case has been filed by the Department of Labor, Central Colombo making the Film Corporation the defendant for neglecting the payment of gratuity entitled to the complainant. However the case was concluded by way of depositing relevant gratuity on 21.02.2023.

- **Complaints , which have been concluded at the Industrial Court**

  - **Arbitration and Industrial Court Case No: A/11/2019**
    A complaint made by Mrs. D R S Perera for obtaining the allowance paid for acting duty granted by the Film Corporation. The case was settled on 07.06.2023.

  - **Labour Tribunal Case No: 02/1138/2021**
    This case has been filed by Mrs. Kirani Perera , Assistant General Manager against the Corporation for termination of her service and other matters and the case was settled as the Complainant and the Corporation made an agreement in this regard.

❖ **Complaints made on human right violations, which have been concluded**

- **Human Rights Complaints HRC/1334/20**
  This is a complaint made against the unreasonable interdiction from the post of Assistant General Manager, Legal and other matters. The case was concluded on 04.05.2023 as the complainant has informed that the concessions sought by the complainant were granted..

❖ **Cases which are being heard**

- **Civil Appeal Court Case No: WP/HCCA/COL/114/2019/LA**
  Making an appeal for the rejection of the request for an interim order in the case No DSP/99/2018 at District Court, Colombo.

- **Matara District Court Case No: DC-Pro 318**
  In the testamentary case filed on the movie theater New Cinema, Matara, the Corporation has been made a party in order to get the film rental in arrears and the trust of Corporation

- **Colombo District Court Case No: DMR/2306/2013**
  Neglecting the settlement of the loan obtained from the Corporation for the production of Sinhala movie ' Wala Patala'.

- **Colombo District Court Case No: DMR/1126/2013**
  Nonpayment of the trust by 4 Cine city movie theaters, which was to be settled

- **Colombo District Court Case No: DSP/166/17**
  Obtaining a court injunction to stop the action to remove movie 'Kala' from screening
- **Kandy District Court Case No: DMR 607/2021**
  Commencing legal action against the negligence of the payment of film rental and trust

- **Colombo District Court Case No: DMR/729/20**
  Recovery of the loss incurred to the director and producer of the movie 'Jaya Shri Emathithuma' as a result of not screening the film by National Film Corporation and movie theaters affiliated to Corporation
- **Magistrate Court Case No: B-27340/05/20**
  Non implementation of the Gazette Extra Ordinary No 2045/37 dated 16.11.2017 published as per the arbitration order No 3571/a, which has been issued on the payment of money for the leave not obtained by the employees of the Corporation

- **Colombo District Court Case No: DSP 99/2018**
  Obtaining a court injunction against the decision taken to take over the film distribution by Corporation

- **Colombo District Court Case No: DSP 156/2021**
  Complainants have obtained a court injunction even where the Ministry has made all arrangements to conduct the poll of Sri Lanka Carom Association.

Cases heard at present at the Industrial Court

- **Arbitration No: A/70/2020**
  This case has been filed on the denial of a promotion scheme suit to the service period of 19 employees including W A Kumarasiri and denial of placing them on relevant salary point

- **Complaints being heard on human right violations**

  - **HRC/172/20**
    This complaint has been filed against the action taken by the defendant to take away all items and equipment of Family Cinema, Hanwella without a court order and other matters

  - **HRC/695/20**
    A complaint made seeking certain relief stating that the Corporation has caused an injustice in screening the movie 'Gothra'

  - **HRC/2804/19**
    This complaint has been made seeking a certain relief against the rejection of movies by the Film Classification Committee, which have been directed by the complainant, and other matters.

  - **HRC/614/20**
    A complaint made seeking concession for the removal of Mrs Kirani Perera, who worked as Assistant General Manager, Finance (Payment) of National Film Corporation, from service

  - **HRC/566/20**
    The complainant is a film director. The title of his film 'Hero 1' produced by him has been changed after the production as 'Weda Ape Wedi Wage'. Since the screening of this film is delayed, this complain has been made seeking some relief.

  - **HRC/2571/19**
    A complaint made seeking relief for the losses incurred as a result of denying opportunity for screening the film 'Jaya Shri Emathithuma'.

  - **HRC/2754/19**
    This complaint has been made on the grounds that the Ministry has neglected the appeal submitted regarding an injustice caused to a film by the Corporation.

  - **HRC/2888/15**
    This complaint has been made on the grounds of denying loans for the film 'Abhinishkramanaya'.

11. Supply of studio services

Main role of the Sarasavi Studio, Dalugama is to provide technical services to the films at post production period. During this year also such technical services have been provided to the producers of local films from the following divisions of the studio.

1. Sounds Division (Digital)
2. Digital Conservation Division
3. Analogue Conservation Division
4. Film Archive
5. Films and telefilms recording room

Productions made in studio

1. Vesper -Short film
2. Not a song to us -Short film
3. Ksheera Sagaraya Kelambini- feature film
4. Sinhabahu- feature film
5. Cyanide –feature film
6. Ikka –feature film
7. Yaluvoda yaluyida –feature film
8. Sanda Diya Salu –feature film
9. Lost flyers –short film
10. Sihina Samikarana –feature film
11. Monkey Man –feature film
12. Monarawila –feature film
13. Seeruwen–feature film
14. Kadira Dvyaraja –feature film
15. Angara –feature film
16. On the Fly –Short film
17. The Wacky–Short film
18. Meka Puduma Kathawak- feature film
19. Nuhuru Weyama - feature film
20. Rajadahana - feature film
21. Beef –Short film
22. Life bouy –Short film
23. 1970 Love story
24. LB Ran Naya- Tele advertisement
25. Sumithuru Naluwa - feature film
26. Teach me - feature film
27. Our mother, Garnd mother prime minister Sirimavo –Short film
28. Sarjant Punchisoma - feature film
29. Sigiri- feature film
30. Warna - feature film
31. Ege Nama Rathi- feature film
32. Magam Sloi - feature film
33. Ozone zone -Song
34. Pelma –Short film
35. Distance –Short film
36. Buffalo Travels - feature film
37. Canola Tele advertisement
38. Shri Wickrama - feature film Within the silence of sound –Short film
39. Nawa Demodara Palama - feature film
40. Rathu Athu Aga - feature film
41. Surangana - feature film
42. Riverstern - feature film

Editing Division

1. Sumithuru Naluwa - feature film
2. Rekhawa- feature film
3. Sandeshaya - feature film
4. Meka Puduma Kathawak - feature film
5. Warna- feature film
6. Kadathurawa -Tele drama
7. Apaye Thapara 84000 - feature film
8. Ella Langa Pemwathiyo - feature film
9. Yakada Diyaniyo - feature film
10. Sajant Punchisoma - feature film
11. Nuhuru Weyama - feature film
12. Sanda Tharaka - feature film
13. Buffalo Travels - feature film
14. Surangana - feature film
15. Hada Gesma - feature film
16. Nawa Demodara Palama - feature film

Shooting

1. Asayi Man Natanna – Launching ceremony
2. Thungu Sirasa -Song
3. Sanda Ek Dinak- feature film
4. Sith Yaya- tele drama
5. Ritzbury Chunky choc- tele advertisement
6. New year celebration programme
7. Singithi Avurudu Kumara programme
8. Get-together
9. Kuweni Live in concert programme
10. Rani Soap- tele advertisement
11. Nadagama training
12. Music training programme
13. Lesson on shooting under Cinematography
14. Rathu Athu Aga –feature film
15. Training for sandakada Narthana programme
16. Discussion on legal education

Screening of films

1. Meka Puduma Kathawak - feature film
2. Nuhuru Weyama- feature film
3. Thunpath Rena - feature film
4. Rahas Kiyana Kandu - feature film
5. Jobless Douglas - feature film
6. Ridee Sinu - feature film
7. Ruwan Tharaka - feature film

Screening films for the jury

1. Pay Grill - Lester-Sumithra Short Film Festival
2. President's Film Awards
3. Sarasavi Film Awards

Tasks performed in addition to the above

1. Shooting and preparation of documentary for the Yu Tube channel commenced at Sarasavi Studio.
2. Improving sound mixing studio as a place for film screening.
3. Improving color mixing studio and editing room of the studio.

12. Investigation Activities

Tasks performed by the Investigation Division during year 2023

1. Inspecting movie theaters and issuing debit notices for malpractices.
2. Opening new movie theaters whilst reopening movie theaters, which have been closed down
3. Supervising the shooting of foreign films
4. Issuing clearing letters for obtaining liquor permits for movie theaters
5. Recovery of old arrears to be recovered from movie theaters referred to the committee appointed on 27.09.2022

01. Inspecting movie theaters

Main task of the investigation division is to carry out inspections at movie theaters. Accordingly, number of the inspections made during year 2023 is 1134.

02. Issuing debit notices for malpractices at movie theaters.

Investigation officers have identified various malpractices in their inspections at movie theaters. Accordingly action has been taken as per the Circulars of the Corporation and 42 debit notices have been issued in 2023 to the value of Rs.964,590.00. Rs. 81,500.00 has been recovered by that process.

03. Opening new movie theaters whilst reopening movie theaters, which have been closed down.

Reopening movie theaters, which have been closed down.

Wakslite Cinema - Avissawella
Regal-Katubedda

Regal; Bandarawela
Ramoga Cinema, Palaviya
Ru Cinema, Katunayake (Reopening)



04. Supervising the shooting of foreign films

Advertisements, films and documentaries, which are filmed in Sri Lanka by foreigners, have been supervised. Accordingly 47 such cases have been supervised in year 2023.


05. Issuing letters of clearance for obtaining liquor permits for movie theaters.

No of permits issued

06. Recovery of old arrears to be recovered from movie theaters

The Committee appointed in the Investigation Division to recover the amounts in arrears from movie theaters as at 27.09.2022 has made recoveries in the following manner. 2022.09.27

2022/12/31	Rs. 5,652,080.73
January	Rs.8,019,285.82
February	Rs.934,729.93
March	Rs.1,270,000.00
April	Rs. 338,376.20
May	Rs 1,008,204.29
June	Rs. 14,150,929.15
July	Rs. 868,000.00
August	Rs. 865,390.32
September	Rs. 815,625.00
October	Rs. 625,000.00
November	Rs. 844,413.12
December	Rs. 3,071,361.63
	Rs. 21,246,101.19

13. Planning, Statistics and Training

Main tasks of this Division are as follows.

