

# වාර්ෂික වාර්තාව ANNUAL REPORT

ஆண்டறிக்கை

2011



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SRI LANKA RUPAVAHINI CORPORATION

இலங்கை ருபவாஹினிக் கூட்டுத்தாபனம்

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**இலங்கை ரூபவாஹினிக் கூட்டுத்தாபனம்**



**To: Hon. Minister of Mass Media and Information**



We, the Chairman and the Members of the Sri Lanka Rupavahini Corporation present herewith the Annual Report for the year 2011, in accordance with Section 14 (1) of the Finance Act No. 38 of 1971, along with the financial reports.

On behalf of the Sri Lanka Rupavahini Corporation,

**Mohan Samaranayake**

Chairman

Sri Lanka Rupavahini Corporation

Independence Square

Colombo 07.

## Vision



To be the flagship broadcaster of all Sri Lankans

## Mission



Achieve excellence in creative content and dissemination of timely and valued, educational, entertaining and informative programmes through dedicated team work and state-of-the-art technology to exceed the expectation of Sri Lankans everywhere.

## Aims



- To produce informative, educational and entertaining programmes while maintaining the highest standards and creativity
- To attract maximum number of viewers through excellent transmission
- To achieve financial stability and growth to run as a commercially viable autonomous state enterprise
- To protect the national identity of Sri Lankans the world over



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## Message from the Chairman.....



As Chairman, it gives me great pleasure to present the 2011 Annual Report of the Sri Lanka Rupavahini Corporation.

With a sense of humble satisfaction I consider it to be a remarkable achievement in my professional life that I, who served SLRC as a part timer in its early days, have been able to return to this Corporation as its Chairman.

I am also pleased that my experience with the Corporation and in my professional life has contributed in taking several steps towards achieving the cherished goal of using media towards public progress.

As the National Channel, we consider it our duty to the services people expect from media- under information, education and enriching entertainment- whilst protecting and nourishing our socio-cultural value systems.

Thus, this year, we were able to launch an array of programs titled “Binara Peraliya”- all produced based on the ideas and suggestions of the Corporation’s staff. Through this, we aimed to uplift the quality of our news bulletins and programmes, and the recognition we enjoyed at many awards ceremonies stand testimony to our success. In addition, we have achieved the twin successes in the field of engineering; with the commissioning of the transmission tower in Kokavil we now telecast quality programs to our people in the North in their own language and we have produced also obtaining transmission equipment worth nearly Rs. 40 million to begin the process of digital conversion. We were also able to fulfill a long felt need by purchasing a great number of production equipments.

By underscoring the need for financial discipline in the Corporation, we have been able to put an end to wasteful expenditure and financial irregularities. This has resulted in recording the highest income through the sale of airtime in the Corporation's history this year Rs. 2,289.12 million.

From an administration perspective, we have regularized and implemented systems for recruitment and promotion keeping in line with the long-standing organizational structure of the Corporation this year. The "Selalihini Prathibha" event, which was organized to reward the professional achievements and innate talents of the Corporation's employees was enthusiastically received, by the staff.

I should mention with great appreciation the unstinting support extended by His Excellency the President, the Hon. Minister, the Secretary to the Ministry and the Board of Directors helped us who achieve these successes without any hindrance. I extend my most sincere gratitude to the members of the staff of the Corporation, for their dedication over the past year, with their duties and responsibilities foremost in their minds, to uplift the standards of the Corporation.

Our aim for the future is excellence in the Sri Lankan Television Industry, and we shall work towards achieving this through fulfilling our national responsibility; maintaining a working environment that is conducive to producing high quality programming that uplifts viewer enjoyment and knowledge.

**Mohan Samaranayake**

Chairman

Sri Lanka Rupavahini Corporation



### MEMBERS ON THE BOARD FROM JANUARY 2011 TO 26<sup>TH</sup> APRIL 2011

- Mr. Sarath Kongahage, Attorney-at-Law - Chairman
- Prof. Rohana Lakshman Piyadasa - Board Member
- Mr. Edward Jayakody - Board Member
- Mr. Wasantha de Silva - Board Member
- Mr. M.P.D.U.K. Mapa Pathirana - Board Member  
(from 2011.04.26)
- Mr. Kumar Abeysinghe - Board Member  
(from 2011.04.26)

### MEMBERS ON THE BOARD FROM 21<sup>ST</sup> JUNE 2011 UP TO 31<sup>ST</sup> DECEMBER 2011

- Mr. Mohan Samaranayake - Chairman
- Prof. Rohana Lakshman Piyadasa - Board Member
- Mr. Edward Jayakody - Board Member
- Mr. Wasantha De Silva - Board member
- Mr. Kumar Abeysinghe - Board Member
- Mr. Hadsan Samarasinghe - Board Member
- Mr. M.P.D.U.K. Mapa Pathirana - Board Member

**09 Board meetings were held during the year 2011**

## Senior Management



Chairman  
Mr. Mohan Samaranayake

Working Director/Board Member  
Mr. Wasantha De Silva

Chief Executive Officer  
Mr. Gamini Somachandra Rasaputhra

Deputy Director General (Administration)  
Mr. Sudheera Jayarathna

Deputy Director General (Finance Manager)  
Mr. V.S.Dharmarathna

Deputy Director General (Engineering)  
Mr. Rohan Perera

Deputy Director General (Production Services)  
Mr. B.G.Sumedha Athulasiri

Deputy Director General (Marketing Manager)  
Mr. Shamal Upendra Fernando

Deputy Director General (Programmes)  
Mr. Nishantha Ubhayawansa

Director (News) –  
Mr. Vijaya Dissanayake



## **Administration Division**

Mrs. Leela Vithana	- Director(Administration) –Up to 03 June 2011
Mr. T.M.G.Chandrasekara	- Director (Research & Training)
Mr. Palitha Kulasinghe	- Director (International Relations)
Mr. Sunanda Ashoka Mendis	- Director (Security Services)

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## **Programmes Division**

Mr. Athula Ransirilal	- Director (Film & Dubbing)
Mr. Wimalarathna Adhikari	- Director (Drama)
Mr. Palitha Wijesinghe	- Director (Educational Programmes)
Mr. Dayarathna Ratagedara	- Director (General Programmes)

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## **Engineering Division**

Mr. Palitha Gallage	- Director (Engineering)
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## **Production Services Division**

Mr. Shirley Anil De Silva	- Director (Production Services)
Mr. Gnasinghe Adhikari	- Director (Production Services)
Mr. Thushara Dhananjana Kodikara	- Director (NTV) – up to 25 May 2011

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## **Finance Division**

Mr. G.P.G.Tissa	- Director (Supplies)
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## Programmes that won Local Accolades during 2011



### Sumathi Tele Awards

Programme	Award	Recipient of the Award
Alakamandawa “Ingi Nalu Sampradayaka Narthana Rachakayano”	Best Documentary of the year	Mrs. Vineetha Karunaratne
“Sunil Gee”	Best Children’s Programme	Mr. Athula Ransirilal Perera
05 awards for “Eberthu Etha” Tele Drama	<ol style="list-style-type: none"> <li>1. Best Script Writing</li> <li>2. Best Lyrics</li> <li>3. Best Music Direction</li> <li>4. Best Singer</li> <li>5. Best Actor</li> </ol>	Mr. Rasika Suraweera Arachchi Mr. Rasika Suraweera Arachchi Mr. Samantha Perera Mr. Samantha Perera Mr. Roshan Raveendra
“Rividina Arunella”	Best Current Affairs Programme	Mrs. Sirimalee Alahakoon

### Raigam Teles Awards

Programme	Award	Recipient of the Award
SAG Sports Programme	Best Sports Programme of the year	Mrs. Kumari Manel
Alakamandawa “Ingi Nalu Sampradayaka Narthana Rachakayano”	Best Documentary of the year	Mrs. Vineetha Karunaratne
“Sunil Gee”	Best Children’s Programme	Mr. Athula Ransirilal Perera
Awards of Tele Drama “Eberthu Etha”	<ol style="list-style-type: none"> <li>1. Best Script</li> <li>2. Best Singer</li> <li>3. Best Actor</li> <li>4. Merit Award for achievement</li> <li>5. Merit Award for achievement</li> <li>6. Best Up and Coming Actress</li> </ol>	Mr. Rasika Suraweera Arachchi Mr. Samantha Perera Mr. Roshan Raveendra Mrs. Madhane Malwatta Mrs. Padmini Divithurugama Mrs. Dilini Thilani
“Kulaka” Programme	Best Educational Programme	Mrs. Premani Perera

### Signis Tele Awards

Programme	Award	Recipient of the Award
“Eberthu Etha” Tele Drama	Best Supporting Actor Best Recording Artist	Mr. Suminda Sirisena Mr. Nilantha
“Yasa Isuru” Tele Drama	Special Award for the Best Theme Song Special Award for the Best Singer	Ms. Eshani Yasodha Ranganath Ms. Eshani Yashodha Ranganath & Mr. Saman Lenin
“Yasa Isuru” Tele Drama - Lyrics	“Swarna” Award	Mr. Gaya Ramya Alwis
“Isuru Bhawana”	Award for the Creative Titles	Mr. Sasanka Amaraweera
“Adaraneeya Yauwanaya”	Award for the Creative Trailer	Mr. Sasanka Amaraweera
“3 G Theme”	Certificate for the Creative Commercial	Mr. Sasanka Amaraweera
“Nugasevana” theme	Certificate for the Creative Trailer	Mr. Sasanka Amaraweera
“The Reporter”	Certificate for the Creative Trailer	Mr. Thiranjaya Dilhan

### State Tele Awards

Programme	Award	Recipient of the Award
	Award for the Best Graphic Animation	Mr. Hasitha Herath
	Best Theme Creation	Mr. Sisira Wijesinghe
“Udarata Menike” Documentary Programme Series	Award for the Best Educational and Cultural Programme	Mr. Athula Priyankara & Ms. Mayuri Wanaguru



## Drama Unit

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Focusing attention on capturing a large number of viewers, this unit produced many entertainment and single episode Tele dramas on varied themes. When producing these Tele Dramas the unit maintained the high standards maintained from the inception of Tele Drama production and this is considered a great achievement. It is important to note that the Tele Dramas produced during this year won many accolades and were able to capture the targeted audience. At a time when viewers are debating about the quality of present day Mega Tele Dramas this unit was able to introduce a novel concept to Mega Tele Dramas with the production of “Isiwara Ranakeli” which is a long running Tele Drama. This captured the attention of many viewers and was a turning point in the Mega Tele Drama culture.

### Special projects carried out in 2011

Telecasting of “Isiwara Ranakeli” and “Dhooli Pintharu” Tele Dramas commenced this year. Two single episode Tele Dramas titled “Dhivi Dana” and “Thani Taruwe” were televised in lieu of Vesak. The recording of “Salmallandha” and “Ransirimal” Tele Dramas was completed, while pre-production activities on the “Boralu Para” Tele Drama also commenced. “Sirilaka Siri Avurudhu Siri”, “Sambudhatwa Jayanthi Vesak Kalapaya”, “Signis Awards ceremony” and the “Sumathi Tele-Awards Ceremony” are the other productions undertaken by the drama unit in 2011. An educational documentary program titled “Ranga Bhoomi” was telecast every second and the fourth Sundays of the month commencing 11th December 2011. The program titled “Nonimi Rayak” which was televised on 31st December 2011 was prominent amongst all other programs televised on this day.

## Music Unit

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Keeping in mind that musical programs are among the most popular programs out of all daily televised programs, the Music Unit of the SLRC, produced quality musical programs whilst maintaining the highest standards of Sinhala music with the participation of veteran and novice creative music artists, for the entertainment of our viewers. The Music Unit took steps to introduce many lyricists, composers, music directors and singers to the industry and took steps to show the musical programs over the internet.

The SLRC's Music Unit serves the nation by telecasting the state music festival, telecasting sponsors' musical events that, covering external musical shows of popular music artists and covering musical shows which feature the creations of foreign musicians.

Among its main aims, the SLRC's Music Unit also organises felicitation programs to honour past and present musicians.

### Programs produced by the SLRC Music Unit in 2011

“Rhythm Chat”, “Sunday Beat”, “Sanda Diya Dhothak” “Sanda Raga Madala”, “Gee Sara” and “Ridhee Tharaka” were the musical programs telecast this year. Further, many musical programs including “Bunka Awards Ceremony” and “Munchee Samaga Nonimi Reyak” which was an all-night telecast on 31st December 2011, “Jaffna Musical Festival” (a series of concerts where many Asian countries show cased their own forms of music), “SirilakaPiri AvurudhuSiri”, “Budhhabhiwandhana”, and special programs to celebrate Vesak , Poson and Christmas were telecast.

“Jothi Gee Samarum Sendawa”, “State Music Festival”, “Youth Sports Musical Show”, “25th Mahaweli Musical Show”, “Ananda Perera Special Commemorative

Show”, “Kapuge Memorial Concert” and the “Centenary Celebrations of Tower Hall” are the other programs produced and telecast by Music Unit during this year.

## **Sports Unit**

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The Sports Unit of SLRC telecast sports programs on Channel Eye and on Rupavahini Main Channel over 1,136 hours and 123.1 hours of air time respectively, totalling 1259.1 hours of air time on the channels.

### **The live programs telecast by the sports unit of SLRC during 2011**

- ICC World Cup Cricket Tournament
- The First South Asian Beach Sports Festival
- The Air Force Cycle Race
- IPL Cricket Tournament
- Asian 5 Nation Rugby
- Bradby Shield Rugby Encounter
- Caltex Rugby Tournament
- Carlton Rugby Sevens Tournament
- Australian Cricket Team’s Tour of Sri Lanka and Match Series
- One Day Cricket Match Series between the West Indies and Sri Lankan team
- Cavalry Super Cross, Rotherham Circuit Meet, Gunner Super Cross, Gajaba Super Cross, Sigiriya Super Cross and the Carlton Super Sports Tournament
- All national level sports events including the 37th National Sports Festival, National School Sports Festival, and the Youth Sports Festival

In addition to the above the SLRC Sports Unit was able to telecast many other sports programs such as the Under 15 Cricket Tournament, Foot Ball, Volley Ball Tournaments and the Colombo Marathon.

### **Special projects and work carried out by the SLRC Sports Unit in 2011**

The workshop on “Sales & Promotion of Major Sports events” organized with the ABU was held successfully this year. Marketing Executives of the foreign & local TV Channels were participated in the programme.

#### **Films and Dubbing Unit**

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During 2011 this unit produced and televised 845 programs and all of them have generated income for the Corporation. The unit counts obtaining donations worth Rs. 80 million through the co-ordination work carried out with foreign countries like Japan, Norway, Korea, and India among its successes this year. This unit took on the responsibility of amalgamating the work of the dubbing and subtitle studios to ensure smooth flow of daily work routine. By undertaking the dubbing work of external organisations, this unit successfully brought in income for SLRC during the last year. For example this unit dubbed 104 programs for ITN and earned 2.9 million recording a net profit of Rs. 1.9 million and it is considered a timely project to help increase the revenue of SLRC. It is with great sadness that we mention the death of Mr Titus Thotawaththa (2011.10.05) who was the founder of this unit and to show our gratitude SLRC did its best in organizing his final rites.

This unit also took steps to train Script Writers, Dubbing Artists and novices during 2011. Further this unit successfully produced local live programs using novel ideas and creations.

In 2011 this unit commenced producing a monthly item for the “Sunday Ayubowan” program.

### **Program Administration Unit**

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The main responsibility of this unit is to review cost estimates pertaining to the programs of all Divisions and Units of the SLRC, and to provide administrative services required from the issuing of file numbers for each production to co-ordinating all other services until the production process of a program is complete.

The Program Administrative Unit has opened 1987 program record files for the year 2011.

**These files have been classified as follows:**

General Programs Unit	-	543
Educational Programs Unit	-	580
News and Current Affairs Unit	-	265
Marketing Division	-	43
NTV	-	63
Channel Eye	-	<u>493</u>
<b>Total</b>	-	<b><u>1,987</u></b>

### **Program Presentation Unit**

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This unit ensures that the daily transmission of all programs on the National Channel, Nethra, Channel Eye and NTV channels run smoothly and provides a balanced line up of programs to viewers. It is this unit’s responsibility to compare the program line up with those are scheduled with those of other television stations and present the

programs in an appropriate manner and also document the programs that are suitable for family viewing.

## **Special Unit**

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In 2011 this unit produced a series of special documentary programs including five documentary programs on the Delft Islands that belong to Sri Lanka, which were televised in 2011.

Two programs produced under the title “Panam Patthuwa” which depicted the current situation of the people of Eastern Province were well received by the viewers.

