



**TELECOMMUNICATIONS REGULATORY
COMMISSION OF SRI LANKA**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2021

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2021
(Expressed in Sri Lankan Rupees)

	<u>NOTES</u>	<u>Year as at 31.12.2021</u>	<u>Year as at 31.12.2020</u>
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	4	12,095,725,523	12,052,545,214
Intangible Assets	4.1	172,502	1
Work In Progress	5	22,634,607,858	22,274,373,401
Investment	6	8,776,051,081	1,500,000,000
TOTAL NON-CURRENT ASSETS		43,506,556,963	35,826,918,616
CURRENT ASSETS			
Accounts Receivable	7	2,350,218,958	2,246,199,611
Prepayments and Advances	8	1,277,958,601	218,359,245
Loans and Other Receivables	9	266,701,487	2,274,343,557
Cash & Cash Equivalents	10	5,228,410,528	7,985,067,767
TOTAL CURRENT ASSETS		9,123,289,575	12,723,970,179
TOTAL ASSETS		52,629,846,537	48,550,888,795
EQUITY AND LIABILITIES			
EQUITY			
Government Contribution	11	526,214,744	526,214,744
Accumulated Surplus		31,496,927,534	26,915,197,200
Revaluation Surplus		37,380,000	37,380,000
TOTAL EQUITY		32,060,522,278	27,478,791,944
NON-CURRENT LIABILITIES			
Project Loan - Exim Bank (Lotus Tower)		3,043,136,756	4,317,085,861
Retention	12	63,601,567	62,749,026
Retirement Benefit Obligation	13	25,088,960	20,253,726
Urban Development Authority		9,450,000,000	9,450,000,000
TOTAL NON-CURRENT LIABILITIES		12,581,827,283	13,850,088,613



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2021

(Expressed in Sri Lankan Rupees)

(Contd...)

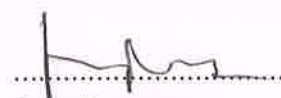
	<u>NOTES</u>	<u>Year as at 31.12.2021</u>	<u>Year as at 31.12.2020</u>
CURRENT LIABILITIES			
Accounts Payable	14	163,502,233	133,749,889
Advances, Deposits and Other Payables	15	4,296,813,373	3,758,122,308
Payable To Treasury	16	1,410,725,771	1,385,898,515
Lotus Tower Delay Damages		2,116,455,600	1,944,237,526
TOTAL CURRENT LIABILITIES		7,987,496,976	7,222,008,238
TOTAL LIABILITIES		20,569,324,259	21,072,096,851
TOTAL EQUITY AND LIABILITIES		52,629,846,537	48,550,888,795

Accounting Policies and Notes to the Financial Statements form an integral part of the Financial Statements. I certify that the financial statements of the Commission give a true and fair view of the state of affairs as at 31st December 2021 and its surplus for the period then ended.

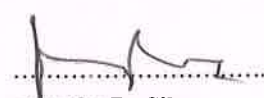


Jayantha MK
Director Finance

The Commission is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Commission.



Jayantha De Silva
Chairman



Jayantha De Silva
Acting Director General



Chaaminda Kumarasiri
Member of the Commission



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in Sri Lankan Rupees)

