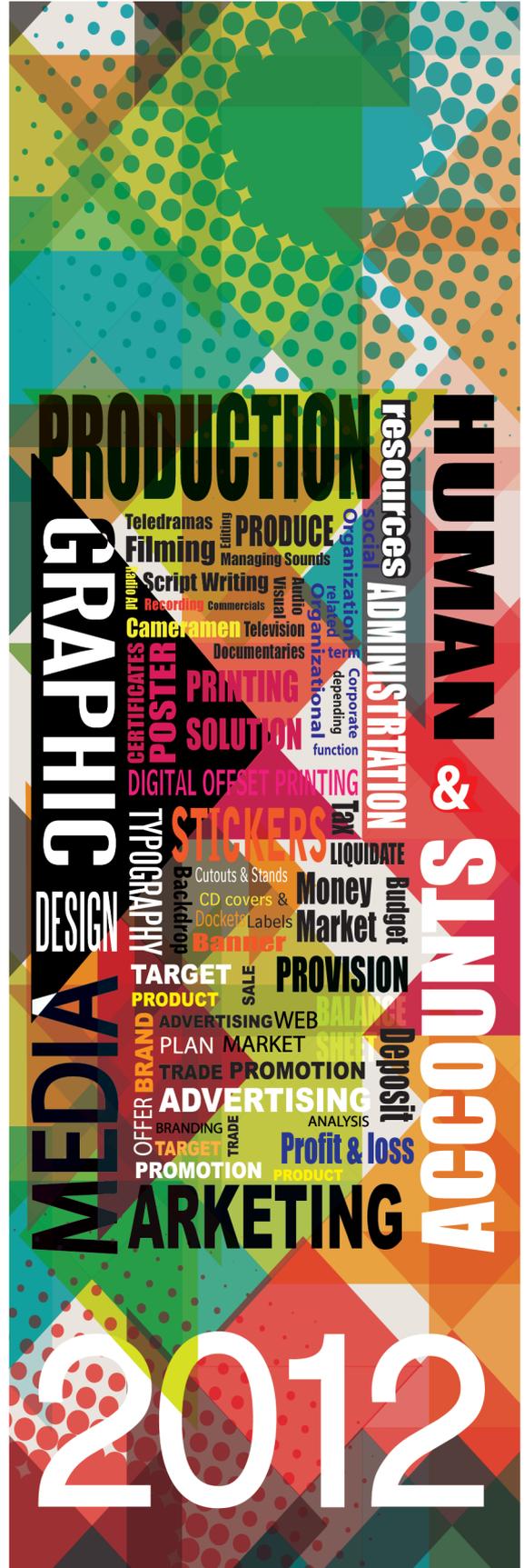




MINISTRY OF MASS MEDIA AND INFORMATION

**കലാകരണ
ശാസ്ത്ര
INSTITUTE**
TELEVISION INSTITUTE



വാർഷിക വാർතാവ ആണ്ഡറികക **ANNUAL REPORT**



Hon. Minister of Mass Media and Information
Ministry of Mass Media and Information,
Colombo 5

Hon. Minister,

Annual Report - 2012

I respectfully present the annual report of Selacine Television Institute for 2012 according to the 14 (1) statement of Financial act of 38 of 1971.



Pradeep Edirisinghe
Chairman
Selacine Television Institute,
Colombo 07

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Vision

To become the leader in Advertising by promoting all business fields thru' creatively communicating the public sector development & programme.

Mission

To contribute actively to the economic social & political development by providing creative & strategic communication services with creativity, state art of the technology & talented human resources for the public & private sector of Sri Lanka.

Objectives

Sales Promotion

- Venturing into high risk & high tech projects
- To increase the focussness for improved customer orientation.

Other

- To incorporate a corporate culture
- To develop Human Resources



Review of the Chairman

It's a blessing and a honour for me to send a message to the annual report of 2012 as well as to issue the annual reports from the year 2009 to 2012 continuously after taking the chair.

It is my pleasure to create the most prosperous era in the life span of Selacine Institute. The management became easy with development of facilities in the office premises.

More results were able to obtain due to creating speeding up methods in auditing. It proves with the Auditor General's high positive remarks for the 2011 & 2012 financial statement.

It's praiseworthy that the employees were benefited by many projects lead by Human Resource guidance in 2012. It's my opinion that the workshop held in Nuwara Eliya, by the name "Gung Ho" strengthen the unity among employees with the activities done there and the individual advice they received throughout the programme as well.

It was a great success to focus different employees in different fields to new ventures.

We were able to employ professionals in Media Production while being able to purchase a high technological camera and an editing machine. As a result we were able to produce high quality programmes while the Teledrama "Akuru Tharaha Na" coveted special assessment at the Raigam Tele Jury. It was an honor. Our Institute is in a higher pedestal in creating advertisements too. It's a pleasure to say that our institute provides the most advertisements in Lake House Newspapers on daily basis.

Our profits increased in 57 million rupees in 2012 in comparison to 2011 and it wa a 15% increment.

The net income was more than Rs. Million 437 and it's considered to be the highest income so far. This was possible with dynamic methods and aiming at a goal non-stop.

Selacine is doing its best in taking the factual reports of state development programs to the public at large. It's our responsibility to lay the foundation to take it forward to the eternity with determination and sacrifice.

Pradeep Edirisinghe
Chairman

General Manager's Message



2011 and 2012 consecutively, to be true and accurate from the Auditor General.

The competitive talent of customer and sales division aimed at a goal of Rs. Million 437. The income has gone up in the year 2012 in 15% and it's a Rs. Million 57 increment in comparison to year 2011.

A commendable service was rendered by the welfare society to its employees. Loans on a very low interest, funeral allowance, books for the children of the employees and allowances for the retiring employees as well.

I consider it's my responsibility to pen the workload of 2012 in an era where the 30 year service of Media is being carried forward.

Ranjan Ekanayake
General Manager (Actg)

It was a pleasure and an entertainment for the employees to join the operation of 'Gung Ho' and collect experiences they never imagined. Through the intervene of Human Resource Counselling service. It helped to re-activate and rejuvenate them. Facilitating the employees to train in their technological fields will open the door to active development as well. Buying a high-tech camera and an editing machine in 2012 will take the institute forward with miraculous results.

"Akuru Tharaha Na" was awarded a special commendable prize in Raigam Tele awards making a landmark in Selacine History.

We are happy that we are in the first of line in advertising in Daily newspapers in 2012.

And it is praiseworthy of our institute to receive positive remarks on the annual financial statements in

Management Structure - 2012

Senior Management

Pradeep Edirisinghe - Chairman

General Manager

Upul Pallegangoda - General Manager (till 30 - 09 -2012)
Ranjan Ekanayake - General Manager (Actg. From 30 - 10 - 2012)

Management

Pushpa Bamunuarachchi - Manager - Human Resources and Administraion
Sunanda Weerasinghe - Manager - Production
Dammika Jeerasinghe - Director - Client Services
Naleen Alahakoon - Manager - Media
K.D.J. De Lasal - Manager - financial
Sujith Pushpakumara - Manager - (Actg) Graphic

Auditors

Department of Auditor General

Banks

Bank of Ceylon

Contact Details

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E mail

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Web. site

www.selacine.lk

NAME : Selacine Television Institute.

