



MINISTRY OF MASS MEDIA

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INSTITUTE**
TELEVISION INSTITUTE

2013

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ஆண்டுறிக் கை
ANNUAL REPORT



Hon Minister of Parliamentary Reforms & Mass Media
Ministry of Parliamentary Reforms & Mass Media
Colombo 5.

Annual Report - 2013

Hon. Minister,

According to the Clause no. 14 (1) of the Public Corporations (Financial Control) Act No.38 of 1971, I hereby present the Annual Report for the year 2013 of the Selacine Rupavahini Institute.



Thusitha Jayawardhana
Chairman
Selacine Rupavahini Institute
Colombo 07.

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Vision

To become the foremost organization in the advertising and promotions sphere through the creative communication of development and operational activities of State machinery and all business spheres.

Mission

Actively contributing to Sri Lanka's economic, social and political development and supplying and providing the best communication and other creative publicity services for State and private sector institutions employing the assistance of skilled, more creative and bold personnel and creatively using strategy as well as high level technology.

Objectives

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



Thusitha Jayawardhane
Chairman
Selacine Television Institute

Chairman's Overview

I consider being able to issue a message to the Annual Report - 2013 launched by the Selacine Rupavahini Institute, after being appointed as its Chairman, my great good fortune.

In the past 33 year's period, in the path the institute has traversed amidst myriad difficulties, it had encountered several exceptional years. Several Annual Reports that have demonstrated the efficiency of the administration as well as the accounting were launched during the past few years.

The past financial statements reflect that the institution has achieved several productive results through the accuracy of the accounting procedures of the Selacine Rupavahini Institute as well as the preparation of those accounts in compliance with recommended methodologies.

Furthermore, the Auditor General's comments highly praising the Annual Reports of 2011 and 2012 is the best example of that.

It is clear that, through the programmes launched by the Human Resources Consultancy Service operated by the Administration Section in 2013, a special effort has been taken to uplift the group activities of employees.

For several years, the Selacine Rupavahini Institute is reputed to be the advertising organization giving the most number of advertisements to Lake House, through the excellent services of the Media Section that is efficiently scheduling the massive number of advertisements created by the Graphic Section. The services rendered by both the sections to maintain the same standards in 2013 are extremely praiseworthy.

The Production Section has ended the year 2013 on a very successful note through the production of promotional material for the introduction of the Colombo – Katunayake Expressway, the production of the 'Rata Viruvo' Reality Programme and many more documentary programmes. The expertise

and skills the Production Section has gained from copy writing to the editing process was amply demonstrated throughout the past few years.

Compared with the year 2012, the revenue earned by the Selacine Rupavahini Institute has increased by Rs. 215 million in the year 2013. When taken as a percentage, it is an increase of 67%. Furthermore, earning a revenue of over Rs. 653 million exceeding the targeted revenue in the year 2013 is a historic achievement. The dedication of the Sales and Customer Services Section to earn such record achievements is invincible.

At a moment like the present when the whole country is united and going forward with one mind, the tasks that will be entrusted to the Selacine Rupavahini Institute, the only government-owned publicity institution, will be immense. The task of the era will be fulfilling the needs necessary to carry out such a challenging mission and generating the strength and courage needed to face the future challenges successfully.

Thusitha Jayawardhana
Chairman

Administration Structure – 2013

Senior Management

Pradeep Edirisinghe	-	Chairman
Ranjan Ekanayake	-	General Manager (acting)

Management

Pushpa Bamunuarachchi	-	Manager (Human Resources and Administration)
Sunanda Weerasinghe	-	Manager (Production)
Dhammika Jeerasinghe	-	Consumer Services Director
Nalin Alahakoon	-	Manager (Media)
K.D.J. de Lazall	-	Manager (Finance)
Sujith Pushpakumara	-	Manager (Graphic) (acting)

Auditors

Department of Government Audit

Bankers

Bank of Ceylon

Contact details

Address

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E mail

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Web

Website www.selacine.lk

Corporate Information

Name of institution : Selacine Rupavahini Institute

Legal Form and Nature of Past Actions:

- 01st February 1982 - Launched under the purview of the Ministry of Plan Implementation.
- 1982 to 1989 – Carrying out the task of edifying the general public of Sri Lanka about the Accelerated Mahaweli Development Programme under the human and financial resources of the State Timber Corporation under the Ministry of Land Irrigation & Mahaweli Development.
- 1989 – Carrying out the publicity work of the Janasaviya Programme.
- The Selacine Rupavahini Institute was placed under the Ministry of Youth Affairs, Sports and Rural Development by the Extra-Ordinary Gazette Notification No. 832/15 of 19th August 1989. (This is the first transfer done by gazette notification regarding this institution)
- Placed under the Ministry of Posts, Telecommunications and Media by the Extra-Ordinary Gazette Notification No. 979/2 of 09th June 1997.
- Placed under the Ministry of Mass Communications by the Extra-Ordinary Gazette Notification No. 1215/14 of 20th December 2001.
- Named as an institution belonging to the Ministry of Information and Media by the Extra-Ordinary Gazette Notification No. 1338/9 of 28th April 2004.
- Established as an institution belonging to the Ministry of Mass Media and Information by the Extra-Ordinary Gazette Notification of 08th December 2005.
- A communiqué dated 26th March 2008 was dispatched to the Cabinet of Ministers to make Selacine Rupavahini Institute a wholly government-owned company under the Companies Act No. 07 of 2007.

Tasks of the Institution

- To operate as the publicity and production institution of the government.
- The under mentioned tasks were included into the tasks of the institution by the Extra Ordinary Gazette Notification No. 1380/15 of 16th May 2005.
 - i. Producing print/electronic media advertisements
 - ii. Publicity work edifying people of the development processes of the government
 - iii. Producing publicity programmes of the government
- After observations regarding the Cabinet communiqué of the Hon. Minister of Mass Media and Information, approval was given by Cabinet Paper No. 08/2253/338/043 of 24th December 2008 to make mandatory the implementation of all advertisements and publicity programmes of all Ministries and institutions under them through the Selacine Rupavahini Institute.
- Producing audio visual creations such as television and radio advertisements, radio programmes and television documentary programmes.
- Creating newspaper advertisements of varied nature and scheduling them in print and electronic media.
- Event management and printing

Creations and Graphic Division

After the Selacine Television Institute activated the programme of evaluating the efficiency of its divisions and departments, in the year 2011, the Creations and Graphic Division was crowned for the first time as the most excellent performance division of the institution. Again in the year 2013, with the programme of evaluating the efficiency of divisions and departments in operation, the Creations and Graphic Division was crowned as the most efficient division of the institution consecutively for the second time.

This division, consisting of experienced professional graphic artists, is ever ready for any emergency. Those professionals carry out their duties to the maximum without regard for time and other constraints.

The center of creation of newspaper advertising, 3 Dimensionation, 3D animation and various productions such as posters and banners is the Creations and Graphic Division. The direct responses from satisfied customers praising this division are countless.

Selacine Rupavahini Institute, giving Lake House the most number of advertisements on a daily basis, has made the Creations and Graphic Division responsible for achieving that. Taking this responsibility in its stride, the Creations and Graphic Division correctly completes the relevant creations in time and provides them to the relevant sections to be sent to the relevant newspaper organizations.

In this way, the Creations and Graphic Division, optimally increasing its creative abilities and its efficiency year-by-year, has completed the year 2013 very successfully.



