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வருடாந்த அறிக்கை
ANNUAL REPORT | 2021





2021

ANNUAL REPORT

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

Hon. Minister,

Annual Report – 2021

According to the Section 14(1) in Finance Act No 38 of 1971, I am forwarding herewith the Annual Report of Selacine Television Institute for the year ending 31st December 2021.

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

This is the third Annual Report issued by the Selacine Television Institution after I assume duties as its Chairman and I am glad to issue a message relating to year 2021.

Returning to the past period of 39 years, the Selacine Television Institution has been able to polish skills in marketing, financial, administrative, production, events and creations into a considerable extent. The institution has earned an annual revenue of Rs. 463.1 million in the year 2020 which was increased up to Rs. 230 in the year 2021.

Adequate role to enhance the institution's sales affairs is expected to carry on and optimum staff contribution towards that has been obtained. The institution has given its contribution to advertise expensive advertisements jointly with Lake House.

As the sole advertising institution of the government, our ambition is to achieve objectives collectively through functioning its responsibilities duly.

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 Mahaveli Development Ministry.
- ❖ Carrying out the propaganda work for "Janasaviya" programme in 1989.
- ❖ By the Gazette Notice Extraordinaire of No. 832/15 of 19.08.1989, Salacine Institute was brought under the purview of the Ministry of Youth Affaires, Sports and Rural Development. (This is the first time transfer of this institute was done through a gazette notice.)
- ❖ By the Gazette Notice Extraordinaire of No. 979/2 of 09.06.1997, Salacine Institute was brought under the purview of the Ministry of Posts, Telecommunication and Mass Media.
- ❖ By the Gazette Notice Extraordinaire of No. 1215/14 of 20.12.2001, Salacine Institute was brought under the purview of the Ministry of Mass Media.
- ❖ By the Gazette Notice Extraordinaire of No. 1338/9 of 28.04.2004, Salacine Institute was named as an institute belonging to the Ministry of Information and Mass Media.
- ❖ By the Gazette Notice Extraordinaire of No. 1422/22 of 08.12.2005, Selacine Television Institute was established under the Ministry of Information and Mass Media.
- ❖ On 26.03.2008 memorandum was forwarded to the Cabinet of Ministers to convert Salacine as a government-owned Public Company according to the rules and regulation under Companies Act No. 07 of 2007.

Establishment role

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

Administration Structure - 2021

Senior Management

- | | |
|------------------------|--------------------------------------|
| Deshabandu A. Moremada | - Chairman (17.12.2020 - 29.12.2021) |
| H. M. Manjula Herath | - General Manager |

Management

- | | |
|--------------------------|---|
| Kaneshi Dahanayake | - Manager (Human Resources and Administration - acting) |
| Sunanda Weerasinghe | - Manager (Production) |
| Maleen Dhanushka | - Client Service Director |
| Nalin Alahakoone | - Manager (Media) |
| Akalanka Fernando | - Chief Accountant - acting |
| Sujith Pushpakumara | - Manager (Graphics) |
| 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 acquires a prominent place in the competitive advertising field. The Graphic Division in our institution too functions such significant role. All divisions in our institution especially the Graphic Division will give its fullest contribution for the advertising of all government, semi-government and private sector institutions. Accordingly, our division engages in a silent role behind the success of all divisions and the institution as a whole.

Many designing works including advertisements, newspaper advertisements, billboards, handbills, exhibition stalls, annual reports are given to our division and its team will extend optimum contribution shoulder to shoulder collectively with maximum strength for our institutions journey updating to the point of New World creatively amalgamating with the modern technology.

The role in our division doesn't function only within the office times but even extraneously to that. The brotherhood employees carried out their works within past Covid-19 pandemic on their optimum strength having coordination with all divisions to complete the works due to be done via printed

and social media and we could work collectively to achieve the objectives which were essential for the development of the institution.

We also could bring our institution as an efficient and profit earning entity and increase new clients after attaching the express printing division which was inactive and under loss, to the Graphic Division.

We could present the specifications for clients as per their need because the employees in our division are experts in 3D designing. The clients were satisfied with this and I am very happy to say that all their designing works were directed to our institution on this reason.

We are well prepared to give maximum contribution to achieve the income targets linking our division too for the fore-sight of new administration's innovation and I would like to state here that contribution of our division will be fully extended for the progress of the institution.

Media Division

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The principal task of the Media Division is advertising in electronic & printed media, scheduling of visual & audible creations and advertising in social media. Highest income in every year is earned through scheduling in the Media Division which was done more efficiently in the year 2021 too. The overall investment is Rs. 282,625,233/- millions.

Although we were compelled to close the institution in year 2021 too due to Covid-19 pandemic, our belief is the income we earned stays in a optimum level. Scheduling of advertisements were done at the home at several occasions in the years of 2020 and 2021. Our top management extended a great co-operation to the Media Division for this purpose like in the previous year.

Further, we are granted a special discount percentage for radio scheduling. In addition to this, advertising in social media websites has presently become as a very attractive feature. Accordingly, a separate social media division has been established in our Media Division where our creative works are advertised.

Accordingly, this corroborates that Senacine as a front line advertising agency Sri Lanka claims not only the capability of designing works but higher level of competence in advertising.

Sales and Consumer Services Division

We were compelled to revise our primary marketing targets due to the pandemic situation prevailed in this year but we could record a sales income of Rs. 464.0 millions even in such circumstance. Some growth of the sales income could see within last few months in the year.