LEGAL FORM AND HISTORICAL ACTIVITIES :

- Established under the Ministry of Plan & Implementation, on the 1st of Feb. 1982.
- From 1982 – 1989, the people were made aware of the accelerated Mahaweli Project under the Human & Financial resources of Timber Corporation which was under the Ministry of Land, Irrigation and Mahaweli Development .
- Advertising of the “Janasaviya” in 1989.
- The institute was placed under the Ministry of Youth Activities, Sports and Village Development by a special Gazette No. 832/15 from 19th Aug. 1989. (it’s the first takeover of this institute by a Gazette)
- On the 9th June 1997, the institute was placed under the Ministry of Post, Telecommunication and Media by the Gazette No. 979/2.
- On the 20th Dec. 2001, Selacine was placed under the Ministry of Mass Media by the Gazette No. 1215/14.
- It was named as a sub institute of Ministry of Information and Media by the Gazette 1338/9 on the 28th of April 2004.
- Selacine was established as a sub-institute belonging to the Ministry of Mass Media and Information on the 8th Dec. 2005 by a Special Gazette 1422/22.
- A letter was presented to the cabinet to establish Selacine as a state owned company according to the company paper 2007/07

INSTITUTIONAL DUTIES :

- Being active as the state advertiser and producer
- According to the Special Gazette 1380/15 issued on the 16th May 2005, the following has been entered into the Company Curriculum.
 - 1) Producing Electronic/Printed medium advertisement.
 - 2) Advertising the government development programmes to raise the public awareness
 - 3) Producing state advertising programmes.
- The Minister of Mass Media and Information consented to the suggestions forwarded by the Minister of Finance and planning to make advertisements for all the Ministries and Institutes under the Ministries by the said Selacine according to the Cabinet Paper 08/2253/ 338/043 dated 02nd Dec. 2008 by the Ministry of Mass Media and Information.
- Producing television documentaries, radio programmes and radio and television commercials.
- Producing various newspaper advertisements and media productions scheduling electronic and printed media.
- Planning and management of events and creative printing.

VICTORIES IN 2012

- “Akuru Tharaha Na” tele drama was pecially commended by the jury of Raigam Tele awards.
- The financial statement of Selacine was qualitatively assessed by the Auditor General in 2011 & 2012 consecutively.

" the financial statements give a true and fair view of the financial position of the Selacine Television Institute as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting standards.

Auditor General

FROM PAST TO PRESENT

POPULAR CREATIONS OF SELACINE.

- **“Polo Gabin Diyagenawagai”** - Documentary • **“Manimekala”** - Documentary • **“Saptha Samadhi”** - Documentary • **“Nivasin baharanivasak”** - Documentary • **“Hima hansa”** - Teledrama • **“2001 Kese yamuda”** - Documentary • **“Cable Piriddime Krama”** - Documentary • **“Pathum daharak”** - Documentary • **“Wewgamaka kathawak”** - Documentary • **“Nimnaye nidanaya”** - Documentary • **“Vimansa”** - Documentary • **“Kadju Gas Wala Mal Pipila”** - Documentary • **“Kaludiyamanthiye kathawa”** - Documentary • **“56 Daruwo”** - Documentary • **“Siyawasaka piyasatahan”** - Documentary • **“Ape Urumaya”** - Documentary • **“Srilanka akshidana sangamaya”** - Documentary • **“Sanwardanaye piyasatahan”** - Documentary • **“Rakawaranaye purogamiya”** - Documentary • **“Raga Rangana”** - Documentary • **“Mehewara”** - Documentary • **“Dina 145 Kathawak”** - Documentary • **“Akuru tharaha na”** - Tele series • **“Jeewitha roade”** - Teledrama • **“Mawathe api”** - Documentary Plus Story • **“Jalaya jeewaye ulpathai; Eya mathuparapure dayadayai”** - Documentary • **“Berawatha”** - Documentary • **“Wanawatha”** - Documentary • **“The Dallaka asiriya”** - Periodical • **“Sipirigedarin supiri padamak”** - Documentary • **“Suwa osuwaki, Avidimu saki”** - Documentary • **“Dhanya sanrakshanaya”** - Documentary • **“Dayatasaviya, Maupadaviya”** - Documentary • **“Sigiriya jalakalamanakaranaya** - (Sinhala/English)” - Documentary • **“Wewaka mahima Bala jalakanda pirila”** - Documentary • **“Samanalawewa yapas”** - Documentary • **“Bo Novena Roga bo Wane Ayi?”** - Documentary • **“Bisokotuwa** - Sinhala/ English” - Documentary • **“Sathipolaka asiriya”** - Documentary • **“Jethawana dagabe idikirim thakshanaya** - Sinhala/English” - Documentary • **“Nim walalu pululkala Ape Guwana”** - Documentary • **“Srilankawe parani pahan** - Sinhala/English” - Documentary • **“Ape Pravahanaye heta dawasa”** - Documentary • **“Asirimath vikirana”** Documentary • **“Heta wenuwen ada”** - Advertising Commercial • **“Dakshina adhiwegi margaya”** - Advertising Commercial • **“Jana Lekana Ha Sankyalekana”** - Advertising Commercial

30th Anniversary commemorations in 2012

- A whole night Pirith Ceremony was held on the 17th of Feb. 2012 with an alms giving in the morning to Rev. Sanga. The Pirith ceremony was broadcasted live over Sri Lanka Broadcasting Corporation.
- A special forum on the 30th Anniversary was on Lake House newspapers and other papers.
- A wheel chair was donated to a disabled person by the Welfare Society and Selacine
- A full day blood donation campaign was organized by the Welfare Society on 8th June 2012.

Special activities on 2012

- A workshop, "Entrepreneurial Culture" was held under the Human Resource Counseling Service for managers and senior officers at Hotel Intercontinental on the 12th Jan. 2012.
- A special programme, "Gung Ho" was held under the action plan of Human Resource counseling service. The first step was at Ambewela, Nuwara Eliya, under the theme "Team building" on 31st March and 1st of April 2012 which was a huge success.
- "Call teacher" programme was established for the benefit of students.
- The annual trip was organized to Galle Fort and Polhena in Matara on 24th Nov. 2012.
- Sony F3 Camera and a Non-liner Video editing system was bought during the year 2012.

Employees' Welfare Society – Selacine

The welfare society was inactive for the past few years but it rejuvenated with a vigour, with the present Chairman of Selacine and is positively activated now.

Projects undertaken during the past 2 years.

- An alms giving to an orphanage in Biyagama, Malwana with tele actors to commemorate Poson.
- A lottery was held to raise funds for the Welfare Society and valuable prizes were distributed among winners. Nearly Rs. 50,000 were collected.
- Annual get togethers were held on the 1st Oct. 2010 and 1st April 2011 to enhance the unity among employees.
- An inter sectional cricket tournament was held inside the Welikada Prison premises on the 4th June 2011.
- An alms giving was held at Pannipitiya "Maha Gedara" elders home to commemorate Poson on the 15th June 2011 with the presence of popular tele/radio actors and actresses. A washing machine and many other gifts were donated.
- An easy and low interest loan scheme of Rs. 10,000/= is underway..
- A donation of Rs. 10,000/= for a funeral of a parent of a member is another facility provided by the Welfare Society.
- Books are donated to employees' children annually.
- An allowance of Rs. 5000/= is given to an employee when on retirement of service.

Creations and Graphic Section

The Graphic Section which was awarded the best section last year was working dynamically, as usual. Under a new manager since 2012, this section has enhanced its methods. Graphic section is the centre of designing and creating notices, posters, banners, various magazines, souvenirs, CD covers, television documentaries and 3D animations.

To widen the knowledge about 3D animation, a course has been activated for the officials in Graphic Section. To double the income of Selacine, the Graphic Section contributed immensely. So, Selacine became the number one creator of Lake House commercials, thus the responsibility of it is shouldered by the Graphic Section mostly.



Production Unit



Planning relevant to media production and implementing them is the main responsibility of the production unit. The main enterprise of the unit is compiling relevant projects of audio visual in television and radio advertisement, covering media conferences, teledramas and television documentaries. There are pre productive activities such as making expenditure reports, collecting data for script writing, writing scripts, choosing locations and finding artists as well as post productive activities such as sound management, editing and special graphics are in very high standard.

“Suwa osuwaki, avidimu saki”, “Dayata saviya, maupadaviya”, “Sigiri jala kalamanakaranaya”, “Wewaka mahima balajalakanda pirila”, “Samanalawewa Yapas”. “bo novena roaga bo wane ayi”, “Bisokotuwa”, “Sathipolaka asiriya”, “Jethawana dagabe idikirim thakshanaya”, are documentaries which were more attractive and popular during the year 2012.

Some officials took part in television camera and computer software training courses. Sony PMW-F-3L, the best high tech camera produced in the world lately, was bought paying a very high price, and there was a workshop about the camera in April, 2012. The production unit was able to buy a Non-Liner video editing system this year as well.