Media Department

The Media Department carried out its main task, the scheduling of advertisements and audio-visual productions in electronic and print media, more efficiently in the year 2013. Checking the publication of advertisements as well as television broadcasts have become a daily task of that department.

In the year 2013, out of the total number of advertisements received at the Lake House, the most number of advertisements were scheduled by the Media Department of the Selacine Rupavahini Institute.

That amply reflects the fact that the Selacine Television Institute is one of the foremost advertising organizations in Sri Lanka. This further demonstrates that the Selacine Television Institute has a very high level of ability not only in media production but also in the creation of advertisements.

The media discussions, newspaper advertisements and television publicity programmes edifying the general public sponsored by the Department of Census and Statistics and the series of advertisements for the Commonwealth Heads of Government Meeting (CHOGM) in 2013 sponsored by the Ministry of mass Media and Information became very popular among the general public.



Marketing and Consumer Services Department

The Marketing and Consumer Services Department that had obtained excellent results by operating several sales promotional programmes in the previous years launched its activities for the year 2013 with the objective of chasing the revenue target of Rs. 650 million for the year.

The operations of the Marketing and Consumer Services Department, which could be identified as an army platoon consisting of experienced Marketing Officers and novice Officers, were at a markedly high level. The Marketing Services Section operating under the strictest supervision of the General Manager and high official of the institution was successful in achieving a revenue of over Rs. 653 million exceeding the targeted revenue.

The progress of the Marketing and Consumer Services Department in chasing a high revenue target is extremely praiseworthy. Some officers were directed to one day training programmes on internet and e mail and a special training programme named 'Cordial Consumer Services through Best Sales Training' was held for all officers in the Marketing Section.



Human Resources and Administration Department

The Human Resources and Administration Department, which could be likened to the epicenter of the Selacine Rupavahini Institute, displayed a qualitative development in the year 2013. With the objective of establishing the human resource at a higher plane, several services and activities were activated this year by the Human Resources and Administration Department. An external consultancy service was activated in order to develop skills and bring about a change in thinking in the human resource, the largest resource of the institution. Another specialty of the Human Resources and Administration Department was using various strategies to develop employee productivity. Accordingly, employees were provided loan facilities, bonus payments and gift vouchers in the festive season to uplift employees and their welfare to higher levels. Employees were directed at training programmes aiming at increasing employee efficiency according to Government circulars.

The Human Resources and Administration Department took immediate steps to provide office equipment as well as technical equipment to facilitate the duties of the employees. Furthermore, the supply processes relevant to buying vehicles was carried out methodically and efficiently. All matters pertaining to transport are being handled by the Human Resources and Administration Department.

This department has also worked on providing the necessary concessions to the staff enabling them to carry out their duties in comfort. Accordingly, employees were provided with the opportunity to obtain a monthly leave allowance to encourage them to report to work.

Expecting a qualitative growth in employee thinking and motivation, organizing of get-togethers and sponsorships for aesthetic and religious matters were also organized by the Human Resources and Administration Department.

Furthermore, the "Gung Ho" Programme activated with the objective of freeing the employees from their monotonous lifestyle and chasing a target through joy and happiness was also organized by the Human Resources and Administration Department that could be identified as a programme that came into much praise from the employees of the Selacine Rupavahini Institute. The Human Resources and Administration Department is always dedicated, not only in the year 2013 but also in the future, to the upliftment and welfare of the human resource of the institution.



Production Division

In the year 2013, the Production Division of the Selacine Rupavahini Institute was successful achieving massive progress in carrying out the responsibility of preparing the plans relevant to the creative audio-visual production and implementing them. In that, a large number of various audio-visual productions, television documentary programmes and television and radio advertisements were produced by this Division.

The Production Division manned by a competent and creative staff capable of finishing a production from copy writing to editing, successfully completed over 100 productions in the year 2013. Among the media production programmes that won the most acclaim and viewer attraction in the year 2013 are the 'Rata Viruvo Reality Programme, the Documentary Programme on Disaster Management, the Documentary Programme on the Postal Service, the television advertisements introducing Colombo-Katunayake Expressway and the 'Wevaka Mahima Bala Jala Kanda Pireela' Documentary Programme.

The staff of the Production Division, producing creative media productions with hi-tech camera equipment and editing studios constantly being updated with the developing technology has participated in relevant training programmes and gathered the necessary knowledge.

Our expectation is to continue media production work further polishing our creative abilities and employing modern technology in the future.



Finance Department

The financial efficiency launched with the introduction of new methodologies last year operated better in the year 2013. All accounting work was methodically carried out in accordance with Accounting Policies of the Government of Sri Lanka. The Department was successful in activating a special programme to collecting monies outstanding and deriving better results from that.

The accounting work was more clarified this year through the establishment of the Internal Audit Section. Correspondence with other sections was operated more efficiently in the year 2013.

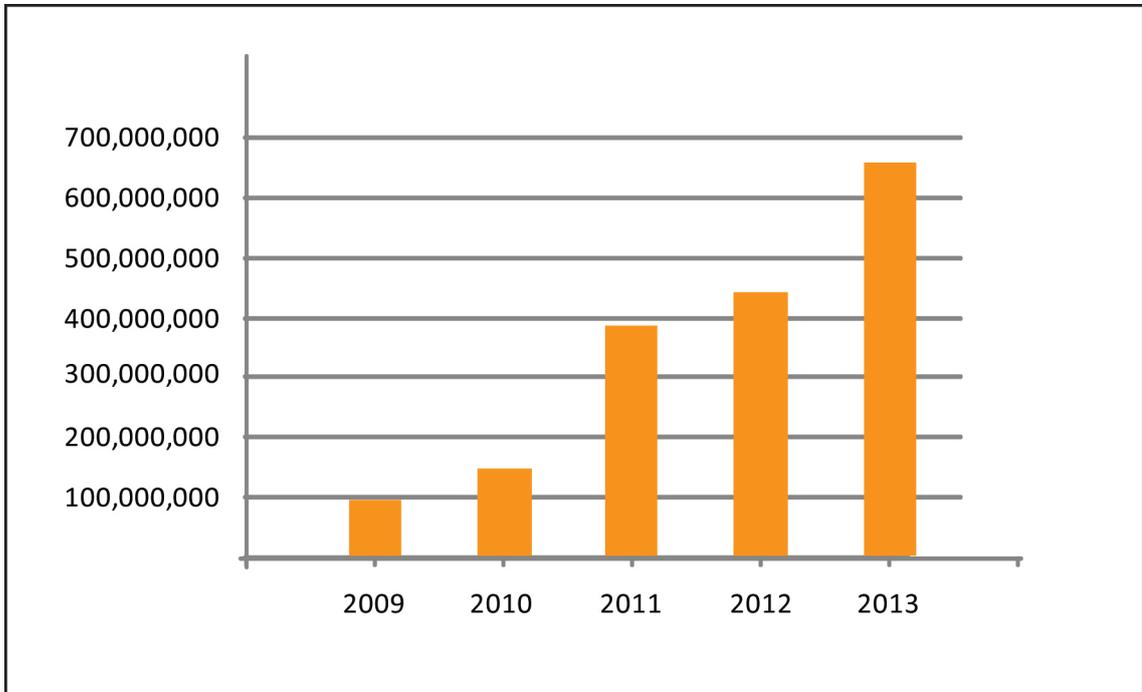
The participation of the officials of the Accounts Section in the seminar on activation of standards of financial reporting in Sri Lanka enabled those officials to develop their knowledge of the standards of financial reporting in Sri Lanka.

