SELACINE
SELACINE TELEVISION INSTITUTE

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வருடாந்த அறிக்கை
ANNUAL REPORT 2022

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வெகுசன ஊடக அமைச்சு
Ministy of Mass Media

SELACINE TELEVISION INSTITUTE

2022

ANNUAL REPORT

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

Hon. Minister,

Annual Report – 2022

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 2022.

Thank you.

Yours faithfully,

Harith Gunawardhana
Chairman
Selacine Television Institute

CONTENTS

Mission, Vision & Objectives

Mission

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

Vision

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

Objectives

Increasing financial status

Increasing market Share

Using strategy to increase customer satisfaction

Developing employees and leaders of the organization

Chairman's Review

I am glad to send this message for the Annual Report 2022 which is the first year commenced by appointed me for the post of Chairman in the Selacine Rupavahini Institute.

Despite the institute carried out its operations within past 40 years since it was commenced in 1982 amidst various jolts, the Selacine Institute was in a difficult situation to carry on its activities in normal condition due to political storms, struggles, rigid fuel crisis, rapid escalation of the Dolor's value comparatively, increase of production materials and services etc. arose in the year 2022.

On the above reasons, the expected income in year 2022 couldn't achieve in our institute which is a self-financial generating institute due to cut off the provisions allocated for the advertising activities in government institutions and unable to earn profits for year 2022 as expected.

In such situation, it is must to mention here that we were compelled to control the administrative and other expenses as much as possible to minimize the possible losses would have been suffered.

I am also glad to state that legislation of Selacine Institute were able to bring upto the last stage within year 2022.

Harith Gunawardhana
Chairman
Selacine Television Institute

General Manager's Review

Selacine Rupavahini Institute which was established on 02.02.1982 as a fully government owned institution had been constituted as the sole advertising institute by the Extra Ordinary Gazette dated 16.02.2005.

Selacine Rupavahini Institute carried out its operations apprx. since 40 years amidst various jolts couldn't achieve its expected income targets annually because the country was lock down for a long period due to Covid-19 pandemic, various political jolts, economic collapse due to lack of foreign exchange, limitation of advertising expenses due to restriction of the expenses in government institutions. But the institution still suffers losses despite its administrative and other expenses were restricted in optimum level as much as possible.

However, we take optimum effort to carry on the institution in a level of without suffering losses minimizing the loss aforesaid.

However, I am glad to join the Selacine staff since second quarter of 2022 amidst a critical circumstance.

W.L.A.K.A.Gunathilake
General Manager
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 Television 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 Television 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 Television 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 Selacine 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 Selacine.
    - 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 Selacine Television 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 - 2022

Senior Management

Harith Gunawardhana	-	Chairman
W.L.A.K.A Gunathilake	-	General Manager

Management

Kaneshi Dahanayake	-	Manager (Human Resources and Administration)
Sunanda Weerasinghe	-	Manager (Production)
Maleen Danushka	-	Manager (Head of Business Development)
Nalin Alahakoone	-	Manager (Media)
Nadeeka Gamanayake	-	Chief Accountant
Sujith Pushpakumara	-	Manager (Graphics)
Prabath Kahaduwaarachchi	-	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

Our division's responsibility is work for future progression of the institution through producing quality designs to the point of present and future to win the competitive market. Presently we are in committed as a team looking forward for the victory aforesaid.

Our team in the Graphic Division is committed extending maximum contribution to complete and handover all printing matters including advertisements, newspaper advertisements, bild boards, boards, leaflets, design matters including external advertising matters using latest technical knowledge.

The role in our division doesn't function only within office hours but extraneously to that. Our brotherhood team completed all printing matters including tasks should have been carried out via social media within past Covid Pandemic taking optimum effort having coordinated all division in the institution so that we were able to achieve the goals collectively in view of the institution's advancement.

The high speed printing division which was inactive and non-profit condition was attached to our division and could convert it as a profit earning and efficient wing and abled to increase new clients.

We are very glad to state that our clients were very satisfied because we produced the models as to meet their requirements. This was done using the skills of 3D experts in our division and the clients were very interested to accomplish their designing matters through our institution.

We are also glad to state that our division is committed as a morefully active division according to the performance instructions, giving optimum contribution and linking with new management to achieve the annual income target.

Media Division

The key task of the Media Division is advertisements in electronic & printed media, scheduling of visual and audible designs and the advertisements in social media. The highest income in every year is generated by scheduling in the Media Division which was done more efficiently in year 2022 too. The overall investment for this purpose is Rs. 120,736,896/- million.

Although the institution was closed from time to time in year 2022 due to Covid Pandemi, our opinion is that this income we generated stays in a very optimum level. Scheduling of advertisements were done at the home at certain occasions in the year 2022 too, like in 2020. Vast contribution was extended by the top management for the Media Division for this purpose, like in the last year.

Further, a special discount percentage is given us for Rupavahini and Radio scheduling and in addition to that, advertising presently in social media and websites has become a very attractive feature. Accordingly, a separate Social Media Division has been established in our Media Division whereby our creative tasks are also published.

Accordingly, not only our designing matters, this corroborates that the Selacine Rupavahini Institute claims a high performance advertising capability as a foremost advertising agent in Sri Lanka.

Sales and Consumer Services Division

A sales income of Rs. 323,094,325/- could earn within year 2022 by Sales and Customer Services Division. Although this is a decrease of the income by Rs. 860,000,000/- as we expected, the reason affected mainly to this situation is the existing economic depression in the country. But a higher percentage of the profit earned by the institution represents the income earned by the Sales and Customer Services Division which is significant because worked in a firm financial discipline. Further, we were able to produce creative advertisement which is also significant. This could be cited as a turning point in our institution. As a step to further strengthen the Sales and Customer Services Division, approval to recruit free customer services officers has already been received through we expect to provide more extensive service to the client.

