



சலாஹித் துறைம்துறை
வெருசன ஊங்டக அமைச்சு
Ministry of Mass Media



சலாஹித் துறைம்துறை
வெருசன ஊங்டக அமைச்சு
SELACINE
SELACINE TELEVISION INSTITUTE

2020

ANNUAL REPORT

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

Hon. Minister,

Annual Report – 2020

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 2020.
Thank you.

Yours faithfully,



Harith Gunawardhana
Chairman
Selacine Television Institute

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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

Annual Report 2020 is the second Annual Report issued by the Selacine Rupavahini Institution after I assumed duties as the Chairman of the institution and I am glad to issue a message relating to year 2020.

In view of the past period of 38 years, it could be clearly seen that the institution had been come forward amidst various drawbacks. The institution faced number of challenges within year 2020 together with Covid-19 pandemic.

Although Rs. 233.8 million had been earned by Selacine Rupavahni Institution as its revenue for 2020, earning profit in said year was too difficult due to the Covid-19 pandemic situation. Accordingly, a drawback of the institution could see through indicating a loss of Rs. 29.3. Changes in the economic environment existed that time had been effected for above.

Selacine, as the sole advertising institution of the government, the role in this era is to achieve its objectives through unity of all employees for proper function of the responsibilities assigned.

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.

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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 - 2020

Senior Management

- A. H. Lakshan de Soyza - Chairman (Acting) (13.12.2019)
- S. A. R. N. Subasinghe - Chairman (13.08.2020 - 15.12.2020)
- Deshabandu A. Moremada - Chairman (17.12.2020 - 29.12.2021)
- H. M. Manjula Herath - General Manager

Management

- W. P. Sewwandi - Manager (Human Resources and Administration)
- Sunanda Weerasinghe - Manager (Production)
- Agbo Amarasekera - Manager (Head of Business Development)
- Nalin Alahakoone - Manager (Media)
- W. M. M. B. H. Gunarathne - Chief Accountant
- Sujith Pushpakumara - Manager (Graphics)
- I. L. P. Fernando - Manager (Express Printing)
- Prabath Kahaduwaarachchi - Manager (Event)
- Indika Wijethunga - Manager (Purchasing & Supplying)

Auditors

Government Audit

Bankers

Bank of Ceylon
Peoples Bank

Contact Details

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

Graphics and Creations Division

Graphic designing in the field of advertising is a competitive field as well as an area where the most effective results can be achieved by working in creativity. The design and graphics division at Salasine has been a quiet supporter behind the success of all other divisions.

Graphic Division carries out advertising, newspaper advertisements, billboards, pamphlets and many other creative tasks of Salasine Television Institute daily. The team from the Design and Graphics Division contributes to the company's journey through creativity and new technological know-how.

The advertising industry is moving forward with highly competitive and creative new technology strategies. It is gratifying to note that even in the face of the Covid epidemic, our Division has been able to collectively contribute to the success of the Division by supporting the work of other divisions and overcoming difficult goals. The role of the Graphic and Design Division is not limited to office hours. Therefore, it is imperative for our division to make a significant contribution to the progress of the organization by constantly maintaining the design process.

We are pleased to announce that the Design and Graphics Division is committed to working hand in hand with the new administration to provide the maximum contribution required to achieve the annual revenue targets as the most active sector in terms of performance guidance.

Media Division

The major role of the media sector is in advertising and audio-visual design schedules in electronic and print media and advertising on social media. It generates the most revenue each year from the media sector schedules. Accordingly, in the year 2020, even amidst Covid pandemic, the division carried out work more efficiently. The total investment is Rs. 178,035,800 million.

We receive special percentage of discounts on TV and radio schedules, and nowadays advertising on social networking sites has become a very attractive feature. Accordingly, there is

a separate social media unit in our media division. Our creative work is publicized by that unit.

Accordingly, as a leading advertising agency in Sri Lanka, this demonstrates that not only our creative work but also our innate capabilities are endowed with the highest quality of advertising.

Sales and Consumer Services Division

Year 2020 was a challenging year to the Consumer Services Division and our sales targets couldn't achieve because many institutions were closed due to the pandemic situation existed in the country, we were able to earn a profit of Rs. 233,865,842 amongst such situation which was an achievement into a certain extent because

The income amounting to Rs. 178,035,800 earned through scheduling of newspapers and electronic medias was particular and some positive characters had been shown in the revenue from event management.

Further, progress into a certain extent in the revenue from creative printing works also recorded which is particular.

Human Resource and Administration Division

Human Resources and Administration Division is the place where the heartbeat of any organization is well known. In the year 2020, as every year, our division has been able to bring forward many other services for the welfare of the employees of Salacine in addition to the role of daily administration and human resource management. The staff of our division is committed to fulfilling the issues of the staff of various departments as well as their welfare to the best of our ability, working as a team with various challenges during the Covid epidemic.