- Provision of the guidance which is required for the preparation of the plans of institute.
- Preparation of corporate plans and action plan and their supervision

- Preparation of annual plan
- Submitting the monthly and quarterly progress to the line Ministry and relevant institutes.
- Identifying the training needs of the staff and preparation of annual training requirements.

Following training workshops have been conducted during year 2023.

- Conducting Academy of new thinking workshop on 20.06.2023.
- Counting outbound training on 17.and 18.12.2023 at Uva Management Development Institute.

14. Medical Aids Scheme

The Medical Aids Scheme, which is maintained by the membership fee and money provided by the Corporation, is maintained in this year also and the governing body of the scheme is as follows.

- Mr. Dunil Heyiyanthuduwa - Deputy General Manager (Actg) - Finance (Chairperson of the Committee)
- Mr. Pradeep Lanka Dharmawickrama - Deputy General Manager (Actg) - Finance (Chairperson of the Committee) from 07.03.2023
- Mr. Asanka Gunathilaka - Administrative Officer – Administration and Human Resources
- Mr. Dulip Priyan - Representative of Jathika Sevakla Sangamaya
- Miss Ayodya Nadeeshani - Representative of the employees association of Film Corporation

15. Welfare Society

Welfare activities carried out during the year under review by the welfare society of the Corporation is as follows.

- Increasing the funeral aids up to Rs. 100,000 for members and Rs.50,000 for dependants.
- Approving half of the funeral aid for the employees in service but now left the Island.
- Cancelling the requirement of guarantee for the employees completed 15 years of service.
- Opening canteen of the Corporation from 05.12.2022
- Taking action to open a sales outlet of MILKO for sale of milk related productions from 12.01.2023
- Increasing all the loans of members from Rs. 20,000 to 25,000
- Earning Rs. 25,000 to the welfare society by way of selling old papers.
- Organizing a trip for the staff on 02.04.2023.
- Donating Rs. 25,000 to the Buddhists' Society for the distribution of books.
- Taking a decision to suspend the recovery of installment of the employees 'loan from the salary of April.
- Taking action to provide 50% from the transport charge by the institute, when going to pay last respect at a funeral.

- Leading to organize refreshments by the society for the persons who came to the Corporation premises to pay their last respect to the funeral of Sumithra Peris.
- Donating Rs. 10,000 to the Coffee Dansela organized by the Buddhists' Society.
- Deciding to bear the amount to be paid for the flower wreath additionally to Rs. 1500, which is given by the Corporation at the funeral of the dependants of an employee from 19,05,2023.
- Making arrangement to provide spectacles at an easy payment scheme conducting an eye clinic on 20.07.2023
- Commencing outlet for the sale of Cinema Publications and taking its monthly rental to the society.
- Organizing a get together among employees on 29.12.2023.

16. Buddhists Society

Particulars of the works carried out by Buddhist Society during year 2023 are as follows.

1. Organizing Ashirvada Bodhi Puja to bless the employees of the Corporation on 01.01.2023.
2. Providing books and other materials for the benefit of the children of employees who are studying.
3. Making arrangement s to participate employees of Corporation to the lectures conducted by All Ceylon Buddhist Congress.
4. Offering dana at noon to the devotees of seela vyapara conducted by All Ceylon Buddhist Congress.
5. Organizing a Dhamma Deshana of Rev Thallale Chandakiththi Thero and screening a Buddhist film
6. Decorating the premises of the Corporation for the Wesak Festival 2023 and organizing Coffee and biscuits dansela and screening songs of Buddhist films.

17. Trade Unions

Trade unions such as *Jathika Sevaka Sangamaya*, *Sri Lanka Nidahas Sevaka Sangamaya, Vanija Karmantha* ,Trade Union of Filam Corporation and *Seva Pragathiseeli Sevakla Sangamaya* maintained sound relationship with the Administrative Authority during this year also.

18. Expression of gratitude

Whole staff of the National Film Corporation has extended its contribution with much responsibility and determination to achieve success during year 2023.

The Board of Directors highly appreciates their commitment and takes this opportunity to extend gratitude for their service. .

Ravi Prasad Kalupahana	Sgd- Deepal Chandrarathna, Attorney At Law -
General Manager	Chairman
National Film Corporation of Sri Lanka	National Film Corporation of Sri Lanka

National Film Corporation of Sri Lanka

Financial Statements 2023

National Film Corporation of Sri Lanka
Comprehensive Statement of Income
For the year ended 31.12.2023

Description	Note		2023 Rs.	2022 Rs.
Sales	03		114,165,200	59,383,861
Less -Cost of sales	04		(2,193,858)	(1,158,212)
Gross Profit			111,971,341	58,225,649
Less Expenses				
Employees' Remunirations	05		(103,854,869)	(88,750,498)
Travelling and Subsistence Allowances	06		(911,927)	(427,865)
Supplies and Equipment	07		(2,809,487)	(2,843,435)
Repairs, Maintenance and Depreciation	08		(11,390,523)	(4,726,876)
Depreciation	08A		(26,927,756)	(27,141,801)
Transport, Links, requirements and other services	09		(46,132,855)	(28,642,201)
Expenses of President's Awards Ceremony	09A		(25,602,578)	-
Provisions for President's Film Awadrs Ceremony 202:	09B		(10,000,000)	(35,000,000)
Provisions for doubtful debts	16-A		(63,586)	(19,414,395)
Provisions for gratuity	20		(1,907,458)	(2,009,657)
Contributions for the fund of film artists and technicians			(10,280,000)	(8,000,000)
			(239,881,039)	(216,956,727)
Profit/loss from operations			(127,909,697)	(158,731,078)
Add				
Other income	10	12,118,336		
Inrerest for fixed and treasury bills		102,516,380		
Identifying treasury receipts to the income		15,643,055		
224 Building rent		5,424,000		
Outside shooting at studio		1,958,947		
Approval for foreign documentaries		3,264,500		
Receipts for President's Film Awards Ceremony		7,954,000		
			148,879,219	91,924,679
Profit/loss of the yearjif¾ ,dNh $w,dNh			20,969,521	(66,806,399)
Add- Receipts from General Treasury			109,386,000	97,495,000
Profit before tax			130,355,521	30,688,601
Less Provisiobnns for taxes				
Deficit/ surplus		.	130,355,521	30,688,601

National Film Corporation of Sri Lanka
Statement of Financial Position
as at 31.12.2023

	Note	2023 Rs.	2022 Rs.
Represented			
Fixed Assets			
Porperty plant and machinary	11	312,384,692	366,257,801
Intangible assets- after deductig depreciation)	11A	696,840	1,194,230
Works not completed	11B	37,822,933	-
Long term investment	12	127,000	141,814,000
Loans of employees	16-1	18,878,755	17,804,373
		369,910,219	527,070,404
Current assets			
Short term investments (For 6 months)	13	291,397,189	82,619,991
Stocks	14	6,776,122	7,181,945
Loans to be received from Cinema Theaters	15A	106,603,549	126,592,045
Production loans	15B	15,214,734	10,477,259
Misc debtors	16	276,425,515	258,758,538
Deposits and payments made in advance	17	4,454,694	4,499,160
Cash and bank balance and short investments for 3 months	18	429,911,657	230,681,670
		1,130,783,460	720,810,609
Total assets		1,500,693,679	1,247,881,012
Working capital			
Grant capital **(page no - 03)**		10,000,000	10,000,000
Accumulated capital **(page no - 03)**		592,436,730	475,908,546
Reserves **(page no - 03)**		160,731,083	160,732,759
		763,167,813	646,641,305
Non current liabilities			
Grants	19	146,974,497	112,617,553
Provisions for gratuity	20-1	45,504,001	44,214,794
		192,478,498	156,832,346
Add- current liabilities			
Provisions for liabilities (for the coming year)	20-2	930,960	4,719,990
Deposits	21	1,334,510	3,049,499
Creditors of film loans	22	406,661,704	312,234,007
Financial responsilibities	23	45,723,159	44,917,713
Other creditors	24	87,158,782	77,095,287
Tax payable	24	38,253	190,865
Provision for audit fee	24	3,200,000	2,200,000
		545,047,368	444,407,361
Total liabilities		1,500,693,679	1,247,881,012

Page no 05 to 24 present accounting policies. From page no 25 to 39 is an eeesntial part of financial statements. Responsibility for preparation and submission of financial statements is with the Board of Directors. Boad of Direstors have placed their signatures to the effect that the approval of the Board of Directors has been granted for these statements.