Human Resource and Administration Division

As a challenging year of the Selacine Rupavahini Institute, the objectives achieved within year 2022 by the Human Resources and Administrative Division are as follows

- A General Manager who possesses knowledge and experiences was recruited for the wellbeing of the institution.
- With the objective of providing a correct leadership to the workforce, programmes such as filing etc. were conducted by institution's resource personnel in such circumstance where training programmes couldn't conduct under a weak financial situation.
- Financial support of Rs. 200,000/- for subject associated courses had been given targeting the professional progression of the officers.
- Steps to enhance the motivation for the service through assessing the staff performance had been taken. The Key Performance Indicators (KPI) were assessed when granting service extensions to the contract employees.
- Medical Health Insurance Cover for the employees was also implemented like previous years.
- Programme of cultivating crops in the institution premises was initiated with the objective of creating a good work environment and vegetable & fruit seeds were distributed among employees.

Production Division

A jump for success through creativity from Production Division.

Behind many creative activities in the world stand a simple need and group of people who strained their mind towards that. Those simple creative thoughts become huge businesses through collective efforts. The Production Division which is like heart of the creative process of Selacine Rupabahini Institute moves towards success collectively with other divisions, arm in arm.

The Production Division of Selacine Rupavahini Institute had been given its contribution actively in the front line at every time we achieved success within its history of 40 years. This division as Production Division and Visual & Audible Division had been given its optimum contribution in every past year to strengthen the institution's financial sector.

The Production Division worked in year 2022 extending its optimum contribution facing challenges of the existing huge economic crisis in the country contributing through creativity via Rupavahini programmes, advertisements and institutional promotion programmes. The Production Division has also been initiated an incremental step by script writing sector too introducing latest creative concept within last year. We, as the Production Division had been worked as a team within year 2022 to contribute to achieve our income target exceeding hundred percent.

I am very confident that we are prepared to move forward steadily, arm in arm with other divisions to enhance the financial strength of the Selacine Rupavahini Institute, further increasing the efficiency and creative productivity in our division within year 2023.

Whilst modern uses of technical section has been jumped a huge jump worldwide, we must develop our technical aspects. Our expectation is to approach upon its incremental level by 2023.

We, the Production Division have determined to work as a team without defaulting the responsibility of promoting the Selacine Rupahavini Institute, giving more contribution for its promotion because we have also understood the crisis arisen globally and nationally as well.

Finance Division

All financial affairs of the Selacine Rupavahini Institute are carried out by our Finance Division. More effort had to take within year 2022 to bring its financial affairs upto a status quo. New methods and had to introduce to function the affairs in the Finance Division. All accounting matters are conducted in compliance with the government accounting standards and loans payable to a big amount could pay duly to the suppliers. Measure to recover the arrears receivable was arranged by which abled to reduce the audit queries as a result of that. All accounting reports of the previous years were presented to the Parliament which was our achievement.

Steps to prepare the accounting reports, provide information quickly to the ministry, audit and Department of Public Enterprises are taken. The Auditor General's report states that the Auditor General's opinion of years 2014, 2015, 2016, 2017, 2018 and 2019 had been indicated true a fair position which is a very good credit to the Selacine Rupavahini Instiute. Necessary reports to obtain quickly the Auditor General's opinion relevant to year 2021 and this year had also been provided to the Audit Division.

Event Management Division

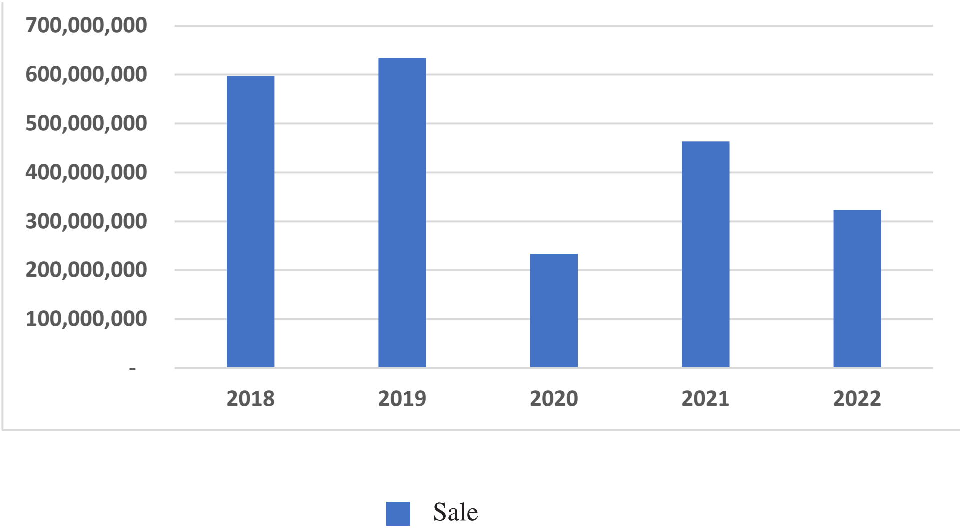
The Event Management Division established in year 2015 is very profitable and strong division since its commencement. Good contribution for the progression of the institution had been extended by this division. This division's key task is to organize and well management of various events of government and private sector. This division provides a more productive and attractive service to the clients giving suggestions for new events and using new technology in the market. Presently, the Selacine Rupavahini Institute was able to be the leader in the event management representing various significant and memorial events of the Sri Lankan history. Significant events such as ceremony of nationalizing the Lotus Tower, Media Award Ceremony, United Nations' Vesak Day commemoration ceremony are among those events aforesaid.

All ceremonies island wide were cancelled since end of year 2019 to 2022 due to Covid-19 pandemic prevailed globally so that the duties in the Event Management Division in our institution were also temporarily stopped. However, few events with virtual backgrounds using technical methods via Zoon technology.