A series of programs on building the Kalpitiya Tourist Development Zone, including a discussion on the management of natural resources and lives of fisher folk in the area was also among the programs produced.

Several programs highlighted the country’s post-war progress, such as, “Thirasara Sanwardhanaya”, “Wishmitha Govithana”, “Sanwardhana Kriyawaliya –Mannar District” and “Sanwardhana Kriyawaliya –Trincomalee District”. This unit also produced the program “Sameepa Wu Nagaranthaya” which highlighted the need for a system of highways in Sri Lanka as well as provided viewers with knowledge on the evolution of roads and highways systems around the world.

## **Youth Programmes & Performing Arts Unit**

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This unit functions under the supervision of Deputy Director General (Programmes) and Director (Programme). The “Adaraneeya Yauwanaya” live programme telecast from 3.00 – 5.00 p.m. is a programme produced by this unit on weekdays to give an opportunity to perform the talents of young people. The “Angili Salakuna” programme was started to telecast again.

“Alakamandawa” programme was awarded locally and internationally. “Sitha Niwana Katha” also was produced by this unit in this year.

The programme titled “The Officer and the Gentleman” was produced by this unit to answer the programme “Channel 4” in which wrong information included about Sri Lanka.

The entertainment programme “Thala” also produced by this unit.

“Ingi Nalu Sampradayaka Narthana Rachakayano” (Alakamandawa) produced by Mrs. Vineetha Karunaratne was recommended to the final round of the ABU International Award Festival held in New Delhi.

## **Educational Programs Division**

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The goal of this division is to produce both formal and informal educational programs. This division is divided into the following four units:

- Education Services unit
- Documentary and Variety Programs unit
- Children’s Programs unit
- Religious Programs unit

From September 2010, the management decided to hand over the duties of the Religious Programs Unit to the Documentary and Variety Programs Unit. The Educational Programs Division is managed by the Director (Educational Programs), Deputy Director ( Educational Programs) , 04 Assistant Directors and one Acting Assistant Director.

## Education Services Unit

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The Education Services Unit has the task of producing formal and non formal educational programs that help to improve the knowledge of the children of the nation.

“Jathika Pasala” is the newest formal educational program begun by the unit, dedicated to students sitting for G.C.E (A/L) which commenced in 2011. This was revision program which was telecast for two months from June 2011. This program covered the revision of subjects in the Science, Arts and Commerce streams. The program was telecast daily from September, since the conclusion of the G.C.E (A/L) August examination, from 3.45 - 4.45 am on week days and from 3.45 to 5.45 am on Saturdays and Sundays.

With the courtesy of Lake House Publishers, the lessons taught on each program were published in the “Dinamina” paper on the day prior to the telecast.

In addition, educational support programs for G.C.E (O/L) students were also telecast under the common theme of “Jathika Pasala” from 3.45 to 5.45 am.

The “Nena Mihira” program which is an educational support program for students sitting for the Grade 5 Scholarship Examination also began in 2011.

A quiz program titled “Dhamma Gaveshi” was also launched in 2011. The main aim of this 23 episode program which is telecast on Poya Days from 7.00 to 8.00 am is to enhance the Dhamma knowledge of students attending Dhamma Schools around the Island.

The “Kiduru Walapa” program produced by Ms. Mangala Wijeratna for educational support in the study of Sinhala Language and Literature, received nominations for the 2011 State Awards Ceremony. Many programs produced by the unit received nominations at the State Awards Ceremony in both 2010 and 2011.

## Children's Unit

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This year too for the benefit of young viewers the usual children's program line up, themed "Siyapath Vila", was televised at its usual time, from 5.00-6.00 pm every weekday. But with the introduction of "Binara Peraliya" from 1st September 2011 the telecast times changed to 4.30-5.30 pm. Even with the changes to the telecast times the Children's Unit was able to maintain the highest viewership it had for its programs amongst all other television channels at any given time.

International Children's Day 2011, which was organized in collaboration with the National Zoological Gardens in Dehiwala, under the patronage of current Chairman of SLRC Mr. Mohan Samaranayaka, was telecast live.

The "Muthuhara" Awards Ceremony and the "Homerun Pas Warna Mangallaya 2011" were the other special projects completed by this unit. This line up of programs has generated a steady daily income for SLRC.

The children's tele drama 'Kadhulin Andhi Sithuwamak" which was scripted and produced by Mr. Pathmasiri Fernando, under a children's drama development project carried out in collaboration with the ABU organization of Malaysia was televised in Malaysia, Korea, Brunei, Mongolia, , China, Thailand, Hong Kong and Japan.

"Kadhulin Andhi Sithuwamak" became the first ever Sri Lankan production that was dubbed into the Japanese Language and televised over the E-channel of Japanese television channel N.H.K at 9.30 am on 2nd August 2011. This is considered a great achievement by the Children's Unit of SLRC.

In 2011 the Children's Unit of SLRC was able to achieve further success when the "Ape Peya" program produced by Mr. Lakshman Muthuthanthirige, "Pehasaraniya" program produced by Mr. Gamini Jayantha Abeywickrama and "Hurubuhuti" program produced by Ms. Nalini Dharmaratna were nominated among the best children's programs at the Sumathi Tele Awards Ceremony.

## **Documentary Unit**

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Although the main function of this unit is to produce documentaries they also produces live telecast programs, quiz programs, health related programs, and formal and informal educational programs.

A significant step taken by this unit in 2011 is re-starting the production of documentary programs which had been neglected by the Rupavahini Corporation over the past years. A time slot was allocated to televise the documentary programs on a weekly basis. Accordingly a series of programs titled “Monday Showcase” was televised every Monday at 6.30 pm. From August onwards the name of the program was changed to “Dhara” and the telecasting time was shifted to 7.30 p.m on Sundays. Many documentary programs were produced covering various topics on Nature, Personalities, History, Archaeology and Human Lives and all the producers in the unit made their contribution to this series of programs. Mr. Poojitha Dissanayake commenced a documentary program titled “Sanwardhanye Man Salakunu” on the development work being carried out in the country. The aim of this unit is to bring glory to SLRC by winning all nominations in the documentary category at all future Award Ceremonies.

A quiz program titled “Suwa Nena” was produced with the collaboration of Ministry of Education in concurrence with the world AIDS day. The program will continue to be telecast until 2012.

The annual “Kandy Esala Perahera” was telecast live on the National Channel, Channel Eye and NTV simultaneously and the commentaries were given in Sinhala, Tamil and English.

From September the production and supervision of religious programs also came under the purview of the Documentary Unit. The morning Buddhist Instruction program was commenced under the title “Sadhhdharma Makarandha”. Further this unit televised the “Meda Maluwa”, “Sambudhdha Vandana” programs and also carried out

live telecast of Poya Day programs. In addition the unit also produced several Christian and Catholic religious programs. The unit's producer Mr Ranjula Senadheera travelled to Rome to provide live coverage of the official appointment by the Pope of the Most Rev. Dr. Malcolm Cardinal Ranjith.

The Documentary Unit is also given the responsibility of producing the "Sunday Ayubowan" program televised on the third Sunday of the month. This program which is televised under the theme "Sathara Diganthe" is produced at external locations focusing on the tourism industry.

Based on a suggestion made by the new management, a monthly magazine program titled "Dharana" was launched this year in order to increase the awareness of books and magazines amongst the public.

For the first time in Sri Lanka, this unit introduced a "White Water Rafting" competition to the games conducted during the Sinhaha New Year Festival.

Plans are also underway to re-launch the temporarily halted "Sarisara" program series and it is scheduled to be televised from the next year.

The program titled "Dheewara Geethaya" produced by Mr Poojitha Dissanayake was nominated among the best documentary programs at the State Awards Ceremony 2011 and the program titled "Nadunana Minisun" produced by Mr. Namal Prasanna was nominated for the best program of the year at the Sumathi Tele Awards 2011.



The year 2011 brought appreciation from all sectors to the SLRC for its balanced and responsible news reporting. This change that took place under the guidance of current Chairman Mr. Mohan Samaranayake, which paved the way towards improved quality and format of the news bulletins by the end of the year and this is considered a great success achieved by the SLRC.

At a time that social, economic, and political situation of the country is showing remarkable improvement the news production team was able to make their contribution towards the betterment of the country by maintaining transparency in their endeavours. At the Local Government Election held during first quarter of the year the team at the News Division worked tirelessly and was able to give out the results first to the viewers in comparison to the previously held by-elections, which became a challenge to the other television channels.

The News Division of the SLRC rendered a great service towards the betterment of the country by allocating more time to disseminate information on various development activities taking place around the country and televising the excellent progress of these development projects daily. The news producers paid more attention towards investigative journalism and every member of the division worked as one to take the information to the viewers by including such items in every news bulletin.

2011 noted a major change in Parliamentary News Reporting and News Division made a great contribution towards educating the nation about important bills and regulations being passed in Parliament.

The News Division was able to carry out comprehensive coverage of the International Summits including the Non Aligned Movement Summit, SAARC Summit, Bali and St. Petersburg Summits, and had special coverage of the efforts made by Sri Lanka to host the 2018 Commonwealth Games.

The “Ethera Pathikada” program which the News Division commenced with the aim of giving viewers more information on international events has become very popular amongst the viewers.

The decision taken to telecast the afternoon’s 12.30 pm News Bulletin on a wider frequency, similar to the 8.00 pm News Bulletin was well received by the viewers.

The provincial news work was strengthened to give more prominence to the problems faced by the rural population. The News Division was also able to stabilize the Foreign News Network during 2011.

Many National and International Training Programs and Workshops were organized to improve the skills and knowledge of producers in the News Division. The better mobilization of the Camera Unit of the News Division to support the coverage of news events was a significant change that took place in 2011. During the year 2011 the News Division of the SLRC won many awards at various national level television Awards Ceremonies and thus it was a very successful year for this unit.

### **Current Affairs Unit**

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This year too, the Current Affairs Unit which comes under the purview of the News and Current Affairs Division, rendered notable service to SLRC.

This unit was responsible for producing and telecasting programs such as Newspaper Headlines, Vinividha, Shanidha Aayubowan, Thirasara, Wiyaparika Lokaya, Aayubowewa, Friday’s Nugasevana Telecast, Haraskada (Political Program), Theveni Asa (documentary series on the Government’s development drive) and Rasa Mohotha daily, on weekdays or on a weekly basis.

In addition, this unit also produced special programs for events of national importance, such as the National Independence Day, Victory day, Oil Anointing

Ceremony for the Sinhala-Hindu New Year, Collecting the New Harvest Festival (Aluth Sahal Mangalya) and the Sinhala-Hindu New Year.

Over 100 hours of air time is used up by the programs produced by the Current Affairs Unit on a permanent basis.

This Unit was responsible for supervising and producing the “Ranaviru Real Star” reality TV program which created a new trend in Reality Television.



## Production Services Division



The Production Services Division takes the forefront in providing creative services required for all productions of the SLRC both in studio and at external locations. The Production Services Division consists of 11 units.

- Camera Unit
- Recording (Sound Management) and Multi Camera Unit.
- Lighting Unit
- Make - up Unit
- Graphics and Animation Unit
- Special Graphics and Animation Unit
- Set & Props Unit
- E.N.G. Equipment Unit
- Rajatha Studio
- E.N.G Support Unit
- Library

This Unit is managed by the Deputy Director General (Production Services) and who also is responsible for the administration and supervision of the Channel Eye, Nethra and NTV channels.

### **Recording Unit**

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The Recording unit which is managed by the Assistant Director (Recording) consists of 5 Senior Technicians and 7 Recording Technicians.

Sound management of all Electronic Field Productions (EFP) of the SLRC and also of live field telecasts is carried out by this unit. This unit is provided with all facilities required for multi-camera recordings done by the smaller external telecast vehicle. During 2011 this unit was able to successfully complete work on 43 live telecasts and

pre-recorded programs. Orders have been placed for new equipment for the unit, aimed at its further development.

In 2011, this unit has contributed skills and technology to over 1259 programs and it should be specially mentioned that some of these productions have gone on to win awards.

This unit was actively involved in planning, successfully implementing and providing the resources necessary for training programs conducted by the Research and Training Unit of the SLRC.

Presently there are vacancies in the Recording Unit for Recording Technicians and if these vacancies could be filled in the coming year the unit will be able to manage its human resources more efficiently.

Following on from the successful and efficient contribution of the existing small external recording vehicle, plans are underway to build another small external telecast vehicle to contribute to the work of the unit.

### **Camera Unit**

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In the year 2011, two Assistant Directors, 5 Senior Cameramen and 26 Cameramen and 7 Trainee Cameramen comprised the Camera Unit.

During the entire year all five Senior Cameramen, together with the other cameramen employed in the unit, were fully engaged in covering the Special Presidential Events, Official and State Ceremonies. They also covered other programs such as in-studio telecasts and live programs, sports, musical events, tele dramas, documentaries, educational and religious events.

The recruiting of seven Trainee Cameramen from the beginning of the year eased off the pressure that this unit faced for many years due to the shortage of cameramen.

These seven cameramen who were trained in conjunction with the Research and Training Unit were initially deployed for in-studio work.

The new wide-angle lens which was acquired this year is in high demand for programs including for the “Ranaviru Real Star” programs.

## **Lighting Unit**

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The Lighting Unit, which functions under an Assistant Director, fulfils all lighting needs and requirements for all field productions including dramas, documentaries, educational, variety, magazine, and children’s programs and commercials done by SLRC.

Further, this unit is responsible for lighting at all functions and state functions that His Excellency the President and Honorable Prime Minister attend.

During 2011, this unit provided their skillful services to over 1259 programs. It also provided lighting facilities to over 40 programs including live programs and programs recorded via the external recording vehicles, and won awards for the work they have done on some of these programs.

It should be especially mentioned that the unit has carried out all their duties only with the support of 06 Senior Technicians and 03 Lighting Assistants, whereas according to the manpower requirement estimation the unit requires 21 Lighting Technicians. Under these circumstances the progress and achievements of this unit, in contributing to over 1200 productions and 40 recordings done by the external recording vehicle, is indeed commendable. Suggestions were put forward to fill the vacancies and the management has already given approval to recruit 2 more Lighting Technicians.

The Lighting Unit is involved in the planning and contributes resources to the training programs that the Research and Training Unit conducts for internal and external artists on Lighting Techniques.

## **Rajatha Studio**

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The Rajatha Studio is managed by the Assistant Director (Camera /Rajatha Studio/Training).

Using Rajatha Studio for recording purposes has helped to ease the energy crisis faced by SLRC and also has enabled SLRC to reduce its expenditure considerably.

By purchasing a new Track & Dolly system in addition to the existing one has enabled the Rajatha Studio, other studios, and teledrama productions to carry out their work more conveniently and SLRC was able to make considerable savings as it was no longer required to hire the Track & Dolly sets from external parties.

Out of the total air time of SLRC, the Rajatha Studio is allocated 3 hours airtime daily on all 5 weekdays.

## **Make - up Unit**

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The Make-up Unit of the SLRC has given their unstinted support to all productions done by Corporation. This unit does the necessary make up for an average of 75 – 100 artists who participate in in-studio recordings daily between 5.30 am and 10.30 pm. In addition to this make up is done every week for over 100 artists who take part in various live programs televised in the night and also for children's programs.

The unit contributed a great deal by undertaking the makeup necessary for the “Ranaviru Real Star” reality TV program in 2011. Over a span of one month, this unit did make up for over 3700 people including politicians, foreign dignitaries, scholars and artist from many different fields.

The Make-up Unit contributed their services for “Dooli Pintharu”, “Salmal Landa”, and “Ransiri Mal” which were new tele dramas produced by the Drama Unit. Further they rendered their services to all other external productions of SLRC.

## **Special Graphics and Animation Unit**

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The responsibility of this unit is to carry out work specifically directed by the Chairman of SLRC and also those programs and publicity work done for commercial purposes. The following Visual and Animation work was carried out in 2011:

- Cricket World Cup
- 29th Anniversary of SLRC
- Independence Day Ceremony
- Creating 2011 New Year Theme
- “Ru Entertainment” Project
- “Binara Peraliya” Project and other related programs
- “Jathika Pasala” Project
- Rugby World Cup
- “Ranaviru Real Star”
- Creating all newspaper advertisements connected to SLRC

Some of the Graphical and Animated Programs created by this unit went on to win many National Awards.

## **Graphics and Animation Unit**

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The staff of the Graphics and Animation Unit rendered commendable service in 2011 by creating themes that won praise from all Production Units, creating trailers and creating graphics and animations for all in-studio productions and live telecasts. Further the unit was responsible for creating graphics and lettering for all educational programs and editing studios.

