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SELACINE
SELACINE TELEVISION INSTITUTE

2019
ANNUAL REPORT

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

Hon. Minister,

Annual Report – 2019

According to the Section 14(1) in Finance Act No 38 of 1971, I am forwarding herewith the Annual Report of Selacine Rupavahini Institute for the year ending 31st December 2019.
Thank you.

Yours faithfully,

Harith Gunawardhana
Chairman
Selacine Television Institute

CONTENTS

Mission, Vision & Objectives

Mission

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

Vision

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

Objectives

Increasing financial status

Increasing market Share

Using strategy to increase customer satisfaction

Developing employees and leaders of the organization

Chairman's Review

I am glad to add this message to the Annual Report 2019 issued by the Selacine Rupavahini Institution after I assumed duties on 31st December 2021 as its Chairman.

Returning to the past period of 37 years, the Selacine Rupavahini Institution has been able to polish skills in marketing, financial, administrative, production, Event, accelerated creation sectors into a considerable extent.

The Selacine Rupavahini Institution has earned Rs. 634.3 million as its annual revenue for year 2019 and profit of the same year was Rs. 8.3 million. Comparing with year 2019, the revenue in the year 2018 was Rs. 597.8 million and abled to earn a profit of Rs. 29.7 for the same year.

The scheduled revenue in this year has indicated at a higher level because creative advertisements had been designed by its Graphic Division based on the ability of publishing very expensive advertisements in scheduling by its Media Division jointly with Associated Newspapers of Ceylon Limited (Lake House) with more contribution. Accordingly, the Auditor General's opinion had been recorded aright which is a good example for above. The finance division is dedicated to continue this situation further.

I must express that this situation could be achieved through driving this institute enabling to access a profit earning way establishing a strong management measure and, taking certain measures to enhance the employees' performance identifying their skills as a short term measure.

I am glad to express that a special plan has already been launched to build the economic background of the institution amidst Covid-19 pandemic prevailing island wide. Our expectation through above is not only earning financial benefits but exercise the government propaganda media mechanism in a more effective mission.

Harith Gunawardhana
Chairman
Selacine Television Institute

Corporate Information

Name

Selacine Television Institute

Legal form and nature of past activities

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

Establishment role

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

Administration Structure - 2019

Senior Management

Denver Fernando	-	Chairman (acting) (21.03.2019 - 30.04.2019)
Prabath C. Perera	-	Chairman (02.05.2019 - 12.12.2019)
A. H. Lakshan de Soyza	-	Chairman (13.12.2019 - 31.12.2020)
H.M. Manjula Herath	-	General Manager

Management

H.M.U.C.P. Herath	-	Manager (Human Resources and Administration)	(15.10.2018 - 31.01.2020)
Pushpa Bamunuarachchi	-	Manager (Human Resources and Administration)	(03.07.2019 - 21.09.2020)
Sunanda Weerasinghe	-	Manager (Production)	
Agbo Amarasekera	-	Manager (Head of Business Development)	
Nalin Alahakoone	-	Manager (Media)	
Shantha Lokuketagoda	-	Chief Accountant	
Sujith Pushpakumara	-	Manager (Graphics)	
I.L.P. Fernando	-	Manager (Express Printing)	
Indika Wijethunga	-	Manager (Purchasing & Supplying)	
Prabath Kahaduwaarachchi	-	Manager (Event)	

Auditors

Government Audit

Bankers

Bank of Ceylon

Peoples Bank

Contact Details

Address	-	No. 380/57, Sarana Rd, Colombo 7.
Telephone	-	011-4320777, 011-4061586
Fax	-	011-2058229
Email	-	selacine@gmail.com
Web site	-	www.selacine.lk

Graphics and Creations Division

The design and graphics division is arguably one of the strongest divisions in any organization in the field of advertising. The graphic design division plays a leading role in the print and animation design process of Salacine Television Institute. Our work spans a wide range of areas, including advertising wall advertisements, newspaper advertisements, billboards.

This division is a competitive field that needs to be constantly nurtured with new knowledge as well as creative technology. Therefore, all the designers in our sector are constantly updating on this. Our staff, who are constantly engaged in efficient work, work hand in hand with the rest of the organization in achieving the company's annual revenue targets, combining the knowledge and energy to reach any difficult goal. The role of the Graphic Design Division is not limited to office hours, as this division is based on the creative quality. It is imperative that our Division makes a significant contribution to the creative work of the organization. A dedicated staff is there for these purposes in the Division.

The world of graphic design is a technologically advanced field. We do not have the ability to bypass those technological leaps because the company has to reach those goals as it moves forward through competition. The Graphic Design Division is responsible for creatively editing a number of government advertisements annually. The newspaper advertisements created annually is large in number. It is also a challenge to understand the needs of the client in preparing this advertisement. Over the years, we have successfully overcome these challenges and have done our best to uphold the company's reputation.

At the time of the release of the Annual Report 2019, the Graphic Design Division is working hand in hand with other divisions to meet client needs in a friendlier manner to achieve the vision and goals of the new Chairman. In order to play a greater role than in previous years, we are committed to improve our Division with a new management vision and organizational target.

Media Division

The main task of the Media Division is to schedule and advertise the advertisements and audio visual creations in electronic and printed media. Usually, the highest income is generated through scheduling. Accordingly, this task was successfully carried out in year 2019 as well. The total investment was Rs. M. 375,524,279.55

We were able to provide the highest number of advertisements to Lake Hose and accordingly we were given a special discount rate.

Further, we are getting special discount rates for TV and radio scheduling. Advertising in the social media has become more attractive lately and we have a special unit in the Media Division for the same. Our creative work is published through that unit.

This shows that Salacine has the required skills and ability to establish our status as a leading advertising agency.

Sales and Consumer Services Division

Year 2019 was a challenging year and there were new recruitments for the department as well.

Overall compared to the previous year there is a significant improvement in the event. Income and it had contributed positively to achieve a sales income of Rs. 634.368,092.16 Million.