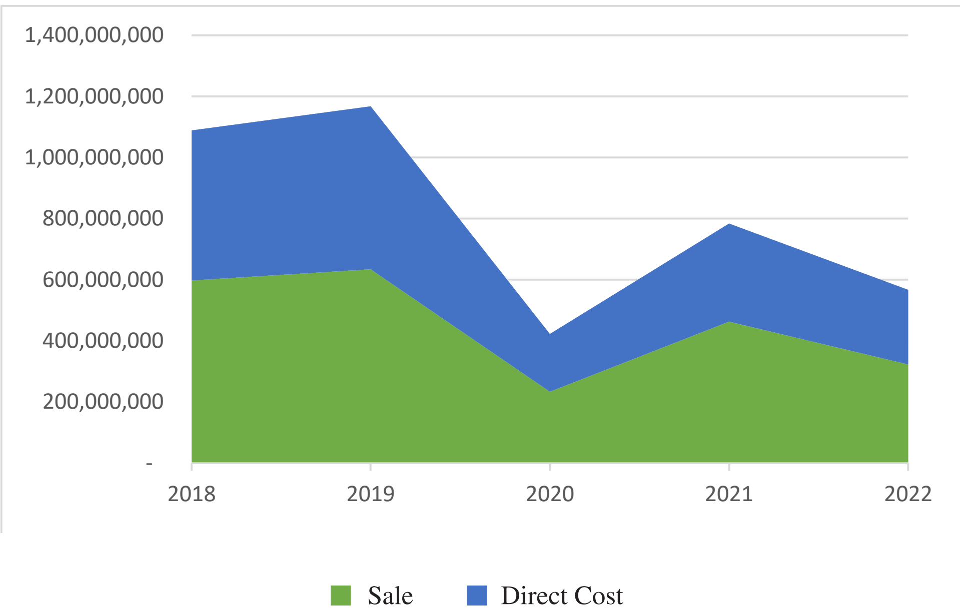
The Event Management Division's expectation is to provide a quality service to the clients in the event management field using innovative technical tools and equipment, extending further our service in the upcoming years.

FINANCIAL REPORT 2022

Revenue Growth

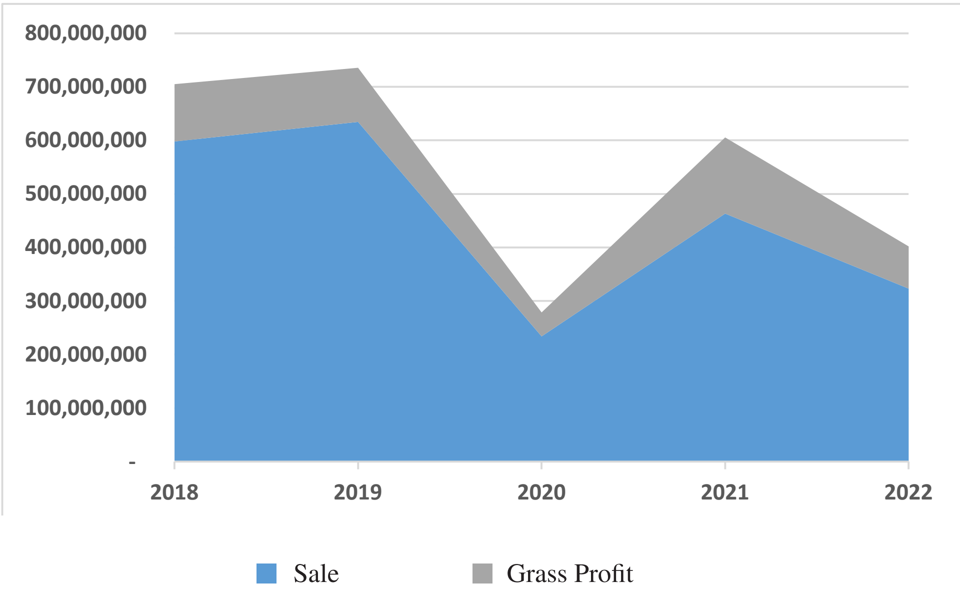


Income and Expenditure for last five years



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 2022 (in Sri Lankan Rupees)

	Notes	2022 Rs.	2021 Rs.
ASSETS			
Non Current			
Property, Plant & Equipment	02	13,391,549	16,236,593
Intangible Assets	02-A	1,007,188	1,607,011
Total Non Current Assets		**14,398,737**	**17,843,604**
Current			
Investments	03	15,685,129	9,620,988
Trade Receivables	04	326,572,786	385,426,257
Other Receivables	05	2,079,163	1,756,187
Cash in Hand & at Bank	06	14,554,112	21,354,358
Total Current Assets		**358,891,190**	**418,157,790**
Total Assets		**373,289,927**	**436,001,394**
EQUITY AND LIABILITIES			
Equity			
Retained Earnings		97,731,501	92,386,368
Total Equity		**97,731,501**	**92,386,368**
Liabilities			
Non Current			
Gratuity Payable	07	18,092,000	17,638,518
Non Current Liabilities		**18,092,000**	**17,638,518**
Current			
Trade & Other Payables	08	257,336,874	325,773,330
Advance Received		129,552	203,178
Current Liabilities		**257,466,426**	**325,976,508**
Total Equity and Liabilities		**373,289,927**	**436,001,394**

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

General Manager - Selacine Television Institute

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

Chairman
Selacine Television Institute

Income Statement

For the year ended 31st of DECEMBER 2022 (in Sri Lankan Rupees)

	Notes	2022 Rs.	2021 Rs.
Revenue	**09**	**323,094,325**	**463,180,114**
Direct Expenses	**10**	243,981,574	342,887,864
Gross Profit/(Loss)		**79,112,751**	**120,292,250**
Other Income	**11**	4,808,776	3,013,539
Administration & Establishment Expenses	**12**	(88,960,264)	(105,265,782)
Selling & Distribution Expenses	**13**	(7,817,163)	(16,325,262)
Profit from Operation		**(12,855,900)**	**1,714,745**
Financial Expenses	**14**	(353,414)	(234,155)
Other Expenses	**15**	(1,486,144)	(8,321,592)
Net Profit/(Loss) before Taxation		**(14,695,458)**	**(6,841,002)**
Income Tax Expenses	-	-	-
Total Net Profit/ (Loss) After Taxation		**(14,695,458)**	**(6,841,002)**

Statement of Changes In Equity

For the year ended 31st of DECEMBER 2022 (in Sri Lankan Rupees)

Balance as at 01 January 2022		92,386,368
Prior Years Adjustments	**17**	20,040,591
		112,426,959
Net Profit/Loss For the year		(14,695,458)
Balance as at 31st December 2022		**97,731,501**

Cash Flow Statement

For the year ended 31st of DECEMBER 2022 (in Sri Lankan Rupees)

