



2018

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வருடாந்த அறிக்கை
ANNUAL REPORT



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

Hon. Minister,

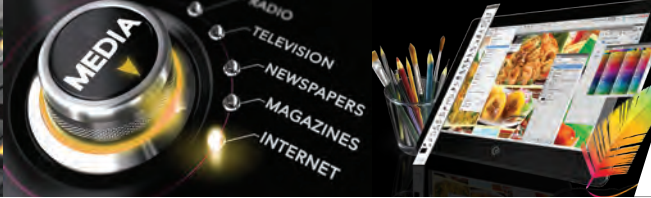
Annual Report – 2018

According to the Section 14(1) in Finance Act No 38 of 1971, I am forwarding herewith the Annual Report of Salacine Rupavahini Institute for the year ending 31st December 2018.
Thank you.

Yours faithfully,

S.A.N.R. Subasinghe
Chairman (Acting)
Salacine Television Institute
Colombo 7.

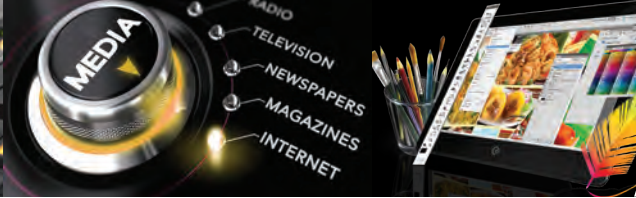




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Mission, Vision & Objectives

Mission

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

Vision

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



Objectives

- Increasing financial status
- Increasing market Share
- Using strategy to increase customer satisfaction
- Developing employees and leaders of the organization





Chairman's Review

I am pleased to contribute this message to the 2018 Annual Report of Selacine Television Institute after assuming duties as its Chairman.

I state that Selacine Television Institution has moved forward with various obstacles descended from the 37 years of history. Though the turn – over in year 2017 is Rs. 637.3 million it has decreased upto Rs. 597.8 million. In 2018 Selacine has acquired a gross profit of Rs. 11.0 million. The net profit of 2018 is Rs.29.7 million and in 2017 the net profit is Rs. 1.2 million. Accordingly, our institution should be appreciated due to the increment of the net profit of the year 2018 compared to 2017 is Rs. 28.5 million.

The outstanding achievement in our institution is the relative reduction of the expenses such as institution and asministration in Rs. 3.7 million and sale and distribution in Rs. 4.4 million in year 2018 compared to the year 2017.

The rapid development of human resources, supplying insurance benefits for staff members, Sportmeets, some affaires such as Trips and organizing Training programs for staff members are the reasons for the success of the institution.

Making the Financial report has become eased off because of the new technology provided by the institution and the submission of the audit reports were done on the due dates.

Publishing advertisements with the Lake House Institution lead to a beneficial achievement and our institution became the 1st institution among the other institutions by providing advertisements. To this achievement the contributions of the Graphic Division by creating advertisements and the Media Division by Scheduling advertisements are the major prioritized contributions which lead us towards the success.

The relevant commitments to reach the sales target were accomplished by the Marketing Division and a virtuous feedback is given by the event division. The combination of Marketing and Event Division has led to the above accomplishment.

Production division played a major roll to gain an impression to the institution. These productions were attracted by the tourist. Web development division is the newly engaged division which helps to external relationships and also to educate external people.

We all wish to focus our institution with the positive and relevant targets by recognizing the relative economy changes occurred recently.

S.A.N.R. Subasinghe
Chairman (Acting)
Selacine Television Institute



Corporate Information

Name

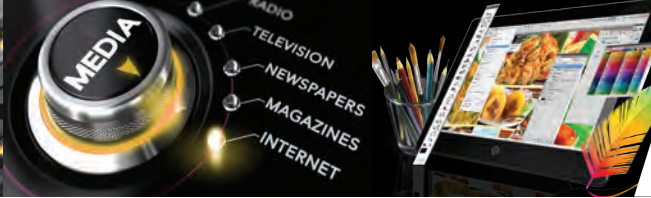
Selacine Television Institute

Legal form and nature of past activities

- ❖ On 1st February 1982, started under the authority of the Ministry of Plan Implementation.
- ❖ From 1982 to 1989, carrying out the job of making the general public aware of the Accelerated Mahaveli Project through the Human and Financial Resources Department of the Timber Corporation which was then under the purview of the Mahaweli Development Ministry.
- ❖ Carrying out the propaganda work for "Janasaviya" programme in 1989.
- ❖ By the Gazette Notice Extraordinaire of No. 832/15 of 19.08.1989, Salacine Institute was brought under the purview of the Ministry of Youth Affairs, Sports and Rural Development. (This is the first time transfer of this institute was done through a gazette notice.)
- ❖ By the Gazette Notice Extraordinaire of No. 979/2 of 09.06.1997, Salacine Institute was brought under the purview of the Ministry of Posts, Telecommunication and Mass Media.
- ❖ By the Gazette Notice Extraordinaire of No. 1215/14 of 20.12.2001, Salacine Institute was brought under the purview of the Ministry of Mass Media.
- ❖ By the Gazette Notice Extraordinaire of No. 1338/9 of 28.04.2004, Salacine Institute was named as an institute belonging to the Ministry of Information and Mass Media.
- ❖ By the Gazette Notice Extraordinaire of No. 1422/22 of 08.12.2005, Selacine Television Institute was established under the Ministry of Information and Mass Media.
- ❖ On 26.03.2008 memorandum was forwarded to the Cabinet of Ministers to convert Salacine as a government-owned Public Company according to the rules and regulation under Companies Act No. 07 of 2007.

Establishment role

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



Administration Structure - 2018

Senior Management

- J.M.N.S.B. Jayawardhana - Chairman (21.01.2018 - 04.05.2018)
- Uma Rajamanthri - Chairman (17.05.2018 - 26.10.2018)
- J.M.N.S.B. Jayawardhana - Chairman (11.11.2018 - 30.12.2018)

- Manjula Herath - General Manager

Management

- E.M.A.R. Ekanayaka - Manager (Human Resources and Administration) (01.01.2018 - 17.10.2018)
- H.M.U.C.P. Herath - Manager (Human Resources and Administration) (18.10.2018 - 31.12.2018)
- Sunanda Weerasinghe - Manager (Production)
- Agbo Amarasekera - Manager (Head of Business Development)
- Nalin Alahakoone - Manager (Media)
- Shantha Lokuketagoda - Chief Accountant
- Sujith Pushpakumara - Manager (Graphics)
- I.L.P. Fernando - Manager (Express Printing)
- Indika Wijethunga - Manager (Purchasing & Supplying)

Auditors

Government Audit

Bankers

Bank of Ceylon
Peoples Bank

Contact Details

- Address** - No. 224, Bauddhaloka Mawatha, Colombo 7.
- Telephone** - 011-4320777, 011-4061586
- Fax** - 011-2058229
- Email** - selacine@gmail.com
- Web site** - www.selacine.lk



Graphics and Creations Division

This division is the heart of the organization where creativity is concerned. Our team consists of creativity, designing, proof readers who will give a value to the advertisement. Our prime

concern is customer satisfaction and our team is dedicated to that target.

Media Division

The task of our division is to provide competitive Quotations to our valued clients in the printed and electronic media.

In 2018 our total investment is Rs. 45,925,412.29 and became the first agency in the lake house in terms of revenue generating.

Sales and Consumer Services Division

Total sales value for the year of 2018 is Rs. 597.8 Million and compared to the previous year it is a set back and the short of the targeted amount.

This is mainly due to the unstable political situation in the country, despite all this obstacles this can be considered as a remarkable achievement.