The Financial Statement was methodically prepared in the year 2013 as in the year 2012. The opinion of the Auditor General that the Institute's financial status, the financial activity and cash flows reflect true and justified conditions according to the Sri Lanka Accounting Standards is expressed in the Auditor General's Report.

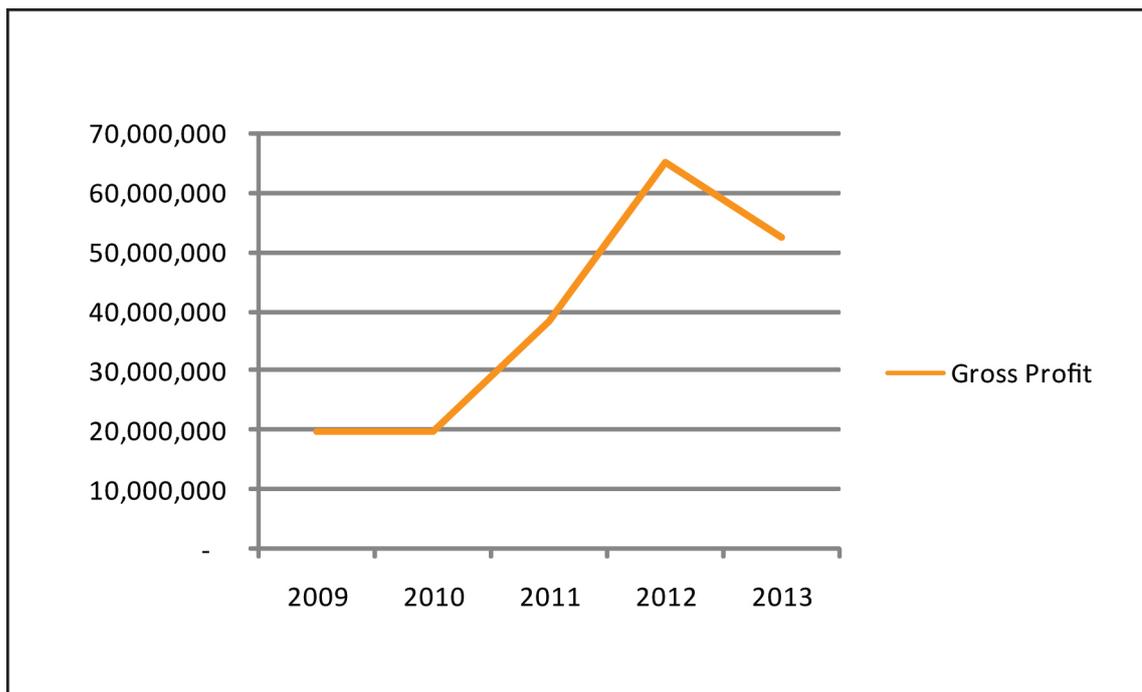


Financial Report – 2013

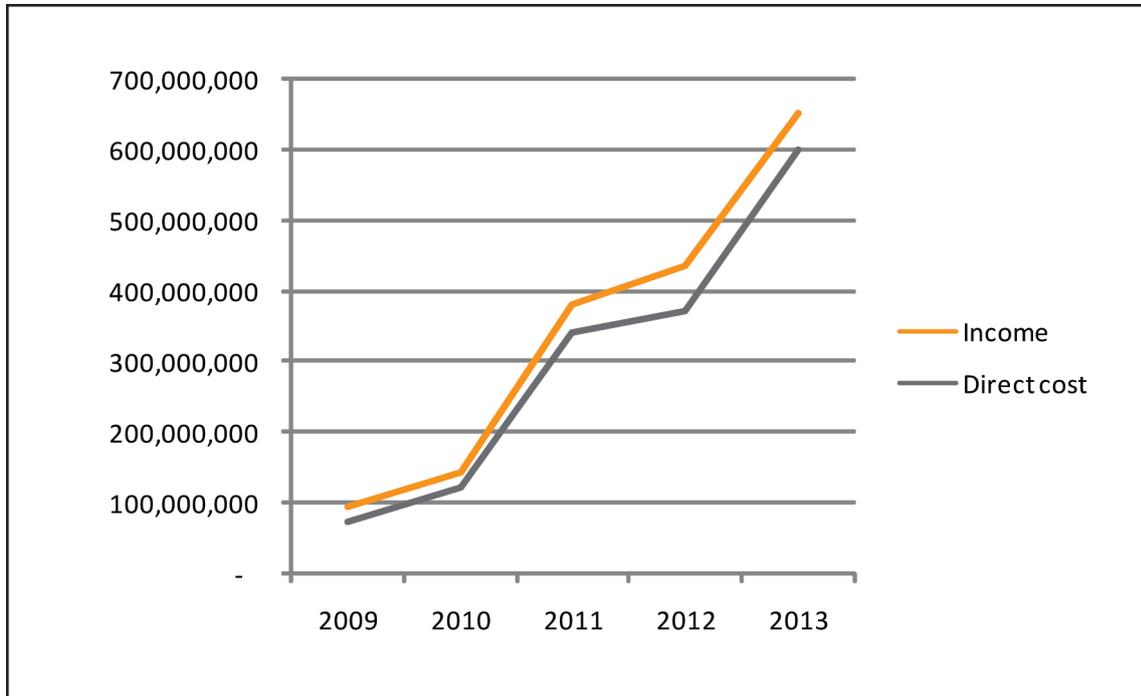
Revenue Growth



Income and expenditure for last five years



Trends of instituts profit between 2009 and 2013



for the year ending in 31st Dec. 2013

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

1.2 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 41 contracted employees as at 31. 12. 2013

2. Summary of Significant Accounting Policies

2.1 General Policies

The Financial Statements are prepared in accordance with Sri Lanka Public Sector accounting standards (SLPSAS) issued by the Institute of Chartered Accountants of Sri Lanka.

The Financial Statements, which are presented in Sri lankan Rupees, are prepared on going concern basis.

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 Trade and Other Payables

The tax in default from 2011 to date is deposited in fixed deposits showed in financial statements. The total amount for the said period will be subsequent to the incorporation of selacine under companies act.

A Tax Relief for the years before 2011 is requested from Inland Revenue and the discussion is still at discussion level.

3.4 Cash & Cash Equivalents

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

3.5 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.

3.6 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 percentages are amended for fixed assets.

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

Furniture & Fittings	2-10 Years
Computer Equipment	3-5 Years
Office Equipment	10 Years
Motor Vehicles	5 Years
Cameras & Filming Equipment	10 Years
Computer Software	10 Years

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, scheduling, 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 2.5% for debtors.