- ▶ During the past year, we have implemented training programs for the officers of the institution.
- ▶ Organized a workshop to develop the attitudes of the entire staff and was able to make progress on it.
- ▶ The staff was directed to training courses with the aim of updating their knowledge related to the duties of their roles.

- ▶ We further strengthened the employee welfare program.
- ▶ During the expansion of the sales division, necessary advice was given to strengthen the financial sector of the company by recruiting freelance sales employees.
- ▶ Even during the Covid epidemic, steps were taken to keep the institutional administration active by providing salaries, overtime allowances and transport facilities to all officers.

We are pleased to announce that our sector is moving towards success by joining hands with the top management to reach success with a common goal, realizing our collective responsibilities and role as a government advertising agency.

Production Division

It is appropriate to refer the manufacturing sector as the active heart of Salasine. At the outset, our division was tasked with preparing documentary programs and advertisements to publicize government development projects. Over the past 38 years, the production division has been able to take a number of steps forward by engaging in advertising, documentary and TV drama production. At the same time, the government has already taken a number of steps towards creatively producing high quality programs that are competitive with modern technology in line with current needs.

Creating a documentary for the National Child Protection Authority in 2020 is one of our tasks. On behalf of the Department

of Manpower and Employment, we have successfully created 75 documentaries for small business incentives and contributed to the financial success of the organization.

Even in the face of the country's critical situation due to Covid epidemic, the Production Division has been actively contributing to the maximum of institutional needs and government publicity.

The Production Division is now ready to move forward with further robust and up-to-date knowledge and technology.

Finance Division

Although year 2020 was commenced together with Covid-19 pandemic, necessary steps to carry on efficiently the accounts in our division of Senacine Rupavahini were taken. Although various difficulties and obstacles were arisen, steps to computerize the liabilities needed for all payments in this year were taken without delay. We had to take more effort to restore the accounts in 2020 comparing with last year. All accounts were carried out according to the Government Accounting Standards. We also could pay duly a big amount of debts payable to the suppliers. Measure of recovering arrears receivable was also arranged.

Account reports were prepared, information were given quickly to the ministry, audit, public enterprises and departments. The auditor general had been expressed his opinion that financial performance and cash flow statement for the year ended by 31.12.2020 demonstrate again a true and fair position in compliance with the Public Sector Accounting Policies like in the years 2014, 2015, 2016, 2017, 2018 and 2019 which is a considerable achievement.

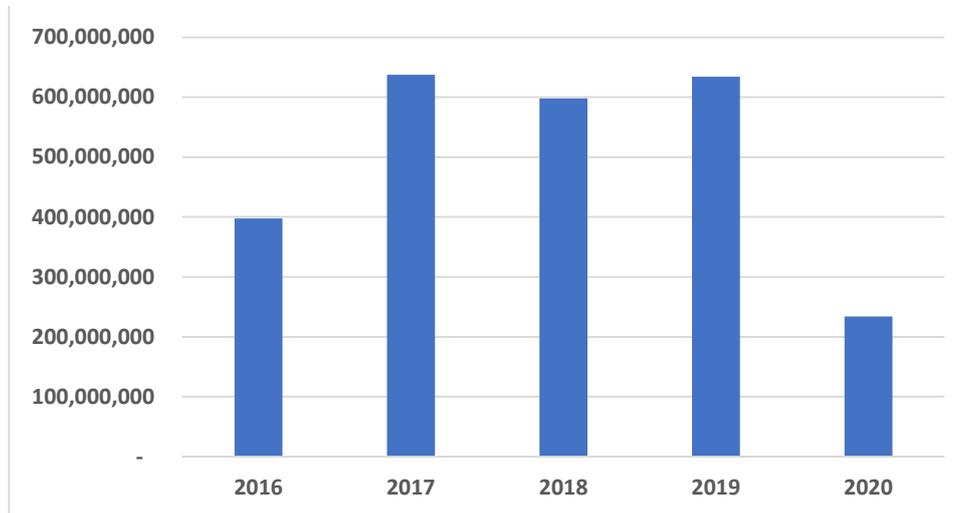
Event Management Division

Events Division has become one of the main contributors of the progress of Salacine Television Institute in its revenue generation. The event management sector, which earns huge revenue every year, has faced a number of very challenging issues this year. Many of the events we had planned to do at the institute were canceled due to the Covid 19 epidemic and guidelines issued by the health sector. Our institution did not organize events due to complete closure of the country abiding by the restrictions on travel and health guidelines.