Human Resource and Administration Division

This is a Prime division of the Organization When it comes to the recruiting, development and training the employees for the betterment of the organization and the employees itself to meet the future challenges in the industry.

While focusing on the continuous "on the Job training to our employees and our concern is to create the awareness of working in a disciplined environment in the organization.



Production Division

Our division consists of experienced producers, cameramen and editors in their respective fields and focus on a creative production at the end of the day.

Our team specialized in documentary and commercial productions and already contributed to “ Colombo –

Katuanayake” express way, development lottery, Ministry of health for their production work.

It has been recognized that production division contributes a sizable profit portion to the organization when compared to other divisions.

Finance Division

This division is headed by a professional accountant with wealth of experience and considered as the nerve center of the organization and our duty is to ensure the proper accounting practices are being carried out within the frame work of the

government accounting procedure and to forward the timely financial statements to the ministry and the its authority bodies to ascertain the financial position of the Institute.

Event Management Division

Event Management Division is a new division to the Selacine Television Institute established in 2015 and premier events in Government and Private institutions are organized by this division. “Tuk Tuk” event program in Sri Lanka Tourism Development Authority (2 million financial value), Presidential Award Ceremony – 2018 organized by Ministry of Mass Media (8 million financial value), the Exhibition stall of Ministry of Finance at the Enterprise Sri Lanka Exhibition organized by “Royal College” (4 million financial value), also three “Ahanna” programs extended in different areas conducted by Ministry of

Finance regarding “Reconciliation” (14 million financial value) and various events organized by Ceylon Electricity Board (about 6 million of financial value) are some of the major events organized by the Event Management Division in 2018.

Comparatively to the year 2017, there is a significance development in this year. In 2019, we are ready to develop the expected income by using modern technology and by introducing new event management methodologies.

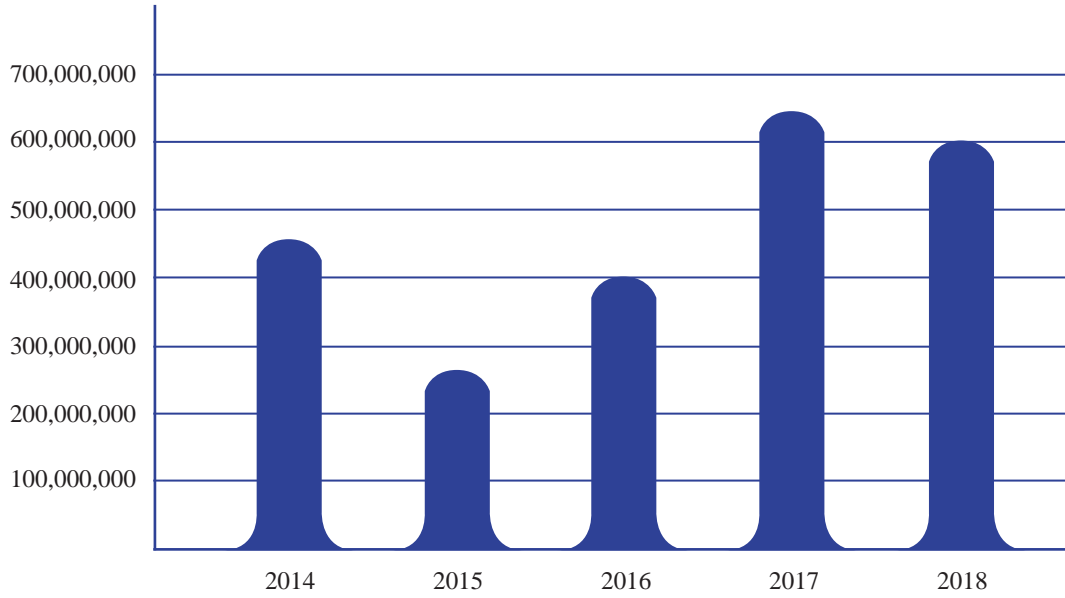




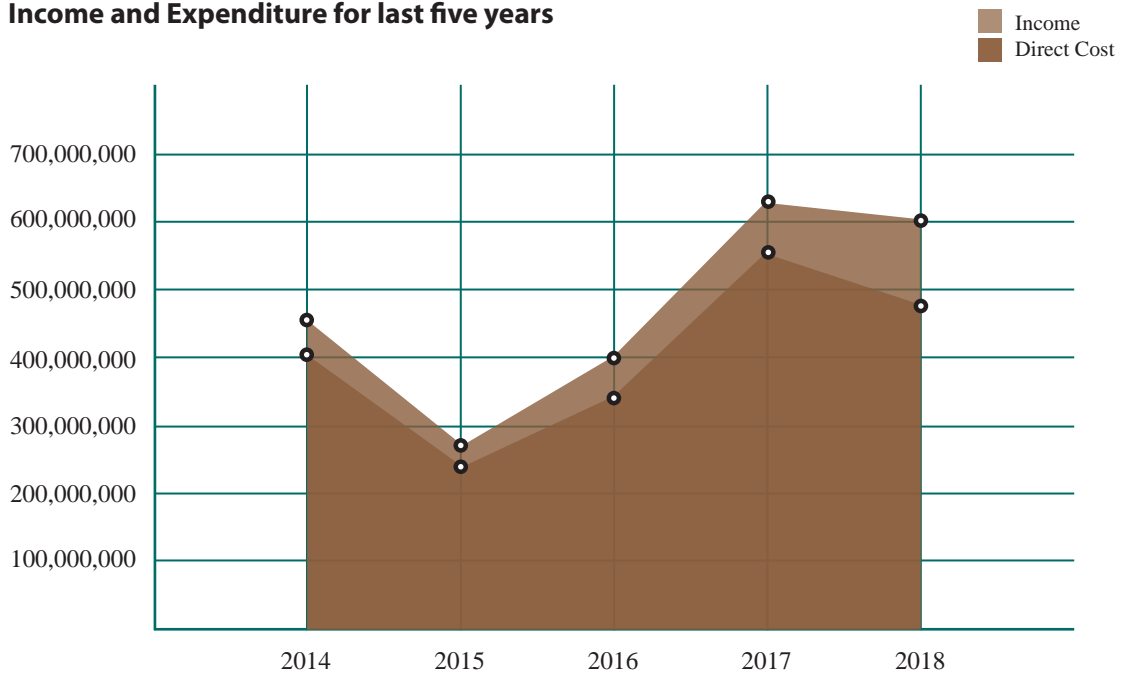
FINANCIAL REPORT 2018



Revenue Growth



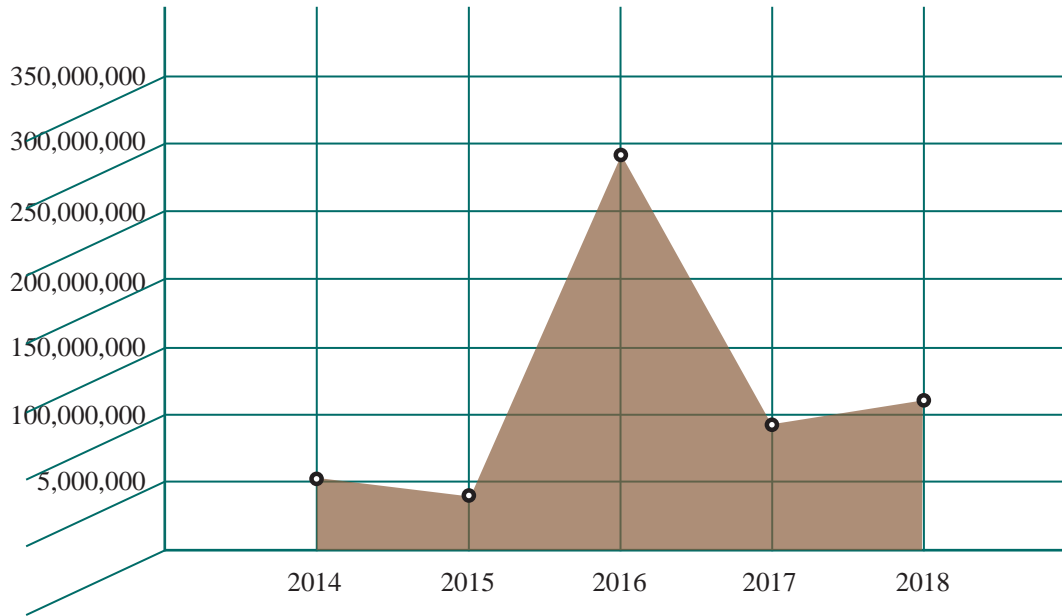
Income and Expenditure for last five years