	<u>NOTES</u>	<u>Year Ended</u> <u>31.12.2021</u>	<u>Year Ended</u> <u>31.12.2020</u>
Revenue			
Income	17	33,700,521,871	29,000,860,956
Total Operating Income		33,700,521,871	29,000,860,956
<u>Less</u> : Regulatory Expenses	18	(50,060,177)	(54,779,057)
Net Total Operating Income		33,650,461,694	28,946,081,898
<u>Less</u> : Other Expenses			
Administration & Establishment	19	660,795,995	679,034,945
Finance & Others	20	39,143,093	5,323,930
(Gain) / Loss on Foreign Currency Transactions		658,340,611	233,672,260
(Over) / Under Provision		(4,094,920)	0
Total Expenditure		1,354,184,780	918,031,136
Profit for the Year from Continuing Operations Before Income Tax		32,296,276,914	28,028,050,762
<u>Less</u> : Income Tax - Charge for the year		(1,748,639,905)	(702,941,276)
Adjustment for previous year over provision		(2,743,489,107)	0
Profit for the Year from Continuing Operations After Income Tax		27,804,147,902	27,325,109,486
Other Comprehensive Income			
Gain/(Loss) on Retirement Benefit Obligation		5,051,557	(2,504,579)
Total Other Comprehensive Income for the Year		5,051,557	(2,504,579)
Total Comprehensive Income for the Year After Tax		27,809,199,459	27,322,604,907
<u>Less</u> : Contribution to the Consolidated Fund	21-1	(22,227,469,125)	(18,817,625,389)
Total Comprehensive Income for the Year After Contributing to the Consolidated Fund		5,581,730,334	8,504,979,519
<u>Add</u> :			
Total Comprehensive Income Brought Forward		26,915,197,200	19,764,217,681
<u>Less</u> : Contribution to the Consolidated Fund	21-2	(1,000,000,000)	(1,000,000,000)
<u>Less</u> : Treasury deposit balance to be treated as remittance to Consolidated Fund		0	(354,000,000)
Total Comprehensive Income Carried Forward		31,496,927,534	26,915,197,200



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in Sri Lankan Rupees)

	<u>Notes</u>	<u>Year Ended 31.12.2021</u>	<u>Year Ended 31.12.2020</u>
<u>Cash Flows from Operating Activities</u>			
Cash Generated from Operations	22	30,451,955,976	27,418,445,022
Tax Paid		(1,334,763,912)	0
Retirement Benefit Obligation Paid		(3,542,453)	(3,429,146)
Net Cash Generated from Operating Activities		<u>29,113,649,611</u>	<u>27,415,015,876</u>
<u>Cash Flow from Investing Activities</u>			
Purchase of Property Plant & Equipment		(92,895,960)	(2,337,147)
Projects under Work in Progress		(360,234,457)	(552,571,443)
Net Investment in Fixed Deposit & Treasury Bonds		(7,276,051,081)	(1,146,000,000)
Interest Income from Fixed Deposit		156,091,883	229,905,799
Investment in Fixed Deposit - Gratuity Obligation		(8,110,000)	(11,250,000)
Interest Income from Fixed Deposit - Gratuity Obligation		4,200,207	5,884,108
Proceed from sale of Property, Plant & Equipments		712,200	39,600
Coupon Interest income		222,972,603	0
Net Cash used in Investing Activities		<u>(7,353,314,605)</u>	<u>(1,476,329,084)</u>
<u>Cash Flow from Financing Activities</u>			
Mobilization Advance Payment	23	6,955,098	294,612
Interest Income from Money Market Transactions		462,748,634	218,844,390
Remittance to the Consolidated Fund		(23,227,469,125)	(19,817,625,389)
Treasury deposit balance to be treated as remittance to Consolidated Fund		0	(354,000,000)
Project Loan - Exim Bank (Lotus Tower)		(1,766,524,679)	(1,647,902,297)
Retention		852,541	16,596,225
Net Cash used in Financing Activities		<u>(24,523,437,531)</u>	<u>(21,583,792,458)</u>
Net (Decrease) / Increase in Cash and Cash Equivalent		<u>(2,763,102,524)</u>	<u>4,354,894,334</u>
<u>Movement in Cash and Cash Equivalent</u>			
As at 01 st January 2021	10	7,985,067,767	3,624,973,581
(Decrease) / Increase		(2,763,102,524)	4,354,894,334
Exchange (Losses) / Gains on Cash and Cash Equivalent		6,445,286	5,199,852
As at 31st December 2021	10	<u>5,228,410,528</u>	<u>7,985,067,767</u>



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in Sri Lankan Rupees)