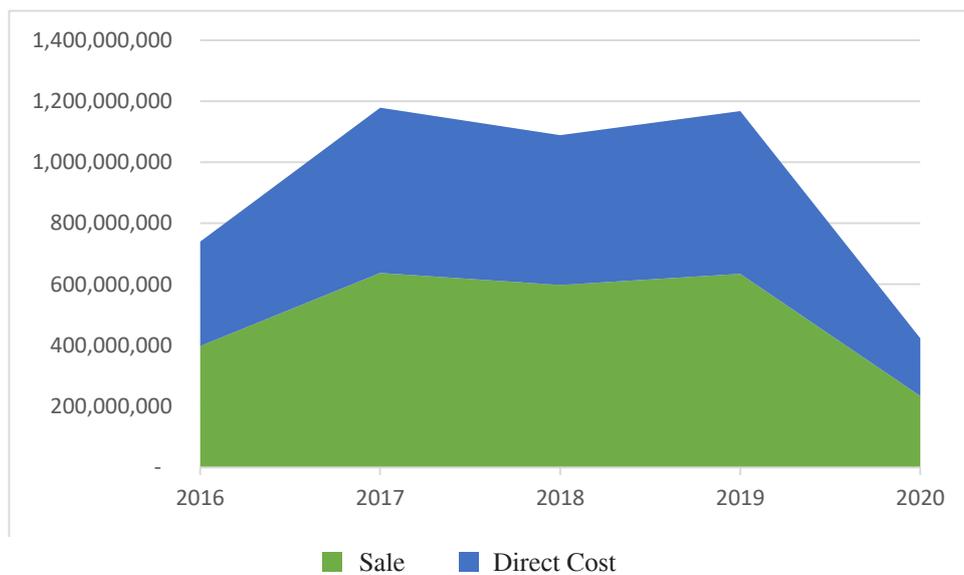
It is expected to return to event management, re-engage with public and private sector entities that deal with us, and to conduct a thorough analysis of revenue generation patterns in this sector to look forward to further revenue growth in 2021, once the Covid situation eases.

FINANCIAL REPORT 2020

Revenue Growth

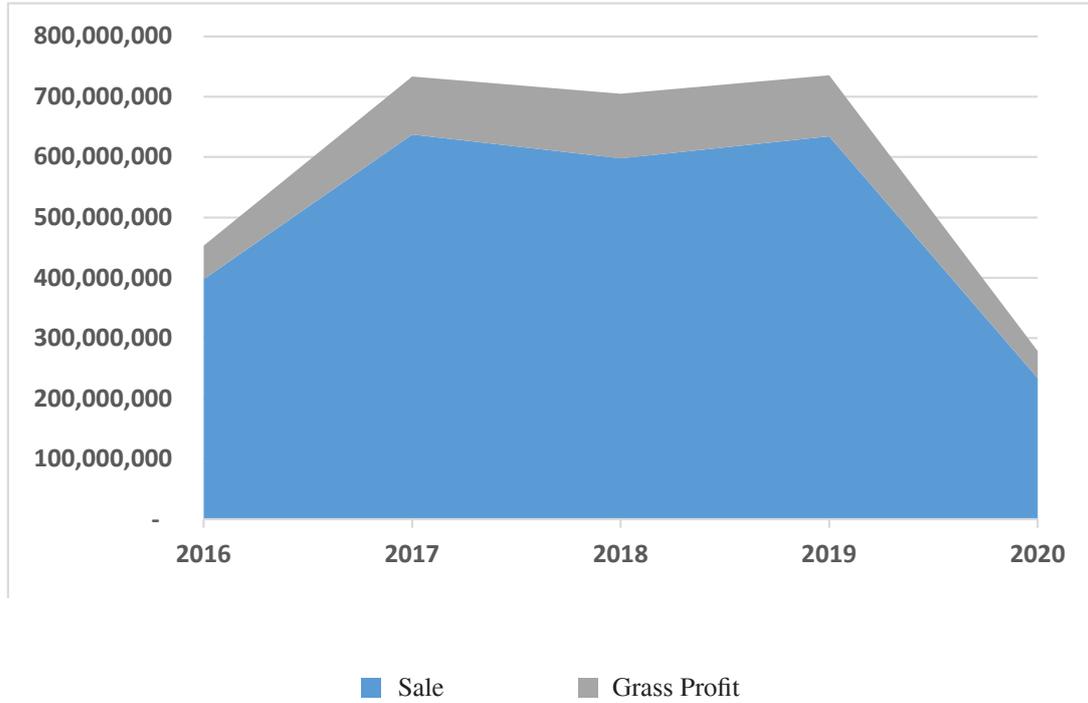


Income and Expenditure for last five years



Trend of institutes profit between 2016 and 2020

During the 5 years period Trend of Revenue & Direct cost



Notes for Financial Report

For the year ended 31st of DECEMBER 2020 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 54, Permanent and Contract employees as at 31.12.2020