Trend of institutes profit between 2014 and 2018

During the 5 years period Trend of Revenue & Direct cost





Notes for Financial Report

For the year ended 31st of DECEMBER 2018 Accounting Policies

1. CORPORATE INFORMATION

1.1 General

Selacine Television Institute (hereinafter referred as Selacine) has been integrated To the Ministry of Mass Media by the Special Gazette Notification No.2112/13 of 26.02.2019

1.2 Principle Activities and Nature of Operations

The principle activities of the Selacine Consists of advertising activities, production of Television and Radio programmers and Event management.

1.3 Number of Employees

There were 64, Permanent and Contract employees as at 31.12.2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General Policies

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

2.2 Consistency and comparability

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

2.3 Borrowing Cost

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

3. VALUATION OF ASSETS AND THEIR MEASUREMENT BASES

3.1 Property plant & Equipment

Property plant & equipment are stated at cost or revalued amount.

3.2 Trade and Other Receivables

Trade and other receivables are stated at the amounts they are estimated to realize.

3.3 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

3.4 Depreciation

Depreciation is recognized in the Income Statement on a straight-line basis over the estimated useful life of each asset. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of the equivalent owned assets.

Depreciation percentage are amended are for fixed assets. The estimated useful lives for the current and comparative periods are as follows :

• Furniture & Fittings	10 Years
• Computer Equipments	05 Years
• Office Equipment	10 Years
• Motor Vehicles	05 Years
• Cameras & Filming Equipment	10 Years
• Computer Software	10 Years



3.5 Disposal of Fixed Assets

Year 2018 Assets has been disposed without identifying purchase year.

4. LIABILITIES AND PROVISIONS

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

4.2 Retirement Benefit Costs

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

4.3 Defined Contribution Plans-EPF & ETF

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

5. INCOME STATEMENT

5.1 Turnover

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

5.2 Revenue Recognition

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

5.3 Expenditure Recognition

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

6. RELATED PARTY TRANSACTIONS

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

7. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

8. The Rs. 300,000 deposited in Pramuka Bank was transferred to Sri Lanka Saving Bank due to the Instruction of the Central Bank.

9. Bad & Doubtful debtors have been provided as 2.5% for debtors & fully provided for Un-Identified Debtors Year 2006.

10. 10.1 Two Employees were taken legal action.

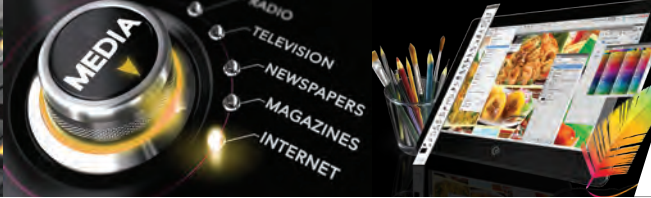
10.2 As per Audit Query institution unable to re-value the depreciated item which currently using. Year 2019 will be assessed and ported to the final accounts.



Income Statement

For the year ended 31st of DECEMBER 2018 (in Sri Lankan Rupees)

	Notes	2018 Rs.	2017 Rs.	2016 Rs.
Revenue	11	597,861,538.10	637,351,163.32	397,692,282.97
Direct Expenses	12	490,793,242.38	541,297,909.69	342,085,817.84
Gross Profit/(Loss)		107,068,295.72	96,053,253.63	55,606,465.13
Other Income	13	13,822,647.07	4,379,747.31	4,783,264.44
		120,890,942.80	100,433,000.94	60,389,729.57
Administration & Establishment Expenses	14	(67,378,237.30)	(71,096,270.58)	(62,608,575.31)
Selling & Distribution Expenses	15	(21,892,667.18)	(26,231,866.42)	(17,086,815.43)
Profit from Operation		31,620,038.31	3,104,863.94	(19,305,661.17)
Financial Expenses	16	(224,807.66)	(124,084.60)	(180,985.45)
Other Expenses	17	(1,690,794.00)	(1,770,342.59)	(6,142,345.59)
Net Profit/(Loss) before Taxation		29,704,436.65	1,210,436.75	(25,628,992.21)
Net Profit/(Loss) after Taxation		29,704,436.65	1,210,436.75	(25,628,992.21)
Other Comprehensive Income for the Year		-	-	
Total Net Profit/Loss for the Year		29,704,436.65	1,210,436.75	(25,628,992.21)



Balance Sheet

as at 31st of DECEMBER 2018 (in Sri Lankan Rupees)

	Notes	2018 Rs.	2017 Rs.	2016 Rs.
ASSETS				
Non Current				
Property, Plant & Equipment	18	9,703,764.59	11,170,153.95	12,608,937.31
Intangible Assets	18-A	3,559,605.76	3,460,377.76	3,999,830.83
Building Expenses		1,842,062.05	3,684,124.10	5,526,186.14
Total Non Current Assets		15,105,432.40	18,314,655.81	22,134,954.28
Current				
Investments	19	20,898,200.00	898,200.00	898,200.00
Trade Receivables	20	465,547,234.05	390,651,319.86	214,490,075.74
Other Receivables	21	1,395,510.60	1,662,656.66	1,944,593.80
Cash in Hand & at Bank	22	13,380,385.01	31,416,455.80	8,559,416.92
Total Current Assets		501,221,329.66	424,628,632.32	225,892,286.46
Total Assets		516,326,762.06	442,943,288.13	248,027,240.74
EQUITY AND LIABILITIES				
Equity				
Retained Earnings		109,791,825.84	70,209,475.81	57,883,448.68
Total Equity		109,791,825.84	70,209,475.81	57,883,448.68
Liabilities				
Non Current				
Gratuity Payable	23	11,919,393.60	9,692,481.86	8,639,956.56
Interest Bearing Loans and Borrowings	24	-	-	-
Treasury Loan		-	-	465,000.00
Non Current Liabilities		11,919,393.60	9,692,481.86	9,104,956.56
Current				
Interest Bearing Loans and Borrowings	24	-	-	-
Trade & Other Payables	25	394,485,990.62	362,911,778.46	179,049,283.50
Treasury Loan		-	-	1,860,000.00
Advance Received		129,552.00	129,552.00	129,552.00
Current Liabilities		394,615,542.62	363,041,330.46	181,038,835.50
Total Equity and Liabilities		516,326,762.06	442,943,288.13	248,027,240.74

