

Sri Lanka Press Council

Annual Report and Statement of Accounts

01st January, 2020 – 31st December, 2020

Sri Lanka Press Council,
No.155/15, Castle Street,
Colombo 08.
12.08.2020

The Hon. Minister of Mass Media,
Ministry Mass Media,
No.163, Kirulapone Mawatha,
Polhengoda,
Colombo 05.

Honorable Minister,

Annual Report – 2020

In terms of Section 20 of Sri Lanka Press Council Law, No.5 of 1973 and Section 14 of the Finance Act, No.38 of 1971, I have honour to forward herewith under mentioned reports of the Sri Lanka Press Council:

1. The Report of the work done by the Council for the period from 01st January to 31st December, 2020 and the policy and programme of the council.
2. The report of the Auditor – General
3. A copy of the statement of accounts for the period.

Yours faithfully,

Mahinda Pathirana,
Chairman.

**ANNUAL REPORT OF THE SRI LANKA PRESS COUNCIL
FOR THE YEAR 2020**

SRI LANKA PRESS COUNCIL

Sri Lanka Press Council was established in terms of the Sri Lanka Press Council Act, No.5 of 1973 under the Ministry of Finance and Mass Media and it's a Statutory Board.

The objectives of the Sri Lanka Press Council are-

- 1) to ensure the freedom of the Press in Sri Lanka,
- 2) to prevent misuse of the freedom,
- 3) to ensure the rights of the general public to correct information.

Sri Lanka Press Council was situated at No.155/15, Castle Street, Colombo 08 from 01.01.2012.

01. Composition of the Council

Functioning as a Juridical Body Sri Lanka Press Council is composed of seven Board Members. Amongst the members one is nominated by Journalists' Association and the other member is appointed to represent the employees of Newspaper business. Among these seven members Director of information has been appointed as an *ex-officio* member. Members are appointed for a period of 3 years. The Press Commissioner serves as the chief executive officer of the council.

The names of the Chairman and Members of the council appointed by the President from 08.01.2020 are as follows:-

Position	Name	Date of Appointment
Chairman	Senior Lecturer Mahinda Pathirana	08.01.2020
Member	Mr. Nalaka Kaluwewa (Director General of Government Information)	
Member	Gamini Wijewardene, Attorney –at- law	22.01.2020
Member	Prasantha Lal De Alwis, President's counsel	22.01.2020
Member	Dr. Tudor Weerasinghe	22.01.2020

Mr. Ariyananda Dombagahawaththa was appointed as a member of the board of Directors on 07.07.2020.

Mr. Nalaka Kaluwewa, the Director General of Information was appointed as the Acting Chairman of Sri Lanka Press Council from 06.07.2020 to 05.08.2020.

Mr. K.G.C.P. Bandara was appointed as a board member from 17.09.2020.

02) Meetings of the Council

The Council held 15 meetings with the presence of the chairman and the members during the year 2020.

03) Staff

The constitution of the staff in accordance with the new recruitment procedure of National Salaries and Cadres Commission is given below.

The present employees of Sri Lanka Press Council are 19.

1. Mr. T.Niroshana	Press Commissioner
2. Mr. U.L.D.A.M. Wijayasinghe	Assistant Press Commissioner
3. Mr. M.P. Kushan Dewapriya	Accountant
4. Mrs. K.G.N.H. Pathirathna	Administrative Officer
5. Mrs. H. Wijeratne	News Investigator (Sinhala)
6. Mrs. K.A.Vinushi Shashikala	Translator
7. Ms. Shalani A.J. Yogaraja	News Investigator (Tamil)
8. Mrs. T.A. Anoma Priyanthi Thilakaratne	Management Assistant
9. Mrs. T.N. NilminiPeiris	Accounts Assistant
10. Mrs. B.M.P.K. Siriwardana	Management Assistant
11. Mrs. N.J.A.J.G . Perera	Management Assistant
12. Mrs. A.S. Neranji	Management Assistant
13. Mr. K.L. Chandrapala	Driver
14. Mr. G.B. Karunathilaka	Driver
15. Mr. K.G.F. Wijeratne	Office Assistant
16. Mr. H.S.S. Ananda	Messenger
17. Mr. G. Isuru Dananjaya Karunathilaka	Office Assistant
18. Ms. K.G. Thilani M. Bandara	News Investigator (English)
19. Ms. Y.P. Chamalka	Stenographer (English)

04) Complaints

The number of complaints received against newspapers during the year 2020 were 71.

62 complaints were brought forward from the years 2013, 2014, 2015, 2016, 2017, 2018 and 2019 for the inquires in 2020. The summary of the complaints received are as follows:-

Number of complaints brought forward for the year 2013	-	01
Number of complaints brought forward for the year 2014	-	02
Number of complaints brought forward for the year 2015	-	01
Number of complaints brought forward for the year 2016	-	04
Number of complaints brought forward for the year 2017	-	04
Number of complaints brought forward for the year 2018	-	09
Number of complaints brought forward for the year 2019	-	42
	-	62
Total complaints received for the year 2020	-	<u>71</u>
		<u>133</u>

The total number of complaints examined were 133. The decisions the council has taken for the complaints for the said year are as follows.