	2022 Rs.	2021 Rs.
Cash Flows from Operating Activities		
Net profit before taxation	(14,695,458)	(6,841,002)
Adjustments for;		
Interest income	(2,732,927)	(1,857,849)
Depreciation	3,990,768	3,377,770
Provision for Gratuity	1,426,268	2,652,247
Provision for Bad Debtors	-	-
Prior Years Adjustments	20,040,591	122,232
Operating Profit before Working Capital Changes	**8,029,242**	**(2,546,602)**
(Increase)/Decrease in Trade & Other Receivables	58,853,471	(84,985,729)
(Increase)/Decrease in Deposits & Prepayments	(322,976)	(1,746,222)
Increase/(Decrease) in Trade Creditors & Other Payables	(68,436,456)	91,145,007
Increase / (Decrease) in Advance received	(73,626)	73,626
Cash Generated from / (used in) Operation	**9,979,587**	**1,940,081**
Gratuity paid	(972,786)	(1,737,865)
Net Cash from / (Used in) Operating Activities	**(10,952,373)**	**202,216**
Cash flows from Investing Activities		
Purchase of Property, Plant & Equipment	(545,890)	(12,147,253)
Interest Income	2,732,927	1,857,849
Fixed Deposits	(6,064,141)	23,898,658
Net Cash from / (Used in) investing Activities	**3,877,104**	**13,609,254**
Cash flows from Financing Activities		
Provision for Bad Debtors	-	
Error Correction of Retained earning	-	-
Net Cash from / (Used in) Financing Activities	**-**	**-**
Net Decrease in Cash and Cash Equivalents	**(6,800,246)**	**13,811,468**
Cash and Cash Equivalent Beginning of the Year (Note A)	21,354,358	7,542,890
Cash and Cash Equivalent End of the Year (Note A)	**14,554,112**	**21,354,358**

NOTE A

Cash & Cash Equivalents

BOC - A/C No. 2323299	880,486	3,540,148
BOC Savings A/c No. 2329765	93,963	156,471
Peoples Bank 200100130005980	(5,532,427)	(9,870,147)
Peoples Bank 200100110005980	18,699,530	26,817,817
Production Advance	137,400	434,909
Other Advance	275,160	275,160
	14,554,112	**21,354,358**

Notes for Financial Report

For the year ended 31st of DECEMBER 2022 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 53, Permanent and Contract employees as at 31.12.2022

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 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 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

Motor Vehicles are Fully depreciated and book Value in cost Rs. 7,835,824/-

3.5 Diposal 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 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. BAD & DOUBTFUL DEBTORS PROVISION

8.1 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 2022 (in Sri Lankan Rupees)

NOTE - 02 - Property Plant & Equipment

	Cost as at 01.01.2022 Rs.	Additions/ Transfers Rs.	(Disposals)/ Transfers Rs.	Cost as at 31.12.2022 Rs.
02 -1 Gross Carrying Amounts				
Furniture & Fittings	11,098,227	-	-	11,098,227
Computer Equipment	10,849,339	-	-	10,849,339
Office Equipment	7,687,437	545,890	-	8,233,327
Motor Vehicles	7,835,824	-	-	7,835,824
Camera & Filming Equipment	15,169,000	-	-	15,169,000
	52,639,827	**545,890**	**-**	**53,185,717**

	Balance as at 01.01.2022 Rs.	Charge for the year/Transfers Rs.	(Disposals)/ Transfers Rs.	Balance as at 31.12.2022 Rs.
02.2 Depreciation				
Furniture & Fittings	2,910,875	1,012,591	-	3,923,466
Computer Equipment	7,868,836	705,699	-	8,574,535
Office Equipment	4,026,130	579,100	-	4,605,230
Motor Vehicles	7,835,824	-	-	7,835,824
Camera & Filming Equipment	13,761,569	1,093,544	-	14,855,113
	36,403,234	**3,390,935**	**-**	**39,794,168**
	16,236,593			**13,391,549**

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	2,552,569	257,858	-	2,810,427
Network System	2,649,071	341,965	-	2,991,036
	5,201,640	**599,823**	**-**	**5,801,463**
	1,607,011			**1,007,188**

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2022 (in Sri Lankan Rupees)

	Notes	2022 Rs.	2021 Rs.
NOTE - 03 - INVESTMENTS			
Bank of Ceylon - 8162593		500,000	500,000
Debentures - Sri Lanka Savings Bank		-	398,200
Bank of Ceylon - 83636019		7,000,000	7,000,000
Bank of Ceylon - 84622785		1,803,417	1,722,788
Peoples Bank - 2006001000068281		5,381,712	-
Peoples Bank - 200600100007202-5		1,000,000	-
		15,685,129	**9,620,988**
NOTE - 04 - TRADE & RECEIVABLES			
Trade Debtors	**NOTE 04.1**	282,658,821	334,299,970
Festival Advances	**NOTE 04.2**	1,813,822	2,512,241
Advance Paid		20,125,000	23,741,000
Insurance premium		41,800	41,800
WHT		82,459	82,459
ESC		3,599,744	3,599,744
Upali Newspapers		-	10,695
Penalty & Surchage Receivable		194,068	194,068
ANCL		-	2,538,029
Wijaya Newspapers		-	188,651
EAP		-	3,004
Commission Receivable SLBC		-	63,558
Refundable Deposits		5,544,100	5,639,100
Bank Interest Income Receivable		93,904	92,870
Money Fraud by Employees	**NOTE 04.3**	11,988,000	11,988,000
Miscelaneous Receivable		63,151	63,151
E-Mansala Control A/C		367,917	367,917
		326,572,786	**385,426,257**
NOTE 04.1 - TRADE DEBTORS			
Trade Debtors		296,200,514	347,262,234
Less- Debtor Received		(755,272)	(755,273)
Less- Provision for bad debts		(12,786,421)	(12,206,991)
		282,658,821	**334,299,970**
NOTE 04.2 - STAFF DEBTORS			
Festival Advances		25,000	20,000
Staff Loan		1,453,400	2,118,756
Staff Receivables-Other		112,320	23,021
Staff insurance		223,102	350,464
		1,813,822	2,512,241

NOTE 04.3 - MONEY FRAUDS BY EMPLOYEES

This represents the funds transfer to welfair 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 2022 (in Sri Lankan Rupees)