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

General Manager - Selacine Television Institute

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

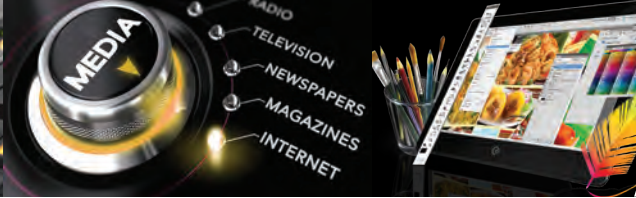
Chairman
Selacine Television Institute



Cash Flow Statement

For the year ended 31st of DECEMBER 2018 (in Sri Lankan Rupees)

	2018 Rs.	2017 Rs.
Cash Flows from Operating Activities		
Net profit before taxation	29,704,436.65	1,210,436.75
Adjustments for;		
Lease Interest	-	-
Interest income	(536,796.08)	(99,309.82)
Depreciation	3,170,873.00	4,001,678.11
Provision for Gratuity	2,797,621.74	1,052,525.30
Profit / (Loss) on Disposal of Property	-	61,369.34
Prior Years Adjustments	9,877,913.38	11,115,590.38
Operating Profit before Working Capital Changes	45,014,048.69	17,342,290.06
(Increase)/Decrease in Trade & Other Receivables	(73,122,256.14)	(177,126,051.07)
(Increase)/Decrease in Deposits & Prepayments	267,146.06	281,937.14
Increase/(Decrease) in Trade Creditors & Other Payables	31,574,212.16	183,862,494.96
Increase/(Decrease) in Advance received	-	-
(Increase)/Decrease in Provision for building expenses	-	-
Cash Generated from / (Used in) Operation	3,733,150.77	24,360,671.09
Gratuity paid	(570,710.00)	-
Net Cash from / (Used in) Operating Activities	3,162,440.77	24,360,671.09
Cash flows from Investing Activities		
Purchase of Property, Plant & Equipment	(1,735,307.64)	(1,602,942.02)
Interest Income	536,796.08	99,309.82
Fixed Deposits	(20,000,000.00)	-
Net Cash from / (Used in) investing Activities	(21,198,511.56)	(1,503,632.20)
Cash flows from Financing Activities		
Treasury Loan Received / Repayments	-	-
Repayment of Loans	-	-
Error Correction of Lease	-	-
Net Cash from / (Used in) Financing Activities	-	-
Net Decrease in Cash and Cash Equivalents	(18,036,070.79)	22,857,038.89
Cash and Cash Equivalent Beginning of the Year (Note A)	31,416,455.80	8,559,416.91
Cash and Cash Equivalent End of the Year (Note A)	13,380,385.01	31,416,455.80



Cash Flow Statement

For the year ended 31st of DECEMBER 2018 (in Sri Lankan Rupees)

	2018 Rs.	2017 Rs.
NOTE A		
Cash & Cash Equivalents		
BOC - A/C No. 2323299	7,540,695.27	29,724,501.94
BOC Savings A/c No. 2329765	315,207.27	291,145.04
Peoples Bank 200100130005980	3,467,878.97	791,574.32
Production Advance	1,881,603.50	424,234.50
Other Advance	175,000.00	185,000.00
	13,380,385.01	31,416,455.80

Statement of Changes In Equity

For the year ended 31st of DECEMBER 2018 (in Sri Lankan Rupees)

	2018 Rs.
	Retained Earnings
Balance as at 01 January 2018	70,209,475.81
Prior Years Adjustments - Note 28	9,877,913.38
Net Profit/Loss For the year	29,704,436.65
Balance as at 31st December 2018	109,791,825.84



Notes For The Financial Statements

For the year ended 31st of DECEMBER 2018 (in Sri Lankan Rupees)

	2018 Rs.	2017 Rs.	2016 Rs.
NOTE - 11 - REVENUE			
Production	64,274,782.71	32,661,878.25	19,865,749.83
Graphics	44,104,237.11	48,299,073.00	13,492,843.62
Scheduling	435,925,412.29	405,675,446.93	314,834,334.00
Event Management	52,042,205.99	150,487,265.14	48,150,355.52
Miscellaneous	7,500.00	82,500.00	84,000.00
Web Income	1,507,400.00	145,000.00	1,265,000.00
	597,861,538.10	637,351,163.32	397,692,282.97
NOTE - 12 - DIRECT COST			
Production Expenses	43,229,765.58	28,656,917.64	17,141,833.00
Graphic Expenses	40,018,353.15	33,511,635.16	13,965,362.04
Scheduling Expenses	358,077,255.35	347,405,543.49	272,997,261.84
Event Management Expenses	48,115,268.30	131,586,313.40	36,804,690.96
Web Expenses	1,352,600.00	137,500.00	1,176,670.00
Miscellaneous	-	-	-
	490,793,242.38	541,297,909.69	342,085,817.84
NOTE - 13 - OTHER INCOME			
Special Overriding Commission	12,097,784.00	-	-
Staff Loan interest	136,066.99	116,790.59	107,321.49
Bank Interest	536,796.08	99,309.82	145,449.20
Gain/(Loss) on Sale of Asset	-	-	-
Other Income	243,000.00	3,531,849.90	4,425,393.75
Registration of Supply	632,000.00	312,000.00	9,500.00
Translation Charges	75,000.00	-	80,000.00
Artwork Charges	65,000.00	281,000.00	-
Transport Charges	37,000.00	38,797.00	15,600.00
	13,822,647.07	4,379,747.31	4,783,264.44



Notes For The Financial Statements

For the year ended 31st of DECEMBER 2018 (in Sri Lankan Rupees)

	2018 Rs.	2017 Rs.	2016 Rs.
NOTE - 14 - ADMINISTRATION & ESTABLISHMENT EXPENSES			
Allowance	16,400.00	-	
Allowance - Chairman	1,447,555.64	1,547,928.00	1,500,000.00
Allowance - Contract Services	673,180.88	945,924.66	712,150.00
Allowance - Trainees	120,250.00	176,250.00	652,133.36
Allowance - Transport	800,000.00	900,000.00	560,000.00
Allowances - Fuel	329,110.32	290,065.26	448,100.32
Allowances - Mobile	150,548.39	156,000.00	156,000.00
Audit Fee	250,000.00	120,000.00	110,000.00
Board Meeting Expenses	13,604.00	-	
Board Meeting Fee	142,500.00	45,000.00	-
Bonus	1,293,348.00	662,125.00	680,500.00
Building Expenses	1,842,062.05	1,842,062.04	1,842,062.04
Building Rent Expenses - Film Corporation	3,780,000.00	3,780,000.00	3,780,000.00
Building Rent Expenses - Rajagiriya Office	-	733,335.84	565,390.32
Cleaning And Sanitary Item Expenses	103,298.94	80,186.00	119,658.00
Computer Repair Expenses	217,750.00	26,480.00	118,041.11
Consultancy Fee	17,415.00	50,000.00	-
Depreciation	2,421,396.00	2,641,533.37	2,230,019.53
Director's Emoluments	484,408.69	505,500.00	647,483.33
Donation	207,500.00	553,400.00	453,199.56
Electricity	705,469.10	790,952.95	462,481.24
EPF	2,876,767.26	2,541,168.90	2,436,156.27
ETF	881,740.37	507,727.05	429,730.96
Foreign Travel	-	-	298,759.80
Gift Voucher Expenses	378,830.00	646,847.50	288,000.00
Gratuity Expenses	2,779,683.74	1,184,500.55	2,534,524.27
Internet Charges	339,451.57	447,271.63	203,030.66
Labour Expenses	36,000.00	39,895.00	-
Miscellaneous Expenses	1,350.00	11,000.00	-
News Papers & Periodical	94,625.00	118,145.00	60,492.00
Office Equipment Maintenance	145,544.52	79,135.00	81,088.00
Office Maintenance Expenses	625,912.49	672,398.47	96,466.00
Penalty & Surcharge	-	102,564.57	6,510.20
Postage	14,550.70	28,970.00	38,141.00
Printing & Stationary	1,621,862.03	1,475,598.52	1,534,437.69