The unit also creates the graphics and animation work on the lotteries programs where the draws were held in studio 01 and 03, on every week day. This unit was especially involved in creating 3D graphics and 2D Live Graphics (cartoons) for programs of the Children's Unit and other units. Technicians of this unit have constantly been involved in the production of over 1800 programs for the "Dina Asiriya" Astrological Program telecast at 5.50 am daily, compiling all the graphics for the astrological data presented.

## **Set and Props Unit**

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This unit managed by the Director - Production Services fulfilled the following duties in 2011.

- Created sets and carried out the art direction of 03 long-running, multiple episode teledramas
- Creating sets for 'Dooli Pintharu', "Salmal Landa", "Ransiri Mal" teledramas and for the single episode teledrama "Nava Avurudu Kumaraya" which was produced based on the Sinhala New Year Theme
- Art direction for Christmas dramas
- Art Direction of 08 single episode teledramas titled "Sitha Nivana Katha"
- Creating backdrops for the "Ranviru Real Star 02" reality TV Show
- Creating backdrops for New Year programs
- Creating backdrops for International Children's Day programs
- Creating backdrops for special programs held to felicitate artists
- Creating the lead float vehicle at 2011 May Day Rally
- Creating backdrops for of Christmas Carols, Christmas Songs, Special Christmas Carols programs and for the Tamil Language Christmas Programs.
- In 2011 this unit also created the backdrops for programs such as 'Ridee Tharaka', "UpathakaWagathuga", "Sadhaham Gee Sara", "Vinividha", "Prathilabha", "Suwa Nena", "Ranga Bhoomi", "Malimawa", "Maduwanwela Walawwa", "Sanhidhiyawa", "Sunday Ayubowan", "Ira Andhuru Pata" and "Jathika Pasala" programs as well as for many Tamil Language Programs telecast over Channel Eye and in-studio programs of the NTV Channel.

- This unit is also responsible for creating more than 20 backdrops daily for live and recorded programs done in studios 01, 02 and 03 and also in the Rajatha Studio.

The sets created for “Sitha Nivana Katha” episodes were nominated to be amongst the final 03 at the Sumathi Tele Awards and also at the State Tele Drama Awards and this is indeed a great achievement for this unit.

## **Library**

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The Library, which is considered as one of the main units of the SLRC, is managed by the Deputy Director General (Production Services). This unit which has 16 staff members renders a great service towards maintaining an uninterrupted production service process. The unit’s involvement is with the entire production process from production of programs to televising and finally to archiving them.

### **Special Projects in 2011**

Special projects commenced this year include preserving U-Matic cassettes and preparations to preserve cassettes using XD CAM technology under the new digitization project.

## **Channel EYE**

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At a time when all other English channels in the country televise programs that have foreign influence Channel Eye of SLRC was able to deviate from this path and televise English programs with a local flavour. As the sister channel of Rupavahini channel which celebrates its 30th year in operation, Channel Eye is proud to state that it was able to present to its viewers meaningful and quality programs.

The English Language Morning Program “Rise and Shine” which is televised daily from 6.00 to 7.30 a.m has captured the attention of a wide viewership and has become very popular amongst English speaking viewers also those who show a keen interest in learning the English language.

**The other programs telecast on Channel Eye are**

- “Eye- Shuffle” – Western Music program
- Sunday Spice – Variety program on meeting artists
- Thoughts for the day –Buddhist, Hindu, Islamic and Christian religious messages

In addition, Channel Eye has covered and telecast many discussions on diplomatic issues on the directions of the Chairman, SLRC.

**Tamil Program Unit - Nethra Tv**

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The Tamil Programs Unit, which focuses on Tamil Language programming, constantly telecasts religious, current affairs, entertainment, cultural, development, children’s, sports, drama and music programs and also special Poya Day programs catering to Tamil speaking viewers of the country over the Nethra Channel. In addition, special programs on Religious and National Festivals and important days including International Children’s Day and Women’s Day programs were also televised.

The live Educational Programs and Magazine Programs on short films were the new programs commenced this year.

## Muslim Programs Unit

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The Muslim Programs Unit's productions are telecast over Channel Eye/Nethra TV as well as on Rupavahini and functions under the purview of Deputy Director General (Production Services).

This unit produces the following programs to cater to the Muslim viewership:

- Talk Show (discussion program)
- Musical, Children's and Women's programs
- Single episode teledramas
- Quiz programs and Youth Talent Show programs
- Programs to mark special occasion and festivals like Ramazan, Hajj and Milad-un-Nabi

## NTV

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This Channel telecast in a limited area around Colombo and able to watch through SLT Pro TV Satellite.

Though the Channel telecast special programmes produced for the Channel, at the end of the year those programmes also were stopped telecasting. Then the air - time has been filled with re-telecasting the programmes telecast before



The Engineering Division contributes directly to maintaining the Corporation's technical standards in program production and transmission at international standards. This division consists of the Master Control Room, Studios, Transmission, Maintenance, Information & Communication Technology, Power and Air Conditioning and Civil Engineering units which are further divided into sub units based on their responsibilities. The Maintenance unit is divided into Basic Maintenance and ENG Maintenance sub units. The Studio Unit is sub divided into Outdoor Studios, Indoor Studio and Outdoor Telecast sub-units. Various Projects are also undertaken in addition to these.

5 studios and 3 outdoor transmission vehicles are utilized in the program production process while 13 transmission stations established around the country are utilized in the transmission relay process. They are, Pidurutalagala, Deniyaya, Sooriyakanda, Hanthana, Primrose, Kirimatiya-kanda, Namunukula, Palali, Padagala, Hingulakanda, Kokavil, Bambalapitiya and the Torrington Transmission stations. With the commissioning of the Kokavil Transmission tower in June, 95% of the island, i.e: 98% of the population is covered by the Corporation's channels. It has been planned to utilize modern DVB -T2 Technology through the Kokavil Tower to provide analogue television transmission to the Northern Province. The channels are now also available through satellite technology on Dialog Tv around the country, as well as through SLT-PEO TV and over the worldwide web. The various services rendered by the units and sub-units of this Division over this year have also been given in summary form below:

This Division is supervised by the Deputy Director General (Engineering).

## **Master Control Room**

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The Master Control Room is responsible for the telecasting of the television line up provided by the Program Presentation Unit over the Rupavahini, Channel Eye, Nethra and NTV channels. The unit ensures smooth transmission on Rupavahini between 3.30 a.m to 12.30 mid night, Channel Eye/Nethra Transmission between 6.00a.m to 10.30 p.m and the transmission of the NTV channel between 4.00 p.m - 10.30 p.m daily.

A digital server system was put in place, replacing the Beta Cart machine that was used to telecast pre-telecast publicity tapes and advertisements. This system is now in use to store all advertisements previously on BetaCam cassettes for Channel Eye/Nethra and NTV Channel transmissions. This system has been particularly successful for advertisements and the World Cup Cricket and IPL series telecast on Channel Eye.

The Dubbing Studio adjoining the Master Control Room has been put to use for live telecasts of International Sports Events. All necessary extra equipment has been fixed to facilitate the transmission system of the NTV Channel in this studio.

10 Linear and Non-Linear Editing Rooms have been set up for post production of programs and are constantly in use for urgent editing work throughout the night.

## **Studios and Outdoor Telecasts**

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Studios 1, 2 & 3 and the Outdoor “Rajatha” studio were used this year as well as in previous years to produce the Corporation’s programs

## The programs that make constant use of studio time are:

- Studio 1 - “Davase Paththaraya”, “Vinivida”, “Nuga Sevana”, “Vyaparika Lokaya”, “Hiru Viyana”, “Jathika Pasala”, Lotteries, “Ranga Bhoomi”, “Film City”, “Saturday Ayubowan”, “Sunday Spice”, “Eye-Shuffle”, “Gee Sara”, “Sadu Rangam”, “Brinthavani” and “Malima”
- Studio 2 - All News Headlines, “Dasatha” Children’s News, “Sivdesa”, Tamil News Headlines, “Vanakkam Nethra”, “Udaya Tharisanam”, “Arivolee”, “Asi Disi Puwath”, “Bauddha Puwath”, “Vivarana”, “E-Mithuro”, “Thirasara”, “Namma Sunday”, “Viliyaththa Manjari”, “Kreedha Visithuru” and “Eye-Tune”
- Studio 3 - “Rise and Shine”, “Pehasaraniya”, “Lama Gee Sendewa”, “Rajatha Sara”, “Sanda Diya Dothak”, “Seven Dreams”, “Gee Muthu”, “Hurubuhuti”, “Pattam Puchigal”, “Puththam Pudiya Kalai”, “Isais Thenaral”, “Pirai Nila”, “Raga Mayadai”, “Muthuhara”, “Ridee Tharaka”, Saturday “Ayubowan”, “Rhythm Chat”, National Lotteries draw, “Haraskada”, “Ira Anduru Pata” and other special programs and events
- Rajatha Studio - “Nuga Sevana”, “Lunch Time Variety” and “Batahira Ahasa”

## Outdoor Telecasts

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The Outdoor Telecast vehicles No.1 and No.2 were used during 2011 as well to cover a great many outdoor telecasts. 122 live and pre-recorded programs were produced this year, which include 71 outdoor telecasts via vehicle no.2 and 51 outdoor telecasts via Vehicle No.1

**The following main events and programs were covered in 2011 outdoor telecasts:**

- Independence Day- Katharagama
- Sinhala New Year program- Kandy
- The 2600 Sambuddhathwa Jayanthi Wesak Poya Telecast
- “Amadam Sisilasa”
- Kandy Esala Perahera
- Universal Children’s Day
- Sumathi Tele Awards
- “Deyata Kirula” Exhibition –Buththala
- Election Results coverage
- Opening Ceremony of the Southern Highway
- Christmas programs
- Sporting events – Sports, Airforce Cycle Races, Carlton Rugby Tournament, Caltex Rugby, Vijayaba Motor Cross, Bradby Shield Rugby encounter, Gunners Super Cross, Katukurunda Motor Races, Gajaba Motor Cross, National Sports event-Diyagama, Youth Sports Festivals, Beach Games, Ceat Cricket Awards
- Musical Programs – Jothi Rathriya, Ranaviru Real Star, Sundara Nuwara Eliya, “Purasanda” Ananda College, Sanda Ranga Madala, Miyasi Visakha and other sponsors’ musical events.

## **Transmission Unit**

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### **Projects**

- Installed the VHF Antenna system at the Kokavil Transmitting Station in the Northern Province

- Installing and operating 10 kW Analogue VHF transmitter at the Kokavil  
**Live External Telecasts** ern Province for Channel Eye and Nethra
- Providing microwave linking facility to conduct live external broadcasting programmes form 134 places in different parts of the country.

## Maintenance Unit 1

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### The following work has been completed under this unit

- Purchased and installed two containers.  
 Out of these two containers, container no 1 is being used as a permanent store container no 11 is being used as a temporary storage facility to store identified items.
- Training Programmes  
 Overseas – Two representatives attended the Vinten Osprey Camera Pedestal (Singapore)  
 Local – 15 representatives attended the “IT Essentials for Broadcasting” programme.
- Provided Teleprompters to facilitate the Presidents Media coverage  
 81 such events has been covered including overseas visits to America, Maldives, Australia, China and Indonesia
- Maintenance of main equipments - 171
- Other work - 588
- External broadcasting duties - 54  
 Assisted the external broadcast services whenever they requires Slow Motion Facilities
- Normalized 174 Telephone connections

## Following are the Special Projects carried out in 2011

- Installed Play Boxes in Main Control Rooms
- Studio 111 was specially prepared for ICC World Cricket Cup
- Modified the dubbing studio of the main control room
- Live Telecast of “Janapathi Jana Hamuwa” programme from 7 platforms
- 2011 Election Results telecast

## Technical Support provided for Studio and External productions

- Operating the public address system
- Supplying video projectors
- Facilitated the conversion of computer scenes in to television scenes
- Operating the chronometer for the quiz programmes

## Maintenance Unit 11

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### The following has been completed under this unit

• Continuous maintenance work of Camcoder	-	62
Special maintenance	-	06
Repairing Break Downs	-	50
• Continuous maintenance of VCR	-	14
Special maintenance	-	06
Repairing Break Downs	-	08
• Repairing Video Lenses	-	08
• Repairing Video Monitors	-	10
• Repairing Audio Monitors	-	08
• Repairing Camera Adapters	-	06
• Repairing Electrical Equipments	-	20

- Preparing Evaluation papers for equipments - 08
- Carrying out Evaluation work for Tenders - 10
- Tests - 10

### **Information and Communication Technology Unit**

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This unit conducts its work under the guidance and supervision of Director Engineering (Information Technology/ Civil / Electrical and Air-conditioning)

#### **This unit has completed the following primary duties in 2011**

- Provided facilities to access the library net work on the web and through internet
- Introducing a new Fibre Network cover the graphic movement between Graphic Unit, Main Control Room, News and Information Technology Unit
- Introducing the first phase of this Fibre Network Coverage for the information technology unit, administrative building, new storage building and for the main telephone exchange
- Developing Graphic Display Software for Volleyball, Cricket, Rugby and Badminton
- Developing Software to calculate marks for graphic displays and quiz programmes
- Developing Software obtain form the internet for medical insurance purposes
- Developing Training and Management Software useful to the Research and Training Unit
- Developing Software useful to the Dubbing Unit.
- Organizing training programmes regarding the usage of ICT,MS Office, Internet and E mail

- Revamping the web and internet connections
- Installing virus guards
- Installing servers for accounting and web mail systems
- Installing a new computer system for internal and external use

## **Power and Air Conditioning Unit**

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This unit carried out preventive maintenance work of following systems monthly, quarterly and annually.

- Rectifying the air-conditioning and electricity supply of Studios 1,2, & 3
- Maintenance work of Electrical Systems and Generator of OB Trucks
- Maintenance work of Electrical Panels
- Maintenance of Diesel Generators
- Supplying Electrical connections and Generators for Teledramas & External Broadcast programmes.
- Supplying electrical connections to new air-conditioning system
- Installing a centralized air –conditioning system for studios 1,2,and 3
- Inspecting and repairing the air-conditioning system of OB Trucks
- Repairing and maintaining air-conditioners in broadcasting studios and in offices of the SLRC
- Maintaining refrigerators that are in the canteen and in offices
- Rectifying break downs in air-conditioning systems
- Installing new air-conditioning systems in different office premises of SLRC and in OB trucks

## Civil Engineering Unit

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### The following special projects were carried out during 2011

- Renovating the canteen
- Repairing the upper roof ceiling of studio 03
- Renovating the Educational Programmes Division
- Supplied furniture to the Educational Programmes Division
- Supplied furniture to the Sets and Props unit
- Renovating the Sets and Props unit
- Renovating the toilets of studio 03
- Colour washed the Administrative building
- Supplied new lockers to the ENG unit.

Besides fulfilling the main duties mentioned above, the Engineering Division also performs many other special duties. The initiative taken by the Maintenance Unit to provide technical assistance to other state institutions has generated an income for SLRC. The Power Unit too has been able to save a considerable amount of money for SLRC by continuing their energy conservation projects. The Engineering Division as a service to the nation assists the students of some of the Universities and Technical Colleges in their practical training. All these duties were carried out with a limited staff and other physical resources. In an environment where new television stations commence transmission almost yearly and where the competition gets tougher and the new technology is used, SLRC too has to dedicate time and energy to overcome all hurdles and forge ahead. This division has to work tirelessly to convert the transmission to more developed technology, and ensure country wide reception of SLRC channels. In order to provide quality and high standard programs and to meet the high demand of production SLRC plans to improve the editing facilities as well. This responsibility lies with the Engineering Division which is considered to be the heart of SLRC.



The Marketing Division operates under the purview of Deputy Director General (Marketing) and in order to carry out its functions efficiently the Marketing Division is divided into following main units:

- Administrative Unit
- Sales Unit
- Scheduling Unit
- Sales Promotion Unit
- Payment Unit
- Publicity and Media Unit
- Sales Program Production Unit

In 2011 the Marketing Division brought in gross earnings of Rs 2,289.13 million by selling air time on Rupavahini and Channel Eye. This amount, which surpassed the expected earnings for the year, is considered as the highest ever income recorded in the history of SLRC.

Records show that approximately Rs. 2,297.83 million in funds were received during 2011 and this was the highest ever funding recorded in SLRC history. The highest ever fund inflow recorded within a single month which was Rs.401.74 million was received in June 2011. Further in year 2011 the Marketing Division was able earn Rs.560 million through telecast of the World Cup Matches held in Feb/March 2011 making it the highest ever income earned through a single Cricket Tournament. In addition to the above the Marketing Division was able bring in a further income of Rs. 116.1 million through telecast of the Australian Cricket Tour held in August/September 2011. This is the highest ever earning recorded in the history of SLRC, second only to the earnings recorded from the Cricket World Cup Tournament.