Human Resource and Administration Division

Our top resource and assets are the human resources of the organization. Following is the mission of the Administration Division for the year 2019 to get the maximum contribution from the human resources in the journey to achieve the future goals of the organization.

- With a long history of 37 years, Salacine is in the final stages of it legalization process. In addition, actions have been taken to prepare the organizational structure to face the challenge of new advertising agencies and competition and to systematize the recruitment procedures.

- Improving the enthusiasm of the corporate staff through continuous training programs and building an environment that enhances motivation. Making them feel and confident about their maximum potential and improve their productivity by getting their maximum contribution to the corporate affairs.

- Improving the living standards of the employees by providing a high benefit health insurance scheme, employee loans, festival advances and bonuses for the welfare of the staff of the institution.

- Arrangements have also been made to expedite the provision of office equipment and stationery to the staff to ensure the efficiency and efficient service of the institution.

Production Division

The Audio-Visual Production Division marks the beginning of Salacine Television Institute. In the past, Salacine was the pioneer producer in the field of documentary programs and promotional films to popularize development projects in the field of Sri Lankan television media.

It is worth noting that the Production Division, which is the foundation of Salacine, has played a significant role in popularizing various programs in government agencies in 2019 by combining innovative technology.

Among them are documentaries and advertisements for the Western Provincial Road Development Project, the Ministry of Tourism Development, Wildlife and Christian Religious Affairs, the University Grants Commission, the National Authority for the Protection of Victims of Crime and Witnesses, and the Samurdhi Development Department and the Ceylon Electricity Board.

The Production Division looks forward to moving even further with updated knowledge.

Finance Division

All financial activities of Selacine Television Institute are carried out by the Financial Division. The year 2019 can also be described as a special year in the financial sector. During this year, more efforts were made to restore the accounts activities. New methods were introduced to implement all the functions of the financial sector efficiently. All accounting activities were carried out in accordance with government accounting standards. It was able to repay a large number of loans due to the suppliers on time. A program was prepared to recover the arrears due. As a result, audit queries were reduced. It is also an achievement for us to take the necessary steps to table all the accounts of the previous years in Parliament.

Steps will be taken to expedite the preparation of financial statements, providing information to the Ministry and the Audit, and to the parties including the Department of Public Enterprises expeditiously. The Auditor General's Report states that the Auditor General's report in 2014, 2015, 2016, 2017, 2018, as well as in 2019, shows a true and fair position in line with public accounting policies.

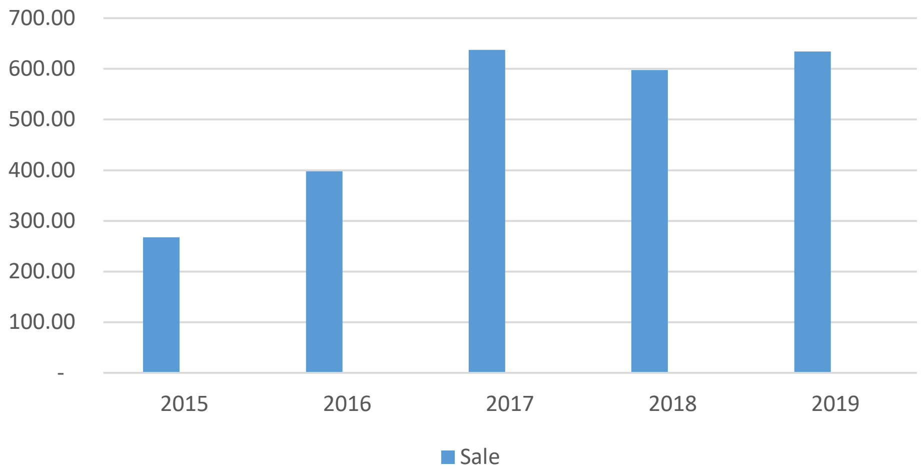
Event Management Division

The Events Division can be identified as an important division at Salacine Television Institute

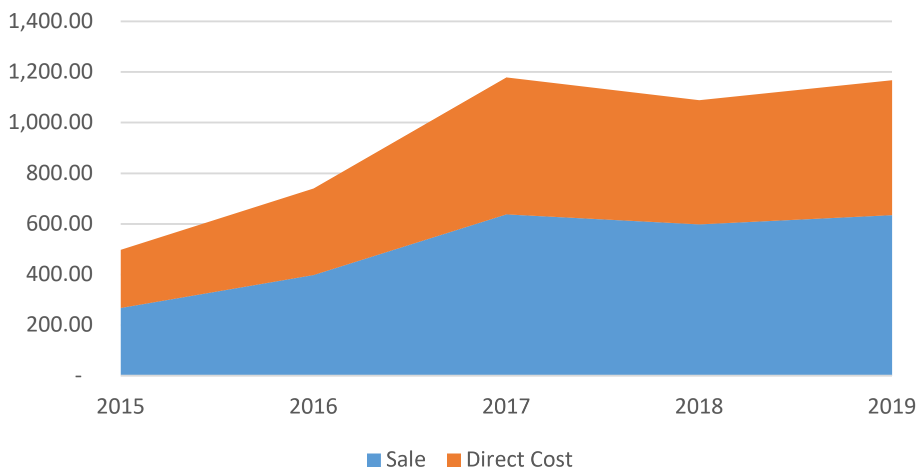
This division manages huge events in the public and private sectors. Among the events held by us in the year 2019 was the opening ceremony of the Lotus Tower of the Telecommunications Regulatory Commission of Sri Lanka with a financial value of Rs. 9 million. Also, 22 ceremonies, which were to grant Samurdhi assistance to 600,000 beneficiaries of the Samurdhi Development Department were held in 22 districts at a cost of Rs. 11 million. The 'Ahanna' program organized by the Ministry of Finance was implemented in three phases in the Anuradhapura and Jaffna districts with a financial value of Rs. 5.9 million. Further, Amazon Sri Lanka 2019 Awards Ceremony of the Western Province Tourist Board was held at the cost of Rs. 1.3 million. Similarly, the division was involved in the stalls at the Enterprises Sri Lanka Exhibition organized by the Ministry of Finance which cost Rs. 3.9 million. This year's event sector is showing an improvement compared to 2018 and by 2020 and we intend to introduce new event management methods using new technologies and further we are ready to increase the expected revenue.