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 Disposal 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 2020 (in Sri Lankan Rupees)

	Notes	2020 Rs.	2019 Rs.
Revenue	11	233,865,842	634,368,092
Direct Expenses	12	189,135,680	533,238,084
Gross Profit/(Loss)		44,730,162	101,130,008
Other Income	13	6,574,534	7,732,399
Administration & Establishment Expenses	14	(68,760,032)	(76,773,888)
Selling & Distribution Expenses	15	(10,891,597)	(20,379,231)
Profit from Operation		(28,346,933)	11,709,288
Financial Expenses	16	(116,795)	(196,806)
Other Expenses	17	(875,865)	(3,212,272)
Net Profit/(Loss) before Taxation		(29,339,593)	8,300,209
Income Tax Expenses	-	-	-
Total Net Profit/Loss After Taxation		(29,339,593)	8,300,209

Balance Sheet

as at 31st of DECEMBER 2020 (in Sri Lankan Rupees)

	Notes	2020 Rs.	2019 Rs.
ASSETS			
Non Current			
Property, Plant & Equipment	18	6,816,245	8,819,372
Intangible Assets	18-A	2,257,876	2,908,741
Total Non Current Assets		9,074,121	11,728,113
Current			
Investments	19	33,519,646	32,398,200
Trade Receivables	20	300,440,528	393,767,769
Other Receivables	21	9,965	1,669,896
Cash in Hand & at Bank	22	7,542,890	27,686,494
Total Current Assets		341,513,028	455,522,359
Total Assets		350,587,147	467,250,472
EQUITY AND LIABILITIES			
Equity			
Retained Earnings		99,105,138	124,389,548
Total Equity		99,105,138	124,389,548
Liabilities			
Non Current			
Gratuity Payable	23	16,724,135	16,381,707
Non Current Liabilities		16,724,135	16,381,707
Current			
Trade & Other Payables	24	234,628,323	326,349,665
Advance Received		129,552	129,552
Current Liabilities		234,757,875	326,479,217
Total Equity and Liabilities		350,587,147	467,250,472

These Financial Statements have been prepared in accordance 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 2020 (in Sri Lankan Rupees)

	2020 Rs.	2019 Rs.
Cash Flows from Operating Activities		
Net profit before taxation	(29,339,593)	8,300,209
Adjustments for;		
Interest income	(4,006,227)	(4,035,768)
Depreciation	2,930,251	2,897,602
Provision for Gratuity	2,656,623	4,766,131
Profit / (Loss) on Disposal of Property	-	(1,376,057)
Provision for Bad Debtors	(1,181,255)	-
Prior Years Adjustments	3,942,031	6,297,513
Operating Profit before Working Capital Changes	(24,998,170)	16,849,630
(Increase)/Decrease in Trade & Other Receivables	94,508,497	72,207,298
(Increase)/Decrease in Deposits & Prepayments	1,659,931	(274,385)
Increase/(Decrease) in Trade Creditors & Other Payables	(91,721,340)	(68,136,326)
Cash Generated from / (Used in) Operation	(20,551,082)	20,646,217
Gratuity paid	(2,314,195)	(303,818)
Net Cash from / (Used in) Operating Activities	(22,865,277)	20,342,400
Cash flows from Investing Activities		
Purchase of Property, Plant & Equipment	(276,259)	1,427,941
Interest Income	4,006,227	4,035,768
Fixed Deposits	(1,121,446)	(11,500,000)
Net Cash from / (Used in) investing Activities	2,608,522	(6,036,290)
Cash flows from Financing Activities		
Error Correction of Retained earning	113,152	-
Net Cash from / (Used in) Financing Activities	113,152	-
Net Decrease in Cash and Cash Equivalents	(20,143,603)	14,306,109
Cash and Cash Equivalent Beginning of the Year (Note A)	27,686,494	13,380,385
Cash and Cash Equivalent End of the Year (Note A)	7,542,890	27,686,494

Cash Flow Statement

For the year ended 31st of DECEMBER 2020 (in Sri Lankan Rupees)

	2020 Rs.	2019 Rs.
NOTE A		
Cash & Cash Equivalents		
BOC - A/C No. 2323299	1,323,361	3,078,298
BOC Savings A/c No. 2329765	326,584	327,396
Peoples Bank 200100130005980	(18,227,500)	(3,652,842)
Peoples Bank 200100110005980	23,638,167	27,571,333
Production Advance	276,209	141,809
Other Advance	206,070	220,502
	7,542,890	27,686,494

Statement of Changes In Equity

For the year ended 31st of DECEMBER 2020 (in Sri Lankan Rupees)