Human Resource and Administration Division

In order to achieve the future objectives of the Selacine Rupavahini Institution, steps for the effective management of the workforce taken in year 2021 by the Human Resources Division even within Covid-19 challenge are as follows.

- ▶ Two days' leadership training workshop for the managers in the institution was successfully conducted with the objective of giving a correct leadership to the workforce.
- ▶ Directing sales team of the institution to achieve their sales targets and develop skills through conducting training programmes.
- ▶ Financial contribution for the subject-linked courses had been granted for the officers' professional progression, at their personal request.
- ▶ Granting incentives for the employees to appreciate their performance and commitment extended for duties.
- ▶ Steps to increase the motivation in the staff for service had been taken through assessing their performance. In this purpose, the Key Performance Indicators (KPI) of contract employees were assessed when granting them service extensions.
- ▶ Employees were called for the service under a shift method due to Covid-19 pandemic and all employees were provided transport.
- ▶ Salaries, overtime and subsistence of all employees were duly paid even in the Covid-19 pandemic.
- ▶ Insurance cover for the employees was also implemented and given like previous years.

Production Division

It is more appropriate to cite the Production Division in Selacine Rupavahini Institute as its active heart. Producing of docu-programmes and advertisements to socialize the government's development projects were assigned to our division at the beginning. Production Division in the Selacine Rupavahini Institute has been able to keep numerous advance steps within past 40 years engaging more actively with designing advertisements, docu-programmes and rupavahini darma. Also according to the government's timely requirements, many long steps upto producing of high quality programmes creatively and competitively through modern technology have already been taken.

Selacine Rupavahini Institute entered into an agreement with the Department of Census and Statistics in 2021 to conduct its census together and many of its primary advertisements were created and finalized by us. It is further in force upto year 2023. We were successfully able to produce advertisements for

the lottery draw conducted by the National Lottery Board and create advertisements for the Department of Labor. Many docu-programmes including air pollution for the Central Environment Authority were created by us and we were able to contribute for the success of the institution because we worked as a team at our optimum strength.

Production Division was in operation to meet the institutional requirements and government's advertising functions even in the critical situation the country faced due to Covid-19 pandemic and we extended our optimum contribution towards that.

The Production Division is prepared to work with commitment and foresight, further strengthening and harnessed with timely knowledge and technology.

Finance Division

Although year 2020 was started together with Covid-19 pandemic, our division in the Selacine Institution took steps to function the financial activities more efficiently. Even various difficulties were arisen, steps to computerize the liabilities required for all payments in this year were taken without delay.

Comparing with the previous year, we were compelled to put more effort to bring the accounting works in 2020 to the status quo. All accounting works were carried out in compliance with the government accounting standards. Many advances payable to the suppliers were able to pay duly. Measure of recovering arrears receivable was also arranged.

Also preparing of account reports, providing information to the ministry, audit and other parties including public enterprises departments were done quickly. The Auditor General has expressed his opinion that the financial performance and cash flow statement for the year ended by 31.12.2020 reflect again a true and fair position like in the years of 2014, 2015, 2016, 2017 and 2018 which is a considerable achievement.

Event Management Division

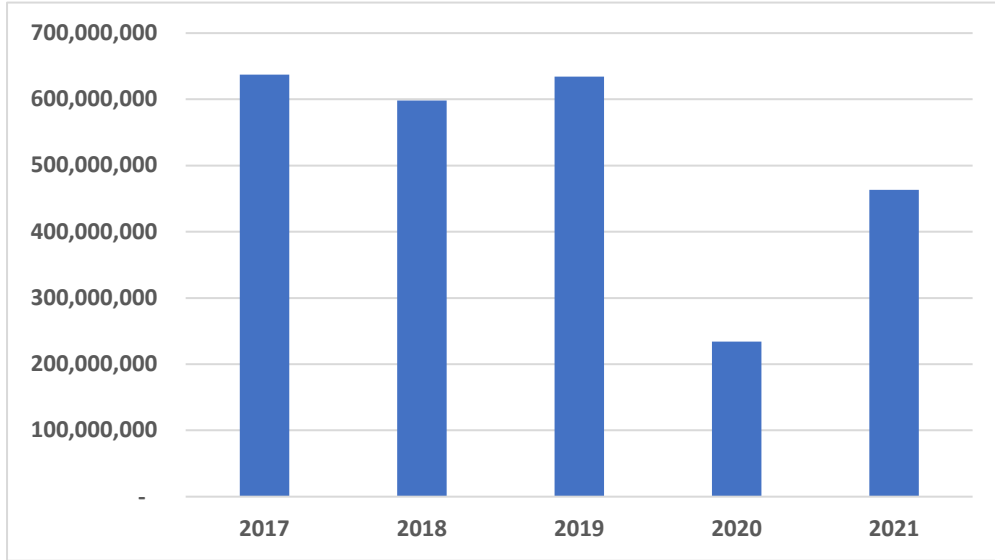
Event Management Division in the Selacine Rupavahini Institution has become as an active division of extending a numerous contribution for income generation in the institute. This division could induce a new flexible dimension to the event management with a new vision using technical methods. This division earned a big income since the year it commenced and faced many challengeable problems like in the last year. Many events which were planned to function in this year were cancelled due to prevailing Covid-19 pandemic and health guidelines introduced by the health sector. Our institution also didn't organize events because the country was locked down from time to time and we adhered to the travelling restrictions and health regulations.