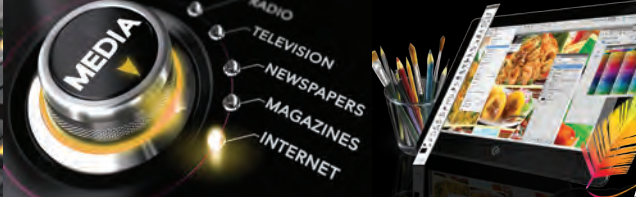
Notes For The Financial Statements

For the year ended 31st of DECEMBER 2018 (in Sri Lankan Rupees)

	2018 Rs.	2017 Rs.	2016 Rs.
Professional Fee	30,000.00	-	
Renewal Fee - Agreement	-	12,000.00	27,500.00
Registration Fees	103,035.00	90,665.00	119,000.00
Refreshment Expenses	1,740.00	-	
Salaries & Wages	34,465,547.39	37,732,241.83	31,958,987.77
Security Services Expenses	722,252.00	1,073,830.00	1,151,172.00
Space Rent (temporary)	31,000.00	3,000.00	-
Staff Insurance	2,259,260.66	2,545,397.07	1,451,568.31
Staff Over Time & Bata	2,369,962.74	2,231,596.43	1,775,515.02
Staff Welfare	882,590.69	868,703.05	793,292.59
Telephone Charges	424,842.41	577,366.85	515,270.46
Tender Fee	56,600.00	24,500.00	32,000.00
Training Programs Charges	31,200.00	118,250.00	447,865.60
Translation Fee	437,397.50	209,800.00	261,500.00
Vehicle Rent	460,000.00	1,605,000.00	780,000.00
Water	285,694.22	284,155.04	156,927.90
Web Site Expenses	5,000.00	17,800.00	17,920.00
	67,378,237.30	71,096,270.58	62,608,575.31

NOTE - 15 - SELLING & DISTRIBUTION EXPENSES

Artwork Expenses	480,400.00	2,001,522.00	95,000.00
Bad Debts	1,864,995.28	2,994,377.69	(601,208.77)
Cordinating Fee	-	485,510.00	170,900.00
Creative Agency Commission	279,645.63	-	
Depreciation - Motor Vehicle	134,479.00	708,191.67	1,567,164.80
Fuel Expenses	815,531.18	789,748.34	837,935.89
Motor Vehicle Repair & Maintenance	689,321.37	924,967.40	1,111,799.26
Printing Gallery Expenses	83,250.00	68,254.00	14,587.00
Sales Commission	781,255.71	1,748,539.59	921,832.46
Sales Promotion & Advertising Expenses	79,160.00	526,365.69	85,630.00
Special Discount	16,105,880.68	15,196,477.91	12,467,591.92
Special Event Expenses	-	444,800.00	-
Special Recovery Commission	-	5,000.00	-
Stamp Fee	18,950.00	16,355.40	-
Traveling transport & Parking	160,047.24	174,448.82	215,143.96
Vehicle Insurance	399,751.09	147,307.91	200,438.91
	21,892,667.18	26,231,866.42	17,086,815.43



Notes For The Financial Statements

For the year ending 31st of DECEMBER 2018 (in Sri Lankan Rupees)

	2018 Rs.	2017 Rs.	2016 Rs.
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NOTE - 16 - FINANCIAL EXPENSES

Bank Charges	207,072.73	103,220.70	134,538.70
License & Insurance	17,034.39	20,863.90	15,157.48
Lease Interest	-	-	24,001.85
WHT	700.54	-	7,287.42
	224,807.66	124,084.60	180,985.45

NOTE - 17 - OTHER EXPENSES

Amortization - Accounting Software	273,033.00	309,998.00	214,331.00
Amortization - Network System	341,965.00	341,955.07	341,955.07
Compensation to the Employees	-	-	350,000.00
Expenses - Rajagiriya	-	187,260.18	33,208.00
Gain/(Loss) on Sale of Asset	-	61,369.34	-
Sundry	16,796.00	55,265.00	322,722.55
Legal Fees	1,050,000.00	797,130.00	730,800.00
Other Expenses	9,000.00	17,365.00	4,149,328.97
	1,690,794.00	1,770,342.59	6,142,345.59



Notes For The Financial Statements

For the year ended 31st of DECEMBER 2018 (in Sri Lankan Rupees)

NOTE - 18 Property Plant & Equipment

	Cost as at 01.01.2018 Rs. Cts.	Additions/ Transfers Rs. Cts.	(Disposals)/ Transfers Rs. Cts.	Cost as at 31.12.2018 Rs. Cts.
18-1 Gross Carrying Amounts				
Furniture & Fittings	3,436,921.48	-	13,775.00	3,423,146.48
Computer Equipment	7,341,901.00	539,640.00		7,881,541.00
Office Equipment	4,867,329.71	241,667.64	18,400.00	5,090,597.35
Motor Vehicles	9,080,824.00	-	-	9,080,824.00
Camera & Filming Equipment	14,849,200.00	299,000.00	-	15,148,200.00
	39,576,176.19	1,080,307.64	32,175.00	40,624,308.83

	Balance as at 01.01.2018 Rs. Cts.	Charge for the year/Transfers Rs. Cts.	(Disposals)/ (Error Correction) Rs. Cts.	Balance as at 31.12.2018 Rs. Cts.
18.2 Depreciation				
Furniture & Fittings	1,676,678.31	250,321.00	-	1,926,999.31
Computer Equipment	6,090,574.03	642,712.00	33,853.00	6,699,433.03
Office Equipment	2,512,411.83	382,424.00	-	2,894,835.83
Motor Vehicles	8,946,345.27	134,479.00	-	9,080,824.27
Camera & Filming Equipment	9,180,012.80	1,138,439.00	-	10,318,451.80
	28,406,022.24	2,548,375.00	33,853.00	30,920,544.24
	11,170,153.95			9,703,764.59

NOTE - 18-A Intangible Assets

Accounting Software	2,734,000.00	655,000.00	-	3,389,000.00
Network System	3,419,650.72	-	-	3,419,650.72
	6,153,650.72	655,000.00	-	6,808,650.72

Amortization

Accounting Software	1,412,091.75	273,033.00	59,256.00	1,625,868.75
Network System	1,281,181.21	341,995.00	-	1,623,176.21
	2,693,272.96	615,028.00	59,256.00	3,249,044.96
	3,460,377.76			3,559,605.76



Notes For The Financial Statements

For the year ended 31st of DECEMBER 2018 (in Sri Lankan Rupees)

Notes	2018 Rs.	2017 Rs.	2016 Rs.
NOTE - 19 - INVESTMENTS			
Bank of Ceylon - 8162593	500,000.00	500,000.00	500,000.00
Debentures - Sri Lanka Savings Bank	398,200.00	398,200.00	398,200.00
Bank of Ceylon - 83636019	7,000,000.00	-	-
Peoples Bank 2006001000052421	8,000,000.00	-	-
Peoples Bank B-581908	5,000,000.00	-	-
	20,898,200.00	898,200.00	898,200.00