Financial Section

The newly introduced methodology on financial strategies during last year is smoothly carried on this year as well. A special strategy was implemented to collect pending money, and it was very successful.

Accounts were accurate as an internal auditory unit was implemented. Correspondence between other units was done smoothly as well.

Officials of the Audit department were educated through an awareness programme on standardization on Sri Lankan financial statements. The financial statements were accurately prepared in 2012 just like in 2011.

So the Auditor general's report declare that the financial statements of the Institute are true, and accurate according to financial statement standards in Sri Lanka. It reflects the accuracy of the statements.

Financial

Bank finance Promotion Provision

Insurance Balance Sheet

Money Market Budget Deposit Tax

Liquidate Balance Sheet

Tax Liquidate Human Resource

Promotion Deposit Tax Provision

Deposit Bank finance Budget Budget

Promotion Tax Human Resource

Profit & loss Human Resource

Bank finance Promotion Provision

Insurance Balance Sheet

Money Market Budget Deposit Tax

Liquidate Balance Sheet

Tax Liquidate Human Resource

Promotion Deposit Tax Provision

Deposit Bank finance Budget Budget

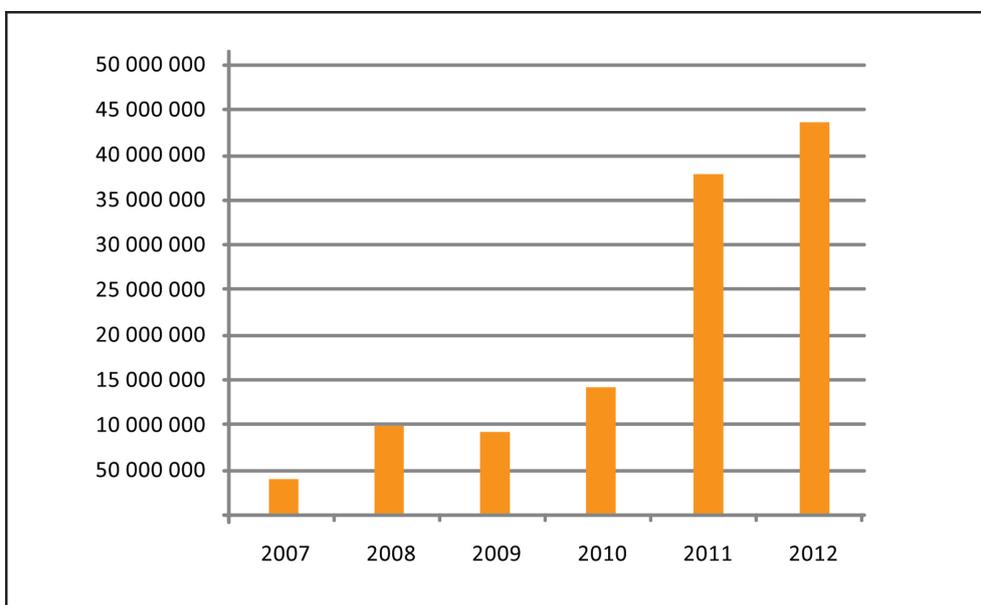
Promotion Tax Human Resource

Profit & loss Human Resource

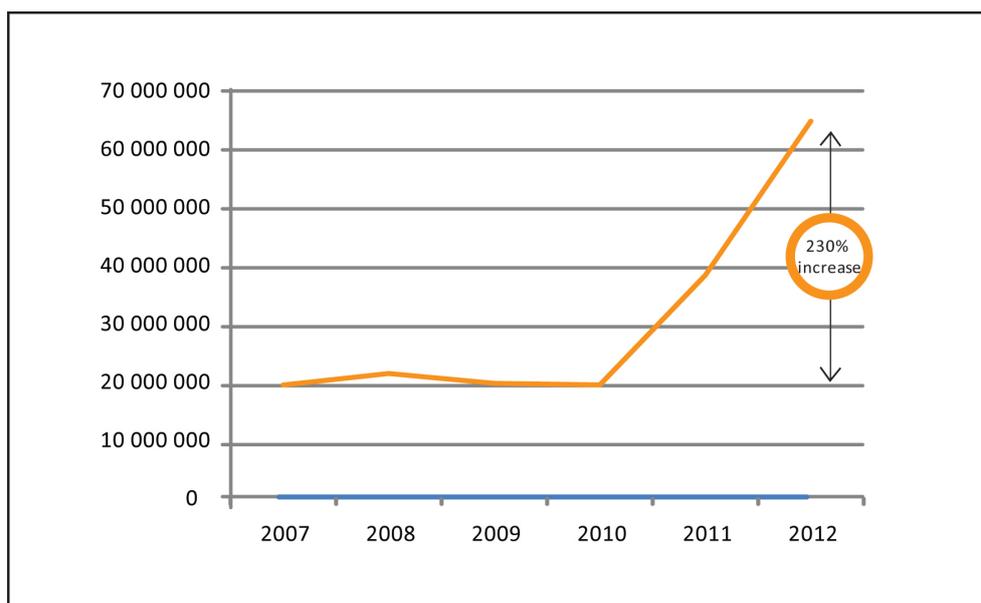
Accounting

Financial Report – 2012

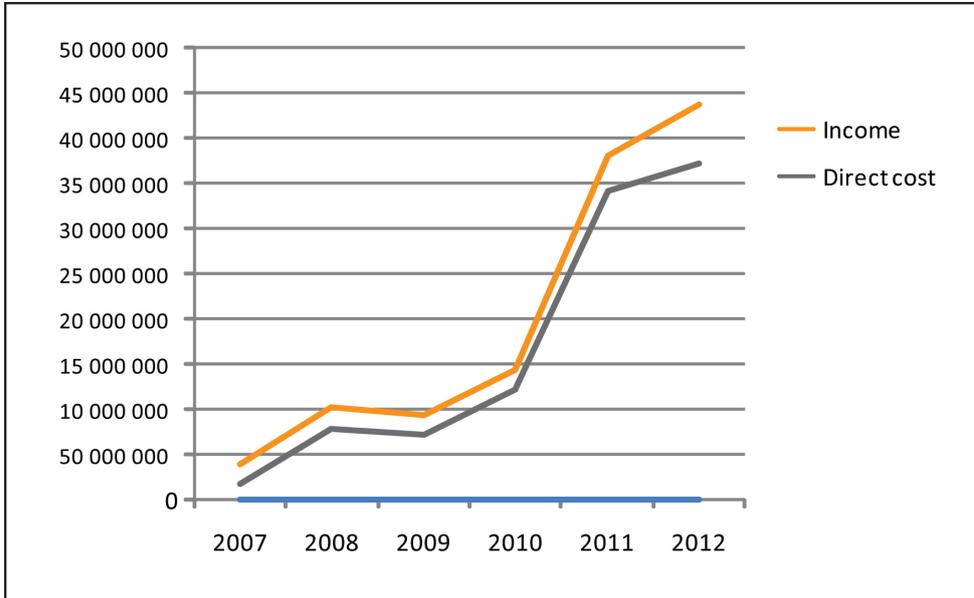
Revenue Growth



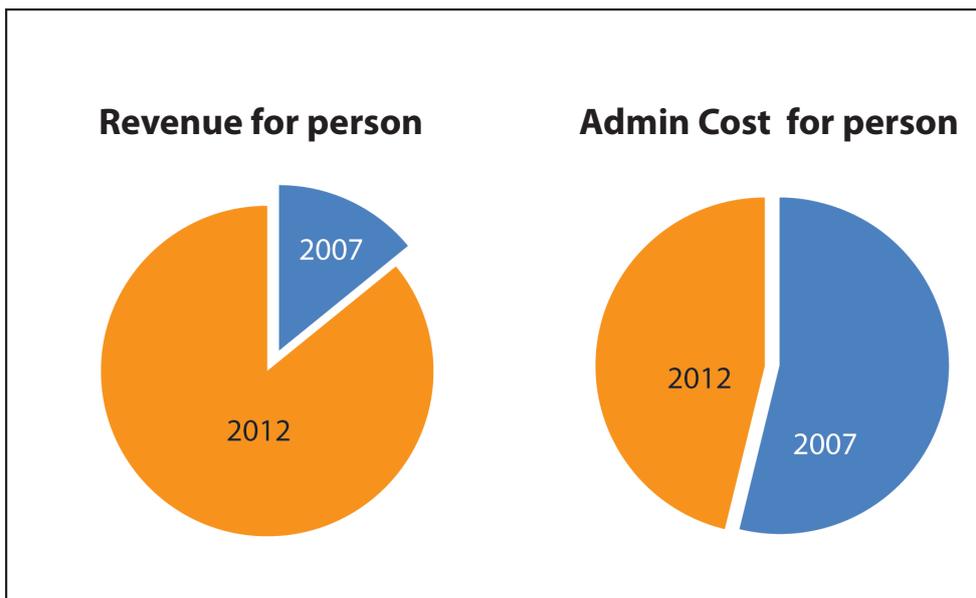
Income and expenditure for last six years