However, the Event Management Division could earn an income of Rs. 1,055,055/- millions amidst various obstacles.

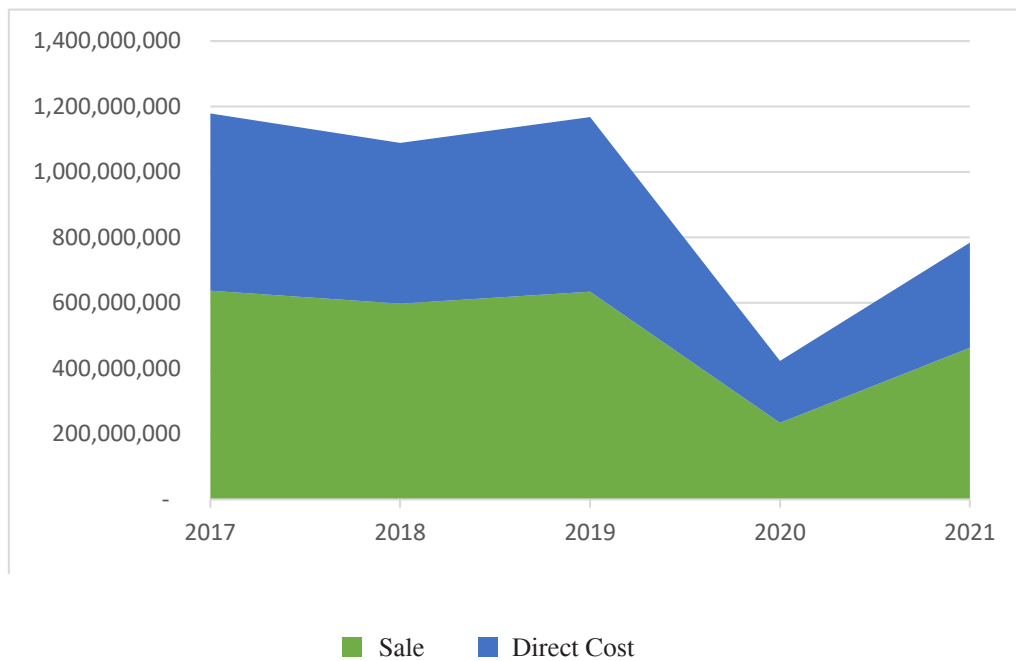
FINANCIAL REPORT 2021

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Revenue Growth

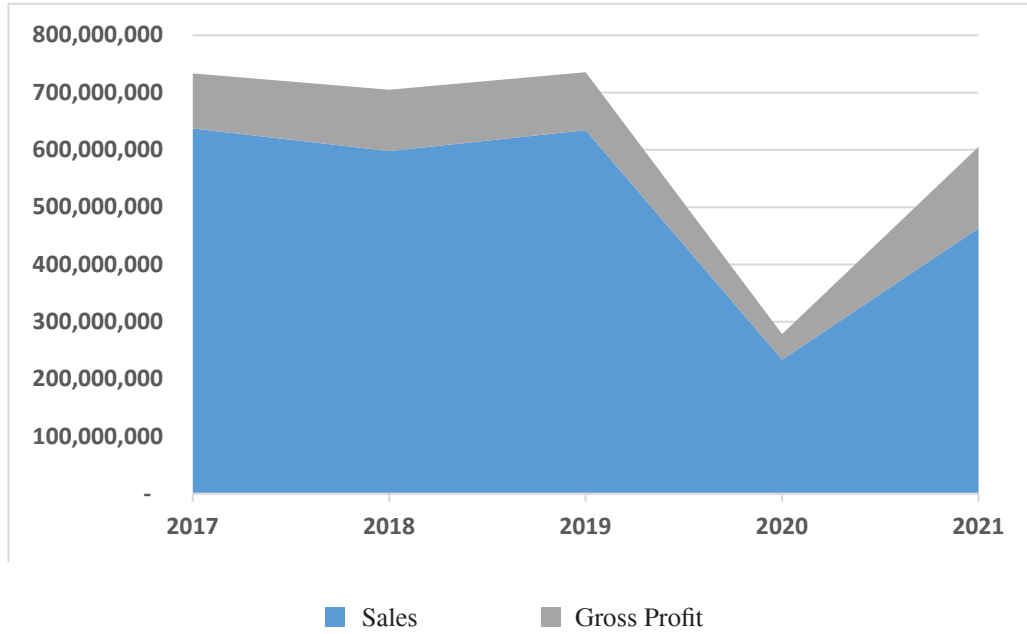


Income and Expenditure for last five years



Trend of institutes profit between 2017 and 2021

During the 5 years period Trend of Revenue & Direct cost



Balance Sheet

as at 31st of DECEMBER 2021 (in Sri Lankan Rupees)