**The following special programs were instrumental in the increase in earnings in 2011**

- Sinhala New Year programs
- Vesak /Poson celebrations
- World Cup Cricket Tournament
- Australian Cricket Tour
- The Ranaviru Real Star reality TV programs
- Motor Racing Events

The unit was able to generate this additional income by organizing and televising promotional programs for clients and also by obtaining various sponsorships.

The annual income earned from sales of Rupavahini Programs on DVDs and VCDs amounted to Rs. 5 million this year.

This year too, the print media was used to promote all channels and also to give publicity to various programs being telecast, through the Publicity and Media Unit. The services of Lake House, Upali Newspapers, Sumathi Newspapers, and Rivira Media (Pvt) Ltd. were engaged for this purpose through mutual Marketing Agreements. Aiming at increasing the viewership advertisements were published through these organisations according to a proper plan, throughout the year in Sinhala, Tamil and English languages.

The Scheduling Unit supports the Marketing Division to fulfil their income targets by proper scheduling and telecasting of advertisements obtained from clients through its public relations exercises. The Scheduling Unit has scheduled 416,976 commercials during 2011.

The Marketing Programs Production Unit continued to produce the popular Lotteries Program, “Hiru Wiyana” and other promotional programs for its clients and commercial programs and compile pre-telecast publicity tapes. This unit produces the Daily Lottery Draw programs and about 980 of these programs are produced yearly.

## Administration Division



All administrative functions of the SLRC are carried out by the Administration Division under the guidance and direction of the Chairman and Director General of the SLRC, and the Division is headed by the Deputy Director General (Administration).

### The Division consists of

- Administration Unit
- Public Relations and Reception Unit
- Record Room
- Transport Unit
- Security Unit
- Research and Training Unit
- Legal Administration Unit

Internal Audit Unit – This unit comes under the direct purview of the Chairman.

### The details of the employees at the end of 2011 is as follows

<u>Category of Employees</u>	<u>No of Employees</u>
Permanent Staff	796
Employees work under Contract Basis	139
Employees work under Assignment Basis	44
Total employees	979
<b>Approved No of Employees</b>	<b>1210</b>

## The recruitments were done in 2011

On contract Basis	57
Assignment Basis and on Short Term Basis	23
Total no of Recruited	80

## The number of employees retired in 2011

The number of employees retired in 2011 stands at 19

## Insurance Covers

From 1<sup>st</sup> January 2011 to 31<sup>st</sup> December 2011 the agreement between the SLRC and the National Insurance Trust Fund for Medical Insurance, Fire Insurance, and all Accidental Insurance Schemes was effective and under this Insurance Agreement the following was covered:

- Hospitalization and Surgery Insurance Covers (Bills issued for hospitalization, spectacles and OPD consultations were paid)
- Serious Illness Insurance
- Accident Insurance
- Fire and all other Risk Insurance

## The official overseas tours by the employees of SLRC in 2011

<u>Purpose of the foreign tour</u>	<u>No. Participated</u>
Training programs	13
Meetings and Seminars	30
Official foreign tours and foreign event coverages (for the Head of State)	10

## Special Projects in 2011

- A scheme to restructure the SLRC organization, streamline the recruitment process and a method to decide on promotions were implemented in 2011 and is currently in place.
- Organizing the “Sewa Prabha 2011” ceremony which was held to appreciate and felicitate the SLRC employees who won awards at the National Television Award Ceremonies held in 2009, 2010 and 2011.
- Holding the “Salalihini Prathiba – 2011” concert organised jointly with the Recreation Club of the SLRC to provide an opportunity for the Employees of SLRC to display their talents especially in music and acting.
- Commenced the project to re-register employees who were members of the EPF under their National Identity Number.

### Anniversary Celebrations and Events

- Organizing the Annual Pirith Ceremony and the Alms Giving on 14<sup>th</sup> and 15<sup>th</sup> February as part of the Anniversary Celebrations
- Employees who completed 20 years of service at the SLRC were presented with gold tokens of appreciation on 23<sup>rd</sup> March 2011
- Joining with the Recreation Club of SLRC and with the participation of SLRC officials , organized the Annual New Year Festival

### The following social service projects were also carried out by this unit

- Donated items including medicine and food to children who are in the children’s ward at the Maharagama Cancer Hospital

- Under the initiative taken by the Security Unit equipment and a meal (lunch) were donated to the patients warded at the Mulleriyawa Mental Hospital

## **Public Relations and Reception Unit**

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Among the duties entrusted to this unit are, welcoming the general public and guests and directing them to relevant departments, helping them to get their work done and supporting the general and welfare activities of the SLRC. This unit especially facilitated 85,470 students from 777 schools who visited SLRC during 2011.

Further this unit contributed to the general functions of the SLRC by organizing general improvement activities and health camps.

## **Record Room**

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The Record Room discharges the essential function of storing and preserving and archiving important documents and files of various divisions and units of SLRC. Furthermore the record room has continued to issue those documents and files to the relevant divisions and units for official purposes. Systematic disposal of old documents and files was also done by the record room.

## **Transport Unit**

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Providing transport required to carry out news and program recordings, visiting locations and visiting relay centres outside Colombo and providing transport for other daily duties of the SLRC are the main functions of this unit.

58 employees are attached to this unit and the unit is managed by two Transport Officers. Along with the 48 vehicles which belong to the SLRC fleet has hired 11 other vehicles to ensure uninterrupted service.

The total mileage of travel undertaken by the SLRC Transport Unit in the year 2011 was 1,659,121 km. of this 1,152,996 km were covered by Corporation's vehicles, and compared to the mileage of last year this shows an increase of 376,345 km.

The Corporation has spent Rs. 10,970,175.10 to pump fuel to the 43 vehicles in the corporation fleet and spent a further Rs. 14,364,922.94 as rent for the 11 hired vehicles.

80% of vehicle repairs were successfully completed within the SLRC garages which ensured that the repairs were done properly while creating cost savings as well. 06 new vehicles were added to the fleet with the approval of the SLRC Board of Directors.

### **Security Unit**

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The Security Unit co-ordinated the help of the Army, Private Security Services and the SLRC's Security Personnel to ensure the security of the SLRC premises, property and its employee throughout the 24 hours each day. Further with the help of BMES workers the security unit took steps to ensure the cleanliness of the Corporation's buildings and the premises and also took steps to ensure that the BMES workers carried out their duties properly. Through their activities to destroy mosquito breeding grounds they were able to control the mosquito menace in the SLRC premises to a large extent.

### **Legal Administration Unit**

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The Legal Administration Unit is a smaller unit that functions under the Administrative Division and consists of 5 officers. This unit handle all the legal work of the Corporation including preparation of internal and external legal agreements, attending to legal issues concerning the Corporation and its workers and court work.

The undernoted is a summary of the legal matters taken up with the court, labour and with Ombudsman in 2011.

Relevant Court	No of cases filed by SLRC and filed against SLRC
Supreme Court	05
Commercial High Court	02
High Court Civil Appeals	01
Magistrate Court	08
District Court	30
Labour Tribunal	01
Labour Commissioner	01
Ombudsman	01

Some of the above cases have been settled and most of the verdicts were favourable to the Corporation.

On the instructions issued by the Marketing Division, the Legal Unit has filed cases in the District Court and in the Magistrate Court and taken other legal action against debtors who owe money to SLRC and due to these actions most debtors have settled their payments in full. In addition, proceedings are underway to recover the debts from 12 other institutions.

### **Internal Audit Unit**

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The Internal Audit Unit reviews internal accounting and administrative procedures and direct their implementations while suggesting changes to improve the procedure. To ensure the security of all assets of SLRC the Internal Audit Unit has taken steps to

not only to disclose details of all corruptions and misappropriations but also to review the providence and the efficiency of the management procedures.

Besides their regular duties the Internal Audit Unit has conducted 4 audit checks covering some of the important divisions of SLRC and had submitted 07 audit reports to the management and held an Audit Management Committee meeting and two discussions with the Chairman.

### **Research and Training Unit**

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At a time when there is tough competition amongst the television station to capture the highest possible market share it is very important to keep a tab on the viewers' responses to the programs televised. When scheduling and producing programs it is useful to know the share of the viewership that each channel has been able to capture and hence this unit is endowed with the responsibility of analysing the data collected from various research and educate the management and the production team of its findings.

The Research and Training Unit is responsible for providing the training required to develop the Corporation's human resources and technological abilities.

#### **Details of the training programs conducted in 2011 are as follows**

<b>Training programs</b>	<b>No.of Programs</b>	<b>No. of Participants</b>
Local – Training Programs	21	698
Local–External Training Programs	25	73
Training programs conducted with the collaboration of foreign training institutions	04	66

Another responsibility of this unit is to prepare the inrestrospect. The air time allocation is classifying as programs, commercials and sponsorships.

## Air Time Analysis

The total airtime that the National Channel was telecast over in 2011 amounted to 7049.9 hours. 5788.9 hours were used for programmes while 1257.0 hours of airtime was used to telecast advertisements. Channel Eye was telecast over 4790.2 hours, of which 4908.9 hours of airtime was dedicated to telecasting programmes over the channel. Advertisements took up 432.1 hours of Channel Eye airtime.

The table below is a breakdown of the airtime that SLRC Channels were telecast over in the year 2011.

### Airtime Analysis for programmes – 2011

Categorization of Programmes	Rupavahini – National Channel		Channel Eye	
	hours	%	hours	%
<b>Information Programmes</b>				
News	779.1	13.5	372.4	7.6
Political	216.7	3.7	7.5	0.2
Economic } Current Affairs	177.7	3.1	-	-
Social	283.2	4.9	190.1	3.9
Ayuvowan	92.5	1.6	389.2	7.9
	<b>1549.2</b>	<b>26.8</b>	<b>959.2</b>	<b>19.6</b>
<b>Educational Programmes</b>				
Education	376.4	6.5	40.3	0.8
Documentary	184.9	3.2	88.5	1.8
Agriculture	47.6	0.8	-	-
Quiz	4.9	0.1	-	-
IT	47.9	0.8	-	-
Magazine	-	-	253.7	5.2
	<b>661.7</b>	<b>11.4</b>	<b>382.5</b>	<b>7.8</b>
<b>Children Programmes</b>				
Children	283.1	4.9	91.8	1.9
Cartoon	57.0	1.0	18.8	0.4
	<b>340.1</b>	<b>5.9</b>	<b>110.6</b>	<b>2.3</b>

<b>Youth Programmes</b>				
Youth	274.4	4.7	1.3	0.0
<b>Women Programmes</b>				
Nugasevana	626.7	10.8	-	-
Women	7.3	0.1	13.5	0.3
	<b>634.0</b>	<b>10.9</b>	<b>13.5</b>	<b>0.3</b>
<b>Cultural &amp; Religious Programmes</b>				
	58.2	1.0	8.9	0.2
Cultural	299.3	5.2	151.0	3.1
Religious	<b>357.5</b>	<b>6.2</b>	<b>159.9</b>	<b>3.3</b>
<b>Entertainment Programmes</b>				
Drama	600.5	10.4	421.9	8.6
Series	73.9	1.3	3.5	0.1
Film	222.3	3.8	620.9	12.6
Music	680.3	11.8	314.6	6.4
Variety	86.1	1.5	-	-
Entertainment	-	-	658.9	13.4
	<b>1663.1</b>	<b>28.8</b>	<b>2019.8</b>	<b>41.1</b>
<b>Sports Programmes</b>				
Sports	123.1	2.1	1136.0	23.1
<b>Publicity Programmes</b>				
Publicity	161.7	2.8	106.7	2.2
<b>Other Programmes</b>				
Other	24.9	0.4	19.4	0.4
<b>Total</b>	<b>5788.9</b>	<b>100</b>	<b>4908.9</b>	<b>100</b>

## Commercial Airtime

Categorization of Programmes	Rupavahini – National Channel		Channel Eye	
	Hours	%	Hours	%
Paid Advertisements of Sponsors	1231.2	98.0	429.2	99.3
Non-Sponsored Advertisements	25.8	2.1	2.9	0.7
<b>Total</b>	<b>1257.0</b>	<b>100.0</b>	<b>432.1</b>	<b>100.0</b>

## Sponsorships

39.4% of the National Channel's airtime received financial sponsorship, which amounted to 2280.0 hours, while 16.9% (828.3 hours) of the Channel Eye airtime received sponsorship in 2011.

Categorization of Programmes	Rupavahini – National Channel		Channel Eye	
	Hours	%	Hours	%
Sponsored	2280.0	39.4	828.3	19.6
Non-Sponsored	3508.9	60.6	4081.0	83.1
<b>Total</b>	<b>5788.9</b>		<b>4909.3</b>	

## Scheduled Programmes by Language

Language	Rupavahini – National Channel		Channel Eye	
	Hours	%	Hours	%
Sinhala	5372.3	92.8	252.9	5.2
Tamil	-	-	2804.9	57.1
English	334.1	5.8	1756.1	35.8
Other	82.5	1.4	95.1	1.9
<b>Total</b>	<b>5788.9</b>	<b>100.0</b>	<b>4909.3</b>	<b>100.0</b>

## **International Relations Unit**

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The International Relations Unit is directly responsible for maintaining ties and collaborating with the regional and other international television networks.

Another duty entrusted to this unit is to enter the programs of a high standard produced by various producers of SLRC into International Competitions and Award Ceremonies.

Accordingly in 2011 entries were sent in for International Competitions such as “PRIX JEUNESSE INTERNATIONAL” in Germany “ABU PRIZE 2011”, “Earth Vision 2012”, “20<sup>th</sup> Tokyo- Global Environment Film Festival” and “Japan Prize 2011” held in Tokyo Japan.





The Finance Division is organised around the functions of Revenue, Payments, Salaries, Book-Keeping and the Costing Unit. The Supplies Unit too comes under the purview of the Finance division. The division primarily carries out the functions of financial management and financial reporting of the Corporation.

Each of the units of the Finance Division discharged its duties during the year 2011 efficiently, effectively and economically to bring about the optimum returns to the Corporation. All financial transactions that passed through these units were executed with integrity, transparency and objectivity. Payments on all programme files were made in accordance with applicable regulations and to support programme production and broadcasting. The division all took the initiative to follow up on all due payments of completed programmes and met the payment obligations by the respective deadlines.

Staff salaries and all other staff benefits were paid without any delay and statutory deductions were remitted to the respective institutions on or before the deadline .

Primary income generated from the sale of airtime and other peripheral incomes were recorded in conformity with applicable accounting principles and standards.

The Supplies Unit, coming under the purview of the Finance Division, procured all the necessary items (both capital and non-capital goods and services) to support the production, direction and telecast of programmes on the main channel Rupavahini, Channel Eye/Nethra and NTV).

Accurate and timely financial and management reports, generated in accordance with accounting principles and standards and were submitted to other divisions and the Board of Directors to take informed and responsive decisions. Accordingly, both routine and ad-hoc (on demand) reports were compiled to meet requirements.

All major financial decisions were subjected to several reviews and the resulting conclusions formed the basis of the legal and authorized decisions made for the Corporation. In comparison with other state sector institutions the Corporation has not relied on any long term loans to finance its operations. Moreover, it has maintained reliance on short term loans and borrowings at minimum levels.

Given the current commercial and economic conditions, good financial management is indeed a challenging task. However the division has been successful in directing the Corporation's financial management so as to safeguard the financial stability and financial independence of the Corporation.





The Finance Act No.38 of 1971 and the Sri Lanka Rupavahini Corporation Act No.6 of 1982 require the Directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of Sri Lanka Rupavahini Corporation (hereinafter referred to as the “Corporation”).

The Directors confirm that in preparing the financial statements of the Corporation, appropriate Accounting Policies and Standards have been selected, consistently applied and supported by reasonable and prudent judgments and estimates. Any material departures have been disclosed and explained in the financial statements.

Having reviewed the Corporation's future financial projections, cash flows and current performance, the Directors consider that the Corporation has adequate resources to continue operations. The Directors have thus adopted a going concern basis in preparing financial statements.

The Directors have taken the responsibility to ensure that the Corporation maintains accounting records that disclose with reasonable accuracy the financial position of the Corporation as required by Sri Lanka Rupavahini Corporation Act No. 6 of 1982 and that the financial statements comply with the Finance Act No. 38 of 1971 and Sri Lanka Accounting Standards.