Trends of instituts profit between 2007 and 2012



Comparing Cost per person & Revenue per person between 2007 & 2012



$$\text{Average income earned by a person} = \frac{\text{Net income}}{\text{No. of officials}}$$

$$\text{Expenses over a person} = \frac{\text{Management expenses}}{\text{No. of officials}}$$

for the year ending in 31st Dec. 2011

Accounting policies

1. General

1.1 Corporate Information

Selacine Television Institute (hereinafter referred to as Selacine) has been integrated to the Ministry of Mass Media and Information by the Special Gazette Notification No. 1422/22 of 08.12. 2005

Principal Activities and Nature of Operation

Principal activities of Selacine consist of advertising activities, production of television and radio programmes and event management.

1.3 Number of Employees

There were 14 permanent and 37 contracted employees as at 31. 12. 2012

2. Summary of Significant Accounting Policies

2.1 General Policies

The Financial Statements are prepared in accordance with generally accepted accounting policies.

The Financial Statements, which are presented in Sri Lankan Rupees, are prepared on a historical cost basis. No adjustments have been made for inflation.

2.2 Consistency and Comparability

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

2.3 Borrowing Costs

Borrowing costs are recognized as an expense in the accounting period in which they are incurred.

3. Valuation of Assets and their Measurement Bases

3.1 Property, Plant & Equipment

Property, Plant and Equipment are recorded at cost or revalued amounts.

3.2 Trade and Other Receivables

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

3.3 Cash & Cash Equivalents

Cash and cash equivalents comprise cash in hand, demand deposits in banks.

3.4 Leased Assets

Leases in terms of which Selacine assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

3.5 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.

The estimated useful lives for the current and comparative periods are as follows:

Furniture & Fittings	2-5 Years
Computer Equipment	3-5 Years

Office Equipment	5 Years
Motor Vehicles	5 Years
Cameras & Filming Equipment	5 Years
Computer Software	5 Years

The assets which brought current year, are not depreciated on Institute Policy.

4. Liabilities and Provisions

4.1 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. Items classified as long-term liabilities fall due for payment one year after the balance sheet date.

4.2 Retirement Gratuity

Provision has been made for retirement benefits from the first year of service for all employees in conformity with SLAS 16 (Revised 2006) - Employee Benefit. However, under Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

4.3 Defined Contribution Plans-Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for employer's contribution to Employees' Provident Fund and Employees' Trust Fund in line with respective statutes and regulations. Selacine contributes 15% and 3% on gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

5. Income statement

5.1 Turnover

The turnover of Selacine is from art work, shedulin, event management and production of television and radio programmes.

5.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity 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 transactions during the period the financial statements refer to.

7. Events Occurring after the Balance Sheet Date

There had been no material events occurring after the Balance Sheet date that require adjustment or disclosure in the Financial statements.

8. The Rs 300,00 deposited in Pramuka Bank was transferred to Sri Lanka Savings Bank due to the Instruction of Central Bank

9. Due to not removal of the write off debt amount 2011 from the debt list, the cumulative profit has been adjusted to make it correct.

10. Bad & Doubtful debtors have been provided as 5% for debtors.

Income statement

For the year ended 31st DECEMBER 2012

In Sri Lankan Rupees

	Notes	2012	2011	2010
		Rs.	Rs.	Rs.
Revenue	11	437,939,421	380,317,637	143,590,886
Less				
Direct Cost	12	372,938,887	341,854,183	123,864,022
Gross Profit		65,000,534	38,463,454	19,726,864
Other Operating income	13	810,873	313,930	84,788
		65,811,407	38,777,384	19,811,652
Less				
Distribution Cost	14	7,392,272	3,440,965	996,248
Administrative Cost	15	26,169,495	22,718,447	17,518,274
Other Operation expenses	16	1,449,410	89,373	149,890
Bad & Doubtful Debtors		6,219,283	2,282,976	
Profit from Operating Activities	-	24,580,948	10,245,624	1,147,240
Less				
Depreciation		1,934,578	2,244,276	-
		22,646,370	8,001,348	1,147,240
Less				
Finance Cost	17	1,208,428	462,113	133,477
Net Profit / (Loss) for the year		21,437,942	7,539,235	1,013,763

Balance Sheet

For the year ending 31st of DECEMBER 2012

In Sri Lankan Rupees

ASSETS	Notes	2012	2011	2010
		රු.	රු.	රු.
Non - Current Assets				
Property, Plant & Equipment	18	20,144,197	7,093,233	10,468,442
Company Profile		-	-	50,000
Fixed Deposits	19	20,800,000	800,000	800,000
Current Assets				
Trade & Other Receivable	20	131,503,883	136,875,538	81,081,597
Deposits & Prepayments	21	100,000	3,121,440	3,323,863
Cash & Cash Equivalents	22	45,554,440	34,121,116	10,382,101
Total Assets		218,102,520	182,011,328	106,106,004
Equity And Liabilities				
Capital & Reserves				
Accumulated Profit/(Loss)	23	26,194,953	9,100,002	12,540,425
Non Current Liabilities				
Funded By State Institution	24	-	1,344,176	1,344,176
Gratuity Payables	25	4,053,061	3,516,376	2,030,428
Interest Bearing Borrowings	26	1,375,041	1,986,497	739,618
Treasury Loan		9,300,000		
Current Liabilities				
Trade & Other Payables	27	177,053,214	164,307,848	89,451,357
Advances Received		126,252	1,756,429	-
Total Equity & Liabilities		218,102,520	182,011,328	106,106,004

Certified as true by Directors

Signed by



Pradeep Edirisinghe
Chairman
Selacine Television Institute

Cash Flow Statement

As at 31st DECEMBER 2012

	2012	2011
In Sri Lankan Rupees	Rs.	Rs.
Cash flow operating activities		
Profit before income tax	21,437,942.00	7,539,235.00
Adjustments for		
Interest expense	343,497.00	208,324.00
Interest income	(717,885.00)	(89,175.00)
Depreciation on property, plant & equipment	1,934,578.00	2,244,276.00
Provision for retiring gratuity	745,953.00	420,047.00
Provision for doubtful debts	2,937,883.00	2,282,976.00
Prior year adjustments to accumulated fund	(4,342,992.00)	(2,762,224.00)
Company profile		(50,000.00)
Loss on disposal of property, plant & equipment	2,800.00	
Operating profit before working capital changes	22,341,776.00	9,793,459.00
(Increase) / decrease in trade & other receivable	2,422,772.00	(59,075,341.00)
(Increase) /decrease in deposits & prepayments	3,021,440.00	202,423.00
(Increase) /decrease in state institution	(1,344,176.00)	-
(Increase) /decrease in interest bearing borrowings	(611,456.00)	1,246,879.00
(Increase) /decrease in trade & other payables	12,745,366.00	74,856,491.00
(Increase) /decrease in advances received	(1,630,177.00)	1,756,429.00
Cash generated from operating activities	36,956,545.00	28,780,340.00
Interest paid	(343,497.00)	208,324.00
Income tax paid		
Retiring gratuity paid	(209,268.00)	(194,117.00)