Income statement

For the year ended 31st DECEMBER 2013

In Sri Lankan Rupees

		2013	2012	2011
		රු.	රු.	රු.
Revenue	11	653,114,762	437,939,421	380,317,637
Less :				
Direct Cost	12	600,839,303	372,938,887	341,854,183
Gross Profit		52,305,459	65,000,534	38,463,454
Other Operating income	13	4,932,810	810,873	313,930
		57,238,270	65,811,407	38,777,384
Less :				
Distribution Cost	14	4,078,809	7,392,272	3,440,965
Administrative Cost	15	32,263,970	26,169,495	22,718,447
Other Operation expenses	16	2,023,715	1,449,410	89,373
Bad & Doubtful Debtors		1,362,910	6,219,283	2,282,976
Profit from Operating Activities	-	17,508,866	24,580,948	10,245,624
Less:				
Depreciation		3,655,509	1,934,578	2,244,276
		13,853,357	22,646,370	8,001,348
Less:				
Finance Cost	17	642,617	1,208,428	462,113
Net Profit / (Loss) for the year		13,210,740	21,437,942	7,539,235

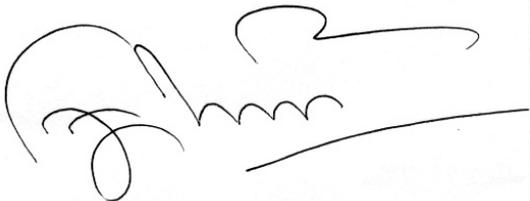
Balance Sheet

For the year ending 31st of DECEMBER 2013

In Sri Lankan Rupees

		2013	2012	2011
		Rs.	Rs.	Rs.
ASSETS	Notes			
Non - Current Assets				
Property, Plant & Equipment	18	19,985,876	20,144,197	7,093,233
Fixed Deposits	19	62,713,488	20,800,000	800,000
		82,699,364	40,944,197	7,893,233
Current Assets				
Trade & Other Receivable	20	311,839,772	131,503,883	136,875,538
Deposits & Prepayments	21	65,000	100,000	3,121,440
Cash & Cash Equivalents	22	25,606,496	45,554,440	34,121,116
		337,511,268	177,158,323	144,118,094
Total Assets		420,210,632	218,102,520	182,011,328
Equity And Liabilities				
Capital & Reserves				
Accumulated Profit/(Loss)	23	35,066,158	26,194,953	9,100,002
		35,066,158		
Liabilities				
Non Current Liabilities				
Funded By State Institution	24	-	-	1,344,176
Gratuity Payables	25	4,430,648	4,053,061	3,516,376
Interest Bearing Borrowings	26	612,726	1,375,041	1,986,497
Treasury Loan		5,580,000	9,300,000	-
		10,623,374	14,728,102	
Current Liabilities				
Trade & Other Payables	27	372,531,547	177,053,214	164,307,848
Advances Received		129,552	126,252	1,756,429
Treasury Loan		1,860,000	-	182,011,328
Total Liabilities		374,521,099	177,179,466	
Total Equity & Liabilities		420,210,632	191,907,568	

Approved by the Directors as true.



Pradeep Edirisinghe
Chairman
Selacine Television Institute

Cash Flow Statement

As at 31 st DECEMBER 2013	2013	2012
In Sri Lankan Rupees	Rs.	Rs.
Cash flow operating activities		
Surplus before taxation	13,210,740	21,437,942.00
Adjustments for :		
Interest expense	175,005	343,497.00
Interest income	(4,757,611)	(717,885.00)
Depriciation on property, plant & equipment	3,655,509	1,934,578.00
Provision for retiring gratuity	599,328	745,953.00
Provision for doubtful debts	-	2,937,883.00
Prior year adjustments to accumulated fund	(4,339,534)	(4,342,992.00)
Loss on disposal of property, plant & equipment	(24,822)	2,800.00
Lease Interest		
Operating Surplus before Working Capital Changes	8,518,615	22,341,776.00
(Increase) / decrease in trade & other receivable	(180,335,889)	2,422,772.00
(Increase) /decrease in deposits & prepayments	35,000	3,021,440.00
(Increase) /decrease in state institution	-	(1,344,176.00)
(Increase) /decrease in interest bearing borrowings	-	(600,456)
(Increase) /decrease in trade & other payables	195,478,334	12,745,366.00
(Increase) /decrease in advances received	3,300	(1,630,177.00)
	23,699,359	36,956,545.00
Interest paid	(175,005)	(343,497.00)
Gratuity paid	(221,742)	(209,268.00)
Net Cash Used in Investing Activities	23,302,612	36,403,780

As at 31st DECEMBER 2013

	2013	2012
In Sri Lankan Rupees	Rs.	Rs.
Cash Flow From Investing Activities		
Acquisition fo property, plant and equipment	(3,998,559)	(14,990,341.00)
Cash proceed from disposal of property	526,195	2,000.00
Investment is fixed deposit	(41,913,488)	(20,000,000.00)
Interest income	4,757,611	717,885.00
Net Cash Used in Investing Activities	(40,628,241)	(34,270,456.00)
Cash Flow From Financing Activities		
Treasury loan recived / (repayment)	(1,860,000)	9,300,000.00
Repayment of loan	(762,314)	
Net Cash generated from / (used in) Financing Activities	(2,622,314)	9,300,000.00
Net increas / (decrease) in cash and cash equivalents	(19,947,944)	11,433,324.00
Cash & cash equivalents at the beginnig of the year	45,554,440	34,121,116.00
Cash & cash equivalents at the end of the year	25,606,496	45,554,440.00

Notes for financial Statement

For the year ended 31st DECEMBER 2013

	2013	2012	2011
In Sri Lankan Rupees	Rs.	Rs.	Rs.
11. INCOME-FROM SERVICES			
Production	40,541,319	27,611,388	24,403,033
Graphic	27,525,225	38,617,520	11,464,431
Scheduling	307,668,222	328,408,933	242,425,047
Miscellaneous	277,409,997	43,301,580	102,025,127
	653,114,762	437,939,421	380,317,637
12. DIRECT COST			
Production Expenses	35,610,274	14,015,088	16,979,018
Graphic Expenses	23,771,275	31,884,512	9,870,442
Scheduling Expenses	277,726,680	286,912,288	230,949,632
Miscellaneous	263,586,163	40,126,999	84,055,091
Call Center Project	114,910		
	600,839,303	372,938,887	341,854,183
13. OTHER OPERATIONAL INCOME			
Staff Loan Interest	65,835	34,612	9,495
Bank Interest	4,757,611	683,273	79,680
Other Income	42,542	24,988	126,405
Registration of Supplier	42,000	28,000	98,350
Call Center Project		40,000	-
Vehicle Profit	24,822		
	4,932,80	810,873	313,350
14. DISTRIBUTING EXPENSES			
Fuel	1,464,716	1,229,499	1,018,188
Motor Vehicles Repairs and Maintenance	855,201	560,742	949,890
Travelling, Transport & Parking	193,536	82,184	44,118
Sales Promotion	919,978	4,610,740	740,604
Seles Commission	645,377	894,170	688,164
Insurance Loss	-	14,938	
	4,078,809	7,392,272	3,440,965