On Investigation	69
Mutual Settlement	08
Dismissals	35
Withdrawals	17
Orders	<u>04</u>
	<u>133</u>

Categorization of the complaints not to be proceeded were based on the following criteria:-

01. Request of the complainant	04
02. Complainant is not present for the inquiry.	12
03. Hold	01
04. Complaints were not formally submitted	<u>18</u>
	<u>35</u>

Furthermore, concerning "Ethalaya" magazine 01 complaint for the year 2013, 02 complaints for the year 2014, 01 complaint for the year 2015, 03 complaints for the year 2016, 01 complaint for the year 2017 and 02 complaints for the year 2018, thus a total number of 11 complaints were received to the council.

Accordingly, Criminal Investigation Department has taken the address of the magazine for several occasions. Since the addresses were being changed by the magazine on several occasions, the complaints against the "Ethalaya" magazine were brought forward under the judicial implementation.

Therefore, with regard to the said 11 complaints, the future measures will be taken after submitting to the Court of Appeal.

The sources of these complaints were:-

01. Individuals
02. Heads of the institutions/ secretaries to the ministries
03. Lecturers
04. Medical officers, other professionals
05. Clergy
06. School Teachers
07. Trade Unions
08. Several leaders from political parties, groups

During the year 2020, 71 complaints were made against the following proprietors of Newspapers:-

Name of the Proprietor:

1. Associated Newspapers of Cey.Ltd.
2. Upali Newspapers Ltd.
3. Vijaya Newspapers Ltd.
4. Rivira Newspapers Ltd.
5. "Ethalaya" Newspapers Ltd.
6. "Ravaya" Publisher Grant Ltd.
7. Ceylon Newspapers Pvt. Ltd.
8. "Lanka Irida Sangrahya" Newspapers Ltd.
9. Liberty Publisher Pvt. Ltd
10. "Udayan" Newspaper Ltd.

Registration of Newspapers

Numbers of Newspapers registered in the Council during the year 2020 were 192.

05. Directives issued to the Sri Lanka Press Council by the Ministry

No directives were issued to the Sri Lanka Press Council by the Minister of Mass Media during the period under review.

06. Awareness Programmes for Journalists

Regional Media workshops, School Media Workshops and Monthly Lecture Series and the programmes held until December, 2020 are as follows. However, the expected number of Programmes were not possible to organize due to the Covid Pandemic prevailing in the country.

Date Venue	Workshop	Number of Journalists/ School	students
07.02.2020	School workshop for the students in Galahitiyawa Central College	23	Sri Lanka Press Council
14.02.2020	Teacher's workshop in the Central Province	67	Education Development Centre
27.02.2020	School Media Workshop in Panadura Educational Zone	558	Panadura Balika College
25.09.2020	Teacher's Workshop		"Oak Ray" Institute
21.12.2020	Providing free school supplementary pack for the children of journalists		Sri Lanka Foundation Institute

Diploma Course on Journalism and Media Studies- 2020

In order to improve the subject knowledge of 41 diploma holders, the academic studies of the Diploma Course was initiated.

Certificate Course on Journalism- 2020

The final examination of the Certificate Course on Journalism, designed to improve knowledge on Journalism for 22 candidates was conducted on 16.08.2020.

Discussion on Communication on Friday, Year 2020

Discussion programme on contemporary important publications was held in every Tuesday afternoon. Accordingly, eight programmes were held for the year.

08. Finance

- (i) A sum of Rs. 32,500,000 was approved being recurrent expenditure of the Sri Lanka Press Council for the year 2020 under the budget allocation of Ministry of Finance & Mass Media. An amount of Rs.30,796,000/- was drawn for expenditure of the Council from the General Treasury in installments.
- (ii) For the year 2020 Rs.1, 000,000 has been allocated as Capital expenditure from treasury and this amount was obtained to the Council as Capital expenditure.

(iii) Apart from the Government Grant and the Registration Fees of Newspapers, other receipts credited to the Council's fund during the year 2020 are as follows :-

Other income (except differed income)	
Late Registration Fees	<u>162,600.00</u>
	<u>969,901.61</u>

(iv) Financial Performance Report

With the Government Grant for the recurrent expenditure, the total income during the year was Rs.34,994,449.09. The total expenditure was Rs.31,021,388.76. The surplus of Rs. 3,973,060.33 was credited to the Council Fund during the year 2020.

(v) Council Accumulated Fund

The amount lying to the credit of the Councils Fund at the beginning of the year 2020 was Rs 8,580,920.30 and the beginning of the year the capital fund credited Rs.2,492,117.27. During the year Capital amount was Rs.1,000,000/- Capital Amortization for the year was Rs. 2,653,547.48.. The balance of the Capital Fund for the year was Rs. 838,569.79. The surplus of the year Rs.3,973,060.33 being the adjustment in respect of the previous year Rs. 314,964.50 was transferred to the Council Fund. Accumulated Fund at the end of the year was Rs.19, 126,742.64/=.