The Directors have taken reasonable measures to safeguard the assets of the Corporation and to establish appropriate systems of internal controls in order to prevent and detect fraud and other irregularities.

The Directors also confirm that to the best of their knowledge all taxes and levies payable by the Corporation, all contributions, levies and taxes payable on behalf of and in respect of the employees and all other known statutory obligations including retirement gratuities as were due as at the Balance Sheet date have been either duly paid or appropriately provided in the financial statements.

On behalf of the Board of Directors

**Mohan Samaranayake**

Chairman

Sri Lanka Rupavahini Corporation

# Balance Sheet



Rs.'000

As at 31st December 2011	Note	2011	2010
<b>Assets</b>			
<b>Non-current Assets</b>			
Property Plant & Equipment	8	541,930	545,473
Work -in Progress	10	1,980	315
Investment in Lanka Puwath		1,104	1,104
Other Financial Assets	9	160,941	34,875
		<b>705,955</b>	<b>581,767</b>
<b>Current Assets</b>			
Inventories	11	231,726	222,042
Trade & Other Receivables	12	805,194	788,956
Prepayments		172,066	10,166
Cash & Cash Equivalent	13	384,419	543,255
		<b>1,593,405</b>	<b>1,564,419</b>
<b>Total Assets</b>		<b>2,299,360</b>	<b>2,146,186</b>
<b>Equity &amp; Liabilities</b> Government Contribution		537,743	537,743
Accumulated Profit/ (Loss)		1,139,871	1,041,041
<b>Total Equity</b>		<b>1,677,614</b>	<b>1,578,784</b>
<b>Non-Current Liabilities</b> Government Grant for Capital Items			
Foreign Aid	14	20,000	31,000
Retirement Benefit Obligation-Gratuity	15	141,628	133,308
Finance Leases Payable after One Year	18.2	41,003	6,312
		<b>260,778</b>	<b>231,363</b>
<b>Current Liabilities</b> Trade & Other Payables			
Bank Overdraft	16	347,708	265,630
Finance Leases Payable Within One Year	17	-	68,763
	18.1	13,260	1,646
		<b>360,968</b>	<b>336,039</b>
<b>Total Equity &amp; Liabilities</b>		<b>2,299,360</b>	<b>2,146,186</b>

The Accounting Policies & Notes on pages 66 to 95 form an integral part of these financial statements.

The Finance Manager certifies that the financial statements have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard as laid down by the Institute of Chartered Accountants of Sri Lanka, Finance Act No. 38 of 1971 & Sri Lanka Rupavahini Corporation Act of No. 06 of 1982.

**Mr. Varuna Sanjaya Dharmaratna**

Deputy Director General/ Finance Manager

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

**Mr. Mohan Samaranayake**  
Chairman  
27th February 2012

**Prof. Rohana Lakshman Piyadasa**  
Director

## Income Statement



For the year ended 31<sup>st</sup> December 2011

		Rs. '000	
	Note	2011	2010
Revenue	1	2,290,407	1,770,944
Other Income	2	129,427	159,607
<b>Total Income</b>		<b>2,419,834</b>	<b>1,930,551</b>
Programme Expenses	3	(737,093)	(628,024)
Distribution Expenses	4	(381,355)	(307,205)
Administrative Expenses	5	(1,115,327)	(939,305)
Finance Charges	6	(13,980)	(13,897)
<b>Total Expenses</b>		<b>(2,247,755)</b>	<b>(1,888,431)</b>
<b>Profit Before Tax</b>		<b>172,079</b>	<b>42,120</b>
Income Tax	7	(40,751)	(30,068)
<b>Profit for the period</b>		<b>131,328</b>	<b>12,052</b>

The Accounting Policies & Notes on pages 66 to 95 form an integral part of these financial statements.

27th February 2012

## Statement of Changes in Equity1



For the year ended 31<sup>st</sup> December 2011

Rs.'000

	Accumulated Profit	Government Contribution	Total
<b>Balance as at 31st December 2011</b>	1,048,310	537,743	1,586,053
Contribution to the Consolidated Fund (held in the name of State Institutions Temporary Surplus Trust Fund)	(19,321)	-	(19,321)
Prior year adjustment	-	-	-
Profit for the year 2010	12,052	-	12,052
Balance as at 31st December 2010	<b>1,041,041</b>	<b>537,743</b>	<b>1,578,784</b>
Prior year adjustment	-	-	-
Profit for the year 2011	131,328	-	131,328
Dividend declared to government (25%)	(32,498)	-	(32,498)
<b>Balance as at 31st December 2011</b>	<b>1,139,871</b>	<b>537,743</b>	<b>1,677,614</b>

The Accounting Policies & Notes on pages 66 to 95 form an integral part of these financial statements.

## Cash Flow Statement



For the year ended 31<sup>st</sup> December 2011

Rs.'000

	2011	2010
<b>Cash Flow from Operating Activities</b>		
Net Profit Before Tax	172,079	42,120
<b>Adjustments for</b>		
Depreciation	159,424	146,183
Provision for Gratuities	21,967	(48,065)
Provision for Bad and Doubtful Debts	11,035	19,627
Investment Income	(37,768)	(60,913)
Government Grant	(11,000)	(11,000)
(Profit)/Loss on Disposal of Fixed Assets	26	(1,236)
Interest	7,207	3,897
Amortization of Foreign Aid	(2,596)	(2,596)
<b>Operating Profit/(Loss) Before working Capital Changes</b>	<b>320,374</b>	<b>88,017</b>
(Increase)/Decrease in WIP	(1,665)	3,086
(Increase)/Decrease in Inventories	(9,684)	1,277
(Increase)/Decrease in Accounts Receivable & Others	(16,238)	9,062
(Increase)/Decrease in Advance & Deposits	(161,900)	(9,708)
Increase/(Decrease) in Accounts Payable & Others	32,506	4,269
<b>Cash Generated From/(Used in) Operating Activities</b>	<b>163,393</b>	<b>96,003</b>
Interest Paid	(2,168)	(3,897)
Taxes	(23,860)	(25,708)
Gratuity	(13,647)	(14,221)
<b>Net Cash From/ (Used in) Operating Activities</b>	<b>123,718</b>	<b>52,177</b>
<b>Cash Flow from Investing Activities</b>		
Purchases of Property, Plant & Equipment	(112,937)	(182,791)
Proceeds from Disposal of Property, Plant & Equipment	98	1,419
Proceeds from Upliftment of Investment	58,713	7,814
Interest Received	37,768	60,913
<b>Net Cash From/ (Used in) Investing Activities</b>	<b>(16,358)</b>	<b>(112,645)</b>

<b>Cash Flow from Financing Activities</b>		
Contribution to the Consolidated Fund	-	(19,321)
Settlement of Leases	(12,649)	-
Dividend Paid to the Government	-	(1,183)
<b>Net Cash From/(Used in) Financing Activities</b>	<b>(12,649)</b>	<b>(20,504)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>94,711</b>	<b>(80,972)</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>(67,393)</b>	<b>13,579</b>
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>27,318</b>	<b>(67,393)</b>
<b>Analysis of Cash and Cash Equivalents at the end of the Year</b>		
Bank Overdrafts	-	(68,763)
Cash at Bank	27,318	1,370
Cash and Cash Equivalents at the end of the year	<b>27,318</b>	<b>(67,393)</b>

The Accounting Policies & Notes on pages 66 to 95 form an integral part of these financial statements

## Accounting Policies

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### 1. Corporation Profile

Sri Lanka Rupavahini Corporation (hereinafter referred to as the “Corporation”) was incorporated under the Sri Lanka Rupavahini Corporation Act No. 6 of 1982.

The Corporation operates as the National Television Broadcaster in Sri Lanka with the prime objectives of providing education, entertainment & information to a multi ethnic & multi religious Sri Lankan society.

Total number of employees of the Corporation as at 31<sup>st</sup> December 2011 was 1003 (Permanent, Contract & Casual employees).

The Financial Statements of the Corporation for the year ended 31<sup>st</sup> December 2011 were authorized for issue by the Board of Directors on 27<sup>th</sup> February 2012.

### 2. General Disclosures

#### 2.1 Statement of Compliance

The Balance Sheet, Statement of Income, Statement of Changes in Equity and Cash Flow Statement together with the Accounting Policies and Notes (the “Financial Statements”) have been prepared in accordance with the Sri Lanka Accounting Standards (SLASs) as laid down by the Institute of Chartered Accountants of Sri Lanka.

The Corporation has presented the financial statements in accordance with SLAS 03 (Presentation of financial statements).

Carrying amounts of investments & financial assets of the Corporation are considered at its purchase value or cost in compliance with SLAS 22 (Accounting for Investments).

## **2.2 The Measurement Basis**

The Financial Statements of Sri Lanka Rupavahini Corporation is prepared in accordance with historical cost basis.

No adjustments have been made for inflationary factors affecting the financial statements. The financial statements are presented in Sri Lankan rupees rounded to the nearest thousand.

## **3. Specific Policies**

### **3.1 Property Plant & Equipment (PPE)**

The cost of Property, Plant and Equipment is composed of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Property, Plant, and Equipment have been stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight line basis at rates which are used to write-off their costs over the useful life as given in the table below.

**Table 1 – Depreciation Rates of PPE**

<b>Category</b>	<b>Depreciation Rate</b>
Buildings	2%
Computers	20%
Furniture & Fittings	10%
Equipment (Electronics)	20%
Motor Vehicles	25%
Office Equipment	20%
Library Stock	20%
TV Sets	20%
Other Assets	20%

Depreciation is charged from the date of purchase of an asset to the date of disposal or end of the estimated date of useful economic life, as per the provisions of SLAS 18 (Property, Plant & Equipment).

### **3.2 Foreign Currency Transactions & Translation**

Foreign Currency transactions are translated into Sri Lanka rupees at the exchange rate prevailing at the date of transactions. Any gains or losses resulting from the translation of such transactions are dealt in the Income Statement in accordance with the provisions of SLAS 21 (The effects of changes in foreign exchange rates).

### **3.3 Investments**

#### **3.3.1 Long –Term Investment/Non Marketable Investment**

The amount shown as Rs.1,104,000 represents the investment made in Lanka Puwath Limited.

### **3.3.2 Short –Term Investment/ Marketable Investment**

Treasury bills held for resale in the near future (within 6 months) to benefit from short-term market movements or to use in urgent situation in day-to-day operations are accounted for at cost plus the relevant proportion of the discounts or premiums.

### **3.4 Inventories**

Inventories of the corporation consist of consumable stock (Stock held for the use of the corporation & not for sale). Therefore inventories are valued at their cost.

Stock valuation is done on a first-in-first-out (FIFO) basis as per the provisions of SLAS 5 (Inventories).

### **3.5 Lease**

#### **Long-Term Finance Lease**

During the year two (02) Cars & six (06) Vans were obtained on a finance lease, which effectively transfer the Corporation substantially all the risk and benefits incidental to ownership of the leased items, are capitalized and disclosed as finance leases at their cash price and depreciated over the period the Corporation is expected to benefit from the use of the leased assets.

The Lease principal amount payable to the lessor (Bank of Ceylon) is shown as a non-current liability & current liability (base on the time analysis of lease payment). Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the outstanding balance of the liability. The interest payable over the period (5 years) of the lease is transferred to an interest in suspense account. The interest element of the rental obligations pertaining to each financial year is charged to the income statement over the period of lease in accordance with provisions of SLAS 19 (Lease) & SLAS 20 (Borrowing Cost).

**Table 2 - The Time Analysis of Lease payments**

The following table shows the finance lease obligation that falls due within one year & more than one year.

In Rs.'000

	Less than 1 Year	More than 1 Year
Interest	4,807	7,176
Capital	8,453	33,827
<b>Lease Creditor Bank of Ceylon</b>	<b>13,260,</b>	<b>41,003</b>

### 3.6 Provisions-Debtors & Other Receivables

Bad & Doubtful Debtors for Client debtors & Specific debtors have been provided as follows.

#### 3.6.1 Client Debtor

**Table 3 - The Ageing Period Client Debtors & their Provision**

**Provision** In Rs.'000s

	Amount (Rs.)	(%)	Amount (Rs.)
Less than 01 year	445,292	-	-
1 - 2 years	7,310	10%	731
2 - 3 years	8,415	15%	1,262
More than 3 years	129,018	100%	129,018
<b>Total</b>	<b>590,035</b>		<b>131,011</b>

**Table 4 -The Client Debtors Provision as at 31/12/2011**

In Rs.'000

Provision as at 01/01/2011	119,732
Charge for the year 2011	11,279
<b>Provision as at 31/12/2011</b>	<b>131,011</b>

### 3.6.2 Sundry Debtors

**Table 5 - The Ageing Period of Sundry Debtors & their provision**

In Rs.'000

	Amount (Rs)	Provision Amount	
		(%)	(Rs)
Less than 01 year	208,551	-	-
1 - 2 years	729	10%	73
2 - 3 years	1,772	15%	266
More than 3 years	21,110	100%	21,110
<b>Total</b>	<b>232,162</b>		<b>21,449</b>

**Tables 6 -The Sundry Debtors Provision as at 31/12/2011**

In Rs.'000

Provision as at 01/01/2011	21,719
Charge for the year 2011	(228)
Write-Off for the year 2011	(42)
<b>Provision as at 31/12/2011</b>	<b>21,449</b>

### **3.6.3 Other Receivables**

#### **3.6.3.1 Employee Loans**

Employee loans constitute amounts granted to eligible employees under the following categories:

- Distress loan
- Special loan
- Transport loan
- Housing loan
- Other loan

The provision for bad debts for Employee Loans has been made only for the outstanding amounts with respect to employees who are no longer in service (either retired or resigned) with Sri Lanka Rupavahini Corporation.

**Table 7-The Employee Loan provision as at 31/12/2011**

Provision as at 01/01/2011	154
Charge for the year 2011	69
Written-Off for the year 2011	(43)
<b>Provision as at 31/12/2011</b>	<b>180</b>

#### **3.6.3.2. Employee Advances**

Employee advances constitute amounts given to eligible employees under the following categories:

- Advance for Programme Production
- Advance for Employees (Miscellaneous)
- Advance for Foreign Travel
- Advance for Room Charges

The provision for bad debts for employee advances has been made to reflect the amounts outstanding with respect to employees who are no longer in service (either retired or resigned) with Sri Lanka Rupavahini Corporation.

### **3.7 Liabilities**

Liabilities classified as current liabilities in the balance sheet are those which fall due for payment on demand and / or within one year from the balance sheet date and items classified as long-term liabilities fall due for payment one year after the balance sheet date to be in compliance with the stipulations of SLAS 03 (Presentation of financial statements).

### **3.8 Contingent Liabilities**

A total of 07 cases have been filed against the corporation. The estimated compensation for the plaintiffs in the event of a court ruling against the corporation for all the 07 cases is Rs. 1,554 million. This disclosure is made to be in compliance with SLAS 36 (Provisions, contingent liabilities & contingent assets). Contingent liabilities are disclosed in notes to the financial statements.

### **3.9 Retirement Benefit Liabilities**

#### **3.9.1 Defined Benefit Plan – Gratuity**

All employees of the corporation are eligible under the statutory requirements of the payment of Gratuity Act No.12 of 1983.

This item is classified under deferred liabilities in the balance sheet.

Gratuity payment is entitled when an employee has a period of not less than 5 years of continuous service in the corporation. During the year, the employee retirement age of the corporation was increased from 55 to 57 & when

computing the provision for the year this change has been specifically taken into consideration.

In normal retirement a participant is eligible for normal retirement after attainment of age 57 & completion of 5 years of service. Disability gratuity is assumed to be paid immediately if the participant has 5 years of service credit at the time of disability. Death gratuity is paid immediately regardless of the service at death.

The liability of Gratuity recognized in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation (PVDBO) at the balance sheet date. Current Service Cost (CSC), interest Cost & Expected Return On assets are factors for calculating the present value of the defined benefit Plan.

In the calculation Benefits falling due more than 12 months after the balance sheet date are discounted to present value. The defined benefit obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by SLAS – 16 (revised 2006), “Employees Benefits”. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows. Corporation Gratuity plan is not pre-funded. (Therefore expected return on assets or fund is zero.

The new accounting method was adopted for calculating Employee Benefits to comply with SLAS 16 Employee Benefits (Revised 2006).It is applicable to the financial statements from the financial year 2010.