Notes	2022 Rs.	2021 Rs.
NOTE - 05- Pre Payments & Other Receivables		
Pre Payments	2,079,163	1,756,187
	2,079,163	**1,756,187**
NOTE 06 - Cash & Cash Equivalents		
BOC - A/C No. 2323299	880,486	3,540,148
BOC Savings A/c No. 2329765	93,963	156,471
Peoples Bank 200100130005980 (CA)	(5,532,427)	(9,870,147)
Peoples Bank 200100110005980 (SA)	18,699,530	26,817,817
Production Advance (Usettied)	137,400	434,909
Other Advance (Unsettied)	275,160	275,160
	14,554,112	**21,354,358**
NOTE - 07 - GRATUITY PAYABLE		
Balance B/F	17,638,518	16,724,136
Gratuity Expenses for the Year	1,426,268	2,652,247
	19,064,786	19,376,383
Gratuity Payments	(972,786)	(1,737,865)
Gratuity Payable	**18,092,000**	**17,638,518**
NOTE - 08 - TRADE & OTHER PAYABLES		
Trade Creditors	177,326,059	208,337,990
Telephone Charges	47,303	47,303
Sales Commission Payable	544,826	1,934,634
Stamp Duty Payable	8,925	22,225
VAT	32,545,718	32,300,238
NBT	-	24,437,590
Building Rent Payable	900,000	900,000
Other Creditors/Other Payables	9,692,862	21,578,759
Fuel	41,651	41,651
Salary Control	140,580	127,766
Suspence A/C	10,353	10,353
Control A/c - Vision 2020 President Secretariat	616,896	616,896
Accrued Expenses	35,391,700	35,347,925
Refundable Deposit	70,000	70,000
	257,336,874	**325,773,330**

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2022 (in Sri Lankan Rupees)

	2022 Rs.	2021 Rs.
NOTE -09 - REVENUE		
Production	134,957,292	87,521,891
Graphics & Printing	63,719,024	90,719,565
Scheduling	120,736,896	279,826,429
Event Management	1,336,363	1,939,515
Social Media, Web and Mic. Income	2,344,750	3,172,714
	323,094,325	**463,180,114**
NOTE -10 - DIRECT COST		
Production Expenses	95,409,217	86,491,534
Graphic & Printing Expenses	52,079,047	76,793,094
Scheduling Expenses	93,335,210	157,440,346
Event Management Expenses	1,114,250	1,610,000
Social Media Expenses	2,043,850	1,117,000
Creative Agency Commission	-	19,435,891
	243,981,574	**342,887,864**
NOTE - 11 - OTHER INCOME		
Staff Loan interest	66,215	96,120
Bank Interest	3,196,301	1,761,729
Bad Debts Over Provision	-	29,572
Non Refundable Deposit Income	-	17,000
Other Income	421,260	86,118
Registration of Supply	1,125,000	921,500
Artwork Charges	-	101,500
	4,808,776	**3,013,539**

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2022 (in Sri Lankan Rupees)

	2022 Rs.	2021 Rs.
NOTE - 12 - ADMINISTRATION & ESTABLISHMENT EXPENSES		
Salaries & Wages	41,637,140	41,327,530
EPF	5,556,740	5,941,358
ETF	1,112,250	1,188,988
Allowance	335,247	328,991
Allowance - Chairman	1,500,000	1,569,402
Allowance - Contract Services	58,459	301,507
Allowance - Trainees	37,000	124,000
Allowance - Transport	1,347,000	443,540
Allowances - Fuel	1,246,680	540,728
Allowances - Mobile	1,183,250	1,624,333
Staff Over Time & Bata	5,786,673	8,595,612
Accounts Fee	425,000	340,000
Audit Fee	200,000	200,000
Board Meeting Expenses	58,890	10,570
Board Meeting Fee	267,500	255,000
.Tender Board & TEC Member fee	187,000	409,500
Bonus	-	1,155,000
Building Expenses	-	7,779,000
Building Rent Expenses - Film Corporation	945,000	3,780,000
Building Rent Expenses	8,100,000	2,700,000
Cleaning And Senitary Item Expenses	15,000	34,550
Computer Equipment Maintenance	200,800	42,350
Depreciation	3,390,934	2,726,904
Electricity	2,155,150	748,303
Gratuity Expenses	1,324,243	2,652,247
Housing Rent	-	360,000
Internet Charges	423,456	342,234
Labour Expenses	-	34,500
News Papers & Periodical	33,130	81,210
Office Equipment Maintenance	457,298	588,365
Office Maintenance Expenses	348,706	4,144,647
Postage	27,855	8,150
Printing & Stationary	3,519,578	2,124,448

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2022 (in Sri Lankan Rupees)

	2022 Rs.	2021 Rs.
Renewal & Maintance fee - Agreement	136,500	32,500
Registration Fees	104,427	162,748
Refreshment Expenses	41,817	721,078
Security Services Expenses	1,313,130	811,356
Staff Insurance	2,795,769	1,040,499
Staff welfare	797,071	1,656,264
System Maintenance	8,000	120,690
Telephone Charges	312,363	424,776
Generatot Expenses	220,250	-
Training Programs Charges	109,000	619,050
Training & Development Expenses	123,120	200,000
Vehicle Rent	703,462	6,660,398
Water	404,916	281,175
Web Site Expenses	-	74,400
Miscellaneous Expenses	-	17,880
Audit & Mgt fee	10,460	-
	88,960,263	**105,265,782**

NOTE - 13 - SELLING & DISTRIBUTION EXPENSES

Fuel Expenses	1,566,171	2,557,319
Motor Vehicle Repair & Maintenance	1,706,520	1,273,827
Sales Commission	755,820	3,782,682
Sales Promotion & Advertising Expenses	178,700	1,548,072
Special Discount	2,753,634	3,891,987
Bad Debtor Provision	579,430	-
Stamp Fee	19,480	494,106
Transport & Parking	146,761	2,666,299
Vehicle Insurance	-	62,530
Tender Fee	110,647	48,440
	7,817,163	**16,325,262**

Notes To The Financial Statements

For the year ending 31st of DECEMBER 2022 (in Sri Lankan Rupees)