FINANCIAL REPORT 2019

Revenue Growth

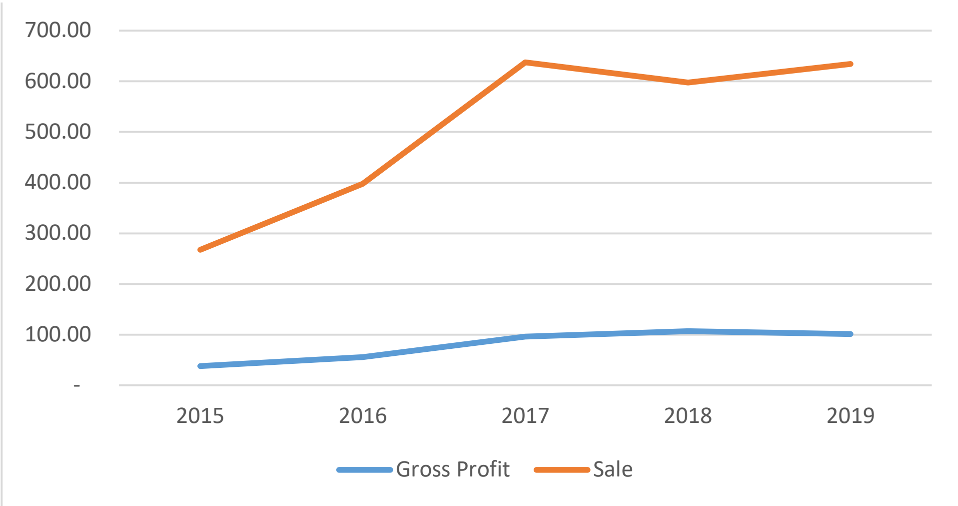


Income and Expenditure for last five years



Trend of institutes profit between 2015 and 2019

During the 5 years period Trend of Revenue & Direct cost



Notes for Financial Report

For the year ended 31st of DECEMBER 2019 Accounting Policies

1. CORPORATE INFORMATION

1.1 General

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

1.2 Principle Activities and Nature of Operations

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

1.3 Number of Employees

There were 67, Permanent and Contract employees as at 31.12.2019

2. SUMMERY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General Policies

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

2.2 Consistency and comparability

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

2.3 Borrowing Cost

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

3. VALUATION OF ASSETS AND THEIR MEASUREMNET BASES

3.1 Property plant & Equipment

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

3.2 Trade and Other Receivables

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

3.3 Cash and Cash Equivalents

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

3.4 Depreciation

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

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

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

3.5 Diposal of Fixed Assets

Year 2019 Assets has been disposed without identifying purchase year.

4. LIABILITIES AND PROVISIONS

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

4.2 Retirement Benefit Costs

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

4.3 Defined Contribution Plans-EPF & ETF

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

5. INCOME STATEMENT

5.1 Turnover

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

5.2 Revenue Recognition

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

5.3 Expenditure Recognition

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

6. RELATED PARTY TRANSACTIONS

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

7. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

8. The Rs. 300,000 deposited in Pramuka Bank was transferred to Sri Lanka Saving Bank due to the Instruction of the Central Bank.

9. Bad & Doubtful debtors have been provided as 2.5% for debtors & fully provided for Un-Identified Debtors Year 2006.

10. 10.1 Two Employees were taken legal action.

10.2 As per Audit Query institution unable to re-value the depreciated item which currently using. Year 2020 will be assessed and ported to the final accounts.

Income Statement

For the year ended 31st of DECEMBER 2019 (in Sri Lankan Rupees)

	Notes	2019 Rs.	2018 Rs.	2017 Rs.
Revenue	11	**634,368,092.16**	**597,861,538.10**	**637,351,163.32**
Direct Expenses	12	533,238,084.32	490,793,242.38	541,297,909.69
Gross Profit/(Loss)		**101,130,007.84**	**107,068,295.72**	**96,053,253.63**
Other Income	13	7,732,399.32	13,822,647.07	4,379,747.31
Administration & Establishment Expenses	14	**(76,773,888.13)**	**(67,378,237.30)**	**(71,096,270.58)**
Selling & Distribution Expenses	15	(20,379,230.71)	(21,892,667.18)	(26,231,866.42)
Profit from Operation		**11,709,288.32**	**31,620,038.31**	**3,104,863.94**
Financial Expenses	16	(196,806.41)	(224,807.66)	(124,084.60)
Other Expenses	17	(3,212,272.49)	(1,690,794.00)	(1,770,342.59)
Net Profit/(Loss) before Taxation		**8,300,209.42**	**29,704,436.65**	**1,210,436.75**
Net Profit/(Loss) after Taxation		**8,300,209.42**	**29,704,436.65**	**1,210,436.75**
Other Comprehensive Income for the Year		-	-	-
Total Net Profit/Loss for the Year		**8,300,209.42**	**29,704,436.65**	**1,210,436.75**

Balance Sheet

as at 31st of DECEMBER 2019 (in Sri Lankan Rupees)