…………………….	…………………….	…………………
Pradeep Lanka Abewickrama	P,M,Deepal Chandrarathna	Director
Deputy General Manager Finance	Chairman	
26.04.2023		

National Film Corporation of Sri Lanka
303 ,Bauddhaloka Mawatha
Colombo 07

…………………
Director

National Film Corporatio of Sri Lanka
Statement for the changes in equity
for the year ended 31.12.2023

	Working Capital Rs.	Accumulated profit Rs.	Capital Rreserve Rs.	Revaluation reserve Rs.	Other reserves Rs.	Total Rs.
Balance as at 01.01.2023	10,000,000	445,219,946	499,898	125,953,399	7,829,462	589,502,705
Profit of the year	-	30,688,600	-	-	-	30,688,600
Revaluation of motor vehicles	-	-	-	26,450,000	-	26,450,000
Balance as at 31.12.2024	10,000,000	475,908,546	499,898	152,403,399	7,829,462	646,641,305
Adjustments for the last year (Note 2.15)		(13,827,337)			(1,676)	(13,829,013)
Profit of the year	-	130,355,521	-	-	-	130,355,521
Balance as at 31.12.2023	**10,000,000**	**592,436,730**	**499,898**	**152,403,399**	**7,827,786**	**763,167,813**

Reservces

Capital reserves	499,898
Revaluation reserves	152,403,399
Other reserves	7,827,786
	160,731,083

National Film Corporation of Sri Lanka
Statament of cash flow
for the year ended 31 December 2023

		2023	2022
Cash received from operational activities		**Rs**	**Rs**
Net profit before taxes		20,969,521	(66,806,399)
(less)			
Interest on production loans		(112,292)	(50,833)
Interest on fixed deposits and treasury bills		(102,516,380)	(54,115,725)
		(81,659,151)	(120,972,957)
Adjustments for subjects which are not affected to cash flow			
Depreciations		26,927,756	27,141,801
Provisions for gratuity		3,841,624	2,669,937
Identifying government grants to income		(15,643,055)	(15,713,792)
Provisions for doubtful debts		-	19,414,395
Motor vehicle awards		-	13,600,000
Verification of motor vehicles		-	26,450,000
Adjustments for verification of assets		-	6
		(66,532,826)	(47,410,610)
Subjects fallen to previous periods			
Adjustments for the fixes assets in previous periods		(1,811,359)	20,084,455
Adjustments for the subjects of previous periods		(13,829,013)	4,049,699
Removal of fixed assets		1,324,997	-
Profit from operations before the changes in working capital subjects		(80,848,202)	(23,276,455)
Changes in the working capital subjects			
Stock (Reduction)		405,823	353,470
Debtors (Increase)		15,251,021	18,627,396
Deposits and payment in advance (increase)		(18,696,893)	(89,205,638)
Deposit liabilities (Increase)		(1,714,989)	10,000
Creditors (Increase)		94,427,696	67,243,034
Other Creditors (Increase0		11,716,330	55,450,857
		20,540,786	(8,052,130)
Less:			
Gratuity payments		(6,341,446)	(2,737,750)
		14,199,340	(10,789,880)
Cash flow from investment activities			
Production loan interest		112,292	50,833
Interest on fixed deposits and treasury bills		102,516,380	54,115,725
Acquition of fixed assets		(9,893,827)	(70,789,853)
Investment on fixed deposits and treasury bills		(67,090,198)	78,439,384
		39,843,987	50,826,209
Cash flow from financial activities			
Receipts from General Treasury		159,386,000	112,332,000
Net Increase (Decrease) in the cash and cash equivalents		199,229,987	173,158,209
Opening balances of cash and cash equivalents		230,681,670	57,523,462
Ripo/ treasury bills, which are matured in 03 months	293,617,082		
Balance of the cash and cash equivalence at the end of the year	136,294,575		
		429,911,657	230,681,670

Declaration of Management Responsibility in Financial Reporting

Management of the Corporation is responsible for,

1. Maintaining proper accounts on revenue and expenditure, assets and liabilities and all other financial transactions of the Corporation

2. Preparing accounts in accordance with Sri Lanka Accounting Standards introduced by the Institute of Chartered Accountants of Sri Lanka under Sri Lanka Accounting and Auditing Standards Act No 15 of 1995 for a true and fair presentation of financial process and the financial status of the Corporation and

3. Taking actions to secure assets of the Corporation and to prevent fraud and discrepancies.

1. General Information

1.1.1 Establishment and Legal Status

National Film Corporation of Sri Lanka has been established in Sri Lanka under Act No 47 of 1971. Its registered office is located at No 303, Bauddhaloka Mawatha, Colombo 07.

1.1.2 Nature of Basic Functions and Operations

National Film Corporation has become the pioneer in the effort for the establishment of a cinema culture with high qualities, which has the capacity to mark the local identity of the cinema of Sri Lanka in the world cinema.

1.1.3 Date Approved for Issuance

Approval has been granted by the Board of Directors on 26.04.2024 for these financial statements to be distributed.

1.2 Basis of Preparing Accounts

1.2.1 Declaration of Compliancy

Statement on financial status, extensive revenue, Statement of Change in Equity, Notes with summary of important accounting policies (financial statements) of the Corporation have been prepared according to Sri Lanka Financial Reporting Standards (SLFRS) issued by the Institute of Chartered Accountants in keeping with International Financial Reporting Standards (IFRS) issued by the Board of International Financial Reporting Standards.

1.2.2 Responsibility of Financial Statements

The responsibility of formulating and presenting financial statements devolves on the management of the National Film Corporation of Sri Lanka.

1.2.3. Baisis for accounting

Financial statements have been prepared based on the hitoric value except where an appropriate revelation has been made in respect of fair value under relevant notes.

1.2.4 Continuity

In preparing financial statements, the management of the Corporation has assessed the continuity of the Corporation and sincerely expects that the Corporation has sufficient resources to maintain its operations in the recent future. When considering available information, no reason is evident for the Corporation to discontinue its operations or liquidate it and the financial statements have been prepared based on its continuity.

1.2.5 Implementation and Presentation Currency

This financial statement has been presented in Sri Lankan Rupees, the currency in used in the Corporation

1.2.6 Important Accounting Judgments, Estimates and Schedules

In preparing financial statements, the Corporation requires the income, expenditure assets and liabilities as at date of reporting, to make judgments, estimates and assumptions affecting the figures reported in relation to revelation of contingent liabilities. However, impacts requiring considerable adjustments to the future value of assets and liabilities may occur due to uncertainty of these assumption and estimates. Judgments, estimates and assumptions may include in them.

Estimates and Assumptions

Major assumptions and estimate sources in relation to the future as at date of reporting, which may cause special risks and requiring considering adjustments in the value of assets and liabilities in the ensuing financial year, are mentioned below

(a) Fair Value of Financial Instruments

Fair value of financial assets and financial liabilities reported in the Balance Sheet will not be derived in the active market, and they have been defined using discounted financial transfers and / or mathematical structures. Inputs in these structures have been obtained as far as possible with the use of market data, which could be observed and otherwise they could be determined.

The changes in assumptions related to these factors may affect the fair value of financial instruments reported.

(b) Fair Value

Fair Value is the transferable value of an asset in a transaction happened at arm's length between two parties with knowledge and discretion. At first, the fair value of a financial instrument is generally its received or paid value. Later, the fair value of a financial instrument will be the bid value in an active market. It is the demanding price of financial responsibilities. The current value for the purpose of cash equivalents and short term investiments is the fair value.

2. Specialized Accounting Principles

2.1 Assets and the Basis of Evaluation

Cash and bank balances classified as current assets in the financial statement are assets realized within the least duration between the regular operational circle or a period of one year, which is the lesser period.

2.2 Financial Instruments

2.2.1 Financial Assets (Non-derivative)

Financial Assets will be categorized as follows; i.e. assets at fair value through profit or loss, debts and receivables, assets held for trading purposes or to be matured. The management has determined this classification based on basic identification and the purpose of acquiring these assets.

2.2.2 Classification, Identification and Measurement

The management classifies its financial assets as follows,

a. Debts and Receivables

b. Things to be sold

a. Debts and Receivables

These are financial assets, which are not declared in fixed or active market and with pre-determined payments. Firstly, the cost of directly related transactions added in fair value of these assets will be identified. Later, debts and receivables will be amortized and measured in consideration with any loss in allocation if available.

b. Financial Assets for Trading Purposes

Financial assets for trading purposes are assets determined to be kept for an undefined period and to be traded upon liquidity reasons, change of interest rates, change of foreign exchange rates or the equity price or the financial assets at fair value through profit or loss that are kept till maturity and has not classified as debts or receivables.

2.2.5 Impairment

(a) Financial Assets Maintained at Amortized Cost

As at each reporting date, the evidence for reduction of value of a financial asset or a group of financial assets will be evaluated by the Corporation. The value of a financial asset or a group of financial assets is considered to be reduced only if ultimate evidence of a reduction of value is available as a result of one or several occasions of losses after the initial identification of an asset and such loss creates an impact on the estimated future cash flow or credibly estimated group of financial assets. Evidence of the reduction of value may include that a debtor or a group of debtors facing considerable financial difficulties, negligence of the payment of interest or capital payments, possibility of bankruptcy or any other financial reorganization, economic situations correlated with negligence of payments or data, which could be observed as an evaluated reduction of estimated future financial flows such as differences in arrears.

For financial assets at amortized cost, the Corporation evaluates significant financial assets separately for evidence of reduction and the financial assets separately insignificant are evaluated as a whole. Irrespective of significance, if separately evaluated financial assets are collaboratively defined to be devoid of ultimate evidence of reduction of value, such assets will be included in a group of assets with similar liability risks and they will be collaboratively evaluated for reduction of value.

Assets, which were separately evaluated for reduction of value, and assets with a reduction in value or assets to be continuously recognized will not be included in collaborative evaluation.

If ultimate evidence of a loss upon the reduction of assets measured at amortized cost prevails, the amount of loss would be evaluated from the difference between the present value of the asset and the present value of future financial flows discounted at the first effective interest rate of the financial asset (Except for unexpected future losses not occurred). If a certain debt has a variable interest rate, the discounted rate to evaluate a loss in reduction of value will be the present effective interest rate. Present value of the asset is reduced through the use of an Allowance Account and the impairment will be recognized iin the income statement. Assets will be maintained upon the reduced present value and will be gathered using the discounted interest rate of future financial flows for the purpose of evaluation of the loss of value reduction. Interest income will be entered under investment income in the financial statements. When actual expectations of future recovery dos not exist, debts will be written off along with associated allowances and all securities will be realized or transferred. If the loss of reduction in the estimated value increases or decreases on any reason after the recognition of value in a recent year, the identified loss of reduction of value will be increased or decreased as applicable by adjusting the amount of allowances. If a future writing off is later recovered, such recovery will be adjusted in the Allowance Account in the income statement.

(b) Impairment of Other Non-financial Assets

In the circumstance that the present value of an asset seems unrecoverable it will be subjected to impairment. If the present value exceeds its estimated recoverable value, it will be identified as a loss of reduction of value. The recoverable value of an asset means the highest among its value in use and the difference between its fair value and its sales cost.

2.2.6 Giving-up of Identification

Instances for giving-up identification of a financial asset (including a part of an asset or a part of a group) will be as follows;

- Expiry of the right to receive financial flows
- Transferring the right to receive financial flows through the asset by the Corporation or assuming the possibility of transferring the financial flows received to a third party

(a) Transferring of all benefits and risks by the Corporation
(b) Transferring of controlling right without retaining or transferring all benefits or risks

2.2.7 On instances where legal right exist, the nett value will be indicated through the concentration of financial assets and liabilities.