	2022 Rs.	2021 Rs.
NOTE - 14 - FINANCIAL EXPENSES		
Bank Charges	245,850	228,797
License & Insurance	107,564	5,358
	353,414	**234,155**
NOTE - 15- OTHER EXPENSES		
CSR Project	-	5,818,520
Amortization - Accounting Software	257,858	308,900
Amortization - Network System	341,965	341,965
Gain/ (Loss) on Sale of Asset	-	77,448
Legal Fees	771,000	1,150,403
Penalty & Surcharge	19,424	164,035
Donation	72,097	420,000
Other Expenses	23,800	40,321
	1,486,144	**8,321,592**

Notes To The Financial Statements

For the year ended 31st of DECEMBER 2022 (in Sri Lankan Rupees)

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

NAME	DESIGNATION	NATURE OF THE RELATED PARTY TRANSACTION & AMOUNT	ADDRESS
Mr. Harith Gunawardena	Chairman	Salaries & Allowances Rs. 2,986,126.60	No. 181/B6, Suhada Mawatha, Arewwala, Piliyandala
Mr. W.L.A.K.A Gunathilake	General Manager	Salaries & Allowances Rs. 873,660.00	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 2022 .

NOTE - 17 - PRIOR YEAR ADJUSTMENTS

Correction of Expenses for previous year	(4,396,999)
NBT Write off	24,437,590
	20,040,591

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 tem of the company as mentioned in the lease agreement.

Auditor General's Opinion of Financial Activites of year 2022

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. CAM/B/SELACINE/1/FA/2022 ඔබේ අංකය / உமது இல. / Your No. දිනය / திகதி / Date 08 September 2023

Chairman,
Selacine Rupavahini Institution.

Report of the Auditor General on the affairs of Selacine Rupavahini Institution including the Financial Statements and other Regulatory Requirements for the year ended by 31 December 2022 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 2022 of Selacine Rupavahini Institution, the Statement of Financial Performance as the year ended by said date, the Statement of Changes in Equity, Cash Flow Statement for the year ended by said date and, Notes to the Financial Statements, the Financial Statements as at the year ended by 31 December 2022 comprising with the Summary of Significant Accounting Policies was carried out 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 quantified opinion in my report, my opinion is that the financial position of the Council as at 31 December 2022 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) In terms of Section 06 in Standard 07 in Sri Lanka Accounting Standards, although only cash in hand, deposit demand and short term investments must be included in the cash and cash equivalent, Rs. 412,560 out of unsettled products and other advances had been identified under cash and cash equivalent as at the last date of the year under review.

(b) In terms of Standard No. 07 in Sri Lanka Accounting Standards, following matters relating to preparation of cash flow statement were observed.

(i) When preparing cash flow statement, although gratuity expenses of Rs. 1,324,243 for the officers who are presently in the service identified within the year under review must be adjusted with the before tax net profit in the statement of income, Rs. 1,426,268 as total gratuity expenses to which including total gratuity expense of Rs. 102,025 payable for year 2021 had been adjusted with the before tax profit.

(ii) The bad debt provision of Rs. 579,430 for debtors had not been adjusted with the before tax profit.

(iii) Value amounting to Rs. 20,040,591 which had been adjusted with the earnings retained within the year under review had been added to the before tax net profit as a non-cash transaction.

(c) (i) In terms of Section 42 of Standard No. 08 in Sri Lanka Accounting Standards, when correcting errors and misstatements within the year under review which had been occurred in previous years, although balances exist as at the last date of the previous year must be re-stated by way of effecting to the past, the final assets and liabilities in year 2021 had not been re-stated when correcting the wrong balance to the total of Rs. 4,396,999 occurred within year 2021.

Also according to the Standard aforesaid, although the nature of the errors occurred and the values which were corrected within previous year must be disclosed in the financial statements by an entry, only a total of said values had been submitted in the financial statements.

(ii) Also the total of these values adjusted with the earnings retained relating to the previous year had been adjusted with the before tax net profit in the cash flow statement and had not been taken into consideration when adjusting the changes in working capital.

(d) In terms of Section 51 of Standard No. 01 in Sri Lanka Accounting Standards, although the review of effective life time of all property, plant and equipment must be done at the end of every financial year, steps had not been taken as aforesaid and property, plant and equipment to the cost of Rs. 32,769,883 which had been fully depreciated are presently in use. In terms of Section (b) in the Standard aforesaid, although the gross carrying value of property, plant which had been fully depreciated and which are presently in use must be disclosed in the financial statements, the value of all other property, plant and equipment except vehicles had not been disclosed in the financial statements.

(e) In terms of Section 17 of Standard No. 24 in Sri Lanka Accounting Standards, although information about parties linked with the institutions must be disclosed in the financial statements, information about the Directors belong to the key management under the parties linked with Selacine Television Institution had not been disclosed in the financial statements.

(f) In terms of Sections 34 and 89 of Standard No. 37 in Sri Lanka Accounting Standards, although the employees' rip-off amounting to Rs. 11,988,000 occurred in 2014 in the institution must be disclosed in the financial statements only by an entry, this balance had been stated in trade and receivable in the financial statements since year 2014 up to the year under review so that the financial position had been overestimated by Rs. 11,988,000.

(g) Cost of computer equipment amounting to Rs. 97,850 purchased within the year under review had been entered separately into office equipment and computer equipment maintenance expenses accounts as Rs. 39,800 and Rs. 58,050 respectively. Computer equipment had been stated in deficit by Rs. 97,850 and office equipment in excess by Rs. 39,800 due to above reason. Further, computer equipment maintenance expenses had been stated in excess by Rs. 58,050 and depreciation of computer equipment in deficit by Rs. 9,175 and depreciation of office equipment in excess by Rs. 3,500 to the accounts.

(h) Although bank interest income stated in the financial statements within the year under review was Rs. 3,196,301, a variance amounting to Rs. 501,129 of the interest income in the year was observed because the bank interest income according to the audit was Rs. 3,697,430.

(i) According to the audit, although bank interest income receivable as at the last date of the year under review was Rs. 390,138, a variance amounting to Rs. 296,234 of the bank interest income receivable was observed because only an amount of Rs. 93,904 had been stated in the financial statements.