	Government Contribution	Revaluation Surplus	Accumulated Surplus / (Deficits)	Total Equity
Balance at 01st January 2020	526,214,744	37,380,000	19,764,217,681	20,327,812,425
Less: Transfer to Consolidated Fund	-	-	(1,000,000,000)	(1,000,000,000)
Less: Treasury deposit balance to be treated as remittance to Consolidated Fund	-	-	(354,000,000)	(354,000,000)
	526,214,744	37,380,000	18,410,217,681	18,973,812,425
Total Comprehensive Income for the Year Ended 31 st December 2020	-	-	8,504,979,519	8,504,979,519
Balance at 31st December 2020	526,214,744	37,380,000	26,915,197,200	27,478,791,944
Balance at 01st January 2021	526,214,744	37,380,000	26,915,197,200	27,478,791,944
Less: Transfer to Consolidated Fund	-	-	(1,000,000,000)	(1,000,000,000)
Less: Treasury deposit balance to be treated as remittance to Consolidated Fund	-	-	0	0
	526,214,744	37,380,000	25,915,197,200	26,478,791,944
Total Comprehensive Income for the Year Ended 31 st December 2021	-	-	5,581,730,334	5,581,730,334
Balance at 31st December 2021	526,214,744	37,380,000	31,496,927,534	32,060,522,278



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS – 31.12.2021

(All amounts in notes are shown in Sri Lankan Rupees unless otherwise stated)

1. GENERAL INFORMATION

Telecommunications Regulatory Commission of Sri Lanka is an Independent Body and established under the Sri Lanka Telecommunication Act, No. 25 of 1991 as amended by the Sri Lanka Telecommunications Amendment Act, No. 27 of 1996 to regulate the telecommunication sector, in Sri Lanka.

The registered office of the Commission is located at No.276, Elvitigala Mawatha, Colombo 8.

Principal activities of the Commission which are cited in the said Act are as follows:

The Commission shall exercise its powers under the Act in a manner which it considers is be calculated to promote the national interest and in particular

- (a) To ensure the provision of a reliable and efficient national and international telecommunication service in Sri Lanka (save in so far as the provision thereof is impracticable) such as will satisfy all reasonable demands for such service including emergency services, public call box services, director information services, maritime services and rural services as may be considered essential for the national wellbeing.
- (b) Without prejudice to the generality of paragraph (a), to secure that every operator shall have and employ the necessary technical, financial and managerial resources to ensure the provision of the services specified in his license.
- (c) To protect and promote the interests of consumers, purchasers and other users and the public interest with respect to the charges for, and the quality and variety of telecommunication services provided and telecommunication apparatus supplies.
- (d) To maintain and to promote effective competition between persons engaged in commercial activities connected with telecommunication and promote efficiency and economy on the part of such persons.
- (e) To promote the rapid and sustained development of telecommunication facilities both domestic and international.



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS – 31.12.2021

- (f) To ensure that operators are able to carry out their obligations for providing a reliable and efficient service free of undue delay, hindrance or impediment.
- (g) To promote research into and the development and use of new techniques in telecommunications and related fields.
- (h) To encourage the major users of telecommunication services whose places of business are outside Sri Lanka to establish places of business within Sri Lanka and
- (i) To promote the use of Sri Lanka for international transit services

2. STATEMENT OF COMPLIANCE - BASIS OF PREPARATION

The Commission prepares its Financial Statements in accordance with the Sri Lanka Accounting Standards (“SLFRS” and “LKAS”) issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of Sri Lanka Accounting and Auditing Standards Act No.15 Of 1995 and SLPSAS’s (Sri Lanka Public Sector Accounting Standards).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are set out below.

These policies have been consistently applied to the years presented, unless otherwise stated.

3.1 Basis of preparation

The Financial Statements of TRCSL have been prepared in accordance with Sri Lanka Accounting Standards (“SLFRS” and “LKAS”). The Financial Statements have been prepared under the historical cost convention. No adjustment has been made for inflationary factors affecting these Accounts.



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS – 31.12.2021

3.1.1 Foreign Currency Conversion

All foreign currency transactions are converted at the rate of exchange prevailing at the time of the transactions were affected. Assets and Liabilities in foreign currencies are translated at the rates of exchange prevailing at the Balance Sheet date. The resulting gains and losses are dealt within the Income and Expenditure Account.

3.2 Assets and the bases of their valuation

3.2.1 Property, Plant and Equipment

(a) Measurement at Recognition

All the Property, Plant and Equipment are stated at cost less accumulated depreciation or impairment loss. The cost of property, plant and equipment comprises its purchase price and any directly attributable cost to bring the asset to working condition for its intended use.

Subsequent cost incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or flow future economic benefits associated with the item to the Commission has been treated as capital expenditure. The carrying amounts of replaced parts are de-recognized. All other repairs and maintenance are charged to the comprehensive income during the financial period in which they are incurred.