**Table 8 - Liabilities for Defined Benefit Obligation at 31/12/2011 & 31/12/2010**

	In Rs '000s	
	<b>2010</b>	<b>2011</b>
Balance as at 01/01	133,308	195,594
Effect of Change accounting policy due to adoption of SLAS 16 (Revised 2006)	-	(68,232)
Revised Balance as at 01/01	133,308	127,362
Provision for the year ( Table 10)	21,967	21,086
Total Payment for the year	(13,646)	(15,140)
<b>Balance as at 31/12/2011</b>	<b>141,629</b>	<b>133,308</b>

**Table 9 - The Amount recognized in the Balance sheet**

	In Rs '000s
	<b>2011</b>
Present Value of Unfunded gratuity obligations	127,424
Unrecognized Actuarial Gain/(Loss)	14,205
<b>Recognized liability for defined benefit obligations</b>	<b>141,629</b>

The Corporation has determined the cumulative effect of change in accounting policy due to the adoption of SLAS 16 (Revised 2006).

The Gratuity liability at 31/12/2011 is based on the actuarial valuation carried out by Mr.Piyal S.Goonetilleke (Fellow of the Society of Actuaries (USA) & Member of the American Academy of Actuaries Consulting Actuary) & Associates.

The Key Assumptions used by them include the following

- i. Discount Rate (the rate of interest used to discount the future cash flows in order to determine the present value) 11%
- ii. Rate of future Salary Increase 4%
- iii. Retirement Age Male & Female 57 Years

iv. Rates for selected ages

Age	Male %	Female%
20	0.0377	0.0189
25	0.0464	0.0253
30	0.0607	0.0342
35	0.0860	0.0476
40	0.1238	0.0665
45	0.2183	0.101
50	0.3909	0.1647
55	0.6131	0.2541

v. Rates of turnover at selected ages

Age	Turnover %
20	2.0
25	2.0
30	1.5
35	1.5
40	1.5
45	1.0
50	0.5

vi. Rates of disability at selected ages

Age	Disability %
20	0.076
25	0.085
30	0.099
35	0.124
40	0.176
45	0.294
50	0.539
55	0.0

**Table 10 - Amount Recognized in the Income Statement**

In Rs.'000

	2011
Current Service Costs	6,699
Interest Cost	15,268
<b>Retirement Benefit Expense for 31/12/2011</b>	<b>21,967</b>

### **3.9.2 Defined Contribution Plan -Employees 'Provident Fund and Employees' Trust Fund**

All the employees who are entitled for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes & regulations. Employer's contribution to the defined contribution plans are recognized as an expense in the income statement when incurred.

### **3.10 Taxation**

Provision for taxation has been made based on the disclosed book profit after adjusting for any identifiable permanent differences. Tax payable is computed in accordance with the provisions of Inland Revenue Act No. 10 of 2006

(Please refer note No. 7 to the profit statement.)

### **3.11 Income Statement**

#### **3.11.1 Revenue Recognition**

Revenue of the Corporation is accounted for on an accrual basis. Interest Income on investment is also recognized in the same basis.

### **3.11.2 Revenue**

The primary source of revenue is derived from Sale of airtime. Other sources of income recognized in the income statement are given as a note to the income statement in accordance with the SLAS 29 (Revenue).

### **3.11.3 Accounting for Expenditure**

Expenditure of the corporation is accounted for on accrual basis, charging all expenses incurred in the day to day operations of the business and in maintaining the property, plant & equipment in a state of efficiency.

Over draft interest cost is charged to the Income Statement under financial charges as and when it is incurred.

## **3.12 Grants**

### **3.12.1 Local Grants**

The grants have been amortized at the rate of 20% per annum as per the provisions of SLAS 24 (Accounting for government grant & disclosure of government assistance). (Please refer note 14)

### **3.12.2 Foreign Grants**

The Corporation has received foreign grants amounting to Rs. 654,665,339 in the form of equipment. This amount has been amortized over the useful life of the equipment as required by SLAS 24 (Accounting for government grant & disclosure of government assistance) and the relevant amount for the year 2011 is Rs.2,596,040.18. This is shown separately under the item "amortization of foreign aid" in the notes to the income statement.

### **3.13 Cash & Cash Equivalents**

Cash & cash equivalents comprise cash in hand, and bank current account balances.(Please refer Note 13)

### **3.14 Cash Flow Statement**

The Cash Flow Statement has been prepared using the indirect method in accordance with SLAS 9 - Cash Flow Statements. Cash and cash equivalents consist of cash in hand and bank current account balance.

### **3.15 Events after the Balance Sheet Date**

All material post balance sheet events have been considered and disclosed or adjusted, where applicable.

### **3.16 Long Term Commitment**

The commitment on an Agreement signed with ESPN Mautrtius Limited for international cricket events were completed in end of the year 2011.

<b>Event</b>	<b>Value</b>	<b>Period</b>	<b>Amount 31/12/2011</b>
ICC World Cup 2011	US\$ 3,575,000	2008-2011	Nil

### **3.17 Rupavahini Social Welfare Fund-(Tsunami)**

The Source of these funds was from the general public, in response to various campaigns carried out by the corporation aftermath the Tsunami catastrophe,in the year 2004.

The Account balance is given in the table below

**Table 11 -Social Welfare Fund Balance as at 31/12/2011**

	Rs.'000
Balance as at 01/01/2011	2,771
Interest earned for the period	80
Total Expenses for the “Nethpadamu” Scholarship Programme	(1,844)
<b>Fund Balance at the end of the year 2011</b>	<b>1,007</b>

#### **4 Changes in Accounting Policy**

There were no changes to the Accounting polices of the Corporation during the year other than that resulting from the application of SLAS 37 Intangible Assets.

#### **5 Copyright fees paid**

Copyright fees paid to acquire motion pictures (tele dramas, films & etc.)where the Corporation has rights for *multiple runs* have been recognized in the balance sheet in accordance with SLAS 37 (Intangible Assets).Copyrights so acquired meet the triple criteria of identifiability, control & existence of future economic benefits, required to be classified as intangible assets. The useful life is considered as the number of runs the Corporation is entitled to broadcast a given motion picture since economic benefit would be accrued at the point of telecast of same. The relevant expenditure has been recognized in the Income Statement proportionately to the number of runs the Corporation is entitled to telecast a given motion picture & upon telecast of same so

that the economic benefits generated could be matched against the cost attributable to each run.

### Tables 12- Copyright Fee

No of Years in Term of copyright	No of Runs	Total	Copyright fee		
			2011	2012	2013
1	3	360,000	360,000	-	-
2	1	350,000	350,000	-	-
2	2	8,235,000	4,117,500	4,117,500	-
4	3	247,336,000	82,445,330	82,445,334	82,445,336
-	1	500,000	500,000	-	-
<b>Total Copyright Fee</b>		<b>256,781,000</b>	<b>87,772,830</b>	<b>86,562,834</b>	<b>82,445,336</b>

## 6 Investment Income

### Tables 13- Amounts of Investment Income in the year 2011

Type of Investment	Amount
Treasury Bills (Bank of Ceylon)	25,937
Fixed Deposits (Bank of Ceylon)	6,293
SMIB Fixed Deposit (State Mortgage & Investment Bank)	1,161
State Surplus Trust Fund	4,102
Special Housing Loan Scheme (State Mortgage & Investment Bank)	273
Savings Account (Bank of Ceylon)	2
<b>Total Investment Income</b>	<b>37,768</b>

### 7. Related Party Disclosures (SLAS 30)

The Corporation carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 30 “Related Party disclosures (Revised 2005)”, the details of which are reported below.

	Name	Designation	Nature Of The Related Party Transaction	Address
01	Mr.Mohan Samaranayake	Chairman	No Related Party Transaction	No 75/852, Susithapura, Malabe.
02	Mr. Edward Jayakody	Board Member Asst. Director Ministry of Education	1. As the Member of the Judge Board - Ranaviru Real	52, Ariyadasa Peiris Mawatha, Nugegoda.

			<p>Star Musical Programme Rs.1,026,250</p> <p>2. As the Artist of the Rhythm Chat, Sadaham Gee Sara, Sanda Diya Dothak, Sanda Ranga Madala &amp; Sura Asura Mithu Dama Musical Programme Rs.81,000</p>	
03	Prof. Rohana Laxman Piyadasa	Board Member  Senior Lecturer	As a Director General of the Centre for Media & Development for copyrights Amount Received – Rs.1,200,000	37, 1st Lane, Aruppola.
04	Mr. Wasantha De Silva	Board Member  Working Director	No Related Party Transaction	No 290/G2 Weerasekara Mawatha, Thalawathugoda.
05	Mr. M.P.D.U.K Mapa Pathirana	Board Member  Director General (Ministry of Finance & Planning)	No Related Party Transaction	34/1, Praja Road, Madiwela, Kotte.
06	Mr. Hudson Samarasinghe	Board Member  Chairman-Sri Lanka Broadcasting Corporation	No Related Party Transaction	No 255/B11, Torrinton Garden Torrinton Avenue, Colombo 07.
07	Mr. Kumar Abeysinghe	Board Member	No Related Party Transaction	420/ E, Mahindarama Mawatha, Welipara,

				Thalawathugoda.
08	Mr. Gamini Somachandra Rasaputthra	Chief Executive Officer	No Related Party Transaction	"Wasala" Parana Para, Barawakumbuka.
09	Mr. Cyril Devapriya Abeysinghe	Acting Director General	No Related Party Transaction	674, 4th Lane, Kandawtta Road, Battaramulla.
10	Mr. Sudheera Upul Jayarathna	Deputy Director General (Administration)	No Related Party Transaction	103, Korasewatta, Udugampola.
11	Mr. Rohan Sarathchandra Perera	Deputy Director General (Engineering)	No Related Party Transaction	24, Sri Sumangala Road, Ratmalana.
12	Mr. Shermal Fernando	Deputy Director General (Marketing Manager)	No Related Party Transaction	232/7, Colombo Road, Negambo.
13	Mr. B C A T W M R Varuna Sanjaja Dharmaratna	Deputy Director General (Finance Manager)	No Related Party Transaction	No.200/5, Sri Rahula Mawatha, Katubedda, Moratuwa.
14	Mr. Sumedha Athulasiri	Deputy Director General (Production Service)	No Related Party Transaction	Diganwewa, Bangadeniya.
15	Mr. Nishantha Ubayawansa	Deputy Director General (Programme)	No Related Party Transaction	71B, Ihalagama, Gampaha.

## Notes To The Financial Statements



For the Year ended 31st December 2011

Note	Rs.'000	
<b>1. Revenue</b>	<b>2011</b>	<b>2010</b>
Sale of TV Time - Channel 1	1,340,696	1,338,943
Sale of TV Time - Channel Eye	853,798	346,002
Sale of TV Time - Contra Deal	58,009	44,970
N.B.T on Sale of TV Time	37,904	41,029
<b>Total Revenue</b>	<b>2,290,407</b>	<b>1,770,944</b>
<b>2. Other Operating Income</b>		
Production Income	46,671	27,734
Investment Income (Please refer table 13)	37,768	60,913
Transfer Fees	932	935
Profit on Disposals-Property Plant & Equipment	31	1,288
Rent from Canteen	28	33
Departmental Fines	493	1,848
Interest on Loans to Employees	6,160	6,290
Miscellaneous Income	4,916	14,395
Amortization of Foreign Aid	2,596	2,596
Non-Refundable Tender Deposits	500	568
Registration Fees	190	186
Sale of Programme Material	5,052	5,286
Registration Fee - TV Dealers	18	19
Utilization of SLRC Facilities ( Foreign)	1,788	6,346
Utilization of SLRC Facilities (Local)	10,574	17,930
AIBD Training Course Income	96	-
Income from Diploma Course	214	1,031
Sale of Magazine - Nuga Sevana	-	745
Other Charges - Clients	400	464
Government Grant	11,000	11,000
<b>Total Other Operating Income</b>	<b>129,427</b>	<b>159,607</b>
<b>3. Programme Expenses</b>		
<b>3.1 Depreciation</b>	<b>128,489</b>	<b>125,062</b>
Depreciation	<b>128,489</b>	<b>125,062</b>
<b>3.2 Educational Programme Expenses</b>		
Artiste Fees	6,929	4,554
Refreshments	1,938	456
Make-Up Materials	512	110
Incidental Expenses	598	260
Graphic Material	79	19
Stage Design	387	213
Video Cassettes & Tapes	1,213	718
Hire of Transport Facilities	47	-
Hire of Equipment Facilities	3,034	1,936
Hire of Facilities (Theatre/Audio)	3,328	434

Hire of Sound Equipment	94	67
Electricity	29	94
Lodging	1,739	1,120
Still Photographs	11	-
Traveling & Subsistence	1,789	996
Purchase of Copy/ Production/ TV Right	3,067	900
Premises	116	76
Special Event	804	284
Co-Production of Local Programmes	-	4,800
<b>Channel Eye</b>		
Artiste Fees	3,026	1,874
Sets/Graphic/Cassette & Tapes	-	-
Refreshment	60	26
Hire of Equipment/Transport	547	696
Hire of Sound Equipment	31	449
Electricity	4	8
Incidental Expenses	139	35
Traveling & Subsistence	184	129
Still Photographs	2	2
Procurement of Programme Material - Foreign	14,648	39,306
Lodging	202	168
Video Cassettes & Tapes	98	45
Stage Design/ Sets	108	95
Hire of Facilities (Theatre/Audio)	224	
Premises	8	-
Make-Up Materials	270	86
Educational Programme Expenses	<b>45,265</b>	<b>59,956</b>
<b>3.3 General Programme Expenses</b>		
Artistes Fees	21,635	24,548
Previewing & Monitoring Charges	485	426
Refreshment Allowance	3,426	3,731
Purchase of Copy/ Production TV Right	344,579	266,021
Stage & Design/ Sets/ Props	1,605	1,615
Make-Up Materials	1,457	455
Video Cassettes & Tapes	2,761	1,638
Graphic & Animation Materials	84	53
Still Photographs	31	37
Hire of Equipment Facilities	18,559	13,285
Incidental Expenses	1,968	2,042
Procurement Programme Materials - Foreign	1,396	13,278
Traveling & Subsistence	3,011	3,338
Special Event	1,280	-
Lodging	4,454	4,635
Electricity	130	602
Hire of Facilities (Theatre/Audio)	726	1,292
Hire of Sound Equipment	906	679
Hire of Transport	1,328	2,041
Premises	501	106

<b>NTV Channel</b>		
Incidental Expenses	1,040	1,451
Rent of Antenna Tower at SLBC	3,672	3,400
Reimbursement of Electricity Charges SLBC	867	676
Artistes Fees	106	326
Refreshments	106	28
Incidental Expenses	-	47
Lodging	11	117
Traveling & Subsistence	24	52
Hire of Transport Facilities	06	24
Hire of Equipment Facilities	46	-
Hire of Facilities (Theatre/Audio)	210	-
Electricity	1	-
Video Cassettes & Tapes	373	-
Stage Design/ Sets	5	23
<b>General Programme Expenses</b>	<b>416,789</b>	<b>345,966</b>
<b>3.4. News Programme Expences</b>		
Payments To News Readers/ Editors	6,194	4,143
News Gathering - Local	16,602	15,906
News Gathering - Foreign	4,863	4,896
Incidental Expenses	984	4,440
Satellite & Related Charges - Local	1,691	3,964
Satellite & Related Charges - Foreign	4,311	9,461
ABU's Fixed & Variable Charges	5,515	3,027
Current Affaires (Block Vote)	77	892
Transport News Vehicle	8,119	8,901
Web Streaming Service	4,580	3,731
Video Cassettes & Tapes	1,189	1,151
Refreshment Allowances	1,903	1,368
Design/News Sets	-	2,600
Artistes Fees	24,144	8,587
Hire of Equipment Facilities	36,570	9,438
Hire of Sound Equipment	966	28
Traveling & Subsistence	2,403	1,402
Lodging	2,269	1,709
Sets/Props (Current Affairs)	6,101	1,577
Hire of Transport Facilities(Current Affairs)	16	-
Hire of Facilities (Theatre/Audio)(Current Affairs)	50	-
Still Photographs(Current Affairs)	110	-
Electricity	14	-
Special Events	12,813	258
<b>News Programme Expenses</b>	<b>141,484</b>	<b>87,479</b>
<b>3.5 Commercial Production Expenses</b>		
Artistes Fees	2,236	2,035
Refreshment Allowance	422	1,054
Stage & Design/ Sets/ Props	-	302
Hire of Transport Facilities	39	141