As at 31st DECEMBER 2012	2012	2011
In Sri Lankan Rupees	Rs.	Rs.
Net cash generated from operating activities	36,403,780.00	28,377,890.00
Cash flow from investing activities		
Cash from disposal of property, plant and equipment	2,000.00	
Purchase of property, plant and equipment	(14,990,341.00)	(4,728,059.00)
Investment in fixed deposits	(20,000,000.00)	-
Interest income	717,885.00	89,175.00
Net cash flow from investing activities	(34,270,456.00)	(4,638,884.00)
Cash flow from financing activities		
Treasury loan received	9,300,000.00	
Repayment of loan		
Net cash flow from financing activities	9,300,000.00	
Net increase in cash & cash equivalents	11,433,324.00	23,739,015.00
Cash and cash equivalents at the beginning of the year	34,121,116.00	10,382,101.00
Cash and cash equivalents at the end of the year	45,554,440.00	34,121,116.00

Notes for financial Statement

For the year ended 31st DECEMBER 2012

	2012	2011	2010
In Sri Lankan Rupees	රු.	රු.	රු.
11. INCOME-FROM SERVICES			
Production	27,611,388	24,403,033	6,541,162
Graphic	38,617,520	11,464,431	8,382,823
Scheduling	328,408,933	242,425,047	89,096,089
Miscellaneous	43,301,580	102,025,127	39,570,812
	<u>437,939,421</u>	<u>380,317,637</u>	<u>143,590,886</u>
12. DIRECT COST			
Production Expenses	14,015,088	16,979,018	4,158,345
Graphic Expenses	31,884,512	9,870,442	6,826,290
Scheduling Expenses	286,912,288	230,949,632	78,835,180
Miscellaneous	40,126,999	84,055,091	34,044,208
	<u>372,938,887</u>	<u>341,854,183</u>	<u>123,864,022</u>
13. OTHER OPERATIONAL INCOME			
Staff Loan Interest	34,612	9,495	6,106
Bank Interest	683,273	79,680	32,742
Other Income	24,988	126,405	26,000
Registration of Supplier	28,000	98,350	19,940
Call Center Project	40,000	-	-
	<u>810,873</u>	<u>313,350</u>	<u>84,788</u>
14. DISTRIBUTING EXPENSES			
Fuel	1,229,499	1,018,188	395,499
Motor Vehicles Repairs and Maintenance	560,742	949,890	313,746
Travelling, Transport & Parking	82,184	44,118	59,396
Advertisign	-	-	27,265
Sales Promotion	4,610,740	740,604	198,505
Seles Commission	894,170	688,164	1,838
Insurance Loss	14,938		
	<u>7,392,272</u>	<u>3,440,965</u>	<u>996,248</u>

For the year ended 31st DECEMBER 2012

	2012	2011	2010
In Sri Lankan Rupees	රු.	රු.	රු.
15. Administrative Expenses			
Salaries & Wages	14,499,759	13,485,650	11,297,430
EPF	1,422,470	1,337,512	1,061,925
ETF	284,264	267,503	212,385
Staff OT & Bata	835,764	669,467	422,550
Telephone	432,285	406,394	421,805
Staff Welfare	1,369,735	1,091,662	221,377
Postage	34,101	27,956	29,066
Printing & Stationery	1,413,498	1,022,951	385,920
Audit Fee	-	30,000	-
Training Programme Chg	657,078	24,438	8,500
Vehicle Rent	1,185,000	1,155,833	852,000
Building Rent	-	-	900,000
Electricity	418,502	647,716	357,228
Bonus	669,249	695,750	380,000
Gratuity	745,953	420,047	191,673
Directors' Emoluments	600,000	520,000	361,750
Water Charges	119,926	79,788	56,376
Registration Fee	73,589	21,400	13,500
Repairs & Maintenance - Office Equipment	481,565	259,759	291,068
Repairs & Maintenance - Office	226,229	367,262	53,720
Newspaper Expenses	40,965	61,795	-
Religious & Cultural	115,780	51,515	-
Social Welfare	212,853	74,050	-
Building & Cultural	17,562	-	-
Professional Fee	195,000	-	-
Tender Fee	17,500	-	-
Translation Fee	98,070	-	-
Office Equipment Loss	2,800	-	-
	26,169,495	22,718,447	17,518,274
16. Other Expenses			
Economic Chg	-	-	37,173
Sundry	515,278	12,373	17,859
Legal Fees	429,475	77,000	94,859
Call Center Project	504,657	-	-
	1,449,410	89,373	149,890

For the year ended 31 st DECEMBER 2012	2012	2011	2010
In Sri Lankan Rupees	Rs.	Rs.	Rs.
14. Finance Cost			
Bank Charges	37,955	44,473	20,642
Licence & Insurance	826,976	209,316	82,896
Lease Interest	343,497	208,324	29,939
	<u>1,208,428</u>	<u>462,113</u>	<u>133,477</u>

For the year ended 31st DECEMBER 2011

15. PROPERTY, PLANT & EQUIPMENT

Descriptions	Furniture & Fittings	Computer Equipment	Office Equipment	Motor Vehicles	Cameras & Filming Equipment	Accounting Software	Total
Cost as at 01. 01. 2012	1,217,421	3,384,940	2,027,059	6,759,007	3,213,648	750,000	17,352,074
Additions	331,150	536,650	455,213	1,961,500	11,095,827	610,000	14,990,341
Disposals	-	-	18,000	-	-	-	18,000
As at 31. 12. 2012	1,548,571	3,921,590	2,464,272	8,720,507	14,309,475	1,360,000	32,324,415
Depreciation as at 01. 01. 2012	793,249	2,243,040	1,398,935	2,598,488	3,075,128	150,000	10,258,840
Charge for the Year	124,558	311,625	199,433	1,102,802	46,160	150,000	1,934,578
Disposals	-	-	13,200	-	-	-	13,200
As at 31. 12. 2012	917,807	2,554,665	1,585,168	3,701,290	3,121,288	300,000	12,180,218
Net Book Value As at 31. 12. 2012	630,764	1,366,925	879,104	5,019,217	11,188,187	1,060,000	20,144,197

For the year ended 31st DECEMBER 2012

	2012	2011	2010
In Sri Lankan Rupees	Rs.	Rs.	Rs.
19. Fixed Deposits			
Bank of Ceylon - 742656	500,000	500,000	500,000
Bank of Ceylon - 73404	10,000,000	-	-
Bank of Ceylon - 73405	10,000,000	-	-
Pramuka Bank - 103009002920 (Sri Lanka Savings Bank)	300,000	300,000	300,000
	20,800,000	300,000	300,000
20. Trade & Other Receivables			
Trade Debtors (Schedule A)	118,166,373	124,962,586	53,354,408
Festival Advance	75,000	78,500	86,599
Staff Loan	945,130	657,160	293,270
Salary Advance	-	14,500	17,500
Mahanuwara Finance	-	-	992
VAT (1/3)	-	-	3,833,318
WHT	4,556,283	4,556,283	4,508,794
ESC	3,913,602	2,806,023	1,115,737
Upali Newspapers	10,695	10,695	10,695
ANCL	3,528,092	3,036,081	885,734
Wijaya Newspapers	172,245	172,245	172,245
EAP	3,004	3,004	3,004
SLBC	-	207,835	207,835
ITN	-	138,557	138,557
Lakhanda Radio	-	77,938	77,938
VAT	-	-	15,979,613
NBT	-	-	390,158
Refundable Deposits	100,000	102,550	2,550
Staff Welfare Association	-	5,650	2,650
Ceylinco Insurance	33,458	45,931	-
	131,503,883	136,875,538	81,081,597
20. (a) Trade Debtor			
Trade Debtor As At 2012	124,385,656	128,243,987	53,354,408
Less			
Provision for the Bad Debtors	6,219,283	3,281,400	-
	118,166,373	124,962,586	53,354,408