As per audit committee instructions, until the Auditor General's opinion is received for the draft revaluation policy of TRCSL, which was submitted in last year for their concurrence, the process is initiated by Finance division requesting Administration division to coordinate & arrange the revaluation process with Department of Valuation.

(b) Depreciation

Land is not depreciated. Depreciation on other assets is recognized in profit or loss on a straight-line method over the estimated useful life of each part of the item of property plant & equipment. In the year of acquisition, depreciation is computed on proportionate basis from the month the asset put into use and no depreciation will be charged to the month in which the particular asset is disposed.



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS – 31.12.2021

(c) Estimated Useful Lives of PPE

Buildings	Over 20 Years
Telecommunication Towers	Over 10 Years
Furniture & Fittings	Over 10 Years
Office Equipment	Over 10 Years
Computers	Over 04 Years
Air Conditions	Over 10 Years
Motor Vehicles	Over 08 Years
Generators	Over 10 Years
Elevators	Over 10 Years
Office Telephones	Over 10 Years
Office Furniture	Over 10 Years
Technical Equipment	Over 10 Years
Web Server	Over 04 Years
Gymnasium Equipment	Over 04 Years
Video Unit Equipment	Over 04 Years

(d) Intangible Assets

Acquired Computer Software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Those costs are amortized over a period of one year.

(e) Capital Work-In-Progress

Capital work in progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings and system development awaiting capitalization.

(f) De-recognition

The carrying amount of an item of Property, plant and equipment is de-recognized on disposal. Gains and losses on disposal of an item of Property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, plant and equipment and the amount is recognized within “Other Income” in profit or loss.



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS – 31.12.2021

3.2.2 Investments

All the investment activities are done by TRCSL in line with the Temporary Fund Management guideline approved by the Commission.

Investment balance represent a fixed deposit of Rs. 4,500,000, which is kept for the national project called “Gamata Sanniwedanaya”. Also, there is an investment had to do in Government Treasury Bonds due to an urgent fund requirement of the Government Treasury. Accordingly, as proposed by the treasury secretary, TRC had to remit funds of Rs. 4,000 Mn against a Treasury Bond as a collateral, which will encash at maturity. Those funds were originally allocated and set-aside for some other TRC on-going national projects.

The bond was issued at a discount and hence the settlement value of the said bond is Rs. 4,309,288,000, whereas the face value of it is Rs 4,000,000,000. The residual discount amount of Rs. 276,051,081 is added to the investment and it will be amortized throughout the bond life cycle until the maturity. The discount amortization applicable for the period under review, which amounts Rs 33,236,919 is classified as a finance cost.

The interest income from above fixed deposit and coupon interest income derived from treasury bond has recorded under note number 17 A (1) Sundry Income.

3.2.3 Accounts Receivable

Accounts receivables are recognized and carried at original invoice amount and less/after deducting an allowance for any uncollectible amounts. An estimate for doubtful receivables is made when collection of the full amount is no longer probable.

3.2.4 Prepayment and Advance

Mobilization Advance

- (a) Lotus Tower – 100% mobilization advance was recovered during the year 2019.
- (b) IT Park – The Arbitration process of the IT park project is in progress as per the ICTAD conditions. (More details are given in note no. 3.6.3)

3.2.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and Money Market Savings account at bank.



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS – 31.12.2021

3.3 LIABILITIES AND PROVISIONS

All material liabilities as at the balance sheet date are included in the Financial Statements and adequate provision has been made for liabilities which are known to exist but the amount of which cannot be determined accurately.

Obligation payables on demand or within one year from the last date of financial year are treated as current liabilities in the Statement of Financial Position. Liabilities payable after one year from the last date of financial year are treated as non-current liabilities in the Statement of Financial Position.

3.3.1 Capital Commitment and Contingencies

Capital expenditure commitments and contingent liabilities as at the date of the Statement of Financial Position have been disclosed under note no. 3.7.