Hire of Equipment Facilities	1,470	4,048
Incidental Expenses	212	44
Traveling & Subsistence	133	415
Lodging & Premises	309	932
Hire of Sound Equipment	12	58
Video Cassettes & Tapes	94	517
Make-Up Materials	135	-
Stationery	4	-
Electricity	-	15
Commercial Production Expenses	<b>5,066</b>	<b>9,561</b>
Total Programme Expenses	<b>737,093</b>	<b>628,024</b>
<b>4. Distribution Expenses</b>		
Agency Commission	300,058	214,522
Promotional Expenses	4,182	1,124
Commercial Contra Expenses	65,996	71,932
Bad Debts Provision		
Employee	69	(525)
Sundry	(229)	51
Clients	11,279	20,101
Distribution Expenses	<b>381,355</b>	<b>307,205</b>
<b>5. Administrative Expenses</b>		
Members Remuneration	1,262	756
Salaries/ Allowances - Permanent Staff	294,433	281,992
Salaries/ Allowances - Contract Staff	39,185	25,063
Salaries/ Allowances - Relief Staff	11,833	10,232
Overtime	143,407	130,749
Corporation Share of EPF	51,275	48,224
Corporation Share of ETF	10,259	9,632
Holiday Pay	34,167	30,246
Week-end Payment for Executive	6,745	5,460
Hardship/ Altitude/ Heavy Duty	6,642	5,212
Duty Officers/ Engineers Fees	1,666	1,291
Membership Fees for Professional Executives	134	127
Contribution for Pension & W & O.P	99	-
Incentive Allowance	33,124	30,403
Meal Allowance -Non Executive	9,834	6,209
Transport Allowance	16,778	11,173
Encashment Medical Leave	19,999	18,731
Incentive Gratuity & Compensation	1,785	2,524
Bonus	43,853	40,505
Staff Welfare	-	296
Recreation	146	216
Uniforms to Staff	138	139
Premium - Medical Insurance Scheme	8,902	25,295
Premium for Accident & Life Insurance	39	669
Traveling & Subsistence - Local	2,857	3,104
Traveling & Subsistence - Mileage Allowance	3,710	2,659
Traveling & Subsistence - Foreign	8,831	6,151

Incidental Expenses - Foreign Travel	480	548
Corporation Refreshment/ Entertainment	2,226	1,860
Rent, Rates & Taxes	20,901	20,398
Electricity & Power	88,354	79,211
Fuel Cost for Generator	997	477
Telephone Including Rental	11,054	8,466
Security Service	11,647	14,369
Postage	580	1,174
Printing & Stationary	8,973	9,505
Newspapers & Periodicals	1,429	1,331
Office Requisites	1,026	734
Repairs & Maintenance - Equipment (ENG)	21,861	7,543
Losses on Disposal -Property Plant & Equipment	56	52
Exchange Losses	71	65
Sundry Expenses	7,008	6,921
Advertisement- Tender & Recruitment	1,330	1,001
Compensation for Court Cases	272	1,057
Running Expenses of Motor Vehicles	14,039	13,153
Hire of Motor Vehicles	13,019	12,867
Insurance - Building & Other Assets	3,274	4,266
License & Insurance Motor Vehicle	1,382	1,050
Repairs & Maintenance - Building	12,160	9,270
Repairs & Maintenance - Garden	1,186	1,072
Repairs & Maintenance - Other Assets	844	1,146
Water	3,071	2,992
Web Hosting Iinternet lease line	4,931	-
Telex Charges Including Rental	-	3,314
Computer Requisites	1	14
License Fee for Microsoft Product & Other Expenses	300	-
Seminar & Training Prgramme - General	268	201
Anniversary Celebration	665	333
Public Addressing System Charges/ Rental	79	24
Repairs of Motor Vehicles	6,284	6,071
Publicity & Propaganda	1,538	5,018
Training Expenditure - Internal	1,617	877
Survey & Research Expenses	1,092	927
Holiday Bungalows	-	8
Donation	1,359	505
Public Relation	16	-
National Events	1,453	67
Expenses for Elections-Presidential	102	281
Expenses - Diploma Course	-	389
ABU Training Expenses	475	-
Subscription Fees	18,094	2,473
Depreciation	30,935	21,121
N.B.T	45,808	48,161
	<b>1,093,360</b>	<b>987,370</b>
Retirement Benefit Obligation	21,967	(48,065)

Administrative Expenses	1,115,327	939,305
<b>6. Financial &amp; Other Charges</b>		
Bank Charges	1,160	2,331
Bank Interest	2,168	3,767
Lease Interest (Vehicle Loan)	5,039	130
Audit Fees	350	332
Legal Fees	2,496	4,719
Stamp Duty	43	58
Tax for Foreign Programme & Advertisements	2,724	2,560
Financial & Other Charges	13,980	13,897
<b>7. Taxation</b>		
Profit/(Loss) for The Year Ending	172,079	42,120
Depreciation	159,424	146,183
Interest Paid	7,207	-
Corporation Entertainment	2,226	1,860
Donations	1,359	(4,505)
Publicity & Propaganda (25%)	384	509
Commercial Promotional Expenses (25%)	1,045	562
Contra Expenses (50%)	32,998	35,966
Profit/Loss on Disposal	26	(1,236)
Tax Gain / Loss	(26)	393
Anniversary Celebration	665	-
Provisions For Gratuity	21,967	(48,065)
Gratuity Paid	(13,646)	(15,140)
Provisions for Bad Debts-Sundry	(228)	51
Provisions for Bad Debts-Clients	11,279	20,101
Provisions for Bad Debts-Employees	69	(525)
Specific Bad Debts Write -off	(85)	(5,651)
Interest Income	(37,768)	(60,913)
Other Income	(30,430)	(55,141)
Grant for Capital Items	(11,000)	(11,000)
Capital Allowances	(144,220)	(126,611)
Amortization of Foreign Aid	(2,596)	(2,596)
<b>Business Profit/(Loss)</b>	<b>170,729</b>	<b>(83,638)</b>
Interest Income	37,768	60,913
Other Income	30,430	55,141
<b>Total Statutory Income</b>	<b>238,927</b>	<b>116,054</b>
35% from net profit allowable losses B/F	(83,624)	(40,619)
Interest Paid	(7,207)	-
<b>Assessable Income</b>	<b>148,096</b>	<b>75,435</b>
Qualifying Payments	-	(4,505)
<b>Taxable Income</b>	<b>148,096</b>	<b>70,930</b>
Tax Amount ( 28% )	41,467	24,826
SRL 1.5% from Income Tax	622	372
<b>Income Tax Liability</b>	<b>42,089</b>	<b>25,198</b>
Income Tax over Provision for The Year 2010	(1,338)	4,870
Income Tax	<b>40,751</b>	<b>30,068</b>

## Property, Plant and Equipment

In Rs.'000s

Note	Balance as at 01/01/2011	Additions	Disposals	Balance as at 31/12/2011
Land	7,660	-	-	7,660
Building	234,398	3,652	-	238,050
Plant, Machinery & Equipment	2,534,834	90,747	(398)	2,625,183
Motor Vehicles	68,558	43,068	-	111,626
Computers	60,462	10,159	-	70,621
Furniture & Fittings	37,865	4,826	-	42,691
Library Books	1,959	81	-	2,040
TV Sets	20,805	1,525	(195)	22,135
Other Assets	2,752	547	-	3,299
Accounting Software	6,096	1,400	-	7,496
<b>Total Value of Assets</b>	<b>2,975,389</b>	<b>156,005</b>	<b>(593)</b>	<b>3,130,801</b>

## Depreciation

In Rs.'000s

Note	Balance as at 01/01/2011	Additions	Disposals	Balance as at 31/12/2011
Land	-	-	-	-
Building	90,413	4,721	-	95,134
Plant, Machinery & Equipment	2,192,396	131,329	(360)	2,323,365
Motor Vehicles	62,337	8,227	-	70,564
Computers	46,604	7,488	-	54,092
Furniture & Fittings	18,043	3,174	-	21,217
Library Books	1,812	90	-	1,902
TV Sets	14,605	2,691	(109)	17,187
Other Assets	1,792	462	-	2,254
Accounting Software	1,914	1,242	-	3,156
<b>Total Depreciation</b>	<b>2,429,916</b>	<b>159,424</b>	<b>(469)</b>	<b>2,588,871</b>

## Net Book Value Of Assets

In Rs.'000s

Note	Balance as at 01/01/2011	Balance as at 31/12/2011
At Cost	2,975,389	3,130,801
Depreciation	(2,429,916)	(2,588,871)
<b>Total carrying amount of Property, Plant &amp; Equipment</b>	<b>545,473</b>	<b>541,930</b>

Note	Annex	2011	2010
<b>09. Other Financial Assets</b>			
Fixed Deposits (Bank Of Ceylon)	5	147,000	22,000
Fixed Deposit ( State Mortgage & Investment Bank)		13,941	12,875
Other Financial Assets		<b>160,941</b>	<b>34,875</b>
<b>10. Work-in Progress</b>			
Opening Balance		315	3,401
Additions		5,369	41,924
Transfers		(3,704)	(45,010)
Work-in Progress Closing Balance	3	<b>1,980</b>	<b>315</b>
<b>11. Stocks</b>			
Printing & Stationary		4,263	3,151
Spare Parts - ENG I		18,053	18,053
Spare Parts - ENG II		176,851	175,960
Graphics Material		214	217
Make-up Material		649	3,285
Building Material		64	80
Motor Vehicle Material		2,002	1,268
Diesel Stocks		1,179	900
Office Requisites(exluding printing & stationary)		29	25
Miscellaneous Items		548	206
Cassettes & Tapes(Blank) in Main Stores		2,930	8,023
Programe Material Foreign		2,544	3,697
Local Programmes(not telecast)		14,196	1,212
Electrical Consumables		348	234
Cassettes & Tapes (Library)		178	150
Local Programmes - (Work- In Progress)		7,424	5,408
Recorded Cassettes		170	170
Loose Tools		1	3
TV Sets		83	-
Stocks		<b>231,726</b>	<b>222,042</b>
<b>12. Trade &amp; Other Receivables</b>			
<b>12.1 Debtors - Employees</b>	6		
TV Loan - Others		45	47
Distress Loan		76,825	78,496
Festival Advance		379	379
Transport Loan		44,290	48,544
Special Loan		17,555	19,371
Textile Loan		2,697	2,473
Other Loan	7	413	249
Housing Loan	8	42,313	42,094
Debtors - Employees		<b>184,517</b>	<b>191,653</b>
<b>12.2 Advances &amp; Deposits</b>			
State Mortgage & Investment Bank (Housing		9,766	8,831

Loan Fund)			
Goods In Transit	9	33,079	108
Advance on L C		-	40
Advance to Suppliers - Local Purchases (Institutes)	10	263	295
Advance to Suppliers-for Programme Production	11	303	188
Advance to Employees- Miscellaneous	12	601	314
Advance to Employees - Programme	13	1,582	5,428
Advance to Artistes	14	250	300
Deposits for Services - Refundable	15	2,291	2,340
Travelling Advance - Local		-	2
Advance for Room Charges	16	382	143
Advance on Foreign Purchase - Spare Parts	17	4,016	2,867
Advance to Contractors	18	450	858
Advance to Employees - Purchase	19	526	399
Traveling Advance - Foreign		-	241
Advance - Social Welfare Fund		1,845	-
Stamp IMP - Administration Division		68	-
Tax- Withholding Tax (WHT) deducted at source		40,840	47,170
Tax – Economic Service charge (ESC)		26,906	17,011
Advances & Deposits		<b>123,168</b>	<b>86,535</b>
<b>12.3 Other Receivables</b>			
Miscellaneous Debtors	20	513	708
Recoverable from Retired / Resigned Employees	21	112	150
Income Receivables (from Inland Revenue and Other)	22	28,182	31,387
Income Receivables - Investment Income	23	15,497	20,212
Staff Debtors - Sundries	25	67	66
Insurance Corp. Medical Scheme	26	3,742	866
Coin Adjustment		18	19
Lease Interest Suspense A/C		11,983	2,072
Other Receivables		<b>60,114</b>	<b>55,480</b>
<b>12.4 Debtors - Client</b>		<b>590,035</b>	<b>596,893</b>
Debtors - Client		<b>590,035</b>	<b>596,893</b>
		<b>957,834</b>	<b>930,561</b>
<b>Less : Provision for Bad Debtors</b>		(152,640)	(141,605)
Trade & Other Receivable		<b>805,194</b>	<b>788,956</b>
<b>13. Cash, Bank Balance &amp; Deposits as Call</b>			
Short Term Treasury Bills	4	357,050	541,831
BOC Savings A/C		51	49
Cash in hand		-	5
Bank Balance BOC Corporate Br.		41	-
Bank Balance BOC Torrington Br		27,277	1,370
Cash, Bank Balance & Deposits as Call		<b>384,419</b>	<b>543,255</b>
<b>14. Govt. Grant for Capital Items</b>		<b>20,000</b>	<b>31,000</b>

Govt. Grant for Capital Items		<b>20,000</b>	<b>31,000</b>
<b>15. Retirement Benefit Obligation -Gratuity</b>		<b>141,628</b>	<b>133,308</b>
Retirement Benefit Obligation - Gratuity		<b>141,628</b>	<b>133,308</b>
<b>16. Trade &amp; Other Payables</b>			
Creditors Client	27	88,824	72,535
Agency Commission Payable	29	48,302	57,436
Accrued Expenses	30	65,715	46,416
Client Transfer / Refunds		-	988
<b>Sundry Creditors</b>			
Unclaimed Salaries & Wages	31	173	100
Retention - Contract	32	796	1,436
Security - Contract & Suppliers		1,719	1,719
Creditors Control	33	6,697	2,644
Cancelled Cheques - Corporate	34	546	308
Artists Fee Payable (Cancelled cheques)	35	401	320
Retention With Holding Tax		1,548	3,424
Retention - SLRC Employees		955	967
Provision for Income Tax		42,089	25,198
VAT Control A/C		15,225	11,989
Retention With Holding Turnover Tax		4	4
SLBC		-	14
Pre Reciepts		1,855	1,398
Tender Deposits (Refundable)	36	507	435
Salaries Payable		37,987	34,786
PAYE Tax		1,075	2,834
Fund for Rupavahini - Museum		10	10
CIR Stamp Duty		104	100
Ministry of State		530	418
Provision for Fine on Gratuity		74	78
Provision for Commission for Marketing Executives		-	-
Staff Security Deposit		-	-
Miscellaneous Payable - Suwa Sahana		74	73
Provision for Dividend ( to the Government)		32,498	-
Trade & Other Payables		<b>347,708</b>	<b>265,630</b>
<b>17. Bank Overdraft -BOC Corporate Branch</b>		<b>-</b>	<b>68,763</b>
Bank Overdraft -BOC Corporate Branch		-	<b>68,763</b>
<b>18. Finance Leases</b>			
18.1.Finance Leases Payable Within One Year		13,260	1,646
18.2 Finance Leases Payable After One Year		41,003	6,312
<b>Finance Leases</b>		<b>54,263</b>	<b>7,958</b>

TM/E/SLRC/FA/2011

21 September 2012

The Chairman,

Sri Lanka Rupavahini Corporation

**Report of the Auditor General on the Financial Statements of the Sri Lanka Rupavahini Corporation for the year ended 31 December 2011 in terms of Section 14(2)(c) of the Finance**

**Act, No.38 of 1971**

The audit of financial statements of the Sri Lanka Rupavahini Corporation for the year ended 31 December 2011 comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 16(3) of the Sri Lanka Rupavahini Corporation Act, No. 06 of 1982. My comments and observations which I consider should be published with the annual report of the Corporation in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Act was issued to the Chairman of the Corporation on 06 July 2012.

**1.2 Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and

for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### **1.3 Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub-sections (3) and (4) of the Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

## **1.4 Basis for Qualified Opinion**

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

## **2. Financial Statements**

### **2.1 Qualified Opinion**

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Rupavahini Corporation as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### **2.2 Comments on Financial Statements**

#### **2.2.1 Accounting Deficiencies**

The following observations are made.

- (a) According to the financial Statements the Value Added Tax Payable was Rs. 15,225,000 and the Value Added Tax Payable as per tax returns was Rs. 16,143,590 hence a difference of Rs. 918,590 was observed.
- (b) A sum of Rs. 103,405,215 had been debited to cumulative profit as at the end of the year under review as unidentified previous year adjustments.
- (c) Out of the purchase of foreign Tamil films/ teledrama a sum of Rs. 2,544,000 identified as payments for upcoming years has been included in the stocks as at 31 December 2011.
- (d) Even though 3,438 DVD/CD tapes in respect of 100 items had been available as per the report of the board of survey of the sales outlet in Marketing Division, the value related to them had not been shown in the financial statements.

## 2.2.2 Accounts Receivables and Payables

The following observations are made.