The balance of the Council Accumulated Fund, balance of capital reserve, balance of employee benefit Rs. 4,794,642.50/- and current liabilities Rs. 871,733.92 including total liabilities are represented by non-current assets of Rs. 8,396,301.35, Research and Loan Fund and other deposits Rs. 5,349,836.91 and current assets of Rs. 11,046,980.80.

(vi) Registration of Newspapers

During the period from January to December 2020 a sum of Rs.575, 000/- was received as registration fees for Newspapers.

08. Acknowledgement

The correct instruction and direction given by the Ministry of Finance and Mass Media and the devotion and dedication of the entire staff of the Sri Lanka Press Council in carrying out their duties and responsibilities is appreciated.

Senior Lecturer Mahinda Pathirana,
Chairman.

Sri Lanka Press Council,
No.155/15, Castle Street,
Borella, Colombo 08.

SRI LANKA PRESS COUNCIL
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER

2020	2020	2020	2019
(All Amounts Are In Sri Lanka Rupees)	Note		
Revenue			
Contribution From Government Of Sri Lanka	3	30,796,000.00	30,599,000.00
Paper Registration Fees		575,000.00	439,000.00
Copying Fees		320.00	4,138.00
Late Fees		162,600.00	81,500.00
Other deposits/ income	4	2,653,547.48	2,577,148.42
Sale of Books	5	(14,468.44)	(108,653.67)
Diploma Course Income		540,000.00	783,000.00
Interest Income-Loans To Staff		75,629.42	89,729.95
Interest Income-Savings Account		206,120.63	206,279.96
Total Revenue		<u>34,994,749.09</u>	<u>34,671,142.66</u>
Expenses			
Wages, Salaries and Employee Benefits	6	15,017,868.65	14,345,792.81
Supplies & Consumables Used	7	1,219,696.79	1,697,207.47
Depreciation of Property ,Plant & Equipment		2,986,381.61	2,377,238.33
Utility Expenditure	8	5,475,651.61	5,419,121.70
Other Operating Expenses	9	3,831,271.01	5,103,225.20
Grants & Transfer Payments	10	2,490,519.09	4,240,940.26
Total Expenses		<u>31,021,388.76</u>	<u>33,183,525.77</u>
Surplus/(Deficit) Before Taxation		3,973,060.33	1,487,616.89
Income Tax Expenses		-	-
Surplus/(Deficit) For The Year		<u>3,973,060.33</u>	<u>1,487,616.89</u>

SRI LANKA PRESS COUNCIL
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2020

2019

2018

(All Amounts Are In Sri Lanka Rupees)

Note

ASSETS

Current Assets

Cash & Cash Equivalents	11	6,308,138.62	2,716,484.19
Receivable	12	195,870.00	68,675.70
Inventories	13	628,887.01	861,978.61
Deposits & Prepayments	14	1,093,783.42	1,167,767.48
Distress Loan Receivable	15	2,820,301.75	2,214,070.70
		<u>11,046,980.80</u>	<u>7,028,976.68</u>

Non Current Assets

Property ,Plant & Equipment	16	8,396,301.35	8,865,314.74
Investments-Savings Account (Fund Purpose)	17	5,349,836.91	5,670,710.41
		<u>13,746,138.26</u>	<u>14,536,025.15</u>

Total Assets

24,793,119.06 21,565,001.83

LIABILITIES

Current Liabilities

Sundry Creditors		7,000.00	28,000.00
Accrued Expenses	18	864,733.92	2,250,203.76
		<u>871,733.92</u>	<u>2,278,203.76</u>

Non Current Liabilities

Employee Benefits	19	4,794,642.50	4,098,760.50
Capital Introduced By government Treasury		838,569.79	2,492,117.27
		<u>5,633,212.29</u>	<u>6,590,877.77</u>

Total Liabilities

6,504,946.21 8,869,081.53

Net assets

18,288,172.85 12,695,920.30

NET ASSETS/EQUITY

Capital Reserve		4,115,000.00	4,115,000.00
Revaluation Reserve		1,934,156.72	-
Accumulated Surpluses/(Deficits)		12,239,016.13	8,580,920.30
		<u>18,288,172.85</u>	<u>12,695,920.30</u>

Accounting Policies and Notes on pages 06 to 17 form an integral part of these Financial Statements.

These financial statements have been prepared in accordance with the Sri Lanka Public Sector Accounting Standards.

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Prepared By

Accountant

Sri Lanka Press Council

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The Board of Directors and Governors of the council are responsible for the preparation and presentation of these Financial Statements.