3.3.2 Employee Benefit

(a) Retirement Benefit Obligation

The movement in the retirement benefit obligation over the year is given below

	2021 (Rs.)	2020 (Rs.)
Balance at the beginning of financial year	94,824,253	80,831,913
Current Service Cost	3,788,794	3,961,342
Interest Cost	5,720,115	5,071,456
Charged as other expenses to the Statement of Comprehensive Income	9,508,909	9,032,798
Actuarial losses / (gains)	(5,051,557)	2,504,579
Benefits paid	(3,542,453)	(3,429,146)
Add: Interest earned on the investment which is to cover gratuity obligation	4,200,207	5,884,108
Balance at the end of financial year	99,939,358	94,824,253



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS – 31.12.2021 (Contd...)

The Commission has adopted the retirement benefit plan as required under the payment of Gratuity Act, No.12 of 1983 for all eligible employees. The retirement benefit plan is funded.

The retirement benefit plan defines the amount of benefit that an employee will receive on retirement. The liability recognized in the Statement of Financial Position in respect of defined benefit plan is calculated annually by the Commission using the Projected Unit Credit method prescribed in Sri Lanka Accounting Standard – LKAS 19: Employee Benefits.

Gains and losses arising from changes due to over or under provision in the previous year are charged or credited to Statement of Comprehensive Income in the period in which they arise. The Obligation for the year is recognized immediately in the Statement of Comprehensive Income. The amount equals to the gratuity obligation is invested in a fixed deposit by the Commission.

The principal actuarial assumptions used were as follows.

Discount Rate	-	8% per annum
Rate of salary increment	-	1% - 6.7%
Retirement Age		62 years

(b) **Defined Contribution Plans**

Obligation for contributions to defined contribution plan is recognized as an expense in the Statement of Comprehensive Income as incurred.

(c) **Employee Provident Fund (EPF) and Employee Trust Fund (ETF)**

All employees of the Commission are members of Employee Provident Fund (EPF) and Employee Trust Fund (ETF).

The Commission contributes 15% and 3% of the basic salary of employees' to Employee Provident Fund (EPF) and to Employee Trust Fund (ETF) respectively, and employee contributes 10% to the EPF.

3.4 **REVENUE RECOGNITION**

3.4.1 Revenue is recognized in accordance with Sri Lanka Accounting Standard - LKAS 18, except revenue items in notes from 3.4.1.2 to 3.4.1.4



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS – 31.12.2021

3.4.1.1 Frequency License Fee

As per sec. 22 of the Sri Lanka Telecommunications Act No. 25 of 1991 as amended by the Sri Lanka Telecommunications Amendment Act No. 27 of 1996, Frequency license fee is the fee which has to be paid by the frequency user for the use of any radio frequency or radio frequency emitting apparatus. Therefore, Ship station fee and Aircraft license fee were also classified under the Radio Frequency license fee since year 2019.

If the licence period of any frequency license fee which was collected during the year runs through next year, the proportionate amount relevant for the following year is recognized as Revenue in Advance and classified under the heading of Advances, Deposits and other payables.

3.4.1.2 Operator License fee

Operator license fee is recognized on cash basis when the new licenses are issued, or existing licenses are renewed for the period of either 10 years or 05 years, to the telecom operators under section 17 of the Sri Lanka Telecommunication Act, No. 25 of 1991 as amended by the Sri Lanka Telecommunication Amendment Act, No. 27 of 1996.

3.4.1.3 Vendor License Fee/ Cordless Phone Dealer Charges/ Short Code Charges/ Application Processing Fee

Vendor license fee is recognized on cash basis when the licenses are issued to the persons under section (21) of the Sri Lanka Telecommunication Act, No. 25 of 1991 as amended by the Sri Lanka Telecommunication Amendment Act, No. 27 of 1996.

3.4.1.4 Cess Fee

Cess fee is recognized as per the condition of the 22(G) of Sri Lanka Telecommunications Act, No. 25 of 1991 as amended by the Sri Lanka Telecommunications Amendment Act, No. 27 of 1996.



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS – 31.12.2021

3.4.2 Telecommunication Levy

Telecommunication Levy (TL) received from the telecom operators under the Telecommunication Act, No. 21 of 2011 are recognized as revenue and subsequently remitted to the State Consolidated Fund.

Telecommunication Levy rate on telecommunication service was reduced to 15% from 25% with effect from 05.11.2018 and again it was reduced to 11.25% from 15% with effect from 01.12.2019 with an amendment to the Telecommunication Levy, Act No. 21 of 2001, which was decided in a meeting of Cabinet of Ministers held on 27.11.2019.