2.2.8. **Investment in shares**

An investment has been made for 20,000 shares in Associated Newspapers of Ceylon Limited at the reate of Rs. 6.35 per share.

2.3 Property, Plant and Machinery

2.3.1 Identification and Measurement

Items of property, plant and machinery are indicated at the assessed value or at cost after deducting accumulated depreciation and loss of impairment. Cost includes the expenditure directly related to the acquisition of the asset. Self-created assets include the material cost, direct labour and any other directly related expenditure spent on upgrading such assets in to usable status. Expenditure on repairs and the expenses made upon expected future benefits are identified as expenditure at their occurrence.

2.3.2 Post-construction Cost

Expenses on completion of accessories i.e. extensive inspections and total repairs are capitalized only if they cause economic benefits and such benefits can be credibly measure. Daily services will be identified as expenditure in the income statement at the occurrence.

2.3.3 Depreciation

Allocation for depreciation will be calculated upon cost / assessed value according to depletion method of depreciation. Depreciation of property excluding land, plant and machinery will be calculated as per following percentages within their productive life

Buildings	-	Head Office	2.5%
	-	Other Buildings	5%
	-	Auditorium	5%
	-	Plaques	25%
	-	Internet Facilities	10%
Film Complex	-	Buildings	5%
	-	Other Machinery	10%
	-	Elabama screens	11%
Mini Cinema Equipment			10%
Furniture and Fittings			10%.
Office Equipment			10%
Computer			10%
Motor Vehicles			25%
Film Restoration			10%
Bicycles		-Roadmaster	25%
		Flying Peagon	15%
		Lumala	15%
		Rallay	25%
Film Equipment			10%
Projecting Equipment			10%

Machinary of studio	10%
Welfare Equipment	10%
Intangible Assets	20%

Property, plant and machinery will be depreciated commencing from the date of acqusition.

2.3.4 Removal and Identification

Identification ceases to exist at the depletion of the present value of an item of property, plant or machinery or when no longer benefits are expected from such asset. When an item is not identified, the profit or loss born out of non-identification of an item of property, plant or machinery will be entered in the income statement.

2.3.5 Impairment of Tangible Assets

In order to determine an indication of a reduction of value of non-financial assets, the current value of non-financial assets excluding deferred leased assets will be reviewed as at each reporting date. On such instance, the recoverable value of the asset will be estimated. The recoverable value of intangible assets with indefinite productive life or assets no longer exist will be estimated then and there in each year. If the current value of an asset or a finance sourcing unit exceeds its estimated recoverable value, a loss in reduction of value will be identified. The recoverable value of an asset or a finance sourcing unit will be the highest among its value in use and the difference between its fair value and its sales cost. In evaluation of value in use, it will be discounted at the pre-tax discount rate, which reflects the present market evaluation of the current rupee and the present value of future financial flows estimated using risks unique to the asset or the financial sourcing unit.

Assets, which could not be inspected individually for the purpose of evaluating value reduction and smaller assets sourcing financial flows with continuous use will be grouped in to one category of assets. Loss in reduction of value will be identified in the income statement.

- The assets, which have been dpericiated to the value of Rs. 1 and mentioned in assets schedule of studio, are maintained further as artifacts.

2.4 Works not concluded

Buildings

- Lester James Peries Museum- It is expected to complete under three phases and a part of first phase has now been completed.
- The canteen, watch post and store have been shown as incompleted tasks. The tasks of studio, which have been shown as incompleted works in year 2022 and now completed, have been identidied to the fixed assets in year 2023.

Tangible

- Payment of advancs for the establishment of E-Ticketing Syatem

Air Conditioners

- Action is now being taken to fix air conditioners in the divisions of the new building of the Corporation.

2.5. Stock

All stocks are evaluated at the least between the cost and the net revaluation. Cost will be determined based on the FIFO method.

2.6 Income Tax

Allocations are made by the Treasury for salaries and other allowances of Corporation employees as well as to cover part of expenditure. Allocations are not made for tax on the basis of tax should not be paid for Treasury allocations.

We are of the view that 24% should be allocated for tax out of the profit after payment of income tax upon the annual profit of the Corporation and we believe that it should be out of the net profit after adjustments for income tax.

2.7 Other Assets

Other assets include miscellaneous debtors, receivables, advances, deposits, advance payments and receivable tax.

(a) Advances, Deposits, Expenditure-in advance

Expenditure providing benefits for more than one financial year are classified as advances, deposits and expenditure in-advance. Such expenditure will be written off during the period concerned on the basis of time.

(b) Other Debtors

Other debtors are identified at the impaired value out of the cost.

2.8 Cash and Cash Equivalents

Cash and cash equivalents contain cash balances and demand deposits used for short term liability management with 03 months or less maturity from the date of acquisition and subject to inconsiderable risk at the change of their fair value.

When treasury bills and bills on reselling are accounted, investments of which the perios is 03 months or less, are shown in the cash flow statement as cash and cash equvalent liquid asset.

Loans of employees

In terms of the standard No 01 of Sri Lanka Accounting Standards, the loans of employees to be recovered within 12 months and and loans to be recovered in a period of more than 12 months have been shown in the statement of financial position as xurrent assets and non- current assets.

Loans of employees to be recovered wiyhin 12 months	= 598,450.00
Loans of employees to be recovered in a period of more than 12 months	=18,878,755.22
	19,477,205.22

2.9 Financial Liabilities

2.9.1 Initial Recognition and Measurement

As per LKAS 39, financial liabilities are classified as financial liabilities measured at fair value through profit or loss as applicable or loans or borrowings. The Corporation has determined its classification of financial liabilities according to initial recognition. All financial liabilities are recognized at fair value at first and the amortization method is used for loans and borrowings. Directly related transaction cost is included here.

Financial liabilities of the Corporation include sales and other payables.

2.9.2 Post Measurement

Measurement of financial liabilities is based on their classification as follows.

2.9.3 Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities for trading purposes as well as derivatives. Financial liabilities are classified as for trading purposes only if they are to be traded in immediate future. Returns or losses on financial liabilities for trading purposes will be recognized in the income statement. The Corporation has not made the initial recognition of any financial liability at fair value though profit or loss. .

2.10 Other Financial Liabilities

After initial recognition of loans and borrowings, amortization method is used for other financial liabilities.

Accrued Expenses

	Rs.
Salary Payable	7,693,191.17
Cinema Complex – Repairing 4K projector	6,877,173.00
Lester James Peries Studio	1,605,531.14
B.A.W. Jayamanna Studio	1,949,350.49
Fixing Air Conditioners	4,258,913.79
E-Ticketing	9,576,666.67
Other Expenses	12,405,332.68
Provision of Internet Facilities	1,357,000.00
	45,723,158.94

2.10 Other Liabilities

Other liabilities include accrued expenditure. They are valued as their fair value.

- National Film Development Fund under other creditors shows the amount to be paid to the fund by by the Corporation for the purchase of Wekanda Walavva film produced by the Films Developmenbt Fund.

Allocations for gratuity

In terms of the standard no 01 of Sri Lanka Accounting Standards, the amount of gratuity to be paid in the coming 12 months has been shown as current liabilities and the remaining gratuities have been shown as non current financial liabilities in the statement of financial position, when allocations are made for gratuities to employees

	Rs.
Gratuities to be paid in the coming 12 months	930,960.00
Remaining balance of gratuities	45,504,001.00
	46,434,961.00

2.12 Government Grants

Government grants related to assets will be deferred in the balance sheet and they will be recognized in the income statement during the lifetime of the asset and receipts to incur expenditure will be accounted as they receive.

Recognizing treasury grants properly with the income according to the utilization

Recognizing Grants received from General Treasury in relation to enhancement of assets as per LKAS 20 during the lifetime of the respective asset.

Incomes recognized in year 2023 are as follows.

	Rs
New Building	86,682.94
Building-Head Office	4,226,511.52
Internet Facilities	135,700.00
Cinema Complex	6,026,276.82
Work Groups (Workstation)	165,594.48
Sounds equipment	425,437.56
35 mm projector	135,600.78
Sounds equipment	43,114.42
Camera appliances	68,500.00
4K color mixing equipment	191,887.50
Awarding Motor vehicles	3,400,000.00
BAW Jayamanna Studio	553,442.23
Building-Studio	184,306.90
	15,643,055.16

- Amount received for recurrent expenditure of the institution -Rs. 09,386,000.00 (Rs. 9,780,000.00 received for the Film Artists and Technicians' Fund is included in this amount)
- Amount reveived for capital expenses of the institute –Rs. 50,000,000.00

2.13 Employee Benefits

Determined Contributory Plan

As per Statutes and Regulations, the employees of the Corporation are entitled for Employees' Provident Fund and the Employees' Trust Fund. Corporation makes a fixed contribution to these funds upon the gross remuneration of the employees and the Corporation has no other legal obligation in this regard.

Determined Beneficiary Plan

Definite beneficiary plan means a post-employment beneficiary plan changed in to a definite contributory plan. The Corporation is obliged to this plan by the Gratuity Act No 12 of 1983.

2.14 Income

2.14.1 Main Sources of Income

01. Commission for the distribution of local and foreign films

The commission revocered by the Corporation in the distribution of local and foreign films as per the Circular provisions

02. Increase- Trust of the Corporation

An amount of Rs. 6 and Rs. 6.50 are recovered per ticket in the screening of films from Non Air Conditioned and Air Conditioned Film Halls respectively. Rs. 3.10 per ticket out of the above should be given to the Corporation for screening a foreign film as the income of Corporation and Rs. 2.70 is paid to the producer from the Rs. 3.10 which is received from screening local films and further the remaining 40 cts is accounted as the income of the Corporation.

03. Surcharge

Only 25% has been taken in to income on the basis that 75% from the surcharge to be recovered from Film Thesters for film rental is not received. Since October 2020, the monthly interest rate has been revised from 2.5% to 1%.

04. Fines on inspections

Fines imposed on the malpractices found in film theaters

05. Commissions for publicity and services

The commisions and service charges recovered by the Corporation form agencies for carrying out publicity campaigns of film theaters and films

06. Income from studios

Charges recovered for the supply of studio services for post production activities (Sounds and edting works) Services are also provided for outside shooting and under digital technology.