Signed on behalf of the Board of Governors,

.....
Press commissioner

Sri Lanka Press Council

.....
Member of the Board of Directors

Sri Lanka Press Council

.....
Member of the Board of Directors

Sri Lanka Press Council

.....
Chairman

Sri Lanka Press Council

23rd February 2021

SRI LANKA PRESS COUNCIL
STATEMENT OF CHANGES IN NET ASSETS/ EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2020

(All Amounts Are In Sri Lanka Rupees)

	Contributed Capital	Capital Reserve	Revaluation Reserve	Accumulated Surpluses/ (Deficits)	Total
Balance As At 31st December 2018	3,661,626.75	4,115,000.00	-	7,727,275.49	15,503,902.24
Changes In Accounting Policy/Correction of Errors (Note A)	-	-	-	(633,972.08)	(633,972.08)
Funds Received From Government Treasury	1,700,000.00	-	-	-	1,700,000.00
Transferred To Capital Reserve	-	-	-	-	-
Debited to Capital Grant (for Amortization)	(2,869,509.48)	-	-	-	(2,869,509.48)
Surplus/(Deficit) For The Year	-	-	-	1,487,616.89	1,487,616.89
Balance As At 31st December 2019	2,492,117.27	4,115,000.00	-	8,580,920.30	15,188,037.57
Changes In Accounting Policy/Correction of Errors (Note B)	-	-	-	(314,964.50)	(314,964.50)
Funds Received From Government Treasury	1,000,000.00	-	-	-	1,000,000.00
Fixed Assets Revaluation Reserve	-	-	1,934,156.72	-	1,934,156.72
Debited to Capital Grant (for Amortization)	(2,653,547.48)	-	-	-	(2,653,547.48)
Surplus/(Deficit) For The Year	-	-	-	3,973,060.33	3,973,060.33
Balance As At 31st December 2020	838,569.79	4,115,000.00	1,934,156.72	12,239,016.13	19,126,742.64

(Cond.....)

SRI LANKA PRESS COUNCIL
STATEMENT OF CHANGES IN NET ASSETS/ EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2020
(All amounts are in Sri Lanka Rupees)

Note A - Changes In Accounting Policy / Correction of Errors

The following changes are done to the council fund during the year.

Paper registration income 2017-2018	82,000.00
RTI Charges	14.00
Telephone bills (Chairman)	(4,545.89)
Salary of Accountant (Acting) December 2018	(10,540.25)
Under provision of audit fees	(1,517,364.00)
Cost of Media Dictionary 2017/2018	366,953.00
" Maadya Sameeksha" III reprint- 500 copies	157,150.00
Under amortization of Capital Grant in the year 2018	292,361.06
	<u>(633,972.08)</u>

Note B - Changes In Accounting Policy / Correction of Errors

Paper registration income 2018-2019	8,000.00
Paper sales	3,952.50
Training fees reimbursed by staff member	55,000.00
Under provision- audit fees	(117,570.00)
Opening depreciation balance adjustment of office & welfare equipments	(3,272.91)
Opening depreciation balance adjustment of office furniture & fittings	(98,779.09)
Opening Depreciation balance adjustment of initial balance for vehicles	(162,000.00)
Opening Depreciation balance adjustment of initial balance for library books	(300.00)
Adjustment of book stock opening balance	5.00
	<u>(314,964.50)</u>

SRI LANKA PRESS COUNCIL
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2020

2020

2019

(All Amounts Are In Sri Lanka Rupees)

Note

Cash Flow From Operating Activities

Surplus/(Deficit) For The Year	3,973,060.33	1,487,616.89
<u>Adjustment For :</u>		
Depreciation	2,986,381.61	2,377,238.33
Written Off	12,776.50	9,495.41
Previous Year Adjustment	(314,964.50)	(633,972.08)
Gratuity provision during the year	695,882.00	1,008,897.50
Correction-Depreciation provision	264,352.00	-
Capital Grant amortization	(2,653,547.48)	(2,869,509.48)
Interest income for the year	(206,120.63)	(296,009.91)

Operating Profit Before Changes in Working Capital

4,757,819.83 **1,083,756.66**

Changes in working Capital

(Increase) / Decrease In Receivable Income	(127,194.30)	558.34
(Increase) / Decrease In Inventories	233,091.60	(28,011.29)
(Increase) / Decrease In Deposits and Prepayments	73,984.06	(50,578.02)
(Increase) / Decrease In Distress Loan Receivable	(606,231.05)	128,158.00
Increase / (Decrease) In Sundry Creditors	(21,000.00)	22,000.00
Increase / (Decrease) In Accrued Expenses	(1,385,469.84)	1,727,917.72
Cash Generated From Operation	2,925,000.30	2,883,801.41

Cash Generated From Operations

Gratuity Paid

Net Cash Flows From Operating Activities

- (702,440.00)
2,925,000.30 **2,181,361.41**

Cash Flows From Investing Activities

Fixed Assets Purchased	(860,340.00)	(1,468,115.80)
Investment In Funds	320,873.50	(587,498.43)
Interest income	206,120.63	296,009.91
Net Cash Inflows/ (Outflows) From Investing Activities	(333,345.87)	(1,759,604.32)