Recovery process of unpaid telecommunication levy and Cess fee from Lanka Cable Satellite Network (Pvt) Ltd, Ask Cable Vision (Pvt) Ltd., SupremeSAT (Pvt) Ltd, Lanka Broadband Network (Pvt) Ltd and City Cable Links (Pvt) Ltd is in progress.

Legal action for default TL payment from Lanka Cable Satellite Network (Pvt) Ltd and Lanka Broadband Network (Pvt) Ltd shall be taken as per the provisions of Telecommunication Act, No. 21 of 2011.

3.4.3 Telecommunication Development Charges

Telecommunication Development Charges received from the External Gateway Operators under the Part III of the Finance Act, No.11 of 2004 are recognized as revenue. 50 percentage of this revenue is remitted to the State Consolidated Fund, on or before the stipulated due dates.

3.4.4 International Outgoing Call Levy

International Outgoing Call Levy received from the External Gateway Operators under the Part III of the Finance Act, No.11 of 2004 and the Regulations published in Extraordinary Gazette Notification No. 1738/15 dated 29th December 2011 are recognized as revenue and remitted to the State Consolidated Fund, on or before the stipulated due dates.

Outgoing Local Access Charges (OLAC) was abolished with effect from 01.06.2019 as per 2019 budget decision which was published via Extraordinary Gazette No. 2123/19 on 14th May 2019 under Finance Act No. 11 of 2004.



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS – 31.12.2021

3.4.5 Levy on Bulk Short Message Service (SMS)

Levy on Bulk Short Message Service (SMS) was imposed with effect from 01.01.2019 under the part xiii of the Finance Act No. 35 of 2018 and regulations published in the Extraordinary Gazette No. 2104/16.

3.4.6 Cellular Tower Levy

Cellular Tower Levy was imposed with effect from 01.01.2019 under the part xii of Finance Act No.35 of 2018 and the regulations published in the Extraordinary Gazette No. 2104/1

3.4.7 Type Approval Fees

This is a new revenue source introduced as Radio and Telecommunications Terminal Equipment (RTTE) Type Approval Rules 2020, under the extra ordinary gazette No. 2196/51 dated October 09, 2020. It defined all the applicable fees with regard to all types of RTTE intended to be imported, marketed, manufactured or used in Sri Lanka.

Type Approval fee is intended to cover the administrative costs incurred by the Commission for operating and administering the Type Approval System, including the assessment of Type Approval applications and market surveillance. The fee for Type Approval will be charged per each type of RTTE, as set out in Appendix D of these Rules. The Type Approval fees may be reviewed by the Commission from time to time as necessary.

3.4.8 Sundry Income

Sundry income comprises interest income on short-term fixed deposit and Money Market savings account, coupon interest income on treasury bonds, Kokavil lease rental, Madukanda lease rental etc. Interest income is recognized as it accrues in gain or loss on the maturity date.

3.5 EXPENDITURE

Expenses are recognized in the comprehensive income statement on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the Commission and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the surplus for the year.



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS – 31.12.2021

3.5.1 Income Taxes

The tax exemption granted to the TRCSL under the Inland Revenue Act No. 10 of 2006, as amended w.e.f. 01.04.2009, was abolished with the enforcement of the new Inland Revenue Act No. 24th of 2017 and the effective date of which started since 1/4/2018.

As per the Inland Revenue (Amendment) Act No. 10 of 2021 certified by the Hon. Speaker on 13 May 2021, payments made to consolidated fund by any public corporation is considered as a qualifying payment and could be deducted in calculating income tax of such corporation with effect from 01.04.2019 (Amendment of the Fifth Schedule to the Principal enactment).

Further, an over provision of Rs. 2,743,489,107, which was accumulated in the income tax payable account has been adjusted in income tax expense during the year. Income tax payable for the current year is Rs. 1,748,639,905.

The Tax period of TRCSL is from 1st January to 31st December as approved by the Commissioner General of Inland Revenue. Accordingly, the tax liability for 2021 is shown below.