NOTE - 20 - TRADE & RECEIVABLES

Trade Debtors	NOTE 20.1	437,737,683.52	365,368,348.55	190,632,488.52
Festival Advances		42,500.00	40,000.00	271,500.00
Staff Loan		3,170,029.30	2,995,587.95	2,555,730.00
Salary Advances		-	21,000.00	21,000.00
Insurance Premium Receivable		128,235.71	171,625.16	224,731.81
Staff Receivables-Other		100,843.85	496,388.20	-
Bank Guarantee		3,558,119.35	1,179,738.08	693,237.91
WHT		2,212.74	2,212.74	-
ESC		3,599,744.00	3,599,744.00	3,599,744.00
Upali Newspapers		10,695.00	10,695.00	10,695.00
Penalty & Surcharge Receivable		199,067.50	199,067.50	148,333.72
Suspence A/C		-	76.63	-
ANCL		2,538,028.86	2,538,028.86	2,538,028.86
Wijaya Newspapers		188,650.74	188,650.74	188,650.74
EAP		3,004.00	3,004.00	3,004.00
Commission Receivable SLBC		63,558.00	63,558.00	63,558.00
Refundable Deposits		1,137,000.00	1,327,000.00	1,312,000.00
Ceylinco Insurance		-	41,800.00	41,800.00
Bank Interest Income Receivable		535,380.68	59,730.00	39,819.68
Money Fraud by Employees	NOTE 20.2	11,988,000.00	11,988,000.00	11,988,000.00
Miscellaneous Receivable		176,563.45	1,647.10	140,251.50
E-Mansala Control A/C		367,917.35	355,417.35	17,502.00
		465,547,234.05	390,651,319.86	214,490,075.74

NOTE 20.1 - TRADE DEBTORS

Trade Debtors	451,976,993.49	377,742,663.24	200,012,425.52
Less- Provision for bad debts	14,239,309.97	12,374,314.69	9,379,937.00
	437,737,683.52	365,368,348.55	190,632,488.52



Notes For The Financial Statements

For the year ended 31st of DECEMBER 2018 (in Sri Lankan Rupees)

	2018 Rs.	2017 Rs.	2016 Rs.
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NOTE 20.2 - MONEY FRAUDS BY EMPLOYEES

This represents the funds taken by some of the employees of the company without any authorisation and Police investigations are carried out by the relevant authorities to recover the above funds.

NOTE - 21 - PRE PAYMENTS & OTHER RECEIVABLES

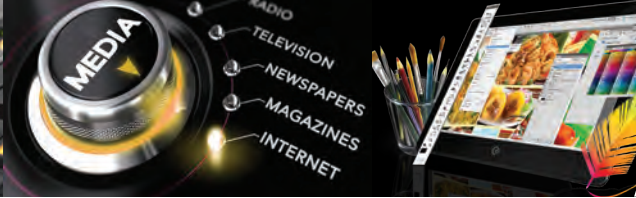
Vehicle Prepayments	-	-	
Prepayments	1,395,510.60	1,662,656.66	1,944,593.80
	1,395,510.60	1,662,656.66	1,944,593.80

NOTE - 22 - CASH & CASH EQUIVALENTS

BOC - A/C No. 2323299	7,540,695.27	29,724,501.94	3,251,155.41
BOC Savings A/c No. 2329765	315,207.27	291,145.04	1,662,698.51
Peoples Bank 200100130005980	3,467,878.97	791,574.32	-
Production Advance	1,881,603.50	424,234.50	2,090,853.00
Other Advances	175,000.00	185,000.00	1,554,710.00
	13,380,385.01	31,416,455.80	8,559,416.92

NOTE - 23 - GRATUITY PAYABLE

Balance B/F	9,692,481.86	8,639,956.56	6,930,220.29
Gratuity Expenses for the Year	2,797,621.74	1,052,525.30	2,534,524.27
	12,490,103.60	9,692,481.86	9,464,744.56
Gratuity Payments	(570,710.00)	-	824,788.00
Gratuity Payable	11,919,393.60	9,692,481.86	8,639,956.56



Notes For The Financial Statements

For the year ended 31st of DECEMBER 2018 (in Sri Lankan Rupees)

NOTE - 24 -INTEREST BEARING LOANS AND BORROWINGS

	2018 Amount Repayable within 1 Year	2018 Amount Repayable after 1 Year	2018 Total
Finance Leases	-	-	-
	-	-	-

NOTE - 24.1 - FINANCE LEASES

	As at 01.01.2018	New Lease Obtained	Re payments	As at 31.12.2018
BOC				
Mitsubishi Van	-	-	-	-
	-	-	-	-
	-	-	-	-

NOTE - 24.2 - FINANCE CHARGES ALLOCATED TO FUTURE PERIODS

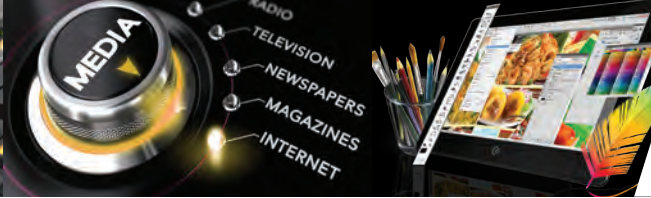
	As at 01.01.2018	New Lease Obtained	Re payments	As at 31.12.2018
BOC				
Mitsubishi Van	-	-	-	-
	-	-	-	-
	-	-	-	-



Notes For The Financial Statements

For the year ended 31st of DECEMBER 2018 (in Sri Lankan Rupees)

	2018 Rs.	2017 Rs.	2016 Rs.
NOTE - 25 - TRADE & OTHER PAYABLES			
Trade Creditors	255,513,856.90	239,504,342.38	113,449,211.21
Telephone Charges	47,302.86	47,302.86	47,302.86
Sales Commission Payable	-	716,321.22	110,000.00
Stamp Duty Payable	4,075.00	1,375.00	-
PAYE Tax Payable	-	4,830.12	-
VAT	49,568,361.22	54,853,633.70	19,311,617.86
NBT	21,700,413.36	18,466,322.67	14,703,471.72
Building Rent Payable	900,000.00	900,000.00	900,000.00
ESC	-	-	-
Other Creditors/Other Payables	14,244,094.15	1,885,523.10	4,061,815.30
Audit Fee Payable	424,000.00	174,000.00	172,500.00
Fuel	41,651.47	41,651.47	41,651.47
Salary Control	42,938.56	11,458.16	-
Suspence A/C	10,353.47	-	-
Control A/c - Vision 2020 President Secretariat	616,896.00	-	-
Accrued Expenses	51,372,047.63	46,305,017.78	26,251,713.08
	394,485,990.62	362,911,778.46	179,049,283.50



Notes For The Financial Statements

For the year ended 31st of DECEMBER 2018 (in Sri Lankan Rupees)

NOTE - 26 - NON RELATED PARTY DISCLOSURES (LKAS 24)

NAME	DESIGNATION	NATURE OF THE RELATED PARTY TRANSACTION	ADDRESS
Prabath C. Perera	Chairman	No	No. 431/11, Bodhiya Road, Thaladena Road, Malabe.
Manjula Herath	General Manager	No	No.52, Kompaya Hena Road, Homagama.

No Related party transactions have taken place between Selacine Television Institute and each of the above personnel and with any of their family members, for the financial year 2018.