Cash Flows From Financing Activities

Cash Granted / (Refunded) From / (To) Government Treasury	1,000,000.00	1,700,000.00
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Net Cash Inflows/ (Outflows) From Financing Activities

1,000,000.00 **1,700,000.00**

Net Increase/(Decrease) In Cash & Cash Equivalents

3,591,654.43 **2,121,757.09**

Cash & Cash Equivalents At The Beginning of The Year

2,716,484.19 **594,727.10**

Cash & Cash Equivalents At The End Of The Year

6,308,138.62 **2,716,484.19**

**SRI LANKA PRESS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020**

1. General

Sri Lanka Press Council was established by the Parliament Act, No. 73 of 1973. Sri Lanka Press Council registered office and principal place of service is located at No. 155/15, Castle Street, Borella, Colombo 08.

1.1 Principal Activities & the Nature of Operations

The principal activity of Sri Lanka Press Council is popularising press freedom as a cultural element for national development.

1.2 Basis of Preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS) for public sector entities published jointly by Institute of Chartered Accountants of Sri Lanka (ICASL) and Ministry of Finance & Planning. These financial Statements are presented in Sri Lankan Rupees .

1.3 Statement of Compliance

The Financial Statements of Sri Lanka Press Council has been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS).

1.4 Going Concern

The Board of Governors is satisfied that the council has adequate resources to continue its operations in the foreseeable future. Accordingly the financial statements are prepared based on going concern basic.

1.1.2 Comparative Information

The Council has consistently applied accounting policies and is consistent applied by the council and with those used in previous year. Previous year's figures have been related wherever necessary to confirm to the current year's presentation.

1.1.3 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function is presented separately unless they are immaterial.

1.1.4 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial years.

2. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2.1 Property, Plant & Equipment

2.1.1 Recognition and Measurement

All property plant & Equipment other than motor vehicle are stated at cost less accumulated depreciation and accumulated impairment losses. Motor vehicles are stated at revalued amounts, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued at fair value. Revaluations are done with sufficient regularity. When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognized as an expense. Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings. Items of property, plant and equipment are derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognizing of the asset is included in the income statement in the year the asset is derecognized.

2.1.2 Depreciation

Provision for depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic lives of such assets. The estimated useful lives of assets are as follows:

Type of Asset	Years
Motor Vehicle - (10%)	10
Furniture & Fixtures-(20%)	05
Office & Welfare Equipment-(20%)	05
Books of Library-(20%)	05

The useful life and residual value of assets are reviewed, and adjusted if required, at the end of each financial year.

Accountable for depreciation on the day of Assets usage is the Council Policy.

2.2 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 risks of changes in value.

2.3 Investments

Investments comprise of savings accounts and these investments are accounted at cost.

2.4 Inventory

Inventories consist of publications and Stationery. Publications are stated at the lower of cost and selling price less costs to complete and sell.

2.5 Other Receivables

Other Receivables are stated at the amounts estimated to be realized. All receivables are accounted on accrued basic other than receivable from Diploma course.

2.6 Liabilities & Provisions

Liabilities are recognized in the balance sheet when there is a present obligation arising from a past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the balance sheet date are treated as current liabilities in the balance sheet. Liabilities payable after one year from the balance sheet date are treated as non-current liabilities in the balance sheet.

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits for which a reliable estimate could be made is required to settle the obligation.

2.7 Employee Benefits

2.7.1 Defined Contribution Plans

All employees of the council are members of the employee's provident fund and employees trust fund to which the council contributes 15% and 3% respectively of such employees gross salary or wage.

2.7.2 Defined Benefit Plans

Gratuity is a Defined Benefit plan. The Council is liable to pay gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried forward in the statement of financial position, equivalent to an amount calculated based on a half month's salary of the last month of financial year employees who are expecting to leave from the council immediately, for the each completed year of service, commencing from the first year of service. The resulting difference between brought forward provision at the beginning of a year net of any payment made, and carried forward provision at the end of a year is dealt with in the income statement.

The gratuity liability is not funded nor actuarially valued.

2.8. Statement of Financial Performance

2.8.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and the associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes.

2.8.2 Government Grant

Government grant, which is recognized in the financial statements only upon receipt, are initially shown in the balance sheet under non-current liabilities & deferred income. Payments made are claimed against the grant and the amount unutilized is shown in the balance sheet.

Grant related to Property, Plant & equipment are allocated to income in the systematic basis over the straight line basis of the property, plant equipment as follows.

Motor Vehicle	10%
Furniture & Fixtures	20%
Office & Welfare Equipment	20%
Books of Library	20%

2.8.3 Interest Income

Interest income is recognized as it accrues in profit or loss, using the effective Interest Method.

2.8.4 Other Income

Other income is recognized on an accrual basis.

2.8.5.1 Expenditure Recognition

All expenses incurred in day to day operations of the council and in maintaining the property, plant Equipment in a state of efficiency has been charged to the statement of financial performance.