	Notes	2019 Rs.	2018 Rs.	2017 Rs.
ASSETS				
Non Current				
Property, Plant & Equipment	18	8,819,372.19	9,703,764.59	11,170,153.95
Intangible Assets	18-A	2,908,740.69	3,559,605.76	3,460,377.76
Building Expenses		-	1,842,062.05	3,684,124.10
Total Non Current Assets		**11,728,112.88**	**15,105,432.40**	**18,314,655.81**
Current				
Investments	19	32,398,200.00	20,898,200.00	898,200.00
Trade Receivables	20	393,767,769.15	465,547,234.05	390,651,319.86
Other Receivables	21	1,669,896.08	1,395,510.60	1,662,656.66
Cash in Hand & at Bank	22	27,686,494.15	13,380,385.01	31,416,455.80
Total Current Assets		**455,522,359.38**	**501,221,329.66**	**424,628,632.32**
Total Assets		**467,250,472.26**	**516,326,762.06**	**442,943,288.13**
EQUITY AND LIABILITIES				
Equity				
Retained Earnings		124,389,548.02	109,791,825.84	70,209,475.81
Total Equity		**124,389,548.02**	**109,791,825.84**	**70,209,475.81**
Liabilities				
Non Current				
Gratuity Payable	23	16,381,707.17	11,919,393.60	9,692,481.86
Interest Bearing Loans and Borrowings	24	-	-	-
Treasury Loan		-	-	-
Non Current Liabilities		**16,381,707.17**	**11,919,393.60**	**9,692,481.86**
Current				
Interest Bearing Loans and Borrowings	24	-	-	-
Trade & Other Payables	25	326,349,665.07	394,485,990.62	362,911,778.46
Treasury Loan		-	-	-
Advance Received		129,552.00	129,552.00	129,552.00
Current Liabilities		**326,479,217.07**	**394,615,542.62**	**363,041,330.46**
Total Equity and Liabilities		**467,250,472.26**	**516,326,762.06**	**442,943,288.13**

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

General Manager - Selacine Television Institute

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

Chairman
Selacine Television Institute

Cash Flow Statement

For the year ended 31st of DECEMBER 2019 (in Sri Lankan Rupees)

	2019 Rs.	2018 Rs.
Cash Flows from Operating Activities		
Net profit before taxation	8,300,209.42	29,704,436.65
Adjustments for;		
Lease Interest	-	-
Interest income	(4,035,768.29)	(536,796.08)
Depreciation	2,897,602.30	3,170,873.00
Provision for Gratuity	4,766,131.08	2,797,621.74
Profit / (Loss) on Disposal of Property	(1,376,057.00)	-
Prior Years Adjustments	6,297,512.76	9,877,913.38
Operating Profit before Working Capital Changes	**16,849,630.27**	**45,014,048.69**
(Increase)/Decrease in Trade & Other Receivables	72,207,297.84	(73,122,256.14)
(Increase)/Decrease in Deposits & Prepayments	(274,385.48)	267,146.06
Increase/(Decrease) in Trade Creditors & Other Payables	(68,136,325.55)	31,574,212.16
Increase/(Decrease) in Advance received	-	-
(Increase)/Decrease in Provision for building expenses	-	-
Cash Generated from / (Used in) Operation	**20,646,217.08**	**3,733,150.77**
Gratuity paid	(303,817.51)	(570,710.00)
Net Cash from / (Used in) Operating Activities	**20,342,399.57**	**3,162,440.77**
Cash flows from Investing Activities		
Purchase of Property, Plant & Equipment	1,427,941.28	(1,735,307.64)
Interest Income	4,035,768.29	536,796.08
Fixed Deposits	(11,500,000.00)	(20,000,000.00)
Net Cash from / (Used in) investing Activities	**(6,036,290.43)**	**(21,198,511.56)**
Cash flows from Financing Activities		
Treasury Loan Received / Repayments	-	-
Repayment of Loans	-	-
Error Correction of Lease	-	-
Net Cash from / (Used in) Financing Activities	**-**	**-**
Net Decrease in Cash and Cash Equivalents	**14,306,109.14**	**(18,036,070.79)**
Cash and Cash Equivalent Beginning of the Year (Note A)	13,380,385.01	31,416,455.80
Cash and Cash Equivalent End of the Year (Note A)	**27,686,494.15**	**13,380,385.01**

Cash Flow Statement

For the year ended 31st of DECEMBER 2019 (in Sri Lankan Rupees)

	2019 Rs.	2018 Rs.
NOTE A		
Cash & Cash Equivalents		
BOC - A/C No. 2323299	3,078,297.75	7,540,695.27
BOC Savings A/c No. 2329765	327,395.69	315,207.27
Peoples Bank 200100130005980	(3,652,842.49)	3,467,878.97
Peoples Bank 200100110005980	27,571,332.74	-
Production Advance	141,808.50	1,881,603.50
Other Advance	220,501.96	175,000.00
	27,686,494.15	**13,380,385.01**

Statement of Changes In Equity

For the year ended 31st of DECEMBER 2019 (in Sri Lankan Rupees)

	2019 Rs.
	Retained Earnings
Balance as at 01 January 2019	109,791,825.84
Prior Years Adjustments - Note 28	6,297,512.76
Net Profit/Loss For the year	8,300,209.42
Balance as at 31st December 2019	**124,389,548.02**

Notes For The Financial Statements

For the year ended 31st of DECEMBER 2019 (in Sri Lankan Rupees)

	2019 Rs.	2018 Rs.	2017 Rs.
NOTE -11 - REVENUE			
Production	59,618,406.45	64,274,782.71	32,661,878.25
Graphics	50,717,765.80	44,104,237.11	48,299,073.00
Scheduling	375,524,279.55	435,925,412.29	405,675,446.93
Event Management	148,333,815.36	52,042,205.99	150,487,265.14
Miscellaneous	-	7,500.00	82,500.00
Web Income	173,825.00	1,507,400.00	145,000.00
	634,368,092.16	**597,861,538.10**	**637,351,163.32**
NOTE -12 - DIRECT COST			
Production Expenses	38,654,700.00	43,229,765.58	28,656,917.64
Graphic & Printing Expenses	36,176,902.33	40,018,353.15	33,511,635.16
Scheduling Expenses	316,005,865.04	358,077,255.35	347,405,543.49
Event Management Expenses	142,256,802.84	48,115,268.30	131,586,313.40
Web Expenses	143,814,11	1,352,600.00	137,500.00
Other Expenses	-	-	-
	533,238,084.32	**490,793,242.38**	**541,297,909.69**
NOTE - 13 - OTHER INCOME			
Special Overiding Commission	-	12,097,784.00	-
Staff Loan interest	135,682.65	136,066.99	116,790.59
Bank Interest	4,035,768.29	536,796.08	99,309.82
Gain/(Loss) on Sale of Asset	821,491.38	-	-
Other Income	1,566,457.00	243,000.00	3,531,849.90
Registration of Supply	1,078,000.00	632,000.00	312,000.00
Translation Charges	10,000.00	75,000.00	-
Artwork Charges	85,000.00	65,000.00	281,000.00
Transport Charges	-	37,000.00	38,797.00
	7,732,399.32	**13,822,647.07**	**4,379,747.31**