(j) Rs. 7,185,129 which is included in the fixed deposits amounting to Rs. 15,685,169 stated in the statement of financial position as at the last date of the year under review, a variance of Rs. 162,192 was observed because the total of two fixed deposits of which the maturity period is above 03 months was Rs. 7,347,321 according to the balance confirmation sent by the bank.

(k) Although insurance and license fee expenses amounting to Rs. 107,564 borne for the vehicles within the year under review must be stated under institutional and administrative expenses, it had been classified under financial expenses in the financial statements instead of that.

(l) Although there was no a closing balance in the advance account in financial statements of year 2020, an opening balance of Rs. 755,272 in year 2021 could see in the ledger account and a closing balance could also see in the same amount. The said balance had been brought forward in the financial statements of year 2022 and the said balance had been existed even as at 31 December 2022. The management failed to confirm this balance is an amount received from the debtors.

(m) Three (03) current assets to the total of Rs. 644,534 and 06 current liabilities to the total of Rs. 1,745,755 stated in the statement of financial position had been existed in the same amount since 07 years and steps to settle that balance had not been taken even within the year under review.

(n) Trade & balance receivable and trade & balance payable stated in the financial statements of the institution, when comparing according to the financial statements of debtor and creditor institutions, a variance amounting to total of Rs. 2,153,216 in 02 balances of trade and payable in the financial statements relating to 02 institutions and a variance of Rs. 5,833,282 in the balance payable relating to another 02 institutions were observed. Further, a variance of Rs. 2,666,376 in the total of 03 trade & balance receivable from 03 institutions was observed.

(o) According to the financial statements of Sri Lanka Rupavahini Corporation, Agent Commission amounting to Rs. 1,864,496 as at 31 December 2022 should have been paid to Selacine Rupavahini Institution and a balance receivable from Sri Lanka Rupavahini Corporation had not been stated in the financial statements of Selacine Rupavahini Institution.

(p) According to Section 3(1) in the Economic Services Charges Act No. 13 of 2006, the economic services charges paid by a person could be settled by the income tax payable by said person for the relevant quarter of the relevant year. However, a balance of Rs. 3,599,749 had been stated as economic services charges since 10 years under current assets in the statement of financial position which is not entitled, in such circumstance where income taxes had not been paid by the institution since it was commenced in year 1982.

(q) Trade debtor balance as at the last date of the year under review was Rs. 296,200,514 and Rs. 199,951,344 viz 68% out of that was consisted of the debtors exceeded 6 years. The debtor balance exceeded one year which were included in the total debtor balance was Rs. 230,806,816 viz 78% and no any legal action to recover those balances had been taken by the institution since its commencement.

(r) An unidentified debtor balance of Rs. 6,611,743 was included in this total debtor balance since year 2006 and steps to identify the balance aforesaid and settle it had not been taken even within the year under review.

(s) Balance exceeded eight years which was included in the total debtor balance as at the last date of the year under review was Rs. 94,716,244 and the possibility of taking legal action to recover the balance aforesaid under the Prescription Act was in risk.

(t) Selacine Television Institution had been informed by 05 government institutions stating that a debtor balance to the total of Rs. 542,768 as at the last date of the year under review can't be paid accusing that the service demanded by the debtors didn't provided by Selacine Institution, computation was made on different rates and other reasons. Steps to study those matters and settle the balance aforesaid had not been taken by the institution even as at the end of the year under review.

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 quantified opinion is sufficient and appropriate.

1.3 Other information contained in the Annual Report 2022 of the Institution

The information expect to provide me after the date of this audit report that had been included in the Annual Report 2022 of the institution 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 institution, 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 which will be presented to the Parliament in due course, in terms of the Regulation No. 154(6) in the Constitution.

1.4 Responsibilities of the 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 overseeing 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 the annual and periodic financial statements to be prepared of the Selacine Rupavahini Institution.

1.4 Auditor's responsibility for the audit of financial statements

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

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

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

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

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

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

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

The controlling parties are made aware of with regard to the significant audit findings 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 Selacine Rupavahini 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 Selacine Rupavahini 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, except the recommendation described in Section 1.2(f), (o) and (r) in this report.

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 is a relationship excluding normal business circumstances directly or by another way relating to any agreement linked with any member of the management of the Selacine Rupavahini 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 observations, it had been acted non-compliance with any related written law or any other general or special directives issued by the management of the Selacine Rupavahini Institution.

	Reference to the rules / directive	Value Rs.	Observations
(a)	Financial Regulation No. 371(2) amended by Public Enterprises Circular No. PED 01/2020 dated 28 August 2020 Section (b)	399,200	Although the maximum ad hoc sub-imprest which could be granted at once is Rs. 100,000, ad hoc sub-imprest amounting to Rs 399,000 at 02 occasions exceeding the limit aforesaid had been issued within the year under review.
(b)	Section 371(5) in the amended Financial Regulation		Balance of the sub-imprest issued must be settled at a time determined by the Accountant or before that. Returning as aforesaid must be done in whatever manner on 31st December of the financial year in which the said imprest was issued. However, when examining the advance registers, balance amounting to Rs. 412,560 as the balance of the advances which didn't settle as at the last date of the year under review had been stated in the financial statements and notes to confirm that all advances issued within the year had been placed.
(c)	Financial Regulation of the Democratic Socialist Republic of Sri Lanka Financial Regulation 754		Although stock list register must be balanced at the end of every financial year, the stock list register had not been updated even as at the time of the board

	of survey in progress and it had not been balanced as at the last date of the year under review. According to the board of survey report, observations had been submitted that 339 items belong to 82 types of items exist between the stock balances in the stock list register and the actual balances had been misplaced, 84 items belong to 43 types of items had been disposed, actual stocks of 114 items belong to 6 types of items had been existed exceeding the balance in the stock list register and 53 items belong to 16 types of items (which were not included in the register) had been existed. However, steps to transfer the stock balances into a new stock book had been taken without taking measures relating to the surplus and deficiencies.
(d) Section 2(1) (a) in the Inland Revenue Act No. 24 of 2017	Although income tax must be paid for each year of assessment by a person receives a taxable income for any year of assessment, steps to pay income tax had not been taken by Selacine Rupavahini Institution even as at the date of this report, which was commenced on 01st February 1982.