2.8.5.2 Classification of Expenditure

For the purpose of presentation of statement financial performance the governors are of the opinion that the nature of expense method present fairly, the elements of the council's performance hence such method adopted.

2.09 Cash Flow Statement

Cash Flows statement has been prepared using the 'Indirect Method'.

2.10 Events Occurring After the Reporting Period

Events after the reporting period are those events favorable and unfavorable that occurs between the end of the reporting period and the date when the financial statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

SRI LANKA PRESS COUNCIL**NOTES TO THE FINANCIAL STATEMENTS(Contd...)****FOR THE YEAR ENDED 31ST DECEMBER****2020****2019****(All Amounts Are In Sri Lanka Rupees)****Note 3 - Contribution From Government Of Sri Lanka** **30,796,000.00** **30,599,000.00**

Represents the allocation received from Government of Sri Lanka for utilities and maintenance of the Council

Note 4- Other Income

Capital amortization from government contribution	2,653,547.48	2,577,148.42
	<u>2,653,547.48</u>	<u>2,577,148.42</u>

Note 5- Sale of Books

Book Sales	35,450.00	51,700.00
less-Cost of Book Sales	(50,218.44)	(160,353.67)
	<u>(14,768.44)</u>	<u>(108,653.67)</u>

Note 6 - Wages, Salaries & Employee Benefits

Salaries and Wages	10,984,358.52	9,605,348.41
EPF Contribution	1,595,233.18	1,308,627.98
ETF Contribution	319,046.63	261,725.62
Overtime & Holiday Payment	535,576.32	895,811.30
Members Fees	408,000.00	732,000.00
Gratuity	695,882.00	1,008,897.50
Audit Committee Meeting Fees	-	42,000.00
Other allowances	479,772.00	491,382.00
	<u>15,017,868.65</u>	<u>14,345,792.81</u>

Note 7 - Supplies & Requisites

Stationery	139,311.93	664,007.92
<i>Fuel & Lubricants</i>	<i>362,316.33</i>	<i>366,632.63</i>
Fuel Allowance	468,120.16	488,390.00
Mechanical & electric appliances	-	5,080.00
Office Requisites	195,383.37	99,571.92
Uniforms	16,000.00	16,000.00
Newspapers & Periodicals	38,565.00	57,525.00
	<u>1,219,696.79</u>	<u>1,697,207.47</u>

Note 8 - Utility Expenditure

Telephone Charges	181,523.27	204,695.77
Telephone allowances	164,950.93	172,601.58
Postage	41,570.00	64,915.00
Lighting	532,706.40	635,789.25
Rent-Office	3,660,000.00	3,326,400.00
Water Charges	81,973.01	105,399.40
Security Charges	744,552.00	771,714.00
Rate & Tax	68,376.00	137,606.70
	<u>5,475,651.61</u>	<u>5,419,121.70</u>

SRI LANKA PRESS COUNCIL**NOTES TO THE FINANCIAL STATEMENTS(Contd...)****FOR THE YEAR ENDED 31ST DECEMBER 2020****2020****2019****(All Amounts Are In Sri Lanka Rupees)****Note 9- Other Operating Expenses**

Transport Allowance	1,138,978.49	1,150,000.00
Travelling-Staff	47,890.00	87,600.00
Travelling-Members	49,152.00	69,456.00
Travelling-Overseas	-	745,186.76
Advertisement & Publication	281,736.90	394,025.45
Printing & Binding	50,037.50	171,034.72
Translation	4,255.00	10,700.00
Repair & Maintenance	768,525.21	1,240,155.19
Entertainment Expenses	147,431.75	273,286.40
Stock written off	272,659.12	-
Office & welfare Equipment written Off	3,716.50	4,879.50
Office Furniture Fixtures & Written Off	9,060.00	4,615.91
Audit Fee	700,000.00	529,230.00
Incidental Expenses	35,000.00	63,180.00
Bank Charges	4,860.00	19,728.95
Car Insurance & License	180,668.54	208,582.32
Legal Fees	112,600.00	108,264.00
Website Expenses	9,000.00	23,300.00
Complaint cost	15,700.00	-
	3,831,271.01	5,103,225.20

Note 10 - Grants & Transfer Payments

Provincial Communication-Work Shop	581,718.75	2,318,005.07
Diploma course	355,234.00	1,246,731.89
Certificate course	143,322.00	-
Communication Discussion	12,289.00	20,930.00
Publication & Research	573,910.00	133,400.00
Essay competition	-	241,073.30
Training Course-Staff	-	105,800.00
Advance for welfare society	-	25,000.00
Journalist welfare facilities	802,897.77	150,000.00
Donations	21,147.57	-
	2,490,519.09	4,240,940.26

SRI LANKA PRESS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS(Contd...)