Notes For The Financial Statements

For the year ended 31st of DECEMBER 2019 (in Sri Lankan Rupees)

	2019 Rs.	2018 Rs.	2017 Rs.
NOTE - 14 - ADMINISTRATION & ESTABLISHMENT EXPENSES			
Allowance	17,000.00	16,400.00	-
Allowance - Chairman	1,102,083.34	1,447,555.64	1,547,928.00
Allowance - Contract Services	156,009.98	673,180.88	945,924.66
Allowance - Trainees	131,250.00	120,250.00	176,250.00
Allowance - Transport	802,688.14	800,000.00	900,000.00
Allowances - Fuel	505,766.66	329,110.32	290,065.26
Allowances - Mobile	179,333.32	150,548.39	156,000.00
Audit Fee	1,194,000.00	250,000.00	120,000.00
Board Meeting Expenses	29,974.00	13,604.00	-
Board Meeting Fee	105,000.00	142,500.00	45,000.00
Bonus	1,816,822.10	1,293,348.00	662,125.00
Building Expenses	1,842,062.05	1,842,062.05	1,842,062.04
Building Rent Expenses - Film Corporation	3,780,000.00	3,780,000.00	3,780,000.00
Building Rent Expenses - Rajagiriya Office	-	-	733,335.84
Cleaning And Senitary Item Expenses	71,220.00	103,298.94	80,186.00
Computer Repair Expenses	12,400.00	217,750.00	26,480.00
Consultancy Fee	-	17,415.00	50,000.00
Depreciation	2,246,737.23	2,421,396.00	2,641,533.37
Director's Emoluments	526,779.02	484,408.69	505,500.00
Donation	450.000.00	207,500.00	553,400.00
Electricity	760,659.83	705,469.10	790,952.95
EPF	5,027,289.99	2,876,767.26	2,541,168.90
ETF	1,084,791.20	881,740.37	507,727.05
Foreign Travel	-	-	-
Gift Voucher Expenses	670,000.00	378,830.00	646,847.50
Gratuity Expenses	4,766,131.08	2,779,683.74	1,184,500.55
Internet Charges	245,934.18	339,451.57	447,271.63
Labour Expenses	8,250.00	36,000.00	39,895.00
Miscelaneous Expenses	-	1,350.00	11,000.00
News Papers & Periodical	63,220.00	94,625.00	118,145.00
Office Equipment Maintenance	93,895.00	145,544.52	79,135.00
Office Maintenance Expenses	391,034.85	625,912.49	672,398.47
Penalty & Surcharge	-	-	102,564.57
Postage	26,319.00	14,550.70	28,970.00
Printing & Stationary	1,477,297.04	1,621,862.03	1,475,598.52

Notes For The Financial Statements

For the year ended 31st of DECEMBER 2019 (in Sri Lankan Rupees)

	2019	2018 Rs.	2017 Rs.
Proffessional Fee	95,000.00	30,000.00	-
Renewal Fee - Agreement	16,900.00	-	12,000.00
Registration Fees	182,269.81	103,035.00	90,665.00
Refreshment Expenses	146,869.56	1,740.00	-
Salaries & Wages	38,306,184.77	34,465,547.39	37,732,241.83
Security Services Expenses	678,190.00	722,252.00	1,073,830.00
Space Rent (temporary)	32,200.00	31,000.00	3,000.00
Staff Insurance	2,075,639.45	2,259,260.66	2,545,397.07
Staff Over Time & Bata	2,693,804.71	2,369,962.74	2,231,596.43
Staff Welfare	1,055,597.54	882,590.69	868,703.05
Telephone Charges	480,287.93	424,842.41	577,366.85
Tender Fee	165,096.00	56,600.00	24,500.00
Training Programs Charges	569,472.40	31,200.00	118,250.00
Translation Fee	313,507.50	437,397.50	209,800.00
Vehicle Rent	-	460,000.00	1,605,000.00
Water	334,720.15	285,694.22	284,155.04
Web Site Expenses	44,200.00	5,000.00	17,800.00
	76,773,888.13	**67,378,237.30**	**71,096,270.58**

NOTE - 15 - SELLING & DISTRIBUTION EXPENSES

Artwork Expenses	65,000.00	480,400.00	2,001,522.00
Bad Debts	-	1,864,995.28	2,994,377.69
Cordinating Fee	-	-	485,510.00
Creative Agency Commission	-	279,645.63	-
Depreciation - Motor Vehicle	-	134,479.00	708,191.67
Fuel Expenses	630,526.28	815,531.18	789,748.34
Motor Vehicle Repair & Maintenance	805,444.68	689,321.37	924,967.40
Printing Gallery Expenes	53,234.78	83,250.00	68,254.00
Sales Commission	1,771,419.93	781,255.71	1,748,539.59
Sales Promotion & Advertising Expenses	9,000.00	79,160.00	526,365.69
Special Discount	15,134,514.19	16,105,880.68	15,196,477.91
Special Event Expenses	1,391,134.74	-	444,800.00
Special Recovery Commission	33,500.00	-	5,000.00
Stamp Fee	11,653.01	18,950.00	16,355.40
Traveling transport & Parking	446,544.10	160,047.24	174,448.82
Vehicle Insurance	27,259.00	399,751.09	147,307.91
	20,379,230.71	**21,892,667.18**	**26,231,866.42**

Notes For The Financial Statements

For the year ending 31st of DECEMBER 2019 (in Sri Lankan Rupees)