2.14.2. Production Loan Interest and Surcharge

Interest for the loans granted for film producers have been accounted only up to a year after the screening of the films concerned. If the loan is recovered completely, the interest too will be calculated and recovered.

In connection to monies to be recovered from theatres, surcharge will be calculated and accounted as per Gazette Notification.

No loan has been issued during year 2023 entering into agreements for ptoduction of films.

2.14.3. Films released for Screening

Interests for loans will not be accounted after one year of the release of film due to non-recovery of loan as a result of non receipt of income during the screening of the film

2.14.4. Unscreened Films

(a) Interests in relation to films, which have obtained film production loans and yet services have not been obtained for the past two years, have not been accounted.

(b) In relation to studio services, interests of films, which have suspended production activities and not obtained services for a longer period, have not been accounted.

Even though the annual interest has not been calculated as per two matters mentioned above, steps will be taken to recover the interest as and when the loan is recovered.

2.14.5. Income from rent for building 224

Building rental is recovered from the following institutions providing temporarily the Building 224 , which is an asset belonging to the Corporation, on rental basis.

	Monthly Rental	Annually
01. SAARC cultural center	362,000.00	4,344,000.00
02. Public Performance Board	90,000.00	1,080,000.00
	452,000.00	**5,424,000.00**

2.15 Adjustments to the profit of previous year

Nature of the transaction	Debit	Credit	balance
Rectifying the defects in gratuity, audit fees, non claimed wages accounts in 2023 GL - 13,14,197,198	3,300,437.69	(54,785.00)	3,245,652.69
Rectifying the defects in the income and expenditures accounts of previous year. Deposit No. 18824,18834 GL-11,18,19,33,34,35,36,46,47,37,51,64,66,73,74,70,106,109,110,111,112,113,114,115,116,122,126,127,128,129,131,132,134,136,138,140,141,144,145,146,147,149,150,148,156,157,159,155,179,181,185,193,194,202,212,215, 216, 217, 222, 230, 234,239 Cancel Cheque No. 065216/210686 ESS - 04 RJ –57	15,079,904.16	(5,488,425.89)	9,591,478.27
Making entries for previous years when identifying fixed assets of 2023. GL - 199,204,206,211	1,324,996.52	(334,790.40)	990,206.12
	19,705,338.37	(5,878,001.29)	**13,827,337.08**

<u>Note</u>

<u>Expenses for the Lester- Sumithra Commomeration Short Fil Festival</u>

Total Receipt	=	9,300,000.00
Total Expenses	=	9,330,542.53

These funds have been granted to the Corporation by the President's Secretariat through the Line Ministry. The Corporation has also made its contribution to make this festival a success and accordingly, it has given an assistance to enter new film makers the field of cinema.

National Film Corporation of Sri Lanka
Notes to the statements of income
for the year ended 31 December 2023

			2023	2022
(03)	**Sales**		**Rs**	**Rs**
	(Note2.14.1)	**No of the note**		
	Income from the distribution of films	**3.1**	106,622,180	55,143,307
	Income from publicity	**3.2**	23,145	15,988
	Studio	**3.3**	4,643,875	2,465,593
	Trade Affairs	**3.4**	2,876,000	1,758,973
			114,165,200	**59,383,861**

		2023	2022
3.1	**Income from the distribution of films**		
	Commission for local films	38,124,583	8,314,640
	Commission for foreign films	56,609,376	38,684,596
	Increase- trust of the corpotaion	9,149,153	6,678,171
	Surcharge	1,394,790	1,346,100
	Fine from investigations	964,590	119,800
	Trust other than films and commission	379,686	-
		106,622,180	55,143,307

		2023	2022
3.2	**Income from publicity**		
	Commissions for publicity- cine ads	15,779	11,014
	Commission for services	7,366	4,974
		23,145	15,988

		2023	2022
3.3	**Studio**		
	Sounds	3,636,025	2,185,568
	Editing	1,007,850	280,025
		4,643,875	2,465,593

		2023	2022
3.4	**Trade affairs**		
	Cinema carbon	147,600	199,400
	Spare parts	16,267	66,862
	Stationary and publications of the Corporation	2,490,840	1,428,165
	Internal usage		
	Spare parts	10,473	856
	Cost of stationary	210,819	63,690
		2,876,000	1,758,973

National Film Corporation of Sri Lanka
Notes to the Statements of Income
for the year ended 31 December 2023

(04) Cost of sales

	Screening	Studio	Production	General Administration expenses	2023 Total	2022 Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stock as at 01.01.2023	5,253,887	1,409,412	-	5,491,294	12,154,593	11,475,112
Add:						
Purchases and transfers	-	-		1,587,326	1,587,326	1,837,694
	5,253,887	1,409,412	-	7,078,620	13,741,919	13,312,806
Less:						
loss of stocks	-					
Transfers	-					
Stock as at 31.12.2023	5,253,887	1,409,412	-	4,884,762	11,548,061	12,154,593
	-	-	-	**2,193,858**	**2,193,858**	**1,158,212**

For long notes- see (4-a), (4-b) and (4-c)

National Film Corporation of Sri Lanka
Notes to the Statements of Income
for the year ended 31 December 2023

(04 - A) Cost of sales

Screening		Stock 01.01.2023	Purchases	Total	Stock 31.12.2022
		Rs.	Rs.	Rs.	Rs.
Lighted films					
Local		3	-	3	3
Western		244	-	244	244
Eastyern		471	-	471	471
		718	-	718	718
Films not releaed					
Local		3,043,931	-	3,043,931	3,043,931
Western		982,492	-	982,492	982,492
Eastyern		8	-	8	8
Total		4,026,431	-	4,026,431	4,026,431
		4,027,149	-	4,027,149	4,027,149
			2023		2022
			re'		re'
Stock-01.01.2023			-		-
Add:	Purchases		-		-
	Publicity		-		-
			-		-
Less:	Stock 31.12.2023		-		-
	Cost		-		-
Add	Other films				
Stock 01.01.2023					
I. On percentage basis		259,890	-	259,890	
II. Cine Siththam		966,848	1,226,738	966,848	1,226,738
Add:	Expenses		-		-
			1,226,738		1,226,738
Less:					
	Transfers				
Stock 31.12.2023					
I. On percentage basis		259,890	-	259,890	-
II. Cine Siththam		966,848	1,226,738	966,848	1,226,738
Total cost			-	-	-
			5,253,887	5,253,887	5,253,887

National Film Corporation of Sri Lanka
Notes to Statements of Income
for the year ended 31 December 2023 (General Administration)

(04 - B) Cost of sales

	Negatives	Cinema Carbon	Spare Parts	Chemicles	Stationary	Total 2023	Total 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Opening stock 01.01.2023	287,951	856,810	220,399	-	4,126,134	5,491,294	4,811,813
Add:							
Purchases and transferas	-	-	-	-	1,587,326	1,587,326	1,837,694
	287,951	856,810	220,399	-	5,713,460	7,078,620	6,649,507
Less:							
Damages to stocks							
Closing stock 31.12.2023	287,951	461,741	206,487	-	3,928,582	4,884,762	5,491,294
	-	**395,069**	**13,912**	**-**	**1,784,878**	**2,193,858**	**1,158,212**

National Film Corporation of Sri Lanka

Notes to Statements of Income

for the year ended 31 December 2023 (Studio)

(04 - C) Cost of sales

	Negatives	Cinema Carbon	Spare Parts	Chemicles	Total 2023	Total 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Opening stock 01.01.2023	816,569	-	538,753	54,090	1,409,412	1,409,412
Purchases	-	-	-	-	-	-
	816,569	-	538,753	54,090	1,409,412	1,409,412
Less:						
Damages to stocks	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Closing stock 31.12.2023	816,569	-	538,753	54,090	1,409,412	1,409,412
Internal usage during the year	-	-	-	-	-	-

National Film Corporation of Sri Lanka
Notes to Statements of Income
for the year ended 31 December 2023 (Studio)

Note: 05

	2023	2022
	Rs.	Rs.
Employees remunirations		
Salaries and wages	53,502,339	49,601,980
Overtime, holiday pay and compensatin	5,534,849	2,895,216
Contributions to W & O p and E t F	11,226,473	10,781,470
Othe allowances	33,591,209	25,471,831
	103,854,869	88,750,498

Note: 06

Travelling and subsistence			
Travelling and subsistence	(local)	534,231	249,320
	(foreign)	-	-
Subsistene		377,696	178,544
		911,927	427,865

National Film Corporation of Sri Lanka
Notes to Statements of Income
For the year ended 31 December 2023

Note 07

	2023 Rs.	2022 Rs.
Supplies and equipment		
Stationary and office equipment	2,581,040	2,763,760
Electricity	228,447	79,675
	2,809,487	2,843,435

Note: 08)

Repairs, Maintenance and depreciations

Fuel, oil, and maintenance of vehicles		
Innsurance- motor vehicles	88,255	234,305
Fuel	3,759,616	1,181,823
Repairs to motor vehicles and maintenance	2,789,827	1,143,240
Vehicles licences	100,410	17,200
Purchasing- motor vehicle spare parts	211,783	-
Maintenance	4,440,631	2,150,307
	11,390,523	4,726,876

Note 08A

Depreciations (Note 11)	26,927,756	27,141,801
	26,927,756	27,141,801

National Film Corporation of Sroi Lanka
Notes to statement of income
for the year ended 31 December 2023