	Notes	2021 Rs.	2020 Rs.
ASSETS			
Non Current			
Property, Plant & Equipment	02	16,236,593	6,816,245
Intangible Assets	02-A	1,607,011	2,257,876
Total Non Current Assets		17,843,604	9,074,121
Current			
Investments	03	9,620,988	33,519,646
Trade Receivables	04	385,426,257	300,440,528
Other Receivables	05	1,756,187	9,965
Cash in Hand & at Bank	06	21,354,358	7,542,890
Total Current Assets		418,157,790	341,513,029
Total Assets		436,001,394	350,587,147
EQUITY AND LIABILITIES			
Equity			
Retained Earnings		92,386,368	99,105,138
Total Equity		92,386,368	99,105,138
Liabilities			
Non Current			
Gratuity Payable	07	17,638,518	16,724,135
Non Current Liabilities		17,638,518	16,724,135
Current			
Trade & Other Payables	08	325,773,330	234,628,323
Advance Received		203,178	129,552
Current Liabilities		325,976,508	234,757,875
Total Equity and Liabilities		436,001,394	350,587,147

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



General Manager - Selacine Television Institute

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



Chairman
Selacine Television Institute

Income Statement

For the year ended 31st of DECEMBER 2021 (in Sri Lankan Rupees)

	Notes	2021 Rs.	2020 Rs.
Revenue	09	463,180,114	233,865,842
Direct Expenses	10	342,887,864	189,135,680
Gross Profit/(Loss)		120,292,250	44,730,162
Other Income	11	3,013,539	6,574,534
Administration & Establishment Expenses	12	(105,265,782)	(68,760,032)
Selling & Distribution Expenses	13	(16,325,262)	(10,891,597)
Profit from Operation		1,714,745	(28,346,933)
Financial Expenses	14	(234,155)	(116,795)
Other Expenses	15	(8,321,592)	(875,865)
Net Profit/(Loss) before Taxation		(6,841,002)	(29,339,593)
Income Tax Expenses	-	-	-
Total Net Profit/Loss After Taxation		(6,841,002)	(29,339,593)

Statement of Changes In Equity

For the year ended 31st of DECEMBER 2021 (in Sri Lankan Rupees)

Balance as at 01 January 2021		99,105,138
Prior Years Adjustments	17	122,232
		99,227,370
Net Profit/Loss For the year		(6,841,002)
Balance as at 31st December 2021		92,386,368

Cash Flow Statement

For the year ended 31st of DECEMBER 2021 (in Sri Lankan Rupees)

	2021 Rs.	2020 Rs.
Cash Flows from Operating Activities		
Net profit before taxation	(6,841,002)	(29,339,593)
Adjustments for;		
Interest income	(1,857,849)	(4,006,227)
Depreciation	3,377,770	2,930,251
Provision for Gratuity	2,652,247	2,656,623
Provision for Bad Debtors	-	(1,181,255)
Prior Years Adjustments	122,232	3,942,030
Operating Profit before Working Capital Changes	(2,546,602)	(24,998,170)
(Increase)/Decrease in Trade & Other Receivables	(84,985,729)	94,508,497
(Increase)/Decrease in Deposits & Prepayments	(1,746,222)	1,659,931
Increase/(Decrease) in Trade Creditors & Other Payables	91,145,007	(91,721,340)
Increase / (Decrease) in Advance received	73,626	
Cash Generated from / (used in) Operation	1,940,081	(20,551,082)
Gratuity paid	(1,737,865)	(2,314,195)
Net Cash from / (Used in) Operating Activities	202,216	(22,865,277)
Cash flows from Investing Activities		
Purchase of Property, Plant & Equipment	(12,147,253)	(276,259)
Interest Income	1,857,849	4,006,227
Fixed Deposits	23,898,658	(1,121,446)
Net Cash from / (Used in) investing Activities	13,609,254	2,608,522
Cash flows from Financing Activities		
Provision for Bad Debtors	-	
Error Correction of Retained earning	-	113,152
Net Cash from / (Used in) Financing Activities	-	113,152
Net Decrease in Cash and Cash Equivalents	13,811,468	(20,143,603)
Cash and Cash Equivalent Beginning of the Year (Note A)	7,542,890	27,686,494
Cash and Cash Equivalent End of the Year (Note A)	21,354,358	7,542,890

NOTE A

Cash & Cash Equivalents

BOC - A/C No. 2323299	3,540,148	1,323,361
BOC Savings A/c No. 2329765	156,471	326,584
Peoples Bank 200100130005980	(9,870,147)	(18,227,500)
Peoples Bank 200100110005980	26,817,817	23,638,167
Production Advance	434,909	276,209
Other Advance	275,160	206,070

21,354,358 7,542,890

Notes To The Financial Report

For the year ended 31st of DECEMBER 2021 Accounting Policies

1. CORPORATE INFORMATION

1.1 General

Selacine 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 53, Permanent and Contract employees as at 31.12.2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General Policies

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

2.2 Consistency and comparability

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

2.3 Borrowing Cost

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

3. VALUATION OF ASSETS AND THEIR MEASUREMENT 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 2018 Assets has been disposed without identifying purchase year.