	2019 Rs.	2018 Rs.	2017 Rs.
NOTE - 16 - FINANCIAL EXPENSES			
Bank Charges	171,492.68	207,072.73	103,220.70
License & Insurance	24,672.24	17,034.39	20,863.90
Lease Interest	-	-	-
WHT	641.49	700.54	-
	196,806.41	**224,807.66**	**124,084.60**
NOTE - 17 - OTHER EXPENSES			
Amortization - Accounting Software	341,965.07	273,033.00	309,998.00
Amortization - Network System	308,900.00	341,965.00	341,955.07
Conpensation to the Employees	992,080.00	-	-
Expenses - Rajagiriya	-	-	187,260.18
Gain/(Loss) on Sale of Asset	-	-	61,369.34
Sundry	11,336.80	16,796.00	55,265.00
Legal Fees	1,557,990.62	1,050,000.00	797,130.00
Other Expenses	-	9,000.00	17,365.00
	3,212,272.49	**1,690,794.00**	**1,770,342.59**

Notes For The Financial Statements

For the year ended 31st of DECEMBER 2019 (in Sri Lankan Rupees)

NOTE - 18 Property Plant & Equipment

	Cost as at 01.01.2019 Rs. Cts.	Additions/ Transfers Rs. Cts.	(Disposals)/ Transfers Rs. Cts.	Cost as at 31.12.2019 Rs. Cts.
18-1 Gross Carrying Amounts				
Furniture & Fittings	3,423,146.48	175,605.28	-	3,598,751.76
Computer Equipment	7,881,541.00	723,410.00	-	8,604,951.00
Office Equipment	5,090,597.35	528,926.00	94,900.00	5,524,623.35
Motor Vehicles	9,080,824.00	-	1,245,000.00	7,835,824.00
Camera & Filming Equipment	15,148,200.00	-	-	15,148,200.00
	40,624,308.83	**1,427,941.28**	**1,339,900.00**	**40,712,350.11**

	Balance as at 01.01.2019 Rs. Cts.	Charge for the year/Transfers Transfers Rs. Cts.	(Disposals)/ (Error Correction) Rs. Cts.	Balance as at 31.12.2019 Rs. Cts.
18.2 Depreciation				
Furniture & Fittings	1,926,999.31	255,957.68	-	2,182,956.99
Computer Equipment	6,699,433.03	431,187.01	-	7,130,620.04
Office Equipment	2,894,835.83	412,515.54	29,303.55	3,278,047.82
Motor Vehicles	9,080,824.27	-	1,245,000.00	7,835,824.27
Camera & Filming Equipment	10,318,451.80	1,147,077.00	-	11,465,528.80
	30,920,544.24	**2,246,737.23**	**1,274,303.55**	**31,892,977.92**
	9,703,764.59			**8,819,372.19**

NOTE - 18-A Intangible Assets

Accounting Software	3,389.000.00	-	-	3,389,000.00
Network System	3,419,650.72	-	-	3,419,650.72
	6,808,650.72	**-**	**-**	**6,808,650.72**

Amortization

Accounting Software	1,625,868.75	308,900.00	-	1,934,768.75
Network System	1,623,176.21	341,965.07	-	1,965,141.28
	3,249,044.96	650,865.07	-	3,899,910.03
	3,559,605.76			**2,908,740.69**

Notes For The Financial Statements

For the year ended 31st of DECEMBER 2019 (in Sri Lankan Rupees)

	Notes	2019 Rs.	2018 Rs.	2017 Rs.
NOTE - 19 - INVESTMENTS				
Bank of Ceylon - 8162593		500,000.00	500,000.00	500,000.00
Debentures - Sri Lanka Savings Bank		398,200.00	398,200.00	398,200.00
Bank of Ceylon - 83636019		7,000,000.00	7,000,000.00	-
Peoples Bank 2006001000052421		8,000,000.00	8,000,000.00	-
Peoples Bank B-581908		5,000,000.00	5,000,000.00	-
Bank of Ceylon (Fixed Deposit) - 84622785		1,500,000.00	-	-
Peoples Bank (Fixed Deposit) - 2006-00100005485-7		10,000,000.00	-	-
		32,398,200.00	**20,898,200.00**	**898,200.00**
NOTE - 20 - TRADE & RECEIVABLES				
Trade Debtors	**NOTE 20.1**	367,065,848.82	437,737,683.52	365,368,348.55
Festival Advances		122,500.00	42,500.00	40,000.00
Staff Loan		3,233,910.59	3,170,029.30	2,995,587.95
Salary Advances		-	-	21,000.00
Insurance Premium Receivable		283,063.56	128,235.71	171,625.16
Staff Receivables-Other		182,846.93	100,843.85	496,388.20
Bank Guarantee		1,398,000.00	3,558,119.35	1,179,738.08
WHT		82,459.41	2,212.74	2,212.74
ESC		3,599,744.00	3,599,744.00	3,599,744.00
Upali Newspapers		10,695.00	10,695.00	10,695.00
Penalty & Surchage Receivable		194,067.50	199,067.50	199,067.50
Suspence A/C		-	-	76.63
ANCL		2,538,028.86	2,538,028.86	2,538,028.86
Wijaya Newspapers		188,650.74	188,650.74	188,650.74
EAP		3,004.00	3,004.00	3,004.00
Commission Receivable SLBC		63,558.00	63,558.00	63,558.00
Refundable Deposits		1,260,500.00	1,137,000.00	1,327,000.00
Ceylinco Insurance		-	-	41,800.00
Bank Interest Income Receivable		986,123.38	535,380.68	59,730.00
Money Fraud by Employees	**NOTE 20.2**	11,988,000.00	11,988,000.00	11,988,000.00
Miscelaneous Receivable		198,851.01	176,563.45	1,647.10
E-Mansala Control A/C		367,917.35	367,917.35	355,417.35
		393,767,769.15	**465,547,234.05**	**390,651,319.86**
NOTE 20.1 - TRADE DEBTORS				
Trade Debtors		380,483,667.41	451,976,993.49	377,742,663.24
Less- Provision for bad debts		(13,417,818.59)	(14,239,309.97)	(12,374,314.69)
		367,065,848.82	**437,737,683.52**	**365,368,348.55**

Notes For The Financial Statements

For the year ended 31st of DECEMBER 2019 (in Sri Lankan Rupees)

	2019 Rs.	2018 Rs.	2017 Rs.

NOTE 20.2 - MONEY FRAUDS BY EMPLOYEES

This represents the funds taken by some of the employees of the company without any authorisation and Police investigations are carried out by the relevent authorities to recover the above funds.