NOTE - 27 - BUILDING REPAIR EXPENSES

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

NOTE - 28 - PRIOR YEAR ADJUSTMENTS

Correction of Depreciation	93,079.00
Correction of Debtors' Balance	(432,408.17)
Reversal of Accrued Expenses	9,547,611.43
Correction of Ledger A/C	89,838.94
Correction of Creditors	583,545.18
Correction of Gratuity Expenses	(3,753.00)
	9,877,913.38



Auditor General's Opinion of Financial Activites of year 2018



ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல. }
My No. }

CAS/D/STI/01/2018/09

මගේ අංකය
உமது இல. }
Your No. }

දිනය
திகதி }
Date }

29 November 2019

The Chairman

Salecine Television Institute

Auditor General's Report for the year ending 31st December 2018 for the Salecine Television Institute according to Article 12 of the 19th National Audit act of 2018 on Financial Statements and Other Legal and Regulatory Requirements .

I. Financial Statements

1.1. Qualified Opinion

Financial Statement of Salecine Television Institute for the year ended 31st December 2018 and Comprehensive Income Statement, Cash Flow Statement and notes to the Financial Statements for the year ended 31st December 2018, incorporating important accounting principles, were audited under my direction according to the provisions of the National Audit Act No. 19 to be read in conjunction with the Statute No. 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. According to the Statute No. 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka, my report will be tabled in Parliament.

Except for the impact of the items described in the section on which qualified opinion in my report were based, it is my opinion that the Financial Position as at 31st December 2018 and Financial Performance and Cash Flow as at that date, reflect a true and fair position as per the principles of accounting of State Sector of Sri Lanka

1.2. Basis for Qualified Opinion.

- According to the Financial Statements, property, plant and equipment valued at Rs.19,185,720/- , has been shown as nil value as at 31st December of the year under review. On identification of the assets that can be used further, steps should be taken to review their productive life span according to Paragraph 65 of Sri Lanka Accounting Standards 07, and rectify the short-comings in the estimate according to the Sri Lanka State Sector Accounting Standards 03 and to correct the Financial Statements by proper disposal of the items that cannot be used further.
- An officer of the Institute had gone in to litigation against the Institution and had been awarded Rs. 992,080/- which had been paid on 03rd July 2019, the Financial Statements had not been adjusted according to Section 9 of Sri Lanka State Sector Accounting Standards 06.
- Although allocation for Gratuity payments for the year under review ending 31st December should have read as Rs. 11,119,014/-, it has been shown in the Financial Statements as Rs. 11,919,393/- showing an excess of Rs. 800, 379/- in the Gratuity allocation.
- As a detailed list showing separately the values of Rs. 8,602,172/- for property, plant and equipment had not been forwarded, they could not be physically verified.



The audit was conducted by me according to Sri Lanka Auditing Standards (SLAuSs). My responsibilities under these auditing standards have been further detailed in this report under the section Auditor’s Responsibility regarding auditing of Financial Statements. It is my belief that the auditing evidence I obtained to form the basis for my qualified opinion is appropriate and sufficient.

1.3. Responsibilities of the Management and Administrative Authorities regarding Financial Statements.

It is the responsibility of the Management to ensure Financial Statements are prepared according to Sri Lanka Public Sector Audits Standards and presented fairly and to decide on the internal controls necessary to prepare these statements without incorrect statements due to errors or fraud.

When preparing Financial Statements, it is the responsibility of the Management to decide whether the Institute has the ability to carry on continuing its activities and other than when the Management is thinking of closing down the Institute or of winding up its activities when it has no other alternative, on the basis that the Institute will continue its business without a break, it is the responsibility of the management to disclose the facts relevant to the continuation of the business of the Institute.

The responsibility for the Institutional Financial Reporting Procedure rests with the Governing Parties. According to the Sub-Heading 16 (1) of the National Auditing Act 19 of 2018, books and records of the Institute regarding its income, expenditure, assets and liabilities have to be maintained so as to make it possible to prepare the Annual and Periodic Financial Reports.

1.4 Responsibility of the Auditor regarding the auditing of Financial Statements.

My objective is to issue the Auditor’s Report including my opinion and to confirm that, as a whole, Financial Statements are without quantitative false statements due to fraud and errors. Although fair confirmation is a high standard confirmation, auditing according to the Sri Lanka Auditing Standards may not always be a confirmation that quantitative mis-statements can be detected. Mis-statements may arise due to individual or aggregate pressure arising from errors and fraud and it is expected that they may have an adverse influence on economic decisions taken by the users of these Financial Statements.

I have done this audit with professional judgment and professional skepticism according to the Sri Lanka Auditing Standards. Further,

* In identifying and assessing the risks of material mis-statements in Financial Statements due to errors or fraud, to adopt suitable, well-judged audit procedures to avoid the risk arising from such errors or fraud, obtaining of material and suitable audit evidence is basis to my opinion. The impact due to fraud is more than the impact of material mis-statement and fraud may arise due to collusion, furnishing of false documents, intentional avoidance or evasion of internal controls.

* Although knowledge of the internal administration was obtained to plan suitable, well-judged audit procedures, it is not intended to make a statement on the productivity of the internal administration.

*Fairness of the accounting policies and accounting estimates used and the propriety of the related disclosures by the management were evaluated.



* The applicability of using the Institute’s continual functioning as basis for accounting was decided based on the audit evidence whether there was quantitative evidence regarding any uncertainty in the continual functioning of the Institute due to incidents or situations. If I decide there was enough evidence, attention should be directed to disclosures relating this in my audit report and if those disclosures are not sufficient my opinion has to be modified. However, continued existence may depend on future events or circumstances.

* Presentation, structure and content of the Financial Statements containing the disclosures were evaluated and that the transactions and events that formed the basis for them were included in the Financial Statements suitably and fairly were evaluated.

The Management was informed of the important audit findings, main internal administration deficiencies and other factors detected in my audit.

2. Report on other legal and regulatory requirements.

In the national Audit Act No.19 of 2018, special provisions have been provided for following requirements.

- According to the requirements of Clause 12(a) of the national Audit Act No.19 of 2018

Apart from the impact of the factors described in the part which formed the basis for my qualified opinion in my report, I have obtained all the information and clarifications needed for the audit and as far as I can see from my experiment, the Institute has maintained proper financial records.

- According to the requirement of Clause 6(1) (c) (iii) of the National Audit Act of 19 of 2018, financial statements of the Institute correspond to the last year.
- According to the requirement of Clause 6(1) (d) (iv), except for the paragraph 1.2 (a) of this report, the recommendations I made last year have been incorporated in the financial statements presented.

On the evidence obtained and the procedure followed as well as in limiting to the quantitative materials, nothing caught my attention to warrant making the following statement.

- According to the requirement of Clause 12(d) of the National Audit Act No. 19 of 2018, a member of the Board of Management has had a connection direct or indirect, regarding an official agreement of the Institute outside normal official norms,
- According to the requirement of Clause 12(f) of the National Audit Act No. 19 of 2018 had acted in contravention of any relevant written law or other common or special directive issued by the Board of Management of the Institute,

Rules, Directives Reference

Details

- (a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka
- (i). Financial Regulation 105 and 109

Although according to the report dated 19th December 2017 of the Committee that has



(ii). Financial Regulation 371(2) (b) and Government Financial Circular No. PFD/RED/01/04/2015/01 dated 14th July 2015.

(iii). Financial Regulation 396

(b). Government Financial Circular No.PS/PE/05 dated 11th January 2000 and Public Enterprises Circular No. 95 dated 14th June 1994.

(c). Public Enterprises Circular No. PED 12 dated 02nd June 2003
(i). Clause 6.5.1

been appointed to look in to the misplacement in October 2017 of a camera valued at Rs. 94, 900/- and it had been decided to recover Rs. 118,625/- as compensation, steps had not been taken to recover this loss and the article removed from the inventory lists even by 25th October 2019.