Notes: 09

	2023 Rs	2022 Rs.
Transport, links, requirements and other services		
Transport	181,723	141,632
Communication expenses	1,596,493	1,420,479
Requirements		
Internal Usage	191,759	64,546
Welfare expenses	3,634,633	1,887,781
Recruitment and training of employees	524,731	130,930
Water bills	262,660	100,199
Film restoration	161,912	170,452
Rates	1,408,671	829,313
Electricity	10,039,471	4,293,344
Other services		
Expenses of Board of Director and audit committee	772,915	332,303
Publicity	526,755	122,784
Special agencies	244,986	345,740
Charges for disciplinaries	693,300	658,433
Legal charges	1,727,672	366,870
Festivals of the Corporation	617,410	1,286,564
Audit fees	1,000,000	1,000,000
Security services	7,273,420	8,208,381
Bank chrges	70,173	74,301
Diploma on cinema education	1,713,599	623,850
Outside funeral aids and expenses of film technicians	1,515,080	178,000
Maintenance of new film theater	449,908	343,532
Reading scripts	310,500	235,500
Delay charges	7,438	2,179
Sanitary services	6,622,645	4,559,625
Payments to investigation officers for filming of foreign movies	651,000	1,036,500
Requirements- highiring projectors	-	12,000
Assets revluation	-	6
Tender expenses	148,385	105,019
Miscellenous expenses	121,000	7,850
Refreshments ecpenses	263,102	104,091
Payment of employees surcharges	404,103	-
Witholding tax	2,389,854	-
Adjusting exchange raTES	607,558	-
Local film festivals	-	-
	46,132,855	28,642,201

Note 09 A

Expenses of Presidential Film Awards Ceremony	25,602,578	-

Note 09 B

Allocation of provisions for Presidential Film Awards Ceremony 2023	10,000,000	35,000,000

National Film Corporation of Sri Lanka

Notes to the statement of income

For the year ended 31 December 2023

Notes 10	**2023**	**2022**
Other income	**Rs.**	**Rs.**
Production loan interests	112,292	50,833
Employees' loan interest	692,550	622,742
Miscellenous Income	1,950,695	120,721
Outside filmimg of studio	1,958,947	2,358,518
Interest on fixed deposits and treasury bills	102,516,380	54,115,725
Film registration fees- foreign and local	2,030,000	905,000
Income from the NFC theater	2,742,800	692,500
Approval for scripts	373,500	276,500
Income from 224 building (note 2.14.5)	5,424,000	8,839,000
Receipts for courses	1,540,000	1,430,000
Identifying receipts from Treasury to the income (note 19)	15,643,055	15,713,792
Adjusting foreign exchange	-	725,518
Income from the rental of lecture hall	128,000	84,375
Publicity boards	582,000	310,500
Annual registration fees- film importers	1,002,000	1,000,000
Approval for foreign documentaries	3,264,500	3,256,000
Receipts from investigation officers	904,500	1,276,500
Tender deposits	-	146,456
Recovery again of money provided for courses of employees	60,000	-
	140,925,219	**91,924,679**
Note 10		
Receipts for President's Film Award Ceremony	**7,954,000**	**-**
	148,879,219	**91,924,679**

National Film Corporation of Sri Lanka
Notes to the Financial Position
as at 31.12.2023

Note 11 - Fixed Assets

Property machinary and equipment	Cost	Adjustments for the cost of previous year	Adding during the year	Removal of the year	Cost	Accumulated depreciation	Adjustments for the depreciations fo previous year	Depreciation of the year	Accumulated depreciation	Net vlue
	01.01.2023				31.12.2023	01.01.2023				31.12.2023
	Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
01. Freehold deeds	174,343,458	-	-	-	174,343,458	-	-	-	-	174,343,458
02. Freehold buildings	150,748,918	3,969,382	111,557	-	154,829,858	85,653,671	(333,108)	5,740,682	91,061,244	63,768,613
03. Cinema complex	123,513,361	-	9,148,930	-	132,662,291	94,049,784		6,026,277	100,076,061	32,586,230
04. Mini film equipment	331,451	-	-	-	331,451	331,449		-	331,449	2
05. Furniture fittings and fixing	23,449,913	82,965	307,665	-	23,840,543	19,560,099	63,836	779,551	20,403,486	3,437,058
06. Office equipment	29,836,003	(82,965)	268,750		30,021,788	23,045,702	(63,842)	1,331,882	24,313,743	5,708,046
07. Motor vehicles	40,051,450		-	-	40,051,450	10,013,948		10,012,500	20,026,448	20,025,002
08. Film archiving	2,104,455		-	-	2,104,455	1,971,133		133,321	2,104,454	1
09. Bicycles	18,281		-	-	18,281	18,277		-	18,277	4
10. Film equipment	910,689		-	-	910,689	910,669		-	910,669	20
11. Projector equipment	1,364,052	1,645,000	-	-	3,009,052	882,176		252,885	1,135,061	1,873,991
12. Studio machines	106,062,371	-	-	-	106,062,371	94,036,086		1,922,580	95,958,666	10,103,706
13. Equipment for film studies	2,234,250	-	56,925	-	2,291,175	1,528,212		229,118	1,757,330	533,846
14. Welfare equipment	210,677	-	-	-	210,677	204,389		1,572	205,961	4,716
	655,179,330	**5,614,382**	**9,893,827**	**-**	**670,687,539**	**332,205,596**	**(333,114)**	**26,430,366**	**358,302,848**	**312,384,692**
11A Intangible										
Intangible assets	2,486,950		-		2,486,950	1,292,720		497,390	1,790,110	696,840
	2,486,950	**-**	**-**	**-**	**2,486,950**	**1,292,720**	**-**	**497,390**	**1,790,110**	**696,840**
11B Works not finished	(සටහන 2.4)									
1 Buildings	18,804,857	(4,136,138)		1,324,997	13,343,722	-	-	-	-	13,343,722
2 Office equipment	-	-			-	-	-	-	-	-
3 Airconditioners	7,149,211	0			7,149,211	-	-	-	-	7,149,211
4 Intangible assets	17,330,000				17,330,000	-	-	-	-	17,330,000
	43,284,067	**(4,136,138)**	**-**	**1,324,997**	**37,822,933**	**-**	**-**	**-**	**-**	**37,822,933**
Total assets	**700,950,347**	**1,478,245**	**9,893,827**	**1,324,997**	**710,997,422**	**333,498,316**	**(333,114)**	**26,927,756**	**360,092,958**	**350,904,464**

National Film Corporation of Sri Lanka
Notes to the financial position
For the year ended 31 December 2023

		2023 Rs.	2022 Rs.
Notes: 12			
Long term investments			
Fixed deposits		-	141,687,000
Investment on shares- ANCL		127,000	127,000
(Note 2.2.8)		127,000	141,814,000
Note 13			
Short term investments			
Deposits at National Savings Bank- employees		5,000	5,000
Ripo deposits		-	-
Treasury bills		291,392,189	82,614,991
		291,397,189	82,619,991
Note 14			
Stocks			
Films		5,253,887	5,253,887
Trade affairs		4,596,811	5,203,343
Studio		1,697,363	1,697,363
Studio maintenance spare parts		1,472,575	1,472,575
Stationary and other		2,352,662	2,151,953
		15,373,298	15,779,121
Allocations for slow moving and non moving stocks		(8,597,176)	(8,597,176)
		6,776,122	7,181,945
Note 15 A			
Debtors			
Film theaters	389,961,318		
(-) provisions for surcharges	(161,210,580)		
(-) Impairment adjustment for debtors (notes 16 a)	(122,147,189)	106,603,549	126,592,045
Notes 15 B			
Producers	88,503,920		
(-) provisions for production loans interests	(4,618,806)		
(-) Impairement adjustments for debtors (note 16 a)	(68,670,380)	15,214,734	10,477,259
		121,818,283	137,069,304
Note 16			
Miscellenous debtors			
Other			
Commissions receivable-Rithma circuit		248,044,744	198,699,363
Interest receivable(Fixed/ Ripo)		-	22,047,838
Receivable trust of Corporation -Rithma circuit		30,755,284	25,942,686
Receivable cash account 224		6,653,848	20,759,870
Impairement adjustment for miscellenous debtors (note 16 a)		(14,272,694)	(13,372,488)
Employees loan assets account		2,848,384	-
Employees salaries and wages control account		1,797,498	1,830,870
Loans of employeees to be recovered within 12 months		598,450	2,850,400
		276,425,515	258,758,538
Note 16-1			
Loans of employees to be recovered within a period of more than12 months		18,878,755	17,804,373

National Film Corporation of Sri Lanka
Notes to the Financial Position
For the year ended 31 December 2023

Schedule for the provisions for doubtful debts

Notes 16 a

Debtors	Total 2023	Non agreed unrecoverable	Recoverable	Provision of 5%	Total provisions
	Rs.	Rs.	Rs.	Rs.	Rs.
Film theaters	389,961,318	108,051,709	281,909,609	14,095,480	122,147,189
Producers	88,503,920	67,626,509	20,877,411	1,043,871	68,670,380
Other	285,453,877		285,453,877	14,272,694	14,272,694
Loans of employees	19,477,205	-	19,477,205	-	-
	783,396,319	**175,678,218**	**607,718,101**	**29,412,045**	**205,090,263**

		Film theaters	Producers	Other
Balance B/F	205,026,677	123,233,150	68,421,039	13,372,488
Transferred to profit and loss account	63,585.78	(1,085,961)	249,341	900,206
	205,090,263	**122,147,189**	**68,670,380**	**14,272,694**

Impairment adjustment for debtors	
As at 01.01.2023	205,026,677
Transferred to profit and lost account	63,586
Balance B/F 31.12.2023	**205,090,263**

National Film Corporation of Sri Lanka
Notes to the statement of financial position
For the year ended 31 December 2023

	2023 Rs.	2022 Rs.
Notes: 17		
Dposits and payments made in advance		
Deposits	3,373,618	4,653,854
Paymenta od advance	1,024,576	499,034
Advance for funeral aids to welfare society	70,000	-
	4,468,194	5,152,888
Impairement adjustment foe loans	(13,500)	(653,728)
	4,454,694	4,499,160
Note 18		
Cash and bank balances		
Peoples bank C A No 004-1-001-1-0208647	3,206,242	588,542
Peoples bank C A No 055-1-001-5-0667533	270,605	1,690,173
Peoples bank C A No 004-1-001-6-0208664	19,376,623	5,585,038
Bank of Ceylon C A No 0002323272	6,206,832	1,670,951
Bank of Ceylon C A No 0002323131	906,769	936,902
Bank of Ceylon C A No 0002323354	70,424,182	34,981,111
Bank of Ceylon C A No 0002323363	35,786,312	12,701,701
Bank of Ceylon C A No 0005002189	116,591	3,370,426
Bank of Ceylon C A No 5152460	-	-
	136,294,155	61,524,844
Cash in hand	420	34
Deposits matured in three months		
Ripo deposits	-	-
Treasury bills	293,617,082	20,800,938
Fixed deposits	-	148,355,855
	293,617,082	169,156,793
Total	429,911,657	230,681,670
Note 19		
Grants		
Treasury Grants	152,417,553	114,731,345
(-) Amortization	(12,243,055)	(12,313,792)
	140,174,497	102,417,553
Motor vehicle awards	10,200,000	13,600,000
(-) Amortization	(3,400,000)	(3,400,000)
	6,800,000	10,200,000
Total	146,974,497	112,617,553