	Retained Earnings	Total
Balance as at 01 January 2020	124,502,700	124,502,700
Prior Years Adjustments - Note 28	3,942,031	3,942,031
	128,444,731	
Net Profit/Loss For the year	(29,339,593)	(29,339,593)
Balance as at 31st December 2020	99,105,138	99,105,138

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2020 (in Sri Lankan Rupees)

	2020 Rs.	2019 Rs.
NOTE - 11 - REVENUE		
Production	9,806,793	59,618,406
Graphics & Printing	32,036,158	50,717,766
Scheduling	178,035,800	375,524,280
Event Management	13,957,091	148,333,815
Miscellaneous	30,000	-
Web Income	-	173,825
	233,865,842	634,368,092
NOTE - 12 - DIRECT COST		
Production Expenses	5,585,569	38,654,700
Graphic & Printing Expenses	23,800,111	36,176,902
Scheduling Expenses	147,427,101	316,005,865
Event Management Expenses	12,322,899	142,256,803
Web Expenses	-	143,814
	189,135,680	533,238,084
NOTE - 13 - OTHER INCOME		
Staff Loan interest	96,068	135,683
Bank Interest	3,910,159	4,035,768
Bad Debts Over Provision	1,181,255	821,491
Gain/(loss) on Sale of Assets	13,900	-
Other Income	582,152	1,566,457
Registration of Supply	606,000	1,078,000
Translation Charges	-	10,000
Artwork Charges	185,000.00	85,000
	6,574,534	7,732,399

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2020 (in Sri Lankan Rupees)

	2020 Rs.	2019 Rs.
NOTE - 14 - ADMINISTRATION & ESTABLISHMENT EXPENSES		
Allowance	271,661	17,000
Allowance - Chairman	552,000	1,102,083
Allowance - Contract Services	-	156,010
Allowance - Trainees	96,250	131,250
Allowance - Transport	600,000	802,688
Allowances - Fuel	231,560	505,767
Allowances - Mobile	-	179,333
Audit Fee	204,000	1,194,000
Board Meeting Expenses	-	29,974
Board Meeting Fee	-	105,000
Bonus	-	1,816,822
Building Expenses	-	1,842,062
Building Rent Expenses - Film Corporation	3,780,000	3,780,000
Cleaning And Sanitary Item Expenses	18,800	71,220
Computer Equipment Maintenance	23,150	12,400
Depreciation	2,353,443	2,246,737
Director's Emoluments	-	526,779
Donation	-	450,000
Electricity	637,050	760,660
EPF	6,045,399	5,027,290
ETF	1,209,394	1,084,791
Gift Voucher Expenses	-	670,000
Gratuity Expenses	2,656,623	4,766,131
Internet Charges	283,750	245,934
Labour Expenses	1,000	8,250
News Papers & Periodical	52,460	63,220
Office Equipment Maintenance	160,152	93,895
Office Maintenance Expenses	222,493	391,035
Postage	21,164	26,319
Printing & Stationary	822,990	1,477,297

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2020 (in Sri Lankan Rupees)

	2020 Rs.	2019 Rs..
Professional Fee	10,000	95,000
Renewal Fee - Agreement	-	16,900
Registration Fees	132,970	182,270
Refreshment Expenses	75,178	146,870
Salaries & Wages	42,788,008	38,306,185
Security Services Expenses	676,940	678,190
Space Rent (temporary)	-	32,200
Staff Insurance	1,796,794	2,075,639
Staff Over Time & Bata	1,285,809	2,693,805
Staff Welfare	-	1,055,598
System Maintenance	17,000	
Telephone Charges	384,265	480,288
Tender Fee	58,100	165,096
Training Programs Charges	179,875	569,472
Translation Fee	391,973	313,508
Water	128,803	334,720
Web Site Expenses	590,978	44,200
	68,760,032	76,773,888

NOTE - 15 - SELLING & DISTRIBUTION EXPENSES

Artwork Expenses	-	65,000
Fuel Expenses	392,409	630,526
Motor Vehicle Repair & Maintenance	433,847	805,445
Printing Gallery Expenses	-	53,235
Sales Commission	237,545	1,771,420
Sales Promotion & Advertising Expenses	37,176	9,000
Special Discount	9,572,901	15,134,514
Special Event Expenses	-	975,257
Special Projects Expenses	-	415,878
Special Recovery Commission	3,000	33,500
Stamp Fee	25,700	11,653
Traveling transport & Parking	107,737	446,544
Vehicle Insurance	81,282	27,259
	10,891,597	20,379,231

Notes To The Financial Statements

For the year ending 31st of DECEMBER 2020 (in Sri Lankan Rupees)

	2020 Rs.	2019 Rs.
NOTE - 16 - FINANCIAL EXPENSES		
Bank Charges	101,154	171,493
License & Insurance	15,641	24,672
WHT	-	641
	116,795	196,806