2020

2019

FOR THE YEAR ENDED 31ST DECEMBER 2020

(All Amounts Are In Sri Lanka Rupees)

Note 11 - Cash and Cash Equivalents

Cash At Bank	6,308,138.62	2,716,484.19
	6,308,138.62	2,716,484.19

Note 12 - Other Current assets

Book sale	6,370.00	6,370.00
Newspaper registration fees	86,000.00	-
Late fee for newspaper registration	103,500.00	-
Salary & wages	-	1,161.70
Telephone deductions	-	1,798.00
Refundable deposit on Diploma Certification	-	59,346.00
	195,870.00	68,675.70

Note 13- Inventory

Stock of Books	304,728.38	639,061.19
Stock of Stationery	226,112.53	115,184.00
Goods on Sales or Return Basis	98,046.10	107,733.42
	628,887.01	861,978.61

Note 14- Deposits & Prepayments

Security Deposit-Castle Street Building	831,600.00	831,600.00
Security Deposit-Water Bottle	7,200.00	7,200.00
Fuel Deposit	75,000.00	75,000.00
Insurance & Revenue License Fees	169,983.42	253,967.48
Refundable deposit	10,000.00	-
Total	1,093,783.42	1,167,767.48

Note 15 - Distress Loan receivable

Balance As At The Beginning Of The Year	2,214,070.70	2,342,228.70
Loans Given During the Year	862,895.30	446,601.30
	3,076,966.00	2,788,830.00
Loans Recovered During The Year	(256,664.25)	(574,759.30)
Balance As At The End Of The Year	2,820,301.75	2,214,070.70

SRI LANKA PRESS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020
(All amounts are in Sri Lanka Rupees)

Note 16-Property, Plant & Equipment

Cost / Valuation	Motor Vehicle	Furniture & Fittings	Office & Welfare Equipment	Books of Library	Total
Balance as at 01 st January 2020	10,541,000.00	2,520,771.71	9,093,339.58	295,164.66	22,450,275.95
Revaluation	-	(40,392.25)	(1,479,675.74)		(1,520,067.99)
Additions	-	126,765.00	712,875.00	20,700.00	860,340.00
Disposals/Written Off		78,716.50	207,820.00		286,536.50
Balance As At 31st December 2020	10,541,000.00	2,528,427.96	8,118,718.84	315,864.66	21,504,011.46
Accumulated Depreciation					
Balance as at 01 st January 2020	7,533,800.00	1,491,519.03	4,369,067.83	190,574.35	13,584,961.21
Opening Balance Adjustment	162,000.00	3,272.91	98,779.09	300.00	264,352.00
Revaluation		(989,450.00)	(2,306,085.00)	(153,689.71)	(3,454,224.71)
For The Year	971,950.00	480,254.59	1,480,736.64	53,440.38	2,986,381.61
On Disposals		(75,000.00)	(198,760.00)		(273,760.00)
Balance as at 31st December 2020	8,667,750.00	910,596.53	3,443,738.56	85,625.02	13,107,710.11

Carrying value					
As at 01 st January 2020	3,007,200.00	1,029,252.68	4,724,271.75	104,590.31	8,865,314.74
As at 31 st December 2020	1,873,250.00	1,617,831.43	4,674,980.28	230,239.64	8,396,301.35

2020

2019

SRI LANKA PRESS COUNCIL**NOTES TO THE FINANCIAL STATEMENTS(Contd...)****FOR THE YEAR ENDED 31ST DECEMBER 2020**

(All Amounts Are In Sri Lanka Rupees)

Note 17- Investments-Savings Account (Fund Purpose)

Peoples Bank-Loan Fund	1,511,031.73	1,974,390.46
Peoples Bank-Research Fund	3,838,805.18	3,696,319.95
	5,349,836.91	5,670,710.41

Note 18 - Accrued Expenses

Casual Salary	-	20,412.00
Overtime	26,990.01	38,724.13
Travelling Expenses - Office	-	400.00
Telephone	17,404.31	9,280.93
Audit fee	700,000.00	2,043,780.00
Office requirments	37,654.04	-
Distress loan for staff	3,607.50	-
Stationery	79,078.06	-
Rate & tax	-	137,606.70
	864,733.92	2,250,203.76

Note 19 - Employee Benefits

Balance as at The Beginning of The Year	4,098,760.50	3,792,303.00
Gratuity Paid During The Year		(702,440.00)
	4,098,760.50	3,089,863.00
Provision/(Reversal) During The Year	695,882.00	1,008,897.50
Balance As At The End Of The Year	4,794,642.50	4,098,760.50

Note 20-Transactions with the related parties

The Board of Directors serve as the main management officers of the council. The transactions held between them are as below.

Name	Relationship	Nature of transaction	Value
Dr. Tudor Weerasinghe Certificate Course in Journalism conducted	Director	Served as the Course Coordinator in	17,500.00

by Sri Lanka Press Council

Chairman

Sri Lanka Press Council

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka Press Council for the year ended 31 December 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Press Council for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

(a) Sri Lanka Public Sector Accounting Standards 07

- (i) Even though, when revaluating an item of property, plant and equipment in accordance with paragraph 49 of the standard, the property, plant and equipment class to which the asset belongs must be fully revalued, items that cost of Rs.6,957,152 had not been revalued belonging to the furniture and fittings class, office and welfare equipment class, and library book class.