National Film Corporation of Sri Lanka
Notes to the financial statements
For the year ended 31 December 2023

		2023 Rs.	2022 Rs.
Note 20			
Provisions for gratuity			
Balance brought forward 01.01.2023		48,934,784	49,002,597
Adjustments before 2023		1,934,166	660,280
Provisions for the year		1,907,458	2,009,657
Payments in cash		(6,341,446)	(2,737,750)
		46,434,961	**48,934,784**
Note 20-1			
Payments after the coming 12 months		45,504,001	44,214,794
Notes 20-2			
Payments in coming 12 months (up to 31.12.2023)		930,960	4,719,990
Note 21			
Deposits			
Security deposits N F C film theater		451,272	475,272
Deposits for canteen		-	30,000
Deposits for security servic	Film halls	584,238	2,326,727
	Employees	5,000	5,000
	Importation of films	10,000	7,500
	Cinema project	-	45,000
	Sanitary services	160,000	160,000
	Tender deposits	124,000	-
		1,334,510	**3,049,499**
Notes 22			
Film rental creditors			
Film rental creditors		406,661,704	330,280,811
(-) Impairment adjustment for creditors		-	(18,046,804)
		406,661,704	**312,234,007**

National Film Corporation
Notes to the statement of financial position
For the year ended 31.12.2023

	2023 Rs.	2022 Rs.
Notes 23		
Financial liabilities		
Accrued expenses (Note 2-10)	45,723,159	44,917,713
	45,723,159	**44,917,713**

	2023 Rs.	2022 Rs.
Notes 24		
Other creditors		
Payable value added taxes	-	152,612
Provisions for audit fees	3,200,000	2,200,000
Commissioner of Inland Revenue - stamp	15,798	30,673
Non claimed wages	923,683	539,152
Employees Provident Fund	591,842	591,842
Employees Trust Fund	70,375	70,375
Miscellenous Creditors	95,495	759,734
(-) Provisions for liabilities not to be paid	-	(644,840)
National film development fund (Note no 2.11)	3,525,795	3,525,795
Control Rithma circuit	11,932,180	35,504,261
Payee tax	38,253	38,253
Account for provisions for salaries and wages	-	577,190
Public Performance Board	114,801	114,801
Interests for treasury bills for the coming year	21,064,126	-
Ceylon Biscuits Ltd	976,303	976,303
Provisions for National Film Festival	45,000,000	35,000,000
Provisions for National Film Festival	-	50,000
Employees'loan liability account	2,848,384	-
	90,397,035	**79,486,152**

Board Of Directors - 2023

Serial No	Name	Post	Address
1	Mr. Deepal Chandrarathna, Attorney At Law (From 08.08.2022)	Chairman, National Film Corporation of Sri Lanka	National Film Corporation of Sri Lanka, No 303, Bauddhaloka Mawatha, Colombo 07
2	Mr Dinith Chinthaka Karunarathna (From 15.09.2022)	Director General of Information, Department of Information	Department of Information, No 163,Kirulapana Mawatha, Colombo 05
3	Mr Nalin Kumara Nishshanka (From 10.08.2022 to 31.10.2023)	Director General, Sri Lanka Broardcasting Corporation	Sri Lanka Broadcasting Corporation, Independence Square Colombo 07
	Prs P U T Warusawithana (From 11.21.2023)	Director General, Sri Lanka Broardcasting Corporation	Sri Lanka Broadcasting Corporation, Independence Square Colombo 07
4	Mrs Bhagya C Katudeniya (From 28.02.2023 to 15.07.2023)	Director of Cultural Affairs, Department of Cultural Affairs	Department of Cultural Affairs, 08th Floor, Sethsiripaya Battaramulla.
	Mrs Y I D gunawardana (From 29.08.2023)		
5	Mr Jagath Wickramanayake, President's Councel (From 14.10.2022)	President Councel	1174, Dhammodaya Mawatha, Battaramulla.
6	Mr Ashley Rathnawibhushana (From 08.08.2022)	Representing the field of cinema	118, Dehiwala, Boralesgamuwa
7	Mrs Nadeeka Gunasekara (From 08.08.2022)	Representing the field of cinema	No 552 B, Westbury Park, Wijesingha Mawatha, Pelawaththa, Battaramulla ,
8	Senior Prof Samantha Herath (From 15.03.2023)	Head of Department, Department of Communication and Creative Arts, Faculkty of Arts, University of Colombo	Department of Communication and Creative Arts, Faculkty of Arts, University of Colombo P O box 1490, Colombo 03
9	Dr. Uditha Gunasekara (From 15.03.2023)	Faculty of Humanities	University of Kelaniya, Dalugama, Kelaniya
10	Mr. P P S R De Silva (From 09.11.2022 to 18.09.2023)	Director, Department of External Resources (Representative of General Treasury)	Department of External Resources, , New Secretariat, (3rd Floor), Colombo 01
	Mr D P G Pradeep (From 18.09.2023)	Director, Department of External Resources (Representative of General Treasury)	Department of External Resources, , New Secretariat, (3rd Floor), Colombo 01

CAA/D/SNFC/1/2023/69 09 October 2023

Chairman,
National Film Corporation of Sri Lanka

Report of the Auditor General on the Financial Statements and other Legal and Regulatory Requirements of the National Film Corporation of Sri Lanka for the year ended 31 December 2023 as per Section 12 of National Audit Act No 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the National Film Corporation of Sri Lanka for the year ended 31 December 2023 comprising the comprehensive statement of income, Statement of Changes in Equity, and Statement of Cash flow for the year then ended and notes on 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 and provisions of the Finance Act No 38 of 1971. My report will be tabled in the Parliament in due course, in terms of the Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in the Basis for qualified opinion, the accompanying financial statements give a true and fair view of the financial position of the fund as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

(a) Even though it is necessary, in terms of the para 03 and 08 of Sri Lanka Accounting Standard No 10, to adjust the transactions, which provide evidences for the situation prevailed between the date of reporting for financial statements and the date of approval for the submission of financial statements, in the above mentioned financial statements, no adjustment has been made in the financial statements pertaining to the following transactions.

(i) Even though the approval has been granted at the 1218th meeting of the Board of Directors held on 02 January 2024 to pay Rs. 1,255,225, which is the compensation to be paid to the former Assistant General Manager (Payment) as per the settlement made on the case filed by the A G M against the Corporation on 13 December 13, no action has been taken to adjust that compensation, which is to be paid as per the settlement, in the financial statements.

(ii) Even though the approval of the Board of Directors has been granted on 26 April 2024 to pay Rs. 1,131,619 which is the compensation to be paid to an owner of a Cinema Theatre as per the settlement made on 03 March 2024 on the case filed by the owner of the Cinema Theatre at District Court, Kalutara against the Corporation on 07 September 1999, no action has been taken to adjust that compensation, which is to be paid as per the settlement, in the financial statements.

(b) No revelation has been made as per Sri Lanka Accounting Standards 37 pertaining to 22 cases being heard at different courts including 12 court cases, 02 complaints at Labour Tribunal, 08 complaints filed at Human Rights Commission Office which have been filed by outside parties making the Corporation the defendant.

(c) The value of the two storied building constructed by the Public Performance Board at the premises No 224/1 belonging to National Film Corporation has not been accounted under Properties, Plants and Equipment after making the evaluation. Even though the income to be received as per the lease agreement for the period from 2019 to 31 December 2023 from this building provided on lease to Public Performance Board is Rs. 24,950,000, only the 20%, which has been paid by the lessee as per the agreement that the 80% from the monthly lease rent should be set off subjected to a period of 15 years in order to settle the amount spent by lessee for the construction of the building, has been accounted as the income. As a result of this, the income of the year and the accumulated profit of the year under review have been under accounted by Rs. 4,320,000 and Rs. 15,640,000.

(d) As a result of not submitting comprehensive particulars pertaining to the balances of Rs. 539,222 shown as old balances in the schedule of employees' loans, which cannot be identified, it has become impossible to confirm the accuracy of those balances at the audit.

(e) As a result of not accounting the course fee on Diploma on Cinematography to the amount of Rs. 1,110,000 to be recovered from 36 students by 31 December 2023 as an income of the year under review, the income of the year and the receivable income have been under accounted by that amount.

(f) Even though Rs. 591,842 of Employees' Provident Fund and Rs. 70,735 of Employees' Trust Fund (Total amount is Rs. 662,217) have been accounted as other creditors under current liabilities in the statement of financial position, there were no evidences to confirm such balances.

(g) Even though Rs. 11,932,180 has been as the control account of Rithma Circuit under other creditors in the statement of financial position, no confirmation was submitted at the audit and the audit could not confirm the accuracy of them.

(h) Rs. 484,033, which has been paid in year 2021 and 2022 in relation to year 2022 and 2023 and included in the balances of the payment in advance account , has not been adjusted in the accounts in each year. Under such circumstances, the profit of the year under review, profit of the previous year and current assets in the statement of financial position have been under accounted by 396,590, 87,443 and 484,033 respectively.

(i) The amount of Rs. 450,000, which is the value of the order relevant for fixing a name board at Sarasavi studio, Kelaniya, has been debited to works not completed account and credited to accrued expenses account and then the relevant value has been accounted in building account and profit and loss account of the previous year by removing from works not completed account and accrued expenses account respectively due to cancellation of the order. As a result of this measure, the value of the buildings has been over accounted by Rs. 450,000 and in the meantime the accumulated profit also by the same amount. Further, a depreciation of Rs. 112,500 has also been made and accordingly the depreciation and the balance of the account for provisions for depreciations has been over accounted by that amount.