NOTE - 17 - OTHER EXPENSES

Amortization - Accounting Software	308,900	341,965
Amortization - Network System	341,965	308,900
Compensation to the Employees	-	992,080
Sundry	-	11,337
Legal Fees	225,000	1,557,991
	875,865	3,212,272

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2020 (in Sri Lankan Rupees)

NOTE - 18 Property Plant & Equipment

	Cost as at 01.01.2020 Rs.	Additions/ Transfers Rs.	(Disposals)/ Transfers Rs.	Cost as at 31.12.2020 Rs.
18-1 Gross Carrying Amounts				
Furniture & Fittings	3,598,752	-	-	3,598,752
Computer Equipment	8,604,951	3,000	-	8,607,951
Office Equipment	5,524,623	273,259	-	5,797,882
Motor Vehicles	7,835,824	-	-	7,835,824
Camera & Filming Equipment	15,148,200	-	-	15,148,200
	40,712,350	276,259	-	40,988,609

	Balance as at 01.01.2020 Rs.	Charge for the year/Transfers Rs.	(Disposals)/ (Error Correction) Transfers Rs.	Balance as at 31.12.2020 Rs.
18.2 Depreciation				
Furniture & Fittings	2,182,957	267,881	-	2,450,838
Computer Equipment	7,056,563	519,251	-	7,575,814
Office Equipment	3,278,048	419,234	-	3,697,282
Motor Vehicles	7,835,824	-	-	7,835,824
Camera & Filming Equipment	11,465,529	1,147,077	-	12,612,606
	31,818,921	2,353,443	-	34,172,364
	8,893,429			6,816,245

18.2 Depreciation

Furniture & Fittings	2,182,957	267,881	-	2,450,838
Computer Equipment	7,056,563	519,251	-	7,575,814
Office Equipment	3,278,048	419,234	-	3,697,282
Motor Vehicles	7,835,824	-	-	7,835,824
Camera & Filming Equipment	11,465,529	1,147,077	-	12,612,606
	31,818,921	2,353,443	-	34,172,364
	8,893,429			6,816,245

NOTE - 18-A Intangible Assets

Accounting Software	3,389,000	-	-	3,389,000
Network System	3,419,651	-	-	3,419,651
	6,808,651	-	-	6,808,651

Amortization

Accounting Software	1,934,769	308,900	-	2,243,669
Network System	1,965,141	341,965	-	2,307,106
	3,899,910	650,865	-	4,550,775
	2,908,741			2,257,876

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2020 (in Sri Lankan Rupees)

Notes	2020 Rs.	2019 Rs.
NOTE - 19 - INVESTMENTS		
Bank of Ceylon - 8162593	500,000	500,000
Debentures - Sri Lanka Savings Bank	398,200	398,200
Bank of Ceylon - 83636019	7,000,000	7,000,000
Peoples Bank 2006001000052421	8,000,000	8,000,000
Peoples Bank B-581908	5,000,000	5,000,000
Bank of Ceylon (Fixed Deposit) - 84622785	1,635,753	1,500,000
Peoples Bank (Fixed Deposit) - 2006-00100005485-7	10,985,693	10,000,000
	33,519,646	32,398,200

NOTE - 20 - TRADE & RECEIVABLES

Trade Debtors	NOTE 20.1	276,719,441	367,065,849
Festival Advances		57,500	122,500
Staff Loan		2,323,563	3,322,911
Insurance Premium Receivable		210,030	283,064
Staff Receivables-Other		228,279	182,847
Bank Guarantee		-	1,398,000
WHT		82,459	82,459
ESC		3,599,744	3,599,744
Upali Newspapers		10,695	10,695
Penalty & Surcharge Receivable		194,068	194,068
ANCL		2,538,029	2,538,029
Wijaya Newspapers		188,651	188,651
EAP		3,004	3,004
Commission Receivable SLBC		63,558	63,558
Refundable Deposits		1,246,000	1,260,500
Bank Interest Income Receivable		556,439	986,123
Money Fraud by Employees	NOTE 20.2	11,988,000	11,988,000
Miscellaneous Receivable		63,151	198,851
E-Mansala Control A/C		367,917	367,917
		300,440,528	393,767,769

NOTE 20.1 - TRADE DEBTORS

Trade Debtors	288,956,004	380,483,667
Less- Provision for bad debts	(12,236,563)	(13,417,819)
	276,719,441	367,065,849

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2020 (in Sri Lankan Rupees)

	2020 Rs.	2021 Rs.	2019 Rs.
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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 relevant authorities to recover the above funds.