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

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 the relevant rules and regulations.

(a) Relating to the procurements made at five occasions to the total amounting to Rs. 7,127,028 within the year under review, steps to appoint Technical Evaluation Committees had not been taken before to initiate the procurements, in terms of Guideline 2.3.2(b) in the Procurement Guideline.

(b) Relating to the procurements made at three occasions to the total amounting to Rs. 3,163,500, one person had been served as a member of the Technical Evaluation Committee and a member in the Procurement Committee, contrary to the Guideline 2.8.1(a) in the Procurement Guideline.

(c) When granting approval to commence the procurement process, although the procurement time table, main date, issuing documents, last date of accepting of bids/proposals, awarding of the contract etc. must be prepared by the Procurement Board in terms of the Guideline 2.11.1 in the Guideline, steps had not been taken as aforesaid and a joint first meeting of the Procurement Committee and Technical Evaluation Committee had also not been held to agree about the procurement time table, method of procurement and bids calling documents.

(d) In terms of Section 2.12 in the Procurement Guideline, the form of declaring the confidentiality by Procurement Committee members, Technical Evaluation Committee members and clerks at the first meeting of said Committees must be filled and submitted as stated in stated in the Procurement Manual, steps had not been taken as aforesaid.

(e) Although bid security certificate according to Guideline 5.3.11 and performance securities according to Guideline 5.4.8 in the Procurement Guideline must be obtained, steps had not been taken as aforesaid in relation to three procurements to the total amounting to Rs. 12,400,200 made at three occasions.

(f) In terms of Guideline 6.3.3(a) in the Procurement Guideline, there were no evidences to confirm that Bids Opening Committee had been appointed and in terms of Guideline 8.7.1(b) in the Guideline, an acquisition letter had not been issued immediately after taking decision about awarding of the contract.

(g) In terms of Guideline 8.8.1(a) in the Procurement Guideline, the unsatisfied bidder had not been made aware of pointing out the special shortcomings for the unsuccessfulness of his bid.

(h) In terms of Guideline 8.9.1 in the government Procurement Guideline, although proper contractual agreement must be executed for a goods or services contract which exceeds Rs. 500,000, steps had not been taken as aforesaid relating to the procurements to the total amounting to Rs. 16,728,528 made at seven occasions.

2.3 Other Matters

(a) The budgeted sales income of the institution in year 2022 was Rs. 860,000,000 and sales target Rs. 860,000,000 had been given for Sales Executives. Only a sales target of Rs. 323,094,325 out of above had been achieved within the year and a variance of Rs. 536,905,675 between the budget income and actual income was observed. Also 64% out of the sales targets given to the Sales Executives were unable to achieve.

(b) The ground floor of the building claimed by National Film Corporation situated at No. 224, Bauddhaloka Mawatha, Colombo 07 had been rented for a period of 05 years from 15 January 2014 to 14 January 2019 under Lease Agreement No. 4660 and the institution had been stayed at the premises aforesaid above 03 years' period until March 2022 even after expiration of the lease period aforesaid. However, steps had not been taken to enter into a proper agreement and in terms of letter No. NFC/103/04/01 dated 25 May 2022 sent by the General Manager of National Film Corporation, the institution had been informed that the monthly building rent payable as at 31 December 2022 for the period aforesaid stayed without entering into an agreement was Rs. 12,111,000 according to the government valuation report. However, only Rs. 4,725,00 had been identified in the institution's financial statements as the arrears payable in terms of the old agreement and steps to solve this issue had not been taken even within the year under review.

(c) An approved recruitment procedure for the institution's staff was not available and approval for same had been obtained in year 2022. Accordingly, it was questionable at the audit whether recruitments and promotions are done properly.

(d) In terms of Section 3.3 in the Establishment Code, an officer for a vacancy in the approved permanent cadre must not be recruited until the siad vacancy is filled on permanent basis and even recruited on urgent basis, a permanent officer must be appointed forthwith. However, 11 officers on contract basis had been engaged for 08 positions in the permanent cardre of the institution to which included the posts such as General Manager, Manager (Finance), Manager (Human Resources and Administration), Internal Auditor etc. Accordingly, there 25 vacancies in the approved permanent cadre. Two permanent officers for 02 positions which are included in the approved contract staff had been engaged in the service and 06 officers on permanent basis and 15 officers on contract basis which were not included in the approved cadre had been engaged in the service.

(e) The officer who served in the Manager (Media) position in the institution since 02 May 2013 had been paid 05 salary increments since August 2021 adding to the basic salary without a proper basis, in addition to the salary increment relevant to year 2021. However, due to decisition taken to pay salary increments without a proper basis as aforesaid, he had been informed by letter dated 30 December 2022 sent by the General Manager stating that he won't be paid salary increments again up to year 2026. Due to payment of salary increments without a proper basis as aforesaid, this officerr had been paid Rs. 112,750 in excess in years in years 2021 and 2022.

(f) In comparing financial results of the year under review and last 05 years, the institution had been suffered a loss of Rs. 29,704,437 in the year 2018 and the siad loss had been decreased upto Rs. 8,300,209 by year 2019. According to the financial statements submitted, the financial result of the institution for the year ended by 31 December 2020 was an after tax loss of Rs. 29,339,593 and it is a change of -253% comparing to year 2019. The after tax loss in year 2021 was Rs. 6,841,002 and an increase of Rs. 22,498,591 in the financial result was observed comparing to year 2022. Further, the after tax loss in the year under review was Rs. 14,695,458 and a decline in the financial result by Rs. 7,854,456 viz 115% was observed comparing to the previous year.

(g) The current ratio and instant ration in the year under review was 1.39 and 1.38 respectively. Accordingly, although a simple good variance in said rations were shown, one reason for that was the current liabilities were decreased because the Nation Building Tax balance which wad in acrued condition was cut off in the year under review. The gross profit ratio and net profit ratio in the year under review was 24% and -1.47% respectively. Although expenses had been fell off comparing to the previous year, the income had been decreased above a percentage aforesaid which is a reason for that.

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