4. LIABILITIES AND PROVISIONS

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

4.2 Retirement Benefit Costs

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

4.3 Defined Contribution Plans-EPF & ETF

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

5. INCOME STATEMENT

5.1 Turnover

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

5.2 Revenue Recognition

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

5.3 Expenditure Recognition

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

6. RELATED PARTY TRANSACTIONS

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

7. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

8. BAD & DOUBTFUL DEBTORS PROVISION

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

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2021 (in Sri Lankan Rupees)

NOTE - 02 Property, Plant & Equipment

	Cost as at 01.01.2021 Rs.	Additions/ Transfers Rs.	(Disposals)/ Transfers Rs.	Cost as at 31.12.2021 Rs.
02 -1 Gross Carrying Amounts				
Furniture & Fittings	3,598,752	7,524,358	24,882	11,098,227
Computer Equipment	8,607,951	2,586,388	345,000	10,849,339
Office Equipment	5,797,882	2,093,155	203,600	7,687,437
Motor Vehicles	7,835,824	-	-	7,835,824
Camera & Filming Equipment	15,148,200	20,800	-	15,169,000
	40,988,609	12,224,700	573,482	52,639,827

	Balance as at 01.01.2021 Rs.	Charge for the year/Transfers Rs.	(Disposals)/ Transfers Rs.	Balance as at 31.12.2021 Rs.
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02.2 Depreciation

Furniture & Fittings	2,450,838	475,313	15,277	2,910,875
Computer Equipment	7,575,814	638,022	345,000	7,868,836
Office Equipment	3,697,282	464,606	135,758	4,026,130
Motor Vehicles	7,835,824	-	-	7,835,824
Camera & Filming Equipment	12,612,606	1,148,963	-	13,761,569
	34,172,364	2,726,905	496,035	36,403,234
	6,816,245			16,236,593

NOTE - 02-A Intangible Assets

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

Amortization

Accounting Software	2,243,669	308,900	-	2,552,569
Network System	2,307,106	341,965	-	2,649,071
	4,550,775	650,865	-	5,201,640
	2,257,876			1,607,011

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2021 (in Sri Lankan Rupees)

Notes	2021 Rs.	2020 Rs.
NOTE - 03 - 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
Peoples Bank B-581908	-	5,000,000
Bank of Ceylon (Fixed Deposit) - 84622785	1,722,788	1,635,753
Peoples Bank (Fixed Deposit) - 2006-00100005485-7	-	10,985,693
	9,620,988	33,519,646

NOTE - 04 - TRADE & RECEIVABLES

Trade Debtors	NOTE 04.1	334,299,970	276,719,441
Staff Debtor	NOTE 04.2	2,512,241	2,609,342
Advance Payment		23,741,000	-
Insurance premium Receivable		41,800	210,030
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		5,639,100	1,246,000
Bank Interest Income Receivable		92,870	556,439
Money Fraud by Employees	NOTE 04.3	11,988,000	11,988,000
Miscellaneous Receivable		63,151	63,151
E-Mansala Control A/C		367,917	367,917
		385,426,257	300,440,528

NOTE 04.1 - TRADE DEBTORS

Trade Debtors	347,262,234	288,956,004
Less- Debtor Received	(755,273)	-
Less- Provision for bad debts	(12,206,991)	(12,236,563)
	334,299,970	276,719,441

NOTE 04.2 - STAFF DEBTORS

Festival Advances	20,000	57,500
Staff Loan	2,118,756	2,323,563
Staff Receivables-Other	23,021	228,279
Staff insurance	350,464	-
	2,512,241	2,609,342

NOTE 04.3 - MONEY FRAUDS BY EMPLOYEES

This represents the funds transfer to welfare society of the company without any authorization and the court case has been filed and carried out by the relevant authorities to recover the above money.

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2021 (in Sri Lankan Rupees)

Notes	2021 Rs.	2020 Rs.
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NOTE - 05- Pre Payments & Other Receivables

Pre Payments	1,756,187	9,965
	1,756,187	9,965

NOTE 06 - Cash & Cash Equivalents

BOC - A/C No. 2323299	3,540,148	1,323,361
BOC Savings A/c No. 2329765	156,471	326,584
Peoples Bank 200100130005980	(9,870,147)	(18,227,500)
Peoples Bank 200100110005980	26,817,817	23,638,167
Production Advance	434,909	276,209
Other Advance	275,160	206,070
	21,354,358	7,542,890

NOTE - 07 - GRATUITY PAYABLE

Balance B/F	16,724,136	16,381,701
Gratuity Expenses for the Year	2,652,247	2,656,623
	19,376,383	19,038,330
Gratuity Payments	(1,737,865)	(2,314,195)
Gratuity Payable	17,638,518	16,724,135

NOTE - 08 - TRADE & OTHER PAYABLES

Trade Creditors	208,337,990	144,622,909
Telephone Charges	47,303	47,303
Sales Commission Payable	1,934,634	160,535
Stamp Duty Payable	22,225	8,150
VAT	32,300,238	17,957,045
NBT	24,437,590	24,435,590
Building Rent Payable	900,000	900,000
Other Creditors & Other Payables	21,578,759	5,822,295
Fuel	41,651	41,651
Salary Control	127,766	66,537
Suspence A/C	10,353	10,353
Control A/c - Vision 2020 President Secretariat	616,896	616,896
Accrued Expenses	35,347,925	39,869,057
Refundable Deposit	70,000	70,000
	325,773,330	234,628,323

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2021 (in Sri Lankan Rupees)

	2021 Rs.	2020 Rs.
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NOTE -09 - REVENUE

Production	87,521,891	9,806,794
Graphics & Printing	90,719,565	32,036,158
Scheduling	279,826,429	178,035,799
Event Management	1,939,515	13,957,091
Social Media, Web & Misc. Income	3,172,214	30,000
	463,180,114	233,865,842