NOTE - 21 - PRE PAYMENTS & OTHER RECEIVABLES

Prepayments	9,965	1,669,896
	9,965	1,669,896

NOTE - 22 - CASH & CASH EQUIVALENTS

BOC - A/c No. 2323299	1,323,361	3,078,298
BOC Savings A/c No. 2329765	326,584	327,396
Peoples Bank (CA) 200100130005980	(18,227,500)	(3,652,842)
Peoples Bank - Savings A/c 200100110005980	23,638,167	27,571,333
Production Advance	276,209	141,809
Other Advances	206,070	220,502
	7,542,890	27,686,494

NOTE - 23 - GRATUITY PAYABLE

Balance B/F	16,381,707	11,919,394
Gratuity Expenses for the Year	2,656,623	4,766,131
	19,038,330	16,685,525
Gratuity Payments	(2,314,195)	(303,818)
Gratuity Payable	16,724,135	16,381,707

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2020 (in Sri Lankan Rupees)

	2020 Rs.	2019 Rs.
NOTE - 24 - TRADE & OTHER PAYABLES		
Trade Creditors	144,622,909	233,977,260
Telephone Charges	47,303	47,303
Sales Commission Payable	160,535	972,548
Stamp Duty Payable	8,150	1,800
VAT	17,957,045	22,337,662
NBT	24,435,590	24,449,624
Building Rent Payable	900,000	900,000
Other Creditors/Other Payables	5,822,295	9,143,097
Fuel	41,651	41,651
Salary Control	66,537	42,939
Suspence A/C	10,353	10,353
Control A/c - Vision 2020 President Secretariat	616,896	616,896
Accrued Expenses	39,869,057	33,731,032
Refundable Deposit	70,000	77,500
	234,628,323	326,349,665

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2020 (in Sri Lankan Rupees)

NOTE - 25 - NON RELATED PARTY DISCLOSURES (LKAS 24)

NAME	DESIGNATION	NATURE OF THE RELATED PARTY TRANSACTION	ADDRESS
Mr. Harith Gunawardena	Chairman	No	No. 181/B6, Suhada Mw, Arewwala, Piliyandala.
Mr. W. A. K. A. Gunathilake	General Manager	No	No.3/40, Niwungama, Piliyandala.

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 2020.

NOTE - 26 - PRIOR YEAR ADJUSTMENTS

Correction of Salary Control A/C	7,931
Correction of Creditors	2,223,332
Correction of Ledger A/C	2,156,651
Correction of Debtors	(519,941)
Overprovision of depreciation - Computer	74,057
	3,942,031

Auditor General's Opinion of Financial Activites of year 2020



ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



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எனது இல. }
My No. }

CAA/C/S/TI/4/2020/FA(i)

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உமது இல. }
Your No. }

දිනය
திகதி }
Date }

06 September 2022

Chairman,

Selacine Rupavahini Institution

Report of the Auditor General on the affairs of the Selacine Rupavahini Institution including the Financial Statements and other Regulatory Requirements for the year ended by 31 December 2020 in terms of Section 12 of the National Audit Act No. 19 of 2018

1. Financial Statements

1.1 Quantified Opinion

The Statement of Financial Position as at 31 December 2020 of the Selacine Rupavahini Institution, the comprehensive income statement for the year ended by said date, the cash flow statement for the year ended by said date, notes to the Financial Statements and the Financial Statements as at the year ended by 31 December 2020 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. My report in terms of the Regulation No. 154(6) in the Constitution will be presented at the Parliament in due course.

Except the effect made by the matters described in the part of the basis for the qualified opinion in my report, my opinion is that the financial position of the institution as at 31 December 2020 and, its financial performance and the cash flow as at the year ended by said date reflects a true and fair position in terms of Sri Lanka Accounting Standards.