For the year ended 31st DECEMBER 2013

	2013	2012	2011
In Sri Lankan Rupees	Rs.	Rs.	Rs.
15. Administrative Expenses			
Salaries & Wages	16,619,293.80	14,499,759	13,485,650
EPF	1,562,712.80	1,422,470	1,337,512
ETF	310,347.54	284,264	267,503
Staff OT & Bata	1,596,083.63	835,764	669,467
Telephone	541,853.97	432,285	406,394
Staff Welfare	2,222,640.00	1,369,735	1,091,662
Postage	23,271.00	34,101	27,956
Printing & Stationery	1,120,647.00	1,413,498	1,022,951
Audit Fee	30,000.00	-	30,000
Training Programme Chg	770,710.00	657,078	24,438
Vehicle Rent	780,000.00	1,185,000	1,155,833
Electricity	108,528.24	418,502	647,716
Bonus	542,500.00	669,249	695,750
Gratuity	599,327.67	745,953	420,047
Directors' Emoluments	650,000.00	600,000	520,000
Water Charges	61,435.20	119,926	79,788
Registration Fee	43,570.00	73,589	21,400
Repairs & Maintenance - Office Equipment	1,210,447.97	481,565	259,759
Repairs & Maintenance - Office	495,543.00	226,229	367,262
Newspaper Expenses	128,705.00	40,965	61,795
Religious & Cultural	29,757.75	115,780	51,515
Social Welfare	283,000.00	212,853	74,050
Building & Cultural	67,500.00	17,562	-
Professional Fee	682,500.00	195,000	-
Tender Fee	20,500.00	17,500	-
Translation Fee	253,300.00	98,070	-
Office Equipment Loss	-	2,800	-
Staff Insurance	1,024,447.10		
Web Site Expence	74,500.00		
Foreign Travel	300,848.50		
Board Meeting Fee	110,000.00		
	32,263,970.37	26,169,495	22,718,447

For the year ended 31st DECEMBER 2013

	2013	2012	2011
In Sri Lankan Rupees	Rs.	Rs.	Rs.
16. Other Expenses			
Sundry	-	515,278	12,373
Legal Fees	198,000.00	429,475	77,000
Call Center Project	-	504,657	-
Other Expences	1,806,789.65	-	-
Surcharge	18,925.00	-	-
	2,023,714.65	1,449,410	89,373
17. Finance Cost			
Bank Charges	224,561.73	37,955	44,473
License & Insurance	243,050.38	826,976	209,316
Lease Interest	175,005.24	343,497	208,324
	642,617.35	1,208,428	462,113

For the year ended 31st DECEMBER 2013

18. PROPERTY, PLANT & EQUIPMENT

Descriptions	Furniture & Fittings	Computer Equipment	Office Equipment	Motor Vehicles	Cameras & Filming Equipment	Accounting Software	Total
Balance as at 01. 01. 2013	1,548,571	3,921,590	2,464,272	8,720,507	14,309,475	1,360,000	32,324,416
Additions	128,308	1,045,362	307,715	1,613,750	203,425	700,000	3,998,559
Disposals	-	-	-	(1,253,433.00)	-	-	(1,253,433)
As at 31. 12. 2013	1,676,879	4,966,952	2,771,987	9,080,824	14,512,900	2,060,000	35,069,543
Depreciation as at 01. 01. 2013	917,807	2,554,665	1,585,168	3,701,290	3,121,288	300,000	12,180,128
Charge for the Year	100,235	465,483	113,900	1,098,698	1,684,734	192,459	3,655,509
Disposals	-	-	-	(752,060)	-	-	(752,060)
As at 31. 12. 2013	1,018,042	3,020,148	1,699,068	4,047,928	4,806,022	492,459	15,083,667
Net Book Value As at 31. 12. 2013	658,837	1,946,804	1,072,919	5,032,896	9,706,878	1,567,541	19,985,876

For the year ended 31st DECEMBER 2013

	2013	2012	2011
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	10,000,000	-
Bank of Ceylon - 73405	11,706,959	10,000,000	-
Pramuka Bank - 103009002920 (Sri Lanka Savings Bank)	300,000	300,000	300,000
Bank of Ceylon - 74798	12,135,172		
Bank of Ceylon - 74401	26,000,000		
Bank of Ceylon - 75021610	2,071,357		
	62,713,488	20,800,000	300,000
20. Trade & Other Receivables			
Trade Debtors (Schedul A)	295,705,548	118,166,373	124,962,586
Festival Advance	144,000	75,000	78,500
Staff Loan	1,947,144	945,130	657,160
Salary Advance	5,000	-	14,500
WHT	4,556,283	4,556,283	4,556,283
ESC	3,913,602	3,913,602	2,806,023
Upali Newspapers	10,695	10,695	10,695
ANCL	2,500,181	3,528,092	3,036,081
Wijaya Newspapers	172,245	172,245	172,245
EAP	3,004	3,004	3,004
SLBC	-	-	-
Commission Receivable SLRC	63,558		
ITN	-	-	207,835
Lakhanda Radio	-	-	138,557
Refundable Deposits	-	-	77,938
Refundable Deposits	100,000	100,000	102,550
Staff Welfare Association	-	-	5,650
Ceylinco Insurance	62,050	33,458	45,931
	2,656,462	-	-
	311,839,772	131,503,883	136,875,538
20. (a) Trade Debtor			
Trade Debtor As At 2012	303,287,741	124,385,656	128,243,987
Less :			
Provision for the Bad Debtors	7,582,193	6,219,283	3,281,400
	295,705,548	118,166,373	124,962,586

For the year ended 31st DECEMBER 2013

	2013	2012	2011
In Sri Lankan Rupees	Rs.	Rs.	Rs.
21. Deposits & Pre - Payments			
Bank Guarantee	-	100,000	2,621,440
Prepayments	-	-	500,000
	65,000	-	-
	65,000	100,000	3,121,440
22. CASH & CASH EQUIVALENTS			
BOC - A/C No. 2323299	18,599,600	18,892,885	26,413,618
BOC Saving A/C No.2329765	6,736,471	26,661,555	7,410,266
Merchant Bank	-	-	5,000
Peoples Bank	-	-	1,500
Cash in Hand	-	-	15,007
Production Advance	135,425	-	222,425
Other Advances	135,000	-	53,300
	25,606,496	45,554,440	34,121,116
23. ACCUMULATED PROFIT / (LOSS)			
Balance B/F	26,194,953	9,100,002	12,540,425
Add: Write Off Opening Balances (Schedula A)	1,823,129	1,433,174	340,012
	28,018,082	10,533,176	12,880,437
less: Prior Year Adjustment (Schedula A)	6,162,663	5,776,166	(11,319,669)
	21,855,419	4,757,010	1,560,767
Net Profit / (Loss) For the Year	13,210,740	21,437,942	7,539,235
	35,066,158	26,194,953	9,100,002

For the year ended 31st DECEMBER 2013

	2013	2012	2011
In Sri Lankan Rupees	Rs.	Rs.	Rs.
23. (A) Write Off Opening Balances			
Director Allowance		-	-
Bonus		-	-
Bank Loan		-	-
Loan for Operations		-	-
Panhinda Insurance		-	-
Sri Lanka Nadahas Sewaka Sangamaya		-	-
Incentives		-	-
WHT		-	-
Trade and other payment	1,550,000		
Mobile Phone Charges		-	-
Employees Provident Fund		-	173,895
Employees Trust Fund		-	141,117
Institutional Structure		-	25,000
Cancel Cheques	245,500	80,000	-
Gratuity Adjustments	27,629	8,998	-
Funded by State Institution		1,344,176	-
	1,823,129	1,433,174	340,012
20. (B) Prior Year Adjustment			
Audit Fees	30,000	-	132,451
Economic Service Fees		-	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	5,376,506	5,742,616	178,606
Mahanuwara Finance Opening Balance Ad		-	992
Accountancy Chg		-	-
Depreciation for the Previous years	691,157	-	8,014,565
Debtors		-	654,261
Bank Guarantees		-	500,000
Salary Advances		14,500	-
Deposits Receivable		2,550	-
Merchant Bank		5,000	-
Peoples Bank		1,500	-
Cash In Hand		500	-
Vehicle Hire	65,000		
	6,162,663	5,776,166	11,319,669