For the year ended 31st DECEMBER 2012

	2012	2011	2010
In Sri Lankan Rupees	Rs.	Rs.	Rs.
21. Deposits & Pre - Payments			
Bank Guarantee	100,000	2,621,440	1,638,438
Prepayments	-	500,000	1,685,425
	100,000	3,121,440	3,323,863
22. CASH & CASH EQUIVALENTS			
BOC - A/C No. 2323299	18,892,885	26,413,618	8,727,444
BOC Saving A/C No.2329765	26,661,555	7,410,266	1,625
Merchant Bank	-	5,000	5,000
Peoples Bank	-	1,500	1,500
Cash in Hand	-	15,007	500
Production Advance	-	222,425	1,646,032
Other Advances	-	53,300	-
	45,554,440	34,121,116	10,382,101
23. ACCUMULATED PROFIT / (LOSS)			
Balance B/F	9,100,002	12,540,425	11,288,702
Add: Write Off Opening Balances (Schedule A)	1,433,174	340,012	298,590
	10,533,176	12,880,437	11,587,292
less: Prior Year Adjustment (Schedule A)	5,776,166	(11,319,669)	(60,630)
	4,757,010	1,560,767	11,526,662
	21,437,942	7,539,235	1,013,763
Net Profit / (Loss) For the Year	26,194,953	9,100,002	12,540,425

For the year ended 31st DECEMBER 2012

	2012	2011	2010
In Sri Lankan Rupees	රු.	රු.	රු.
23. (A) Write Off Opening Balances	-	-	4,400
Director Allowance	-	-	114,000
Bonus	-	-	7,176
Out Side Bank Loan	-	-	13,000
Loan for Operation	-	-	520
Panhinda Insurance	-	-	1,540
Sri Lanka Nadahas Sewaka Sangamaya	-	-	2,250
Incentive	-	-	146,400
WHT	-	-	9,304
Mobile	-	-	-
EPF	-	173,895	-
ETF	-	141,117	-
Profile Payable	-	25,000	-
Cancel Cheques	80,000	-	-
Gratuity ADJ	8,998	-	-
Funded by State Institution	1,344,176	-	-
	1,433,174	340,012	298,590
20. (B) Prior Year Adjustment			
Audit Fees	-	132,451	30,630
ESC	-	187,237	-
Electricity	-	141,922	-
Gratuity	-	1,265,127	-
Distress Loan Opening Balance Ad	6,000	202,408	-
Festival Advance Opening Balance Ad	3,500	42,099	-
Debtor Ad	5,742,616	178,606	-
Mahanuwara Finance Opening Balance Ad	-	992	-
Accountancy Chg	-	-	30,000
Depreciation for the Previous years	-	8,014,565	-
Debtor Ad	-	654,261	-
Bank Guarantee Opening Balance Ad	-	500,000	-
Salary Advance	14,500	-	-
Refunderbal Deposits	2,550	-	-
Merchant Bank	5,000	-	-
Peoples Bank	1,500	-	-
Cash In Hand	500	-	-
	5,776,166	11,319,669	60,630

For the year ended 31st DECEMBER 2012

		2012	2011	2010
	In Sri Lankan Rupees	Rs.	Rs.	Rs.
24. FUNDED BY STATE INSTITUTION				
Funded by State Institution		-	1,344,176	1,344,176
		-	1,344,176	1,344,176
25. GRATUITY PAYABLE				
Balance B/F		3,516,376		
ADD : Gratuity Expences for the yearq		745,953		
		4,262,329		
LESS : Gratuity Payment		(209,268)		
Gratuity Payable		4,053,061	3,516,376	2,030,428
26. INTEREST BEARING BORROWING				
BOC Lease Creditor				
Micro Van - PB 9583		959,541	1,308,465	1,744,620
Less : Paid during the year		(348,924)	(348,924)	(87,231)
		610,617	959,541	1,657,389
Less : Transfer to Current Liabilities				
Bank Of Ceylon Lease Installment	256,412			
Bank Of Ceylon Lease Interest	92,512	(348,924)	(348,924)	(348,924)
		261,693	610,617	1,308,465
Interest In Suspense	65,190		-	
Paid during the year	(125,831)	(60,641)	65,104	(568,847)
		322,334	545,513	739,618

For the year ended 31st DECEMBER 2012

		2012	2011	2010
	In Sri Lankan Rupees	Rs.	Rs.	Rs.
Bajaj Three Wheeler - YK 3144		279,150	401,976	
Less: Paid during the year		(133,992)	(122,826)	
		145,158	279,150	
Less: Transfer to Current Liabilities				
Bank Of Ceylon Lease Installment	124,381			
Bank Of Ceylon Lease Interest	9,611	(133,992)	(133,992)	
		11,166	145,158	
Interest In suspense	35,405			
Paid during the year	(25,793)	9,612	35,405	
		1,554	109,753	
Mitsubishi L300 - Window Van - PD - 0578		2,320,411	2,359,740	
Less: Paid during the year		(471,948)	(39,329)	
		1,848,463	2,320,411	
Less: Transfer to Current Liabilities				
Bank Of Ceylon Lease Installment	315,599			
Bank Of Ceylon Lease Interest	156,349	(471,948)	(471,948)	
		1,376,515	1,848,463	
Interest In Suspense	517,232			
Paid during the year	(191,870)	325,362	517,232	
		1,051,153	1,331,231	
Grand Total		1,375,041	1,986,497	739,618
27. TRADE & OTHER PAYABLE				
Trade Payable (a)		176,098,350	163,352,984	89,102,433
Lease Creditor (b)		954,864	954,864	348,924
		177,053,214	164,307,848	89,451,357

For the year ended 31st DECEMBER 2012

	2012	2011	2010
In Sri Lankan Rupees	Rs.	Rs.	Rs.
27. (a) TRADE PAYABLE			
Trade Creditor	106,431,355	116,665,200	42,695,745
EPF	6,559	202,455	173,895
ETF	-	24,295	141,117
Staff OT & Bata	41,396	49,322	32,144
Printing & Stationery	-	65,350	-
Sanasa Society	43,120	43,120	43,120
Sanasa Society	33,369	40,837	54,769
Water	-	6,800	-
Electricity	637,365	347,365	203,013
Profile Payable	-	-	25,000
Sales Commission	386,808	457,767	288,617
VAT	54,974,145	35,917,495	40,673,595
NBT	10,730,024	7,945,568	3,836,641
WHT	-	-	8,458
Building Rent Payable	900,000	900,000	900,000
ESC	313,858	635,592	
Metropolitan Office	-	-	26,320
Audi Fee	30,000	30,000	
Fuel	20,351	21,818	
Ministry of mass Media & Information (Vehicle)	1,550,000		-
	176,098,350	163,352,984	89,102,433
27. (b) LEASE CREDITOR			
BOC Lease Creditor Payable - Micro Van - PB - 9583	959,541	1,308,465	1,657,389
Less:			
Bank Of Ceylon Lease Installment Payable	(256,412)	(223,093)	(859,375)
Bank Of Ceylon Lease Insterest Payable	(92,512)	(125,831)	(449,090)
	348,924	348,924	348,924

For the year ended 31st DECEMBER 2012

	2012	2011	2010
In Sri Lankan Rupees	Rs.	Rs	Rs
BOC Lease Creditor Payable - YK- 3144	145,158	279,150	
Less:			
Bank Of Ceylon Lease Installment Payable	124,382	(108,199)	
Bank Of Ceylon Lease Interest Payable	9,610	(25,793)	
	133,992	133,992	
BOC Lease Creditor Payable - Mitsubishi L300 - PD - 0578	1,848,463	2,320,411	
Bank Of Ceylon Lease Installment Payable	315,599	(280,078)	
Bank Of Ceylon Lease Interest Payable	156,349	(191,870)	
	471,948	471,948	
Grand Total	954,864	954,864	348,924

25. RELATED PARTY DISCLOSURES (SLAS 30)

Name	Designation	Nature Of The Related Party Transaction	Address
01. Pradeep Edirisinghe	Chairman	No	No: 283/7, Galle Rd, Kollupitiya, Colombo 03
02. E M A R Ekanayaka	General Manager	No	No: 220, Gamunu Mawatha, Rajagiriya

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 2012.

Auditor General's Review on 2012 financial activity

The opinion of the Auditor General on the Financial Statement of Selacine Television Institute for the year of 2012 is given below

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 Selacine Television Institute as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

I express my sincere gratitude to all the members of the staff for achieving such an accolade by the Auditor General for the second consecutive year in the history of Selacine over the last thirty year.