1.2 Basis for the Quantified Opinion :

- (a) Information relating to the property, plant and equipment to the cost of Rs. 27,557,656 which had been fully depreciated as at the end of the year under review but still in use had not been disclosed in the financial statements in terms of Standard No. 7 of Sri Lanka Public Sector Accounting Standards and steps had not been taken to disclose the estimated time of the useful lifetime of these assets after readjusting in terms of S.L.P.S.A.S.3.
- (b) Although trade debtor & other receivable balance is Rs. 300,440,528 and trade & other payable balance is Rs. 234,628,323 according the financial statements, the balances in the schedules produced with financial statements corresponding to above was Rs. 279,538,783 and 184,491,960 respectively. Accordingly, although a variation of Rs. 20,901,745 and Rs. 50,136,397 was observed respectively, the reasons for said variations were not explained to the audit.
- (c) Although the total of previous years' adjustments in the statement of equity change had been indicated as Rs. 3,942,031, the details relating to said adjustments were not submitted to the audit and steps had not been taken to re-adjust the replaced assets and liabilities in the financial statements.
- (d) Although the trade debtor balance of Rs. 288,956,004 as at 31 December 2020 was shown in the financial statements, a proper method to confirm those balances had not been followed up. As a sample, although the total of balances receivable from 05 government institutions had been indicated as Rs. 49,561,085, such payable balance had not been indicated in the financial statements of said institutions. Further, the balance confirmations of debtors amounting to Rs. 965,071 out of these debtor balances had been directly submitted to the audit. Accordingly, the accuracy of the debtor balance indicated in financial statements could not accept at the audit.
- (e) According to the financial statements, although the Value Added Tax and Nation Building Tax payable is Rs. 17,957,045 and Rs. 24,435,590 respectively, the said amounts according to the records in the Department of Inland Revenue were Rs. 11,746,210 and Rs. 10,000 respectively. However, steps had not been taken to identify these differences and adjust in the financial statements.
- (f) According to the financial statements of the year under review, although the building rent payable to the National Film Corporation is Rs. 900,000, the arrears of building rent as at 31 December 2020 according to the details referred to the Chairman of Selacine Rupavahini Institution by the General Manager of National Film Corporation was Rs. 4,106,000.

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 contained in the Annual Report 2020 of the Selacine Rupavahini Institution

Although information I obtained before the date of this audit report had been included in the Annual Report 2020 of the Selacine Rupavahini Institution, the information doesn't contain in the financial statements and my audit report relating to that means 'other information'. The management is responsible for these 'other information'.

My opinion relating to the financial statements doesn't disclose other information and I won't give any assurance or make comment opinion with regard to that.

My responsibility relating to the financial statements is to read the other information identified above when it could be obtained and, consider whether the other information are quantitatively incompatible with the financial statements or according to the knowledge I acquired at the audit or another way.

When I read the Company's 2020 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 the 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 institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the institution or to cease operations, or has not realistic alternative but to do so.

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

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



1.5 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 Lanka 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 basis 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 a knowledge about the internal control of the institution to plan the appropriate audit procedures suitably to the situation was obtained, it is not intended to declare an opinion about the productivity of the internal control.
- 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 decided. 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 will be made aware of with regard to the significant audit findings, key internal weaknesses and other facts identified within my audit.

2. Report on other legal & regulatory requirements

- 2.1 Special provisions in relation to the following requirements contain in the National Audit Act No. 19 of 2018.
 - 2.1.1 According to the requirements contained in Section 12(a) of the National Audit Act No. 19 of 2018, except the effect of the matters described in the part of the basis for the quantified opinion in my report, all information and clarifications need for the audit were obtained by me and, the proper financial reports had been maintained by the institution, according to my investigation.
 - 2.1.2 According to the requirement contained in Section 6(1) (d) (iii) of the National Audit Act No. 19 of 2018, the Financial Statements submitted by the institution suit with the previous year.
 - 2.1.3 According to the requirement contained in Section 6(i) (d) (iv) of the National Audit Act No. 19 of 2018, the recommendations issued by me in the previous year contain in the financial statements presented.
- 2.2 Based on the measures followed & the evidences obtained and, within the limitations to the quantitative facts, nothing were focused on my attention to express the following statements.
 - 2.2.1 According to the requirement contained in Section 12(d) of the National Audit Act No. 19 of 2018, there was relationship excluding normal business situation directly or by another way relating to any agreement in connection with any member of the institution.
 - 2.2.2 According to the requirement contained in Section 12(f) of the National Audit Act No. 19 of 2018, except the following it is acted non-compliance with any related written law or, non-compliance to the general or special directions issued by the institution's management.
 - 2.2.3 Non-compliance with the powers, tasks and functions of the institution, according to the requirement contained in Section 12(g) of the National Audit Act No. 19 of 2018.
 - 2.2.4 According to the requirement contained in Section 12 (h) of the National Audit Act No. 19 of 2018, the institution's resources had not been procured and used economically, efficiently and productively within the relevant time periods in compliance with the relevant rules and regulations.



2.5 Other Matters

- (a) According to the trade debtor time analysis, 36 percent out of the total trade debtor balance of Rs. 102,598,217 had been existed since a period of 1825 days and 34 percent since a period of 730-1460 days. However, steps to recover said balances had not been taken.
- (b) Rs. 988,904, Rs. 10,353, Rs. 616,896 and Rs. 24,435,590 out of the total creditor balance amount of Rs. 26,051,973 were the creditor balances which had been continued since a period of above 4 years, 03 years, 02 years and 01 year respectively and steps had not been taken to find out the creditor balances that are further not responsible and adjust them in the accounts.
- (c) Necessary steps to recover the loss relating to the financial fraud of Rs. 11,988,000 existed since year 2016 had not been taken even as at the date of this report.

W.P. Wickramarathna
Auditor General