For the year ended 31st DECEMBER 2013

	2013	2012	2011
In Sri Lankan Rupees	Rs.	Rs.	Rs.
24. FUBDED BY STATE INSTITUTION			
Funded by State Institution	-	-	1,344,176
	-	-	1,344,176
25. GRATUITY PAYABLE			
Balance B/F	4,053,061	3,516,376	
ADD : Gratuity Expences for the yearq	599,328	745,953	
	4,652,389	4,262,329	
LESS : Gratuity Payment	221,742	(209,268)	
Gratuity Payable	4,430,648	4,053,061	3,516,376
26. INTEREST BEARING BORROWING			
BOC Lease Creditor			
Micro Van - PB 9583		959,541	1,308,465
Less : Paid during the year		(348,924)	(348,924)
		610,617	959,541
Less : Transfer to Current Liabilities			
Bank Of Ceylon Lease Installment	256,412		
Bank Of Ceylon Lease Interest	92,512	(348,924)	(348,924)
		261,693	610,617
Interest In Suspense	65,190		-
Paid during the year	(125,831)	(60,641)	65,104
		322,334	545,513

For the year ended 31st DECEMBER 2013

		2013	2012	2011
In Sri Lankan Rupees		Rs.	Rs.	Rs.
Bajaj Three Wheeler - YK 3144	145,158		279,150	401,976
Less: Paid during the year	(133,992)		(133,992)	(122,826)
	11,166		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	11,166	35,405		
Paid during the year	-	(25,793)	9,612	35,405
	-		1,554	109,753
Mitsubishi L300 - Window Van - PD - 0578	1,848,463		2,320,411	2,359,740
Less: Paid during the year	(471,948)		(471,948)	(39,329)
	1,376,515		1,848,463	2,320,411
Less: Transfer to Current Liabilities				
Bank Of Ceylon Lease Installment	355,624	315,599		
Bank Of Ceylon Lease Interest	116,324	(471,948)	(471,948)	(471,948)
		904,567	1,376,515	1,848,463
Interest In Suspense	448,190	517,232		
Paid during the year	(156,349)	291,841	(191,870)	517,232
		612,726	1,051,153	1,331,231
Paid during the year	612,726		1,375,041	1,986,497
27. TRADE & OTHER PAYABLE				
Trade Payable (a)		371,925,607	176,098,350	163,352,984
Lease Creditor (b)		605,940	954,864	954,864
		372,531,547	177,053,214	164,307,848

For the year ended 31st DECEMBER 2013කලක

	2013	2012	2011
In Sri Lankan Rupees	Rs.	Rs.	Rs.
27. (a) TRADE PAYABLE			
Trade Creditor	258,071,321	106,431,355	116,665,200
EPF	15,439	6,559	202,455
ETF	-	-	24,295
Staff OT & Bata	145,275	41,396	49,322
Printing & Stationery	-	-	65,350
Sanasa Society	43,120	43,120	43,120
Sanasa Society	17,612	33,369	40,837
Water	-	-	6,800
Electricity	125,423	637,365	347,365
Profile Payable	-	-	-
Sales Commission	18,826	386,808	457,767
VAT	94,972,378	54,974,145	35,917,495
NBT	16,905,054	10,730,024	7,945,568
WHT	-	-	-
Building Rent Payable	900,000	900,000	900,000
ESC	313,858	313,858	635,592
Metropolitan Office	327,498	-	-
Audi Fee	60,000	30,000	30,000
Fuel	9,811	20,351	21,818
Ministry of mass Media & Information (Vehicle)	-	1,550,000	-
	371,925,607	176,098,350	163,352,984
27. (b) LEASE CREDITOR			
BOC Lease Creditor Payable - Micro Van - PB - 9583	-	959,541	1,308,465
Less:			
Bank Of Ceylon Lease Installment Payable	-	(256,412)	(223,093)
Bank Of Ceylon Lease Interest Payable	-	(92,512)	(125,831)
	-	348,924	348,924

For the year ended 31st DECEMBER 2013

	2013	2012	2011
In Sri Lankan Rupees	Rs.	Rs.	Rs.
BOC Lease Creditor Payable - YK- 3144	133,992	145,158	279,150
Less:			
Bank Of Ceylon Lease Installment Payable	(11,060)	(124,382)	(108,199)
Bank Of Ceylon Lease Interest Payable	(106)	(9,610)	(25,793)
	133,992	(133,992)	133,992
BOC Lease Creditor Payable - Mitsubishi L300 - PD - 0578	1,376,515	1,848,463	2,320,411
Bank Of Ceylon Lease Installment Payable	355,624	315,599	(280,078)
Bank Of Ceylon Lease Interest Payable	116,324	156,349	(191,870)
	471,948	471,948	471,948
Grand Total	605,940	686,880	954,864

28. 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



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No. }

TMI/E/SCTI/6/13/17

ඔබේ අංකය
உமது இல.
Your No. }

දිනය
திகதி
Date }

10 February 2015

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 2013

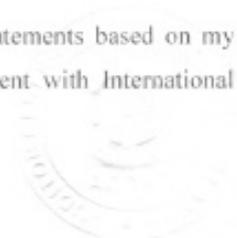
The audit of financial statements of the Selacine Television Institute for the year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013 and the statement of financial performance, cash flow and a summary of significant accounting policies and other explanatory 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 Selacine Television Institute appear in this report.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1:3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000-1810).





1:4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraph 2.2 of this report I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items and the elements making up the statement of financial position and the statement of financial performance.

2. Financial Statements

2.1 Disclaimer of Opinion

Because of the matters described in paragraph 2.2 of this report, I had not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statement.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following observations are made.

- (a) The interest on investments receivable as at 31 December 2013 amounting to Rs.2,656,462 had been treated as interest on investments received and included in the cash flow statement.
- (b) The depreciation on properties, plant and equipment for the year 2013 had been overstated in the financial statements by Rs.117,117.
- (c) The unidentified debtors existing from periods prior to the year 2006 amounted to Rs.6,611,743 and the provision made therefor amounted to Rs.165,293. It had been confirmed that there is no possibility of recovering these debts. Accordingly, it was observed that adequate provision had not been made for these irrecoverable debts.



2.2.2 Lack of Evidence for Audit

The following items shown in the financial statements could not be satisfactorily vouched or accepted due to non-submission of evidence for audit indicated against each item.

Item	Value	Documentary Evidence not made Available
-----	-----	-----
	Rs.	
(a) Payments	13,891,056	Thirty seven paid vouchers and the related details
(b) Fixed Deposits	300,000	Deposit Certificates issued by the Sri Lanka Savings Bank or conformation of balances.
(c) Trade Creditors	258,071,312	Ledger denoting individual creditors and schedules
(d) Motor Vehicle Utilization	-	Details relating to the number of litres of diesel consumed by each motor vehicle (including hired motor vehicles) during each month of the year under review, value of fuel, details of repairs and maintenance, motor vehicles of other State institutions in the custody of the Institute and the details of motor vehicles of the Institute/ hired motor vehicle made available to other State institutions/ Ministries.





2.3 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) Section 21 of the Value Added Tax No.14 of 2002	The Value Added Tax of Rs.94,972,378 payable as at 31 December 2013 and the Tax Returns of the year under review had not been sent to the Commissioner General of Inland Revenue.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
(i) Financial Regulation 137	Even though all payment vouchers should be approved. 65 paid vouchers valued at Rs,6,082,347 had not been approved.
(ii) Financial Regulation 156(5)	It was observed that very often the cash book of the Institute had been altered. Those alterations had not been certified as required by the Financial Regulation.
(iii) Financial Regulation 381(3)	Even though Officers authorized to sign cheques should furnish security, it had not been so done.