NOTE - 21 - PRE PAYMENTS & OTHER RECEIVABLES

	2019	2018	2017
Vehicle Prepayments	-	-	
Prepayments	1,669,896.08	1,395,510.60	1,662,656.66
	1669,896.08	**1,395,510.60**	**1,662,656.66**

NOTE - 22 - CASH & CASH EQUIVALENTS

	2019	2018	2017
BOC - A/C No. 2323299	3,078,297.75	7,540,695.27	29,724,501.94
BOC Savings A/c No. 2329765	327,395.69	315,207.27	291,145.04
Peoples Bank (CA) 200100130005980	(3,652,842.49)	3,467,878.97	791,574.32
Peoples Bank - Savings A/c 200100110005980	27,571,332.74	-	-
Production Advance	141,808.50	1,881,603.50	424,234.50
Other Advances	220,501.96	175,000.00	185,000.00
	27,686,494.15	**13,380,385.01**	**31,416,455.80**

NOTE - 23 - GRATUITY PAYABLE

	2019	2018	2017
Balance B/F	11,919,393.60	9,692,481.86	8,639,956.56
Gratuity Expenses for the Year	4,766,131.08	2,797,621.74	1,052,525.30
	16,685,524.68	12,490,103.60	9,692,481.86
Gratuity Payments	(303,817.51)	(570,710.00)	-
Gratuity Payable	**16,381,707.17**	**11,919,393.60**	**9,692,481.86**

Notes For The Financial Statements

For the year ended 31st of DECEMBER 2019 (in Sri Lankan Rupees)

NOTE - 24 -INTEREST BEARING LOANS AND BORROWINGS

	2019 Amount Repayable within 1 Year	2019 Amount Repayable after 1 Year	2019 Total
Finance Leases	-	-	-
	-	-	-

NOTE - 24.1 - FINANCE LEASES

	As at 01.01.2019	New Lease Obtained	Re payments	As at 31.12.2019
BOC				
Mitsubishi Van	-		-	-
	-	-	-	-
	-	-	-	-

NOTE - 24.2 - FINANCE CHARGES ALLOCATED TO FUTURE PERIODS

	As at 01.01.2019	New Lease Obtained	Re payments	As at 31.12.2019
BOC				
Mitsubishi Van	-	-	-	-
	-	-	-	-
	-			-

Notes For The Financial Statements

For the year ended 31st of DECEMBER 2019 (in Sri Lankan Rupees)

	2019 Rs.	2018 Rs.	2017 Rs.
NOTE - 25 - TRADE & OTHER PAYABLES			
Trade Creditors	233,977,260.16	255,513,856.90	239,504,342.38
Telephone Charges	47,302.86	47,302.86	47,302.86
Sales Commission Payable	972,547.56	-	716,321.22
Stamp Duty Payable	1,800.00	4,075.00	1,375.00
PAYE Tax Payable	-	-	4,830.12
VAT	22,337,661.67	49,568,361.22	54,853,633.70
NBT	24,449,624.38	21,700,413.36	18,466,322.67
Building Rent Payable	900,000.00	900,000.00	900,000.00
ESC	-	-	-
Other Creditors/Other Payables	9,143,097.35	14,244,094.15	1,885,523.10
Audit Fee Payable	-	424,000.00	174,000.00
Fuel	41,651.47	41,651.47	41,651.47
Salary Control	42,938.56	42,938.56	11,458.16
Suspence A/C	10,353.47	10,353.47	-
Control A/c - Vision 2020 President Secretariat	616,896.00	616,896.00	-
Accrued Expenses	33,731,031.59	51,372,047.63	46,305,017.78
Refundable Deposit	77,500.00	-	-
	326,349,665.07	**394,485,990.62**	**362,911,778.46**

Notes For The Financial Statements

For the year ended 31st of DECEMBER 2019 (in Sri Lankan Rupees)

NOTE - 26 - NON RELATED PARTY DISCLOSURES (LKAS 24)

NAME	DESIGNATION	NATURE OF THE RELATED PARTY TRANSACTION	ADDRESS
A.N.R. Subasinghe	Chairman (Acting)	No	No. 164, Kumarathunga Mw, Gampaha
Manjula Herath	General Manager	No	No.52, Kompaya Hena Road, Homagama.

No Related party transactions have taken place between Selacine Television Institute and each of the above personnel and with any of their family members, for the financial year 2019.

NOTE - 27 - BUILDING REPAIR EXPENSES

The Company will write off the building repair expanses which is capital in nature during the 5 years period which is the lease term of the company as mentioned in the lease agreement.

NOTE - 28 - PRIOR YEAR ADJUSTMENTS

Correction of Depreciation	8,997.55
Correction of Debtors' Balance	(9,374,257.49)
Reversal of Accrued Expenses	18,496,353.02
Correction of Ledger A/C	(2,905,945.67)
Correction of Creditors	62,840.34
Correction of Gratuity Expenses	9,525.01
	6,297,512.76

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය
எனது இல.
My No. } CAA/C/STI/04/2019/FA1

ඔබේ අංකය
உமது இல.
Your No. }

දිනය
திகதி
Date } 16 February 2022

Chairman,

Selacine Rupavahini Institute,

Report of the Auditor General on the affairs of Selacine Rupavahini Institute including the Financial Statements and other Regulatory Requirements for the year ended by 31 December 2019 in terms of Section 12 of the National Audit Act No. 19 of 2018

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1. Financial Statements

1.1 Quantified Opinion

The Statement of Financial Position as at 31 December 2019 of Selacine Rupavahini Institute, the Statement of Financial Performance as the year ended by said date, the Statement of Changes in Equity, Cash Flow Statement for the year ended by said date and, Notes to the Financial Statements, the Financial Statements as at the year ended by 31 December 2019 comprising with the Summary of Significant Accounting Policies were audited under my direction in pursuance of the provisions in Section No. 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and the Finance Act No. 38 of 1971.