	2021 (Rs.)
Accounting Profit before Tax	32,296,276,914
Add: Total disallowable expenses in determining taxable income/ (loss)	53,331,945
Less: Income on Levies, total allowable expenses & interest income in determining taxable income/ (loss)	(17,414,213,556)
Adjusted Accounting profit/ (loss) chargeable to income taxes	14,935,395,303
Interest Income	850,604,302
Assessable Income	15,785,999,604
Less: Qualifying Payments (Remitted to Treasury)	(8,500,000,000)
Total Taxable Income	7,285,999,604
Tax rate for the year	24%
Tax effect for the year	1,748,639,905
Self-Assessment Tax Installments paid	
Income Tax Payment (3 rd Quarter) paid during 2021	627,468,161
Income Tax Payment (4 th Quarter) paid in February 2022	312,255,830
Total Tax installments paid	939,723,991
Payable Tax Amount	808,915,914



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
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3.6 PROJECTS

3.6.1 COLOMBO LOTUS TOWER

Telecommunications Regulatory Commission of Sri Lanka (TRCSL) has started construction of 350 meters high multifunctional TV & Telecommunication Tower known as the “Colombo Lotus Tower, following the Cabinet decisions of 27th October 2010 and 14th December 2011 under reference numbers 10/2473/401/301 and 11/2262/501/026 respectively. The construction of the tower also was awarded to the China National Electronics Importers & Exporters Corporation (CEIEC) and Aerospace Long March International Trade Co. Ltd (ALIT) by the Cabinet. Also, a mega leisure park as the 2nd phase is to be planned and commenced once the Colombo Lotus Tower project is completed.

The cost of the construction was estimated initially to US \$ 104.3 Million and US \$ 67.259754 Million was financed by a 14-year loan from the Export-Import Bank of China (EXIM Bank) under the Buyers’ Credit loan Agreement No. BLA-201207 signed by TRCSL & EXIM Bank where the Secretary to the Ministry of Finance & Planning has signed as the Guarantor on behalf of the Government of Sri Lanka. The balance of the initial contract project value US \$ 37.040246 Million was borne by the TRCSL. As per a Cabinet approval and Commission decision number 2K19.264.07(3) dated 25/09/2019, a variation of USD 9,355,935.81 million was added to the initial contract value and USD 7,525,499.82 was borne by the TRCSL, as per valuation Commission decision number 2K19.262.04 dated 03/08/2019.

The percentage completed of the project was approximately 99% as at 31.12.2021. The cumulative delay damages of US\$ 10,430,000 was recovered against Interim payment certificates 20, 21 & 22. But, as the discussions and handing-over process were not finalized, a provision was made for the equal amount of deducted delay damages in the Statement of Financial Position as of 31.12.2021 as a current liability. This provision has been made in line with Generally Accepted Accounting Principles and to be complied with the prudent concept.

Retention was released as per the condition of the Contract against an irrevocable, on-demand retention bank guarantee from HSBC, upon the recommendation and approval of the Project Consultancy Unit (PCU) of the University of Moratuwa and acknowledgement from the Cabinet Appointed Negotiation Committee (CANC). Said bank guarantee was expired on 28.02.2021 and due to the USA sanction against CEIEC, TRCSL could not conclude the process of obtaining a new guarantee from ALIT, the other party to the triparty contract as per Attorney General’s opinion and concurrence on the same.



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS – 31.12.2021 (Contd.)

The Cabinet of Ministers approved retaining the balance amount payable to the Contractor and the cumulative delay damages till the Contractor fulfils the Contractual commitments. The Contractor agreed to the same.

The EXIM bank loan was expired at US\$ 67,259,754 and the cabinet approval by its decision dated 11.01.2018 under reference No. 17/3004/701/059 was obtained to pay the balance contract amount of US\$ 21,395,247 from TRCSL funds.

The total borrowing cost and the related expenses will be fully capitalized at the completion of the project as per the Sri Lanka Accounting Standard 23, because the EXIM Bank Loan is 100% dedicated loan obtained for the construction of the Colombo Lotus Tower Project.

All the preliminary expenses which have been borne by TRCSL in relation to the Lotus Tower new company, recorded as a Receivable balance from Lotus Tower New Company (under note no.09 – Loans and Other Receivables). As per previous commission decision number 2K21.275.06(04) dated 19/01/2021, all preliminary expenses borne by TRCSL on behalf of Lotus Tower New Company were to be recovered from that and hence it was treated as a receivable balance.