- | | | |
|-------|---|---|
| (iv) | Financial Regulation 386(5) | Action had not been taken to initial the counterfoils of cheques. |
| (v) | Financial Regulation 386(7) | Even though cancelled cheques should be annexed to the counterfoils and be kept in the cheque book itself action had not been taken accordingly. |
| (vi) | Financial Regulation 392(c) | Even though a new entry under the date of issue of each cheque, should be inserted in red ink in the columnar cash book, giving particulars of new cheque issued and cross reference to original cheque should be given and leave the money column blank, such action not been taken in connection with the fresh cheques issued. |
| (vii) | Financial Regulation 395(g) | The officer maintaining the cash book of the Institute had prepared the Bank Reconciliations as well, contravening the requirements of the Financial Regulation. |
| (c) | Public Finance Circular No.PF/PE/09 dated 27 June 2000 | Approval of the Treasury had not been obtained for the investment of Rs.10,500,000 in fixed deposits. |
| (d) | Paragraph 9.2(d) of the Public Enterprises Circular No.PED/12 dated 02 June 2003. | The Organizational Chart and the approved staff of the Institute had not been registered at the Department of Public Enterprises. |
| (e) | Treasury Circular No.842 dated 19 December 1978 | Updated Register of Fixed Asset and Fixed Assets Ledger had not been maintained. |



2.4 Transactions without Adequate Authority

Twenty five debtors balances aggregating Rs.5,162,300 had been written off against the retained profit during the year under review without proper authority. Further, payments rejected by clients amounting to Rs.1,888,852 for non fulfilment jobs as required by the clients too had been written off.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial results of the Institute for the year ended 31 December 2013 had been a net profit of Rs.13,210,740 as compared with the net profit of Rs.21,437,942 for the preceding year thus showing a deterioration in financial result by Rs.8,227,202 representing 38 per cent. Although the income of the year under review had increased by 49 per cent as compared with that of the preceding year, the increase in direct cost by 61 per cent and the administrative expenses by 23 per cent had attributed to this deterioration.

3.2 Legal Action instituted against the Institute

Two external institutions had filed two cases for obtaining their payments relating to creative work and 4 ex-employees had filed 4 cases against interdiction of those officers and the expenditure incurred on the cases as at 31 December 2013 amounted to Rs.140,000.





4. Operating Review

4.1 Performance

Twenty creative work and 35 special projects had been executed during the year under review as compared with those of the previous year and the improvements in those works had been 17 per cent and 85 per cent respectively. The overall income of the Institute had improved by 49 per cent.

4.2 Uneconomic Transactions

A surcharge of Rs.18,925 had to be paid due to non-payment of gratuity within the specified period.

4.3 Staff Administration

The approved permanent and temporary staff of the Institute as at December 2013 had been 31 and 21 respectively. The actual cadre had been 55 and consisted of 14 permanent employees and 41 temporary employees.

4.4 Motor Vehicle Utilization

In terms of the letter No.MF/TR/01/2003 dated 28 March 2003 of the Secretary to the Ministry of Finance and Planning, the maximum payable for hired motor vehicles amounts to Rs.40,000 per month. But, a motor vehicle had been obtained on the basis of a monthly payment of Rs.65,000 contravening the requirement and the amount overpaid in the year 2013 for that motor vehicle amounted to Rs.300,000. Further, the Government Procurement Guidelines Procedure had not been followed in obtaining the motor vehicle on hire basis.



5. Accountability and Good Governance

5.1 Establishment of the Institute

This Institute had been taken over by the Ministry of Mass Media on 20 December 2001. However, provisions had not been made by an Act or by any other laws to determine and enforce its powers with regard to its objectives and functions. Although action had been initiated since 2009 to register this Institute as a public company named "Selacine Limited" under the Companies Act, such action had not been taken even by end of the year under review.

5.2 Corporate Plan

Installation of a press for offset printing work and commencement of an educational newspaper explaining the government development activities had been the functions identified to be carried out in 2013 according to the Corporate Plan furnished for the period 2011-2013. Those functions had not been executed.

5.3 Tabling of Annual Reports

In terms of **Seated 6.5.3** of the Public Enterprises Circular No.PED/12 dated 02 June 2003, action should be taken to table the Annual Report in Parliament within 150 days obtain for close of the financial year. However, action had not been taken to prepare and table in Parliament the annual reports for the years 2003 to 2008.



6. **Systems and Controls**

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

- (a) Fixed Assets and Computer Accessories Control
- (b) Accounting
- (c) Preparation of Payment Vouchers
- (d) Bank Reconciliations

Sgd. W.P.C. Wickramaratne
Auditor General (Acting)
-/Nr.

Clarifications on Auditor General's Report Concerning the Annual Report for the year ended on 31st December 2013 of Selacine Television Institute

1.4 Establishment of the Institute

Even though this institute had been placed under the purview of the Ministry of Mass Media on 20th December 2001, no orders had been provided by an Act or any other law activating its powers resolving its objectives and tasks. Preparations are being made to register the institution as a company under the Companies Act.

2. Financial Statements

2.2 Opinions on Financial Statements

2.2.1 Accounting Policies

- (A) Arrangements have been made to correct the Statement of Accounts will be produced along with the final Statement of Accounts.
- (B) The amended devaluation percentage has been revealed in the Statement of Accounts will be produced along with the final report.

2.2.2 Lapses in accounting

- (A) Auditing charges for the year 2012 had been noted below the actual amount because monies for that had not been allocated. That error has been rectified will be produced along with the final Statement of Accounts.
- (B) Has been missed by an oversight and has been included in the final Statement of Accounts will be produced along with that.
- (C) Cash Flow Statement will be presented to you along with the final Statement of Accounts.
- (D) This had occurred due to a small lapse of the Accounts Department when inserting items to the accounting package. Will take action to rectify and produce along with the final Statement of Accounts.
- (E) Will make arrangements to correct and produce the Treasury Loan Account on the basis of movable accountabilities and immovable accountabilities accounting as per Accounting Note 4.1.
- (F) Will include the interest receivable on investments in Seven Day call deposits and other investments for the year 2013 in deposits and produce with the amended final Statement of Accounts.
- (G) As mentioned in the standard, the devaluation adjustment of Rs.691,157 done relevant to last year will be adjusted with the profit of the year under review and produced with the final Statement of Accounts.
- (H) These are the expenses of the new office complex and, on the reasons of that these cannot be capitalized as there in no building belonging to the institution, has been adjusted to the profits of the year under review as 'Office maintenance costs and building expenses.'

2.2.3 Unclarified differences

- (A). (A) i) According to Production Advances Ledger Account Balance as at 31st December 2013 Rs.135,425 is correct.
- | | | |
|--------------------------|---|-------------------------|
| Balance due | - | Rs. 137,000.00 |
| Balance payable | - | Rs. 1,975.00 (Annex 01) |
| Balance as at 31/12/2013 | - | Rs. 135,425.00 |

Furthermore, the production advance amount of Rs. 45,000/- has been paid and it has been taken in to the back page of the advances statement, noted as No.01 and payments made relevant to Rs. 365,000.