(j) Even though the balance of the Cinema Theatres Creditors is Rs. 418,123,560 as at 31 December 2023 as per the comprehensive schedule, the same balance is Rs. 389,961,318 as per the statement of financial position. Therefore a difference of Rs. 28,162,242 has been observed.

(k) Even though the balance of the creditors is Rs. 445,402,401 as at 31 December 2023 as per the schedule submitted for the audit, the balance is Rs. 406,661,704 as per the statement of financial position as at the same date. Therefore a difference of Rs. 38,740,697 has been observed.

(l) The total agreed amount of Rs. 16,900,00 for the contract for establishing computer system in relation to formalising the importation , distribution and registration of films, which represents Rs. 3,380,000 the advance for commencing of work paid in year 2021, the first payment of Rs. 3,943,333, Rs. 9,576,667 accounted as the accrued expenses without obtaining a certificate on work, has been accounted in the account for works not completed and the value of the works completed to the value of Rs. 5,070,000 has been over accounted by Rs. 11,830.000 in the works not completed account. Even though accrued expenses should not be identified without certifying the works, the Corporation has identified works not certified to the value of Rs. 9,576,667 as accrued expenses and further, the balance of Rs. 2,253,333, the balance of the advance for commencing works to be recovered has not been shown separately in an advance account.

(m) Even though the income from the interest for fixed assets and treasury bills received in cash by the Corporation for the year ended 31 December 2023 is Rs. 92,237,740, the income has been shown as Rs.102,516,380 by over accounting it by Rs. 10,278,640 under cash flow from investment activities.

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 particulars included in the Annual Report 2023 of the Corporation

Other particulars mean the particulars, which have been included in the annual report 2023 of the National Film Corporation of Sri Lanka and taken by me before the date of this audit report but not included in my report. The Management should be responsible for these other particulars.

Other particulars are not covered by my opinion on the financial statement and I do not make any certification or opinion in this regard.

My responsibility in relation to my audit on the financial statements is to read other particulars, whenever they can be collected, and further to consider as to whether such other particulars are not tallied quantitatively with financial statements or my knowledge obtained by other way in the audit.

When reading the Annual Report-2023 of the Corporation, if I determine that material misstatements are found, I should report them to the parties responsible for administration for rectifying such matters. If there are misstatements, which has not been rectified further, they will be included in the report which will be tabled in the Parliament in due course by me as per Article 154 (6) of the Constitution.

1.4 Responsibilities of the management and those charged with governance for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for determining such internal control which 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 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 fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of the fund are responsible for overseeing the financial reporting process of the fund.

As per Section 16(1) of the National Audit Act No. 19 of 2018, it is 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 for the fund.

1.5. Auditor's Responsibilities for the Audit of the 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund'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 Corporation'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. However, future events or conditions may cause the fund 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 communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal Requirements

2.1. National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

2.1.1. In terms of the requirement prescribed in the section 12 (a) of the National Audit Act No 19 of 2018, I have obtained all information and other clarifications, which were necessary for the audit, except for the effects of the matters described in the Basis for qualified opinion, and according to my inspection the Corporation has maintained financial reports in the proper manner.

2.1.2. The financial statements presented by the Corporation are consistent with the preceding year as per the requirements of section 6 (1) (d) (iii) of the National Audit Act No. 19 of 2018.

2.1.3. Recommendations, which have been made by me during the previous year in terms of the requirement prescribed in the section 6 (I) (d) (iv) of the National Audit Act No 19 of 2018, have been included in the financial statements, which were submitted, except the para 1.2 (c) (e) (k) and (l),.

2.2. Based on the procedures performed and evidences 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 Corporation has any direct or indirect interest in any contract entered into by the Corporation 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. To state that the Corporation has not complied with any applicable written law, general and special directions issued by the governing body of the Corporation as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018, except the following recommendations;

Reference to laws, rules and order	**Description**
(a) National Film Corporation Act No 47 of 1971	No sufficient action has been taken by the Corporation for the promotion within or outside Sri

i. section 4 (g)	Lanka for trading films and the demand for films produced in Sri Lanka
ii Section 4 (h)	Action has not been taken to conduct market researches within and outside Sri Lanka on film industry.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka i. Financial Regulation 177 (I)	Even though the money received daily should be deposited in bank daily or as soon as possible, the balance of Rs. 747,638, which has been received from April to December 2023 in relation to a current account has been retained for 03 months before banking.
ii. Financial Regulation 540	The accuracy of the money has not been checked at the end of transactions of every day and the accuracy of the cash in hand and amounts deposited in bank has not been confirmed by the responsible officers.
(c) Establishments Code of the Democratic Socialist Republic of Sri Lanka Section 15.1 of Chapter II and Approved Scheme of Recruitment dated 14 September 2014	Both the Recruitment Authority and Head of Department are bound equally to conduct efficiency bar examinations on due dates but no action has so far been taken from 14 September 2014, the date on which scheme of recruitment , to conduct any efficiency bar examination.
(d) Section 6.6 of the operational manual published by Public Enterprises Circular No 01/2021 dated 16 November 2021	Even though the annual reports should be tabled at the Parliament along with relevant performance reports within 05 months from the end of financial year, the annual report of the Film Corporation has not been tabled even by 30 September 2024.
(e) Para 2.3 of the Code of Guidelines for Good Governance of Public Enterprises published by Public Enterprises Circular No 01/2021 dated 16 November 2021	A strategic plan has not been published for the Corporation.

2.2.3. To state that the Corporation has not performed according to its powers, functions, and duties as per the requirements of section 12 (g) of National Audit Act No 19 0f 2018

2.2.4. To state that the resources of the Corporation had not been procured and utilised economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirements of section 12 (h) of the National Audit Act No 19 of 2018.

(a) Even though a proper written agreement should be made as per para 8.9.1 of Procurement Guidelines when making procurements over Rs. 500,000, a written agreement has not been signed in relation to the purchase of 670 daily record books to the value of Rs.800,650.

(b) Even though Rs. 1,267,435 has been spent at two occasions for printing 1000 daily record books, bids have not been evaluated by a Technical Evaluation Committee as per para 7.1 of Procurement Guidelines of the Government.

2.3. Other matters

(a) It is essential to maintain the staff at optimum level in order to achieve the objectives of the institution but lack of staff may cause negative effects for the efficiency. Even where the vacancies existed in the staff of the Corporation have caused direct negative effects for the performance of operations in more productive manner, 04 Development Officers have been released to the President's Secretariat without paying attention to this situation and they have been paid Rs. 4,952,766 as salaries and allowances from 18 August 2022 to May 2024. However no action has been taken even by August 2024 to reimburse that amount paid as salaries and allowances.

(b) Rs. 354,000 and Rs. 1,360,494, which are due from the Welfare Society and for the films screened from National Film Corporation Development Fund for more than 5 years have been shown respectively in the balances, which cannot be recovered and no action has been taken to recover such amounts derived from the transactions among the Divisions of the Corporation.

(c) The stock of negative and laboratory chemicals to the value of Rs. 870,659 as at 31 December 2023 were remaining idle as a result of expiry of dates from 2014 and this has been pointed out even by the report of the Auditor General of the previous year but no action has been taken to dispose this unserviceable stock.

(d) An amount of Rs. 478,465,238, which is the total of Rs.88,503,920, loans to be recovered by the Corporation from the loans granted to cinema production and cinema theatres, and Rs. 389,961,318, arrears to be recovered by the Corporation from the money due from cinema theatres, has to be received by the Corporation. The net amount of loans, which can be recovered as at 31 December 2023, is Rs. 121,818,284 due to adjustment of Rs. 356,646,954 as surcharges and impairment. It is 25.46% from total debtors. It has become impossible to recover this amount as the Management has not taken adequate action for the recovery of loans.

(e) Construction works have been commenced on 05 April 2019 for the construction of a library and museum in commemoration of Dr. Lester James Peries within the premises of Corporation at an estimated cost of Rs. 99,965,061 entrusting the construction works and consultancy services to the State Engineering Corporation after signing bilateral agreement. Rs. 3,134,107 has been paid for this construction by 31 December 2023 for this construction commenced without approval of the Cabinet of Ministers and Urban Development Authority. This construction, which has been pointed out by the report of the Auditor General of the previous year, has been neglected for more than 5 years and the it was facing destruction due to corroding the iron bars of the structure.

(f) The commission received from the distribution of local and foreign film is one of the main sources of income of the Corporation and for a long time distribution of film has been done also by private institutions. Even though approval has been granted by the Cabinet Decision No CP/2/1024/305/022 dated 14 June 2021 to take over the distribution of film by the Corporation, higher Management has not taken action to implement the process even by May 2024, the date of audit, by way of publishing it in Gazette notification.

(g) The gratuity of Rs. 1,347,011, which has to be paid to the former Media Publicity Officer, has been suspended by the Corporation contrary to section 13 of the Gratuity Act No. 12 of 1983 and it has caused for the payment of Rs. 404,103 as a surcharge due to delay in the payment for more than a year. This surcharge has occurred due to the inefficiency of the Management.

(h) Even though the term of the first agreement bearing no 4820 signed on 28 April 2022 for the establishment of computer system for formalizing the importation, distribution and registration of films, which has been included in the action plan in 2015 under a provision of Rs. 15 million and planning to commence complete the task in March 2021 and complete by October, has been extended at three occasions , the task was remaining incomplete even by 05 August 2024 and this task has not been included in the action plans of year 2023 and 2024. Further, the term of the final bilateral agreement bearing no 4867 has also expired but no action has been taken to enter in to a new agreement.

(i) It has become impossible to examine the performance of the Corporation due to non submission of the progress report in accordance with the action plan of Corporation for the year under review.

(j) Even though the expenses made for ceremonies using the earnings of institutions should be stopped as per Budget Circular No. 08/2022 dated 11 November 2022 , which has been issued with the aim of controlling strictly the expenses of public sector, Rs. 267,030 has been spent for a dinner organized at a private hotel for 45 persons, who contributed for the President's Film Awards ceremony, on a certain day after the ceremony.

(k) The post of Internal Auditor was remaining vacant from year 2021 up to the date of audit and it has caused to paradise the internal audit process.

W.P.C. Wickramaratne
Auditor General

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