- (ii) There was insufficient disclosure in the financial statements regarding the procedure followed by the company in the revaluation of property, plant and equipment costing Rs. 3,727,380 as per paragraph 90 of the standard.

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

1.3 Other information included in the 2020 Annual Report of the Sri Lanka Press Council

The other information comprises the information included in the Board's 2020 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Board's Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Board 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 of the Board.

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 skepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board 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 and Regulatory Requirements

- 2.1 National Audit Act, No. 19 of 2018 include specific provisions for following requirements.
- 2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Board as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.
- 2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- 2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.
- 2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;
- 2.2.1 to state that any member of the governing body of the Board has any direct or indirect interest in any contract entered into by the Board 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 Board has not complied with any applicable written law, general and special directions issued by the governing body of the Board as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

Reference to law/ direction	Observation
(a) Financial Regulations 133 and 134 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka	An internal audit division was not functioning in the board and an internal audit post was not included in the approved staff of the board.
(b) Procurement Guidelines 5.4.10 of the Democratic Socialist Republic of Sri Lanka	Although the Board had entered into an agreement with a private company to conduct a subscriber survey on the current communication trends and

people's rights for a sum of Rs.1,830,000, it had not taken action to secure performance security of not less than 10% of the contract amount.

(c) Paragraph 1 of the Presidential Secretariat Letter No. CA / 1/17/1 dated 14 May 2010 and Order No. 7 of 10 July 2012 of the Committee on Public Enterprises

According to the order, although the board was to be housed in a government building, the board had been operating in rented private buildings for about 21 years from its inception, and had spent Rs.26,108,800 rupees on rent from 2010 to the year under review.

2.2.3 to state that the Board has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018 except for;

Powers, Functions and Duties

Observations

(a) Formulation of rules and regulations in terms of Section 30 of the Press Council Act

Necessary rules and regulations have not been formulated regarding newspapers issued to the market without registration.

(b) Taking action by the Board against newspapers and editors in terms of Section 09 of the Press Council Act

The total number of complaints against newspapers during the year under review was 133, including 71 complaints from the public and various agencies and 62 unresolved complaints brought forward from 2019 and out of these, 69 complaints had not been resolved by the end of the year under review.

(c) According to Section 18 of the Press

An amount of Rs. 59,100 charged as late

Council Act, fines should be credited to registration fee for newspapers during the year under review had not been credited to the Consolidated Fund.

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

2.3 Other Observations

Following observations are made

- (a) The following observations are made regarding the performance of the functions mentioned in the action plan.
 - (i) The Board had failed to implement the eight programs included in the plan
 - (ii) Although the number of newspapers to be registered in the year under review is 250 and the estimated newspaper registration income is Rs.500,000 but as the actual number of registered newspapers was 172, the registration income for 78 newspapers had to be identified, only Rs. 86,000 had been identified as revenue for 15 newspapers and the income for the remaining 63 newspapers had not been identified.
 - (iii) The Board had planned to conduct 10 welfare programs for journalists at a rate of Rs.50,000 per program, but only one program was conducted during the year under review and the board's progress report showed a financial performance of 140 percent as a sum of Rs. 802,897 was spent on it, it exceeded the budgeted amount.
- (b) The Board maintains two bank accounts for the Research Fund and the Loan Fund established on 05 November 1993 and 07 September 2009 respectively

and the balance at the end of the year under review was Rs. 3,838, 805 and Rs. 1,511,031 respectively. The Chairman of the Board seeking the approval of the Director General of the Department of Public Budget to maintain these fund accounts from the letter No. FIN / PEN / 168 dated 19 December 2017, but that approval had not been obtained even by 10 March 2021.

- (c) The budget had not been used as an effective management control factor, as variances between budget and real income were observed from 5 percent to 67 percent and between budget and real expenditure from 5 percent to 100 percent.
- (d) An agreement was reached to conduct a comparative study of the Press Council of Sri Lanka and the Press Complaints Commission and submit a research report, for which an advance of Rs. 200,000 had been paid to the Department of Mass Communication, University of Kelaniya on November 24, 2015, and the entire research report had to be submitted within a month of that payment, but the report had not been submitted even by 10 March 2021.
- (e) The company had used a five-member committee to assess the property, plant and equipment and could not be satisfied with the knowledge and qualifications of the members of the committee on revaluation were not satisfied to the audit, which led to problems in the audit of the revaluation values arising from the audit.
- (f) Although there is a methodology for reviewing daily newspapers published in accordance with the Code of Ethics for Journalists published by the Extraordinary Gazette Notification No. 162/5A dated 14 October 1981, Only a limited number of investigative reports were submitted compared to the first volume, and the Board did not pay adequate attention to the need for ethical evaluation of those investigative reports.