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கணக்காய்வாளர் தலைமை அபிபத்திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය }
எனது இல } TM/E/SCTI/FA/2012
My No }

ඔබේ අංකය }
உமது இல }
Your No. }

දිනය }
திகதி } 21 June 2013
Date }

The Chairman,
Selacine Television Institute.

Report of the Auditor General on the Financial Statements of the Selacine Television Institute for the year ended 31 December 2012

The audit of financial statements of the Selacine Television Institute for the year ended 31 December 2012 comprising the balance sheet as at 31 December 2012 and the income statement, 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. My comments and observations which I consider should be published with the Annual Report of the Institute appear in this report.

1.2 Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles 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 judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institution'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 Institution'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.

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

1.4 Establishment of the Institute

Even though this Institute had been vested by the Ministry of Mass Media on 20 December 2001, provisions had not been made by an Act or other legal provisions in order to determine its objectives and functions and to implement its powers. Action is being taken to register this institution as a Public Limited Liability Company namely "Selacine Ltd" under the Companies Act.

1.5 Basis for Qualified Audit 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 Selacine Television Institute as at 31 December 2012 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) Provisions had not been provided for Audit Fees and Building Rent for the year under review.
- (b) Even though the Crew Cab which was granted for free of charged in the year 2011 had been taken to accounts by assessing for Rs. 1,550,000, that assessment amount had been shown in the accounts as amount payable to the Ministry of Media.
- (c) The Interest Income of the Investments of Rs. 20 million made in the year under review had not been calculated and taken to accounts.
- (d) Though the debtor balance prior to the adjustment of bad debts and doubtful debts as at 31 December 2011 was Rs. 128,243,987, the bad debts and doubtful debts adjusted amount of Rs. 124,962,586 had been taken as the opening balance of the debtors ledger account as at 01 January 2012. Also a sum of Rs. 6,219,283 which was provided as doubtful debts in the year 2012 had been set off against the income as written off of bad debts without adjusting through an account of provision for doubtful debts. Even though ledger Accounts should be maintained for bad debts and doubtful debts of debtors, actions had not been made accordingly.

2.2.2 Un-reconciled Control Accounts

The following observations are made.

- (a) The sales as per the sales ledger was Rs. 436,802,868 in the year under review and it was Rs. 437,939,421 as per the sales account in the general ledger. Hence there was a difference of Rs. 1,136,553.
- (b) There was a difference of Rs.183,230 between the debtors schedule and debtors ledger.
- (c) As per the debtors ledger presented to audit, opening balances of individual debtors were aggregating to Rs. 56,439,633 whereas the opening balance of debtors ledger was Rs. 128,243,987 thus the difference was Rs. 71,804,354. According to debtor schedule as at 31 December 2012, debtor balances of 20 aggregating Rs. 9,845,775 had not been shown in individual accounts of debtors ledger.

2.2.3 Accounts Receivables

The following observations are made.

- (a) Though 99 debtor balances were observed as per the debtor schedule, letters of confirmation of balance had not been sent for 42 debtor balances.
- (b) According to the age analysis of debtors, the debtor balances for more than 90 days amounted to Rs. 49,663,465 or 40 per cent of total debtors. Also balances continued before 2006 aggregating Rs. 6,611,743 were among those debtors. Individual ledger accounts had not been maintained for those balances in the ledger.



2.2.4 Lack of Evidence for Audit

The following observations are made.

- (a) The well prepared age analysis, schedules, letters of confirmation of balance of balances and fixed assets registers, tax files etc. were not available to audit with regard to trade creditors, and property, plant and equipment, commission receivables, nation building tax of the year 2012 for Rs. 106,431,355, Rs.17,352,074 , Rs. 3,528,092 and Rs. 10,730,024 respectively.
- (b) Even though accounts had been adjusted by 364 Journal entries during the year 2012, the accuracy of adjustment made by those journal entries could have not been checked due to non-presenting of Journal vouchers, relevant calculations and correspondence documents to audit to check those Journal entries.

2.2.5 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
-----	-----
(a) Public Finance Circular No. PF/PE/09 of 27 June 2000	The Treasury approval for the investment of Rs. 2,500,000 in fixed deposits had not been obtained.
(b) Paragraph 9.2 (d) of the Public Enterprises Circular No. PED/12 of 02 June 2003	The organization chart of the Institute and the approved cadre had not been registered in the Department of Public Enterprises of the General Treasury.



- (c) Treasury Circular No. 842 of 19 December 1978 The Fixed Assets Register as per the Form General 287 and the Fixed Assets Ledger as per the Form General 288 had not been maintained.

3. Financial Review

3.1 Financial Results

As per the financial statements presented, the financial result of the Institute for the year ended 31 December 2012 was a net profit before tax of Rs. 21,437,942 as compared with the previous year net profit before tax of Rs. 7,539,235 hence an increase in net profit before tax by Rs. 13,898,707 or 184 per cent had been observed. The main reason for this effect was the increase in the revenue of the year under review by Rs. 57,621,784.

3.2 Ongoing Legal Matters against the Institute

Two cases to claim cash for designing activities by two outside institutes and four cases due to suspension of four former employees had been filed and an expenditure made in this cases as at 31 December 2012 had been Rs. 328,075

4. Operating Review

4.1 Performance

Compared with previous year, the 15 per cent increase in overall income had been affected in increasing of 14 Productions, 29 Creative Activities, 246 Scheduling, 07 Special Projects in the year under review.



4.2 Management Inefficiencies

Even though the Quarterly Value Added Tax reports had been remitted to the Commissioner General of Inland Revenue in the year 2012, the cash value of Rs. 18,613,695 had been deposited in a saving account without non-remitting to the Commissioner General of Inland Revenue. That account balance had been shown in the Balance Sheet under Cash and Cash Equivalent.

4.3 Staff Administration

Even though the approved cadre of the Institute as at 31 December 2012 was 27, actual cadre consisted of 48 and 15 for permanent posts and 33 for temporary posts were employed.

4.4 Utilization of Vehicles

Even though the maximum amount was Rs. 40,000 for hiring of vehicles as per the letter No. MF/TR/01/2003 of the Secretary to the Ministry of Finance and Planning dated 28 March 2003 when taking vehicles on hiring basis by an institute, two vehicles were taken against it on the payment basis of Rs. 65,000 and 45,000 per month. The expenditure made in this regard during the year 2012 had been Rs. 1,185,000. Government Procurement Guidelines had not been followed in taking vehicles on hiring basis.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though in terms of paragraph 6.5.1 of Public Enterprises Circular No. PED/12 of 02 June 2003, draft annual report and the financial statements should be presented within 60 days after the closure of the financial year, the draft annual report for the year ended 31 December 2012 had not been submitted even as at 31 May 2013 by Selacine Television Institute.



5.2 Corporate Plan

Even though activities included in the Corporate Plan presented for the period of 2011-2013 such as arrangements to telecast development programs of the Government by reserving the one hour airtime in television channel, conduct a television program competition on projects completed under Mahinda Chinthana Program were identified in 2012, those activities had not been performed.

5.3 Budgetary Control

A proper budget had not been prepared for the year 2012. The budgeted income and divisional wise expenditure for each programme had not been separately identified.

5.4 Tabling of Annual Reports

Even though in terms of paragraph 6.5.3 of Public Enterprises Circular No. PED/12 of 02 June 2003, action should be taken to table the annual reports in Parliament within 150 days after the closure of the financial year, action had not been taken to prepare and table the annual reports from 2003 to 2008 in Parliament.

5.5 Board of Directors

A Board of Directors had not been appointed for the year 2012.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit had been brought to the attention of the Chairman of the Institute from time to time. Special attention is needed in respect of the following areas of control.

- (a) Debtors
- (b) Payment of Tax
- (c) Maintenance of Fixed Assets Registers
- (d) Accounting

H.A.S.Samaraweera
Auditor General

Establishing the Institute

The report which is to establish Selacine as a Limited Cooperation as discussed in COPE on 05.10.2012, has been forwarded to the Minister to procure the approval.