NOTE -10 - DIRECT COST

Production Expenses	86,491,533	5,585,569
Graphic & Printing Expenses	76,793,094	23,800,111
Scheduling Expenses	157,440,346	147,427,101
Event Management Expenses	1,610,000	12,322,899
Social Media Expenses	1,117,000	-
Creative Agency Commission	19,435,891	-
	342,887,864	189,135,680

NOTE - 11 - OTHER INCOME

Staff Loan interest	96,120	96,068
Bank Interest	1,761,729	3,910,159
Bad Debts Over Provision	29,572	1,181,255
Non Refundable Deposit Income	17,000	-
Gain/(loss) on Sale of Assets	-	13,900
Other Income	86,118	582,152
Registration of Supply	921,500	606,000
Artwork Charges	101,500	185,000.00
	3,013,539	6,574,534

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2021 (in Sri Lankan Rupees)

	2021 Rs.	2020 Rs.
NOTE - 12 - ADMINISTRATION & ESTABLISHMENT EXPENSES		
Salaries & Wages	41,327,530	42,788,007
EPF	5,941,358	6,045,399
ETF	1,188,988	1,209,394
Allowance	328,991	271,661
Allowance - Chairman	1,569,402	552,000
Allowance - Contract Services	301,507	-
Allowance - Trainees	124,000	96,250
Allowance - Transport	443,540	600,000
Allowances - Fuel	540,728	231,560
Allowances - Mobile	1,624,333	-
Staff Over Time & Bata	8,595,612	1,285,809
Accounts Fee	340,000	204,000
Audit Fee	200,000	-
Board Meeting Expenses	10,570	-
Board Meeting Fee	255,000	-
.Tender Board & TEC Member fee	409,500	10,000
Bonus	1,155,000	-
Building Expenses	7,779,000	-
Building Rent Expenses - Film Corporation	3,780,000	3,780,000
Building Rent Expenses	2,700,000	-
Cleaning And Sanitary Item Expenses	34,550	18,800
Computer Equipment Maintenance	42,350	23,150
Depreciation	2,726,904	2,353,443
Electricity	748,303	637,050
Gratuity Expenses	2,652,247	2,656,623
Housing Rent	360,000	-
Internet Charges	342,234	283,750
Labour Expenses	34,500	1,000
News Papers & Periodical	81,210	52,460
Office Equipment Maintenance	588,366	160,152
Office Maintenance Expenses	4,144,647	222,493
Postage	8,150	21,164
Printing & Stationary	2,124,448	822,990

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2021 (in Sri Lankan Rupees)

	2021 Rs.	2020 Rs..
Renewal & Maintance fee - Agreement	32,500	-
Registration Fees	162,748	132,970
Refreshment Expenses	721,078	75,178
Security Services Expenses	811,356	676,940
Staff Insurance	1,040,499	1,796,794
Staff welfare	1,656,264	-
System Maintenance	120,690	17,000
Telephone Charges	424,776	384,265
Tender Fee	-	58,100
Training Programs Charges	619,050	179,875
Training & Development Expenses	200,000	-
Translation Fee	-	391,973
Vehicle rent	6,660,398	-
Water	281,175	128,803
Web Site Expenses	74,400	590,978
Miscellaneous Expenses	17,880	-
	105,265,782	68,760,032

NOTE - 13 - SELLING & DISTRIBUTION EXPENSES

Fuel Expenses	2,557,319	392,409
Motor Vehicle Repair & Maintenance	1,273,827	433,847
Sales Commission	3,782,682	237,545
Sales Promotion & Advertising Expenses	1,548,072	37,176
Special Discount	3,891,987	9,572,901
Special Recovery Commission	-	3,000
Stamp Fee	494,106	25,700
Traveling transport & Parking Fee	2,666,299	107,737
Vehicle Insurance	62,530	81,282
Tender Fee	48,440	-
	16,325,262	10,891,597

Notes To The Financial Statements

For the year ending 31st of DECEMBER 2021 (in Sri Lankan Rupees)

	2021 Rs.	2020 Rs.
NOTE - 14 - FINANCIAL EXPENSES		
Bank Charges	228,797	101,154
License & Insurance	5,358	15,641
	234,155	116,795

NOTE - 15- OTHER EXPENSES

CSR Project	5,818,520	-
Amortization - Accounting Software	308,900	308,900
Amortization - Network System	341,965	341,965
Gain/ (Loss) on Sale of Asset	77,448	-
Legal Fees	1,150,403	225,000
Penalty & Surcharge	164,035	-
Donation	420,000	-
Other Expenses	40,321	-
	8,321,592	875,865

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2021 (in Sri Lankan Rupees)

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

NAME	DESIGNATION	NATURE OF THE RELATED PARTY TRANSACTION & AMOUNT	ADDRESS
Mr. M. M. A. U. B Moremada	Chairman	Salaries & Allowances 2,091,602	No. 703/2/2/E, Wickramasinghe Lane, Kulasewana Road, Kottawa
Mr. Manjula Herath	General Manager	Salaries & Allowances 1,300,320	No. 52, Kompeyahena Road, Homagama.

No Related party transactions have taken place between Selacine Television Institute and each of the above personnel and with any of their family members, for the financial year 2021.