As Financial Statements for the year under review had not been submitted by 08 April 2021, a transaction report relating to the year under review was presented tothe Parliament on 03 August 2021 in terms of Section 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka. However, as Financial Statements for the year under review had been submitted by 07 October 2021, my observations relating to the Financial Statements of the year under review which is intended to present to the Parliament by me in terms of Section 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka, contain in this report

Except the effect made by the matters described in the part of the basis for the quantified opinion in my report, my opinion is that the financial position in the institution as at 31 December 2019, its financial performance and the cash flow as at the year ended by said date reflects a true and fair position in terms of Sri Lanka Accounting Standards.

1.2 Basis for the Quantified Opinion :

(a) In terms of Section 65 of Standard No. 07 of Sri Lanka Accounting Standards, although the residual value and useful life time of an asset must be reviewed at the last date of each annual reporting period and if the expected circumstances differ from the estimates made above, such difference/differences must be accounted as a variance in an accounting estimate in terms of S.L.G.S.A.S.3 – "Variations and Errors in Accounting Policies, Accounting Estimates", necessary steps had not been taken in relation to the property, plant and equipment amounting to Rs. 15,272,938 stated in the Financial Statements.

(b) According to the Financial Statements, detailed schedules relating to the assets amounting to Rs. 3,052,278 out of the cost of property, plant and equipment amounting to Rs. 24,271,575 were not submitted to the audit.

(c) Building rent amounting to Rs. 315,000 payable relating to the month of December in the year under review had not been adjusted as an accrued expense in the Financial Statements. Hence, the profit in said year had been indicated in excess in the Financial Statements.

(d) Debtor/Creditor schedules, age analysis and balance confirmations relating to the receivable and advance balances amounting to Rs. 23,468,011 and balances payable amounting to Rs. 58,641,374 were not submitted to the audit.

(e) Although a variance of Rs. 588,411 between the employees loan balance amounting to Rs. 3,233,910 and the balance mentioned in the detailed schedule submitted relating to that was observed, the reason for said variance was not explained to the audit.

I conducted the audit in compliance with Sri Lanka Audit Standards (S.L.A.S). My responsibility under this audit standards has further been described in the part of the Auditor's responsibility relating to the Financial Statements in this report. My belief is, the audit evidences obtained by me to provide a basis for my quantified opinion is adequate and appropriate.

1.3 Responsibilities of management and those charged with governance for the financial statements.

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

In preparing the financial statements, management is responsible for assessing the institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the institute or to cease operations, or has not realistic alternative but to do so.

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

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

1.4 Auditor's responsibility for the audit of financial statements

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

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

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

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

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

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

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

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

02. Report on other legal and regulatory requirements

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

- According to the requirement contain in Section 6 (I) (d) (III) of the National Audit Act No. 19 of 2018, the Financial Statements of the institution correspond with the previous year.

- According to the requirement contain in Section 6 (I) (d) (III) of the National Audit Act No. 19 of 2018, the recommendations issued by me in the last year contain in the Financial Statements submitted.

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

- According to the requirement contained in Section 12 (d) of the National Audit Act No. 19 of 2018, there was a relationship directly or otherwise relating to any agreement linked with any member of the management, excluding normal business circumstances.

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

	Reference to the rules and directives	Description
(a)	Section 2 (I) (a) of the Inland Revenue Act No. 24 of 2017	Although a person who get an income - taxable for any year of assessment must pay the income tax for each year of assessment, steps

		had not been taken by the Selacine Rupavahini Institute which was established on 01 February 1982 to pay the income tax even as at the date of audit. However, the institute had earned profits in three consecutive years that are 2017, 2018 and 2019 by Rs. 1,210,436, Rs. 29,704,436 and 8,300,209 respectively.
(b)	Letter No. DMS/1595 dated 15 October 2014 issued by the Department of Management Services	(i) Although the letter states that 18 positions on contract basis must be approved; the recruitment procedures relating to that must be prepared and approval from the Department of Management Services must be obtained, steps had not been taken to obtain approval for the recruitment procedures relating to other positions except the post of Manager (Finance).
		(ii) As per the above-mentioned letter, although it had been informed that "information relating to the qualifications and experiences of the relevant position must be informed to the Department of Management Services because the salary must be determined based on the qualifications" by approving 6 Sales Executive positions, steps had been taken to pay salaries relating to said positions without providing relevant information and getting approval.
(c)	Paragraph 7.4.1 of the Public Enterprises Circular No. PED/12 dated 02 June 2003	In terms of the circular, although the audit and management committee must be met at least once in three months, only one meeting had been held within the year under review.

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

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

03. Other audit observations

(a) Although a building claimed by the National Film Corporation had been obtained on lease to continue the office from 15 January 2014 to 14 January 2019, steps had not been taken to vacate the building after the relevant date. A letter of demand had been sent on 12 March 2021 by the National Film Corporation on said reason informing to vacate the building within 14 days. But steps had not been taken to renew the agreement or enter into a new agreement and steps had not been taken to vacate the relevant building even as at the date of audit i.e. 30 December 2021. Further, although the expenses for water and electricity consumption relating the years 2014, 2017 and 2018 had been mentioned in the letter of demand aforesaid as Rs. 758,464 steps had not been taken to pay the relevant moneys and not disclosed in the Financial Statements with regard to that.

(b) In relation to the rip-off amounting to Rs. 11,988,000 made by an employee of the institution which was detected in the year 2014, steps had not been taken to recover the said amount even 05 years had been lapsed.

(c) The approved carder in the institution as at 31 December 2019 was 70. Thirty one employees out of above were permanent employees and 29 employees had been recruited on contract basis. The actual staff as at the date above was 67 and, 15 and 52 out of them were permanent and recruited on contract basis respectively. Vacancies existed in the permanent staff was 21 and the surplus was 05. Vacancies in the staff recruited on contract basis was 07 and the surplus was 20.

W.P.C. Wickramarathna
Auditor General