2.2.1. Accountancy Deficiencies

- a) Audit charges have been paid for the years 2000-2010 by the check no. 613396 to the amount of Rs. 96,904 according to the letter no.MM1/7/1/20 dated 14.02.2013 by the secretary to the Minister.
The building in which this institute, belongs to SLBC. As there was no contract to pay the rent the need did not arise. Hence , no allocations are made as rent.
- b) the said vehicle has been valued according to the instructions given by the auditor, and has been entered as debit because comparatively no other item to enter in it. Will clear it in the next accounts report.
- c) The interest has not been counted and entered in the accounts as the relevant interest has not been transferred in the bank accounts within the year, and the bank statements reached us after preparing the accounts reports. It will be cleared and entered correctly in the next accounts report.
- d) There was no balance of bad debtors as it has been taken out of Debtors from allocated amount of bad debts according to the accounting policies of the institutes. It has been entered in the accounts as the same this year. But from 2012, an account will be opened for bad debts and an amount will be allocated to it as well.

2.2.2. Unbalanced Management Accounts

- a) sales value of Rs. 437,936,44 is correct according to the sales accounts. It balances with all other accounts as well. The given difference is from the addition of difference from annual computer reports of sales ledger. Took action to correct the computer programme.
- b) this difference was made because of the brought forward balances of 5 single accounts. But the end balance of them are correct. So it is correctly shown in accounts reports. Will correct the initiative balance and re report it.
- c) some initial balances of single accounts in Debtors ledger has not been entered. The cause for this was the difference in new computer data and the debtors balances. It was due to computer programming. This has been informed to the relevant institute which created the programme and taken steps to correct it. We can forward it within a month when the ledger is corrected.

2.2.3. Receivable Accounts.

- a) some clearances has to be done in the end balance of debtors to the date 31.12.2012. apart from the debt balances that needed re scanning, the others were sent letters. The balances have been cleared at present .

- b) On 05.10.2012 COPE revealed that this balance has been in old accounts without any details . Accordingly, it has been forwarded to the Ministry to delete it. So it will be taken out from the debtors list as soon as possible .
- c) A new Accounting system has been introduced in 2012, instead of the prevailing one of 2011.some refurbished data has been entered into the new system. Hence, the difference. A detailed report will be dispatched without delay.

2.2.4. Lack of Evidence for Audit

- a) Financial Creditors.

The creditors ledger has been conveyed to you. The list of creditors will be dispatched within a month.

Property, Plant & Equipment-

A segregation of this has been conveyed in the final accounts. All the items in them have been entered in the inventory books. Apart from that, we can deliver all the files of relevant letters of buying. The list of non-current Assets has been sent to the audit.

Receivable Commissions

These are owed by the LakeHouse for the advertisements supplied to EDB institute. The relevant advertisements can be obtained from Computer programmes and the relevant files too can be dispatched.

Deposited guaranty-

The relevant evidence and bonds have been forwarded for inspection dated 10.04.2012. the relevant files can be forwarded too.

Allocated depreciations

It has been allocated according to the institutional accounting system and it is given in accounts reports clearing 3.5. Apart from that, a detailed report about depreciation has been sent to the Audit on 01.04.2013.

Nation Building Tax-

The relevant files are available. Can be forwarded as request.

- b) There hasn't a voucher for the journal notes in previous years, as we were ignorant of the fact. Yet, the approval of the Chairman has been obtained from the year 2012. Will take action to convey the vouchers for the journal notes , without delay. Will enter the vouchers before the journal notes from 2013 onwards.

2.2.5 Non-confirmity with rules, regulations and management directives.

- a) Fixed deposit accounts have been established according to the advise given at the audit and Mangementmeeting with the Secretary on 18.06.2012. approval is requested by the letters dated 11.02.2011 and 19.02.2013 numbered SE/ACC/3/DPST/1
- b) Will take immediate action to send the organizing plant to COPE as soon as the institute is

registered under the cooperation act. It is under discussion with the salary commission as it has been conveyed to the Management Department to get the approval for the staff cader.

- c) fixed asset ledger and the list of fixed assets have been sent to be audited on 10.04.2013.
- d) the list of computer equipment was prepared according to the relevant circular and has been sent to be audited on 11.04.2013.

3. Financial Analysis

3.1. Financial Results

A high increase has been achieved with fine management throughout by breaking deficiencies of past.

3.2. Legal incidents opposing the institute.

- 1. two court cases in commercial high courts are being heard regarding creations of Dayata Kirula 2008
- 2. there are court cases in line with 4 employees. They are still being heard.

4. Operation Analysis

4.1 Action Plan

The income has been increased by 184 percent due to efficient conduct of financial management and Human Resources.

4.2. Management Deficiencies

The tax has been deposited in savings accounts of Bank of Ceylon being a State Bank, until the legality would be approved by discussion with Inland Revenue Commissioner General to be able to relieve tax, continuously and instantly. This is being discussed by the Inland Revenue Commissioner.

4.3 Management of the Staff.

The present staff of 27 heads were approved in the year 2003. 15 of them are permanent employees. The institutional structure and the work load at present is expanded. The increase of income in 184 percent is an evidence for it. Temporary employees had to be recruited to fulfill the workload. Discussions are underway with the management department and remuneration difference committee to recruit more employees and we are awaiting their decision.

4.4. Vehicle usage.

The vehicle which was used by the Chairman was abstained in a hurry, and he needed a vehicle as quickly as possible, so we had to get the bills and details over the phone and came to an agreement and bought a vehicle. This institute's expenditure is wholly on its income, and is never receive any financial help from the State. As an independent institute which earns an income, the higher positions in the institute needs a suitable vehicle for their usage, and we needed a vehicle in a hurry, so we purchased it because it suited our requirements.

- The General Manager's vehicle has been suspended from the month of September.
5. Accounting Policies and Management Directives.
- 5.1 Forwarding Financial Statements.
The final financial statements of the year 2012 were handed over to the audit on 28.03.2013 evading the delay in previous years. But the cash flow was not balanced on the given date, yet it was handed over to you after a several days' lapse , accurately done.
- 5.2. compact plan
1. this has been activated in the Dayata Kirula 2012 stall.
 2. the problem was to find sponsors and the air time. It is under discussion at present.
 3. Finding sponsors is a problem yet. It is too being discussed with suggested parties at present.
- 5.3 Management of Budget.
Income and Expenditure has been allocated separately for different sections. Annual expenses are also scheduled. Can be forwarded as request. The increment in the profit was due to continuous assessment of deficiencies and developments.
- 5.4 Tabling of Annual Reports.
Annual Report of 2010 was sent to the Cabinet, and it has been approved by the cabinet paper 12/1770/537/025. It has been sent to the chairman to be tabled. The annual report of 2011 is to be sent to the cabinet soon. The 2012 report is underway presently.
- 5.5 Board of Directors.
The Board of Directors has been appointed in April 2013.
6. Systems and Management.
- a.) Debtors
The balance of debtors in 2012 is less than 2011 in 6.7 Million. It is 5.4 percent increment comparing to last year. An officer has been appointed to collect the debts. Accordingly, we expect more positive results this year.
- b.) Paying taxes.
Economy Service charges has been sent to Inland Revenue Commissioner. Money has been allocated for VAT to the last quarter in 2012. Steps have been taken to pay the relevant taxes, just after the institute gains the legality. It has been discussed with the Inland revenue Commissioner General . there is no impairment in paying these taxes immediately.
- c.) Maintaining Fixed assets
As shown by the Audit in 2011, the fixed asset list was made and was handed over to the audit on 10.04.2013. the minor lapses were pointed out and it is being maintained accurately at present.
- D. Keeping Accounts

Evading the lapses in previous years, an accurate accounting system is in operation now. All the account reports can be obtained quickly because of it. So we were able to forward the financial statements on the due date. In future, the accounts reports could be obtained accurately.

Because All the lapses have been corrected , and steps have been taken to discuss with the relevant officials to make the minimum errors , I beg you, not to include them in the final report.

Pradeep Edirisingh

Chairman

Selacine Rupavahini Institute.

PRODUCTION
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