NOTE - 17 - PRIOR YEAR ADJUSTMENTS

Correction of Accrued expenses	(43,089)
Correction of Creditors	165,321
	122,232

NOTE - 18 - Building Repair Expenses

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

Auditor General's Opinion of Financial Activities of year 2021



ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

CAM/B/SELACINE/1/FA/2021

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

2023 May 25

Chairman,
Selacine Rupavahini Institute

Report of the Auditor General on the affairs of Selacine Rupavahini Institute including the Financial Statements and other Regulatory Requirements for the year ended by 31 December 2021 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 2021 of Selacine Rupavahini Institute, the Statement of Income as the year ended by said date, the Statement of Changes in Equity, Cash Flow Statement for the year ended by said date and, Notes to the Financial Statements, the Financial Statements as at the year ended by 31 December 2020 comprising with the Summary of Significant Accounting Policies was carried out under my direction in pursuance of the provisions in Section No. 154(3) 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. 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 Selacine Institute as at 31 December 2021 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 Base for the Quantified Opinion :

- (a) In terms of Section 51 of Sri Lanka Accounting Standard No. 16, the effective life time of all property, plant and equipment had not been reviewed although it must be done at least at the end of every financial year and property, plant and equipment to the cost of Rs. 19,321,400 which were fully depreciated were presently in use. According to Section (b) in 79 of same standard, although gross carrying value of the property, plant and equipment which had been fully depreciated and presently in use must be disclosed in financial statements, the said value had not been disclosed in the financial statement.
- (b) According to the financial statements, although balance as at 31 December 2021 in a savings account of the institution was Rs. 26,817,817, the balance of the said savings account had been stated in deficit by Rs. 665,377 in the financial statements because balance according to the confirmation letter sent by the bank was 27,483,194.



- (c) Although value added tax liability according to the financial statements is Rs. 32,300,288, a variance of Rs. 3,415,333 was observed because value according to the computation made on the information received by the audit was Rs. 28,884,905.
- (d) Rs. 10,668,520 for social service affairs had been spent by the institution within year on the name of Citizen Duty (Ratawesi Uthukama) and the accrued expense as at end of the year was Rs. 4,850,000. Current liabilities and loss of the year had been stated in deficit by Rs. 4,850,000 due to amount stated above had not been included in the accounts.
- (e) Although nearly 9 years had been lapsed since year 2014 in which the rip-off amounting to Rs. 11,988,000 committed by some employees in the institution, nothing action against that had been taken even as at end of the year under review. Only investigating report of the Financial Crimes Division is available and the said balance had been stated within trade and receivable in the financial statements of the year under review under an existing inconclusive situation.
- (f) As detailed schedules for 02 income balances to the total value of Rs. 279,912,547 and 04 cost balances amounting to Rs. 167,685,530 which were included in the financial statements had not been submitted and, it was doubtful to clearly identify the balance through the trial balance, the accuracy of those balances were not confirmed to the audit.
- (g) In terms of Section 2(1)(a) in the Inland Revenue Act No. 24 of 2017, although income tax for each year of assessment must be paid by a person who gets an income taxable for any year of assessment, steps to pay income taxes had not been taken by Selacine Rupavahini Institute which had been commenced on 01 January 1982, in terms of the provisions in the act.
- (h) In terms of Section 3(1) in the Economic Service Charges Act No. 13 of 2006, the economic service charges paid by any person could be settled by the income tax payable by said person for the relevant quarter of the relevant year. But a balance of Rs. 3,599,744 had been stated as economic service charges receivable under current assets in the statement of financial position since nearly 10 years, in such situation where income taxes had not been paid since 1982.
- (i) Comparing with balances in the financial statements of debtor and creditor institutions relevant to the trade and balances receivable and trade and balances payable stated in the financial statements of the institution, a balance of Rs. 4,465,542 receivable from 03 institutions, a balance of Rs. 326,518 receivable from one institution and a balance of Rs. 7,866,360 payable for 03 institutions had been stated in different values in the financial statements.

I conducted the audit in compliance to the Sri Lanka Audit Standards (S.L.A.S). My responsibility under this audit standards had further been described in the part of Auditor's responsibility in relation to the financial statements in this report. My belief



is, the audit evidences obtained by me to provide a basis for my qualified opinion is sufficient and appropriate.

1.3 Other information contained in the Annual Report 2021 of the Board

The information expect to provide me after the date of this audit report that had been included to the Annual Report 2021 of the Board but doesn't contain in the financial statements and my audit report relating to that means 'other information'. The management is responsible for these 'other information'.

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

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

When reading the Annual Report 2021 of the Board, if I determine that there are quantitative misstatements, the said misstatements should be communicated to the controlling parties for correction. If there are misstatements that can't be further corrected, such misstatements will be included in my report presented to the Parliament in due course, in terms of the Regulation No. 154(6) in the Constitution.

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 not realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board 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 the annual and periodic financial statements to be prepared of the Board.