On 23 occasions, eight (08) non-staff members had been given Rs. 494,662/- as advance and on thirteen (13) occasions advances had been given exceeding the upper limit of Rs. 100,000/- totaling Rs. 3,374,500/-.

Action according to Regulations had not been taken regarding nine (09) cheques to the value of Rs. 106,735/-that had been out of date exceeding six months.

During the year under review, Rs. 1,553, 256/- had been paid as meal allowance for Chairman and meal allowance, sales incentive and attendance incentive to other workers without Treasury approval.

Although Financial Statements for financial year have to be submitted to the Auditor General



within 60 days of year ending, Financial Statements for the year under review had been submitted on 05th August 2019 after a delay of 05 months and 05 days.

(ii). Clause 6.5.3

Annual Report of 2017 had not been tabled in Parliament even by 25th October 2019.

(iii). Clause 8.2.1

Although the excess income for each year has to be sent to the Treasury, the Institute had not acted accordingly and the excess income for the year under review was Rs. 29,704,437/- and the previous year it was Rs. 1,210,437/-.

(iv). Clause 8.2.2

Three fixed deposits amounting to Rs. 20 Million had been invested in without the approval of the Finance Minister.

(v). Clause 8.3.3

To qualify for payment of bonus, Financial Statements for that year have to be submitted within 60 days of year ending but although the Financial Statements for the year 2017 were submitted after a delay of 140 days, Rs. 1,293,348/- had been paid as bonus in the year under review.

(d). Public Enterprises Circular No. PED 2/2015 dated 25th May 2015

Although according to rules and regulations in the circular payments may be made for telecommunication bills, the Institution had added a fixed allowance to the salary and had paid a total of Rs. 1,492,200/- in the year under review. Further three (03) officers had been over paid Rs. 88,000/- contravening the approved allowance in the circular and non-executive staff had been paid Rs. 467,999/-.

(e). Public Enterprises Circular No. 5/2008 dated 06th February 2008 and Ministry of Public Administration and Home Affairs Circular No. 05/2008(1) dated 24th January 2018.

Although all state institutions were required to prepare the Citizens 'Charter, the Institution had not made any preparations to do so.



- Had not acted as required conforming to the authority, duties and tasks of the Institution as given in the Clause 12(g) of the National Audit Act No. 19 of 2018
Although this Institution had been taken over by the Ministry of Mass Media from the Mahaveli Authority on 20th December 2001, no provision had been provided to decide on its objectives and tasks and to implement authority. Actions were initiated from 2009 to register this Institute as a Public Company in the name and style of “Salecine Limited” but these affairs had not been completed even by the end of the year under review.
- As required by Clause 12(h) of the National Audit Act No. 19 of 2018, apart from the observations given below, that the resources of the Institute had not been supplied and utilized efficiently and cost-effectively conforming to the relevant rules and regulations during the given period,

(a). According to the Cabinet Decision No. 10/1682/407/014 of 12th August 2010, Public Institutions were required to do their advertising and promotional work through Salecine Television Institution, steps had not been taken to fulfill the physical and human resource needs to carry out these required tasks. Although nine (09) years had passed since the Cabinet Decision, it had become the method of the Institute to give out work on sub-contract to private organizations without adhering to the above Cabinet Decision. According to the sample audit, although Rs. 37,418,546/- had been received as income for production work, Rs. 24,285,418/- had been paid to private parties for these productions.

(b). Rs. 480,000/- had been paid to a private party to obtain a building on rent for one (01) year with the intention of establishing a printing division. This money had been paid even before the building was suitable for occupation and before any lease agreement was signed. Therefore the intention of establishing a printing division was not achieved and Rs. 400,000/- of the money paid was not able to be recovered.

(c) Rs. 1,150, 000/- had been paid for the period July 2017 to April 2018 as rental for the vehicle obtained for the use of the Chairman. Treasury approval had not been obtained for this as required according to Clause 2.2 of the National Income Expenditure Circular and in contravention of the Clause 2.3(1), a vehicle that had been driven for 8,864 km. had been obtained. Furthermore, as required by Paragraph 6 in the Circular, a proper agreement between the Institute and the lessee had not been entered in to and in selecting the supplier, the procedure for obtaining proper procurement committee approval after calling for competitive bids had not been followed.

(d). Without following the guidelines for procurement, a building had been obtained rental basis and Rs. 120.000/- per month had been paid totaling Rs. 1,281,290/- for the period August 2016 to June 2017 including an advance of Rs. 720,000/-. For the determination of the monthly rent, as required by the Financial Regulation 835(2) (b), the assistance of the Government Valuer had not been obtained. Further, according to the agreement no. 947 dated 11th August 2016, if a party wishes to cancel the agreement, it has to give three months notice to the other party but the cancellation of the agreement by the Chairman without giving required notice had made the recovery of the advance of Rs. 640,000/- not possible.

(e). The Institute had organized a function at a cost of Rs. 13, 575,000/- to celebrate the taking-over of the Neville Fernando Hospital by the Government. The main activities of the function had been given over on contract to a private party for an estimated Rs. 4,544,500/- without following proper guidelines on procurement. The invoice presented by the selected contractor had been paid though it had not been signed by an authorized officer and no proper agreement had been drawn up with the supplier. The total identified cost for the function had been Rs. 5,380,345/- but when figures were presented to the Ministry of Health, cost had been shown as Rs. 13,575,000/- adding 152% as profit.



1. (f). Although according to the 3.4 Guideline in the Manual on Guidelines for Procurement and Addendum No. 28, all procurements exceeding Rs. 500,000/-, have to be done by appointing a procurement committee, sample audit examination shows that in selecting outside suppliers to perform three (03) printing jobs procurement guidelines had not been followed and a total of Rs. 5,041,219/- had been paid to these outside parties.

Other Audit observations.

(a). Account balance payable as at 31st December of the year under review was Rs. 51,372,046/- and nothing had been done to sort out the Rs. 36,422,506/- that had been continued from 2015, 2016 and 2017.

(b). Trade Debtors payable as at 31st December of the year under review was Rs. 451,976,993/- and included therein were Rs. 102,655,375/- that is to say 23% of the total debtors payable were older than 03 years. No sufficient steps had been taken to recover these amounts and as at 31st July 2019 a further Rs. 100,024,268/- remained to be recovered.

(c). Although approved permanent staff under tertiary middle management was (05) five, the Institute had recruited six (06) officers. Similarly, only thirty nine (39) officers were approved on contract basis but thirteen (13) more had been recruited without the approval of the Department of Management Services. In 2015, a recruitment procedure prepared by the Institute had been forwarded to the Department of Management Services but though these procedures were asked to be re-submitted after attending to relevant revisions, even by October 2019, no steps had been taken to get the recruitment procedure approved after affecting the required revisions.

(d). According to the letter No. DMS/1595 dated 15th October 2014 of the Department of Management Services addressed to the Secretary of the Ministry of Mass Media regarding the restructuring of the staff of Salecine Television institute, recruitment of six marketing officers on contract basis were approved, qualifications and experience criteria for recruitment of these officers were asked to be sent to the Department of Management Services to decide on their monthly salary. Nevertheless, without obtaining the approval of the Department of Management Services for the salary by submitting the relevant information, three (03) officers had been employed and paid salaries amounting to Rs. 1,489,646/- in the year under review.

(e). Every Public Institution was expected to work according to the “Year 2030” Agenda for Sustainable Development of the United Nations and in relation to the year under review, because the Institute had had not identified how to perform the tasks under its scope, Sustainable Development Targets, Objectives, Landmarks to achieve these targets and Indices to measure the progress in achieving the targets had not been identified.

Signed: - **W.P.C.Wickramaratne**
Auditor General



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