- ii) According to the Other Advances Ledger Account, as at 31st December 2013, the balance amount of Rs. 135,000 is correct. The advance amount relevant to Rs. 5,000 has been paid and, due to an oversight, it had not been entered in to the Advances Register will take action to rectify that mistake after the receipt of the Advances Register which has been sent to auditing.
- (B) Though this had been entered in to the Ledger Account correctly, but due to an oversight, the adjusted values of No.23 had increased, causing no effect on the end result. Anyway, No.23 will be corrected and produced to you with the Final Statement of Accounts.
- (C) The legal fees of Rs. 140,000 paid for the lawyers appearing for the institute in court cases is correct as per the Legal Charges Register and the balance Rs. 58,000 has been paid to lawyers for legal documents. So, the legal payments amounting to Rs. 198,000 is correct according to the Ledger Account.

2.2.4 Accounts receivable

- (A) This balance is shown in accounts from long years since and it was clarified at the Public Enterprises Reform Commission of Sri Lanka on 05th October 2012. Accordingly, this balance had been forwarded to the Ministry to remove it from accounts and the Ministry has sent the same to the Treasury with its recommendations.
- (B) Some clarifications were shown in the final balances of debtors up to 31th December 2013. Arrangements were made to send balance confirmation letters to debtors, other than balances requiring re-scrutiny. Through that, their letters of balance confirmation were presented to auditors on 13th June 2014.

The payments for debtor balances shown here relevant to Rs.111,552 (Rs.5,712 and Rs.105,840) have been paid by the respective institutions in 2013 December but we have received that money only in January 2014. That is the reason that amount is shown as debtor balances. Relevant receipts are sent herewith. - (Annexes 02, 03)

- (C) When taking forward the balance of the Rs.91,615 debt amount of the Ministry of Education from the year 2011 to 01st January 2012, the opening balance of the Single Debtors' Register had been inadvertently entered in to the accounting package. But, as it has been noted in the Debtors' Register as a credit balance, that error had been rectified by taking the correct credit balance of Rs. 91,615 as the opening credit balance of the Single Debtors' Register.

2.2.5 Lack of evidence for auditing

- (A) Payments
Will make arrangements to send the 37 vouchers relevant to the value of Rs. 13,891,056 to you.
- (B) Fixed Deposits
The fixed deposit of Rs. 300,000 that was banked at the Pramuka Bank had been transferred to the Sri Lanka Savings Bank and the relevant deposit certificate is produced herewith (Annex 04). The balance confirmation letter will be produced as soon as received.

- (C) Journal Entries
The calculation information and documents related to 43 Journal Entries have been sent to you.
- (D) Trade Credits
The Creditors' Register will be produced to you as soon as possible.
- (E) Removal of uncertain debts
Information about the relevant calculation is provided herewith (Annex 05).
- (E) Usage of vehicles
Will make arrangements to produce the letter of reply for auditing as soon as possible.
- (F) Employee Remuneration
Reply to the letter dated 03rd March 2014 and TM/E/SCTI/2013/V/Tho/11 including employee remuneration produced for auditing.

2.2.6 Non-economic dealings

This will be corrected along with the final Statement of Accounts.

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

- (A) Financial Regulation 137
The relevant officials were edified to do payments with special attention to following Financial Regulation 137 hereafter.
- (B) Public Finance Circular No.P/F/PE/09 of 27th June 2000
Have been notified of this in the year 2011 by letter No.SE/ACC/03/DPST/1 dated 11th February 2011 and in the year 2013 by letter No.SE/ACC/03/DPST/1 dated 19th February 2013. Instructions have been received to send same through the Secretary to the Ministry. Have acted accordingly at present (Annex 06).
- (C) 9.2 (D) paragraph of Public Enterprises Circular No.PED/12 dated 02nd June 2003
The approval from the Sri Lanka Department of State Management for the organizational plan and the approved staff had been received for the year 2013 and it had been forwarded to be registered at the Sri Lanka Public Enterprises Department.
- (D) Treasury Circular No.842 of 19th December 1978.
At present, relevant officials have been edified to update and submit the Register of Fixed Assets.
- (E) Clause No.21 of Value Added Tax Regulation No.14 of 2002
The tax reports relevant to the year under review has not been sent to the Inland Revenue Department and the stipulated tax amount was deposited in a fixed deposit account to be instantly payable as soon as the legal status of the institution is decided.

3. Financial Review

3.1 Financial Results

During this year, special projects such as the Ranmihi Thanna Film Project and the Commonwealth Heads of Government Meeting (CHOGM) were handled at a minimum profit percentage, considering their national importance. Through these, the income of the year under review had increased by 49% compared with the previous year. Furthermore, the relevant direct expenditure had increased by 60%, causing the final financial result to decrease.

3.2 Legal action initiated against the institution

Legal expenses amounting to Rs.140,000.00 was paid this year to initiate legal action to recover the monies for creative work done for two outside establishments and to represent the institution in court cases involving four former employees who had been interdicted.

4. Operational Review

4.1. Accomplishment of tasks

Compared with the previous year, in the year under review, creative work had grown by 17%, special projects by 85% and the total revenue by 49%.

4.2. Staff Administration

As at 30th December 2013, the approved and confirmed staff is 31 and 21. Even though the present staff consists of 55 members, it is subject to be divided as the permanent cadre and the temporary cadre. Will make arrangements to prepare the hiring and promoting process and send it for approval as soon as possible. Other than this, the employment of a few staff members on contract basis on the institution's functional necessity has been sent on 16th July 2014 to the Management Services Department for approval.

4.3. Deployment of Vehicles

The vehicle hiring fees relevant to the month of December 2012 has been paid in the month of January 2013 and fees relevant to the month of January 2014 have been paid in the month of December 2013. It will be covered by the payment due in the year 2014. Will correct this and forward with the final Statement of Accounts.

All expenses of this institution are covered by the revenue earned and it is receiving no financial allocation from the Government. Letter No. MF/T/R/01/2003 of the Secretary to the Ministry of Finance has been issued on 28th March 2003 and as it is impossible to obtain a vehicle suitable for the Chairman at prices that were current 10 years ago and suitable transport facilities has to be furnished for the holder of the highest position of a revenue-earning institution, this vehicle has been acquired.

5. Accountability and Good Governance

5.1. Composite Plan

Though our institution was expecting to buy an offset printing press and start a printing process, after obtaining a feasibility report, it was identified to require a costly and complicated process requiring a massive investment. That idea had to be shelved specially due to reasons such as the long and complicated process of setting up a printing press and the requirement of a separate administrative unit to administer the printing press.

Decisions had been taken to start an educational newspaper to assist in the development process of the government. This task was also abandoned as it was also tied up with the process of printing.

5.2. Budgetary Control

We were advised to include the Budgeted Balance Statement, Cash Flow Statements and information on Budgeted Capital Expenditure when the Budget for the year 2014 is prepared and will forward these to you as soon as possible.

5.3. Tabling of Annual Reports

The necessary advice has been given to prepare the Annual Reports for the years from the year 2003 to the year 2008 and table them at the Parliament.

5.4. Board of Directors

Information about the Board of Directors appointed for the year 2013, number of times the Board of Directors met, Directors' participation and decisions taken has been forwarded for auditing.

6. Systems and Controls

Special attention has been given for the weaknesses in systems and controls revealed in the auditing process and the relevant officials were edified to minimize such weaknesses.



Pradeep Edirisinghe
Chairman
Selacine Television Institute



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