### (a) Client Debtors

- (i) A sum of Rs. 131,011,201 or 22% higher value had been taken in the provision for doubtful debts as at 31 December 2011 out of the Client debtor of Rs. 590,034,524.
- (ii) According to the Credit Policy of the Corporation, the credit period is limited to one month but the debtors for more than one month amounted to 76 % or Rs. 450,361,210, debtors for more than 3 months amounted to 38% or Rs. 222,787,840. Debtors for more than 3 years amounted to Rs.129,018,011 or 22%.
- (iii) Out of the client debtor balances of the Corporation debts valued at Rs. 56,039,150 or 9% were due from Government institutions and remaining for the period ranging from 1 to 12 years. These government institutions were included a sum of Rs. 1,619,601 from Ministry of Trade and Consumers, Rs. 1,462,000 from Ministry of Mass Media, Rs. 4,931,273 from National Youth Organisation, Rs. 1,136,957 from Negombo Municipal Council, Rs. 1,000,000 from State Printing Corporation.
- (iv) Out of the client debtor balances debts valued at 7% or Rs. 42,575,585 were due from Political Parties and remaining for the period ranging from 1 to 8 years.
- (v) The value of Debtor balances relating to 2 agreements without stating the client's name amounted to Rs. 320,600 and remaining for the period ranging from 14 to 16 years.

(vi) The debtor balances were aggregating Rs.26,355,965 due from 7 institutions relating to the period from 2 to 10, and it was observed that the amount due from 7 institutions representing 4 % of the total debtors.

**(b) Sundry Debtors**

Out of the total sundry debtors amounting to Rs. 60,114,000 as at 31 December 2011, the provision for doubtful debts amounted to Rs. 21,449,142 or 36 percent. This balancee included a sum of Rs. 324,034 receivable from persons, a sum of Rs. 4,101,510 receivable from foreign TV Institutions, a sum of Rs.17,858,971 recoverable from the Department of Inland Revenue and a balance of Rs. 598,523 receivable from Insurance Companies in respect of reimbursement of medical bills remaining for the period over 2 years. It was observed that the level of controls over the sundry debts recoveries is weak hence providing 36 percent as doubtful debts.

**(c) Staff Debtors**

The amount provided as 100 % doubtful debtors as at 31 December 2011 was Rs. 179,664 with regard to the dues from employees who resigned or retired from service. As a result of non-taking actions to recover from them at the time of retirement or later from guarrenters had to be provided the doubtful debts accordingly. It was informed by the Chairman that those loans could not be recovered due to resign, dead, cases filed by employees.

**(d) Granting and Settling of Advances**

The following observations are made.

(i) A sum of Rs. 250,000 given to outsider as advance for producing programs and a sum of Rs. 26,850 given as programme advances in years 2007 and 2009 had not been settled even as at 31 December 2011.

- (ii) The necessary actions had not been taken to recover from the relevant contractor or the parties responsible for that payment which was Rs. 187,500 paid to a contractor for non-getting service in year 2010.
- (iii) Even though a sum of Rs. 450,000 had been given to contractors in the year 2008 for computer programmes and its related activities, such purposes had not been completed even as at the end of the current year.

**(e) Accounts Payable**

A sum of Rs. 75,184,086 had to be paid to service providing institutes from the year 2001 to year 2010 and the necessary actions had not been taken to settle that dues to relevant institutions even as at 31 December 2011. It was informed by the Chairman that the request should be made by the relevant institutions to pay this cash back.

**2.2.3 Lack of Evidence for Audit**

The following observations are made.

- (a) Title deeds of lands and lands where transmission stations are located, transfer deeds, gazette notifications totalling Rs. 40,024,000 and the value to be decided on films purchased under contra agreements in which the programme used to cover the amount of such measurements could not be satisfactorily vouched, due to non-availability of information.
- (b) According to final financial statements though the stocks of maintenance unit valued at Rs. 194,904,000 had been surveyed, the above balance could not be confirmed due to the values had not been included in the reports of the board of survey.

## 2.2.4 Non-compliance with Laws, Rules, Regulations and Management

### Decisions

Instances of non-compliance with the following laws, rules, regulations and management decisions were observed.

### Reference to Laws, Rules, Regulations and Management Decision

### Non-compliance

- |                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Declaration of Assets and Liabilities Act, No. 01 of 1975 of the National State Assembly as amended by the Act, No. 24 of 1988 | Even though the staff grade and executive officers of the Corporation should forward the annual declaration of assets and liabilities 6 officers had not forwarded the declaration of assets and liabilities.                                                                                                                                                                             |
| (b) Chapter VIII and X, Section 21:5 of Chapter XLVIII of Establishment Code.                                                      | The ' <b>Remuneration</b> ' payable to officers who were not guilty for charges should not be included any of allowances paid in way of duty allowances. But the approval had been given to pay bonus with conditons by superseding the present laws, rules and regulations by the management decision No. 766.02.01 of 21 June 2011 and a sum of Rs.77,500 had been paid to one officer. |

**(c) Financial Regulations (F.R.)  
of the Democratic Socialist  
Republic of Sri Lanka**

- i. F.R 71(i) e and Public  
Enterprise Circular PED/ 12  
of 02 June 2003

Though the inspite of the source of fund, the prior authority of Deputy Secretary to the Treasury should be obtained, aggregating Rs. 27,456,539 as fuel allowances and Rs. 4,660,661 as travelling allowances in 2010, 2011 and since June 2012 had been paid contrary to the provision. Also actions had been taken to pay a sum of Rs. 1,314,426 during 2012 as arrears fuel allowances before 2010 and the payments had continuously been paid without considering the direction given by the Secretary to the Ministry on suspension and recovering of the paid allowances.

- ii F.R. 880

Security deposits had not been obtained from officers who should keep securities while securities had been obtained only from Cashiers of the Corporation.

**(d) Public Enterprises Circular  
No. PED/12 of 02 June  
2003**

(i) Paragraph 5.1.3

Even though the updated Corporate Plan should have been submitted to the Auditor General at least before 15 days at the beginning of the year, it had not been done accordingly in 2011.

(ii) Paragraph 6.5.1

The draft annual report of the year 2011, had not been submitted to the Auditor General within 60 days after the close of the financial year.

(iii) Section 9.4

Approval of Cabinet of Ministers should be obtained to release officers of the institution to Ministries or other Institutions and any payment should not be paid during that period. But 06 officers recruited in contract basis had been released from corporaton service contrary to the provisions of the Circular and even though a sum of Rs. 4,276,954 had been paid as salaries and allowances to those officers as at 30 September 2011 it had not been reimbursed.

- (e) Public Enterprises Circular No. PED/50 of 28 July 2008 and Public Administration Circular No. 22/99 of 08 October 1999
- The fuel allowance for 96 and 92 officers and transport allowances for 98 and 94 officers had been paid in years 2010 and 2011 respectively contrary to the Circular by including the MM and JM salaries as executive officers.

### **2.2.5 Transactions with Contentious Nature**

A sum of Rs. 240,000 had been paid as bonus for years 2010 and 2011 by the Corporation on behalf of 06 officers who had been recruited on contract basis and released from corporation service.

## **3. Financial Review**

### **3.1 Financial Results**

The pre-tax profit of Rs.172,079,000 as compared with the profit of Rs. 42,120,000 for the preceding year thus indicating an increase of Rs. 129,959,000 profit for the year. A sum of Rs. 169,008,170 accounted during the year under review as prepayment, had been resulted the increase of the profit.

### **3.2 Analytical Financial Review**

The income generate from sale of air time had been increased by 29 % and other revenue decreased by 19% in the year under review compared with the year 2010. The revenue from sale of air time of "Channel Eye" had been increased by Rs. 507,796,000 or 147 percent compared with previous

year and telecasting of "2011 World Cricket Championship" was the reason of it. The revenue from "Channel One" being the main channel had been increased by 0.13 percent compared with previous year revenue of Rs. 1,338,943,000 and Rs. 1,340,696,000 in year under review.

### 3.3 Working Capital Management

<u>Liquidity Ratios</u>	<u>Standard Ratio</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current Ratio	2:1	1:0.25	1:0.22	1:0.25
Quick Ratio	1:1	1:0.34	1:0.18	1:0.32

According to the above information it was observed that liquidity ratio is deviated from standard percentage.

## 4. Operating Review

### 4.1 Management Inefficiencies

The following observations are made.

#### (a) Court Cases Filed Against / vs the Corporation

Seven cases and 11 cases had been filed against the Corporation by external parties and by the employees of the Corporation respectively at the end of the year under review. A sum of Rs. 5,051,095 had been paid as lawyers fees to the outside Lawyers on these cases. The compensation claimed by the complainants relating to the 7 cases filed by the external parties amounted to Rs. 1,016,500,000 and U.S. Dollars 250,000. Similarly 32 cases had been filed by the Rupavahini Corporation against the external parties, and expected to be

recovered a sum of Rs. 134,083,200 from those cases. Of them, 3 cases had been finalised during the year under review and a sum of Rs. 486,448 had been recovered. Lawyers fees paid to external lawyers for these cases amounted to Rs. 696,250. The amount disclosed in the notes to the financial statements as contingent liability amounted to Rs. 1,554,000,000.

- (b) Even though a sum of Rs. 1,104,000 had been invested in Lanka Puwath Institution in 1992 and 1994 no dividend income had not been received and that investment had been kept as such.
- (c) It is the policy of the corporation in receiving cash for general agreements by issuing invoices after supplying of the whole agreed air time. Accordingly if the agreement time exceeded the one year, then the revenue of whole year is taken by completing the supply of air time after one year. This policy was adversely affected the debts recovery of the Corporation.

## **4.2 Operating Inefficiencies**

### **(a) Contra Agreements**

- (i) Income on Contra agreements during the year under review amounted to Rs.58,009,000 and the expenditure amounted to Rs.65,996,000. Accordingly, the loss incurred by the Corporation there from amounted to Rs.7,987,000 representing 14 percent of the Contra agreement income.
- (ii) Agreements in respects of 5 Contra activities valued at Rs.6,572,750 included in the debtor balance had not been signed and these institutions had not provided any services again to the Corporation.
- (iii) According to the information made available for audit except the Contra agreements entered into the procurement of films, the following clause had been included in all other Contra agreements. "If a sufficient service

relevant to the value is not obtained within the agreement period, that loss should be born by that institute". Though a benefited situation of Rs.1,845,740 had been occurred from a contra agreement entered into by the Corporation, this beneficiary situation had been set off with another agreement entered afterward without getting that benefit to the Corporation.

- (iv) The Corporation had entered into contra agreements for 2 films in 2011 and though the said films should have to be given to the Corporation at the date of entering into the agreement, it had not been comply in one contra agreement and the time of delay was 09 months. The value of the air time provided by the Corporation upto November 2011 was Rs. 12,940,000.
- (v) Even though agreements had been entered in to in a manner that, the debit or credit balances existed in those Contra agreements would be cancelled after a lapse of certain period, accounts balances valued at Rs.1,226,285 had been still shown further in the financial statements though the relevant period was elapsed.
- (vi) The agreement had twice been revised to convert the benefit to outsider instead of getting such favourable balance even the corporation had generated the favourable balance from one contra agreement and finally an unfavourable amount of Rs. 10,966,915 had been born to corporation by that agreement.

**(b) Purchase of Teledramas**

The following observations are made.

- (i) Out of the audit test check carried out on 04 teledramas, the corporation incurred a loss of Rs. 24,203,558 from two dramas.

- (ii) Out of the audit test check carried out on thirteen teledramas, four had been telecast before engaging legal contract between the Corporation and the producer of the teledrama.
- (iii) Even though the approval according to the procedure of selecting teledramas for telecasting should be given subject to the conditions and decisions of independent board of survey, out of the audit test check carried out on thirteen teledramas, two had been telecast without producing to such board of survey.
- (iv) Out of the audit test check carried out on thirteen teledramas the actual telecasting time and recommended telecasting time which the appropriate time approved by the board to telecast were different in 05 teledramas. It was informed by the Chairman that in some instances that could not be implemented practically and as an example the total episodes of a mega teledrama could not be produced to the board.
- (v) Even though in deciding the amount to be paid for the teledrama considering the marks of board of survey is a primary element, out of the audit test check carried out on thirteen teledramas three had been taken without having evaluating marks.
- (vi) Eventhough an application should be produced with the relevant fees for the approval of vedio copy of the teledrama, that had not been complied with relate to two teledramas, out of the audit test check carried out on thirteen teledramas.

**(c) Disposing and Removing of Inventories**

The following observations are made.

- (i) Fifteen divisions were renovated in 2010 and 2011 by the corporation and the files had not been maintained with regards to the goods removed from those divisions and its values.
- (ii) According to the Schedule 08 of the financial statements of the year 2011 though the value of disposals of property plant and equipments had been shown as Rs. 593,000 it was shown that furniture, computers and other inventories were disposed according to the file of granting inventories to other institution, the values had not been calculated. Further it was observed that this disposals of fixed assets were still included the financial statements.

#### **4.3 Idle and Underutilised Assets**

- (a) Certain parts of the automated barcode solution system purchased in the year 2005 by incurring an expenditure of Rs.1,734,000 with the objective of carrying out, the activities of the Rupavahini Audio Visual Library properly and efficiently to improve its activities being computerised and the EAS system had been idle without being utilised even by May 2012 and also the availability of those antennas were not disclosed in reports of the annual stocks verification.
- (b) Spare parts of Rs. 18,053,000 and recorded cassette tapes of Rs. 170,000 of Engineering Division were held as non moving stocks.

#### **4.4 Identified Losses**

A receivable of Rs. 12,766,629 had been decided to write off in 06 meetings of board of directors in the year 2011. Out of these a sum of Rs. 2,064,841 was dues unrecoverable due to non availability of written document/ reasonable document relating to the business engagement by the corporation and non-maintaining of files properly. A sum of Rs. 2,291,697 was dues unrecoverable

due to scheduling without proper approval/ over scheduling, and a sum of Rs. 100,000 were dues unrecoverable due to non-issuing of invoices.

Two activities of Rs. 247,312 were dues from a person and decided to written - off by stating that for the improvement of the cinema industry. Also the decision to write off was included a sum of Rs. 85,026 dues from resigned/retired officers of corporation service.

#### **4.5 Staff Administration**

The following observations are made.

- (a) Approved cadre of the corporation as at 30 June 2012 was 985 and the actual cadre was 1014.
- (b) The Director General post was engaged by Acting Director General from 05 August 2008 and an officer had not been appointed to that post from 15 November 2011.
- (c) The proper recruitment procedures had not been followed by the corporation in recruiting 06 officers in contract basis. These officers had been released to another institution and though the attendance should be certified by the supervising officer of that institution, the attendance of those two officers had been certified by the Working Director/ Board Member of the Corporation. Also a sum of Rs. 4,276,954 had been paid by Corporation's funds to these two officers as salaries and allowances as at 30 September 2011.

#### **4.6 Utilisation of Vehicles**

Sixty four vehicles were in the vehicle pool of the Corporation, and 12 out of them were taken in the basis of rent. The number of vehicles allocated was 08. The total distance that those vehicles travelled in year 2011 was 1,659,121 kilometres and maintenance expenses was Rs. 6,284,000 and fuel expenses was

Rs. 14,039,000. Accordingly the cost of maintenance and fuel were Rs. 3.79 and Rs.8.46 per kilometer respectively.

## **5. Accountability and Good Governance**

### **5.1 Internal Audit**

The staff cadre of the Internal Audit Unit of the Corporation was 06. 09 quarries in the first by annual and 12 quarries in second by annual had been sent.

### **5.2 Audit and Management Committees**

Even though the audit and management committee should be commenced at least once in three months in terms of Public Enterprises Circular No . PED/31 of 01 July 2005, only one audit and management committee had been held in year 2011. Also, implementing of decisions taken in the audit and management committee was in unsatisfactory position.

### **5.3 Budgetary Controls**

It was observed that excesses of revenue ranged from 80 percent to 111 percent and shortages of expenses ranged from 11 percent to 97 percent deviation from budgeted targets due to the revenue estimations were not done properly. And also the excesses of expenses ranged from 28 percent to 69 percent and shortages of expenses ranged from 27 percent to 65 percent deviation due to the expense estimations were not done properly.

## **6. Systems and Controls**

Weaknesses in systems and controls observed during the course of audit were brought to the notice of the Chairman from time to time. Special attention is needed in respect of the following areas of control.

- (a) Fixed Assets
- (b) Debtors / Creditors Control
- (c) Income on Air Time
- (d) Advances
- (e) Contra Agreements
- (f) Journal Entries
- (g) Invoicing

H.A.S.Samaraweera

Auditor General