1.4 Auditor's responsibility for the audit of financial statements

As a whole, the financial statements, my intension is to issue the auditor's report including my opinion with a fair confirmation which is free from quantified misstatements occurred due to the frauds and errors. Although the fair assurance is a higher level assurance, it won't always be a confirmation of disclosing of the quantified misstatements when auditing in terms of Sri 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 base for my opinion is to obtain sufficient and appropriate audit evidences to avoid the risks occurred due to the frauds or errors in identifying the risks of quantified wrongful statements that could be occurred in the financial statements due to the frauds and errors and, planning the appropriate audit procedures suitably to the situation when valuating. The effect of a fraud is more powerful than the effect of quantified wrongful statements and, fraud could be occurred due to collusion, forgery, avoiding deliberately or avoiding the internal controls.
- Although not in the intent of declaring an opinion about the productivity of the internal control, a knowledge about the internal control to plan appropriate audit procedures was obtained.
- The advisability of the accounting policies used, fairness of the accounting estimates and, related disclosures made by the management were evaluated.
- The relevancy of using the basis about the continuance existence of the institution for the accounting, based on the audit evidences obtained in relation to whether a quantified uncertainty about the continuance existence of the Board due to the incidents or circumstances, was determined. In case I determine that there is a sufficient uncertainty, my audit report's attention should be drawn towards the disclosures made in the financial statements with regard to that and, in case said disclosures are insufficient, my opinion should be audited. However, the continuance existence could be ended based on the future incidents or circumstances.
- Presentation of the financial statements containing disclosures, structure and content were evaluated and, the transaction and incidents based for that were evaluated as they had been included to the financial statements fairly and appropriately.



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

2. Report on other legal & regulatory requirements

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

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

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

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

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

Reference to the rules and directives	Value Rs.	Observations
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka Financial Regulation 371(12)(b) and Public Finance Circular No PED/RED/01/01/2020/01	2,432,000	Although the ad hoc sub-impres at one occassion granted for any special task must not be exceeded Rs. 100,000, advances for various parts of one definite task had been granted in order to avoid the limit aforesaid and advances amounting to Rs. 2,432,000 exceeding the maximum limit had been granted at 16 occassions.
(b) Public Enterprises Circular No. 03/2021 dated 15 December 2021	812,000	Although bonus payable to the employees in government institutions by deducting the loss relatively to the previous year is Rs. 5,000, bonus amounting to



Rs. 812,000 had been paid for 63 employees in April 2021 contrary to the provisions contained in the circulars.

- 2.2.3 Non-compliance with powers, tasks and functions of the Board, according to the requirement contained in Section 12 (g) of the National Audit Act No. 19 of 2018.
- 2.2.4 According to the requirement contained in Section 12 (h) of the National Audit Act No. 19 of 2018, the institution's resources had not been procured and used economically, efficiently and productively within relevant time periods in compliance with relevant rules and regulations except following observations.

Instead of selecting a building which would be more fully suit to the requirement following a proper procurement procedure, a big building consists of 6850 sq.ft. had been rented @ monthly rent of Rs. 675,000 for 10 years within the year under review of which huge repairs were pending. In terms of the agreement entered into by and between the building owner and the institution, Rs. 21 million and an amount exceeding Rs. 8 million had been spent for repairs of the building without identifying whether the works which were already completed had been inspected or repairs are further needed and the rent for six months amounting to Rs. 4,050,000 as a refundable deposit had been paid to the building owner. A fixed deposit of Rs. 23,000,000 belongs to the institution had been withdrawn to supply funds for above and interest income amounting to Rs. 1,066,424 approx. had been lost to the institution due to above reason.

2.3 Other Matters

- (a) Thirty nine (39) positions in the staff were in vacant as at the end of the year under review and 06 permanent employees, 26 contract employees 01 casual employee and 01 trained employee had been recruited for 34 positions which had not been included in the approved cadre.
- (b) The cliental debtor balance as at 31 December in the year under review was Rs. 347,262,234 and the balance exceeded 4 years out of above was Rs. 190,011,004 viz 55% of the total debtor balance. Also the possibility of taking legal action to recover the debtor balance of Rs. 6,611,743 stands since 2066 was in a risk under the Prescription Act because nothing legal action to recover the debtor balances which were above one year had been taken by the institution since beginning.
- (c) Seventy percent (70%) viz Rs. 243,917,857 out of the total debtors amounting to Rs. 347,262,234 as at the last date of the year under review consisted of the debtors exceeded 03 months.
- (d) Steps had not been taken to recover Rs. 2,739,878 which was the value of 04 debtor balances existed without recovering since 06 years and to pay and settle Rs. 218,396 which was the value of 03 debtor balances payable.
- (e) According to the cabiner decision No. 10/1682/407/014 dated 12 August 2010, although 10 years had been lapsed since having authorized the Selacine Institute

to proceed the advertisements of government institutions, sufficient attention to meet the physical and human resources needed for that had not been drawn by the management.

- (f) When checkng payment vouchers with ledger cards, checking of payment vouchers was difficult because the voucher number didn't show by the accounting software system and the accounting software system had not been arraged duly by the institution as per the requirement.
- (g) Ground floor of the building located at No. 224, Bauddhaloka Mawatha, Colombo 07 claimed by the National Film Corporation had been rented by the institute for a period of 05 years commencing from 15 January 2014 to 14 January 2019 under the lease agreement bearing No. 4660. However, the institute had been functioned in said premises upto 31 December 2021 even after expiring the rent period and steps to enter into a proper agreement again had not been taken. In terms of the letter No. NFC/103/04/01 dated 25.05.2022 sent to the Chairman of Selacine Rupavahini Institute by the General Manager of National Film Corporation, although it had been informed that the building rent as at 31 December 2021 payable according to the monthly building rent valuation reports issued by the Department of Valuation was Rs. 10,455,000, proper steps to solve this issue had not been taken by the institute.



W.P.C. Wickramarathna
Auditor General



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