3.6.2 LAND – LOTUS TOWER

The Land of the Lotus Tower Colombo on which the “Colombo Lotus Tower” is being constructed, contains in extent of 7 Acres 2 Roots & 8.41 Perches (3.0564 Hectares) which was to be transferred to the Telecommunications Regulatory Commission of Sri Lanka (TRCSL) as per the Cabinet decision reference No. 11/2262/501/026/TBR, dated 22nd December 2011 by the Urban Development Authority (UDA).

Having signed a Memorandum of Understanding (MOU) between TRCSL & UDA bearing the reference No. 5023 dated 23rd January 2012, it was agreed to make an initial payment of Rs.1, 500 Million and Rs.300 Million each for 34 years by TRCSL from the date of execution of the transfer agreement.

The vacant physical possession was handed over to the TRCSL by the letter of UDA, dated 18th July 2012 subject to the payment of utility bills and Assessment Rates to the relevant authorities from the date of handing over and same has been continuing by TRCSL.



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
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As a result, the Urban Development Authority has executed the Deed of Transfer bearing No.2004 dated 10th January 2022 attested by A.R. Nilufar Jehan Notary Public of Colombo on behalf Telecommunications Regulatory Commission of Sri Lanka and had transferred the ownership of the land marked Lots B,C,D,E, O & S depicted in Plan No.3115 dated 5th November 2015 made by P.M. Sunil Licensed Surveyor containing in extent of 4A-3R-24.47P for the price or sum of Rupees Two Thousand Two Hundred and Fifty Million (Rs: 2,250,000,000/=). However, UDA is yet to transfer the land marked Lot S depicted in said Plan No.3115 to TRCSL.

As requested by UDA, BOC cheque dated 22.11.2021 bearing No. 503612 drawn in favor of Chairman Urban Development Authority has been submitted by TRCSL to make the following payment in order to prepare the said Deed of Transfer of the aforesaid Land on behalf of Telecommunication Regulatory Commission of Sri Lanka.

Legal Fees	:	Rs.	300,000.00
VAT	:	Rs.	24,000.00
Stamp Fees	:	Rs.	89,999,000.00
<hr/>			
Rs. 90,232,000.00			

In terms of Section 6(1) of the State Lands Ordinance, Free Grant bearing No.4/10/66753, allotment of land marked Lot 1 depicted in Survey Department Preliminary Plan No. 9956 containing in extent 1.2141 Hectares has been granted to the Telecommunications Regulatory Commission of Sri Lanka Land.

In terms of Section 6(1) of the State Lands Ordinance, Free Grant bearing No.4/10/66549, all that divided and defined allotment of land marked lots 1-6 depicted in Survey Department Preliminary Plan No. 9401, containing in extent 1.1372 Hectares has been granted to the Telecommunications Regulatory Commission of Sri Lanka Land.

3.6.3 IT PARK HAMBANTHOTA SOORIYAWEWA

Telecommunications Regulatory Commission of Sri Lanka initiated actions to establish a Telecommunication Media Center Project (Hambantota IT Park Project) as decided by the Cabinet of Ministers at its meeting held on 04th July 2012 based on the Cabinet Paper No 12/0836/501/019 da.ed 14th June 2012.



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Sri Lanka Land Reclamation & Development Corporation (SLLRDC) was appointed as the Engineer to the Project, the construction contract was awarded to M/s Tudawe Brothers (Pvt) Limited, for a construction cost of Rs 2,493,870,318.00 after adhering to the approved tender procedure.

The contractor had completed the superstructure of the building up to the 3rd floor by June 2015 as scheduled. However, TRCSL, BOI and the Presidential Secretariat observed that the other development projects planned in the area have not been commenced and stressed the need to restructure the project.

The percentage completed of the project was 33% which includes the total work done including material at the site was Rs.423.9 Million. Retention withheld, and recovery of mobilization advance was Rs.46 Million & Rs.157 Million respectively as of 31-12-2018.

Whilst SLLRDC as the engineering Consultant to this project was attending to the restructuring of the project, the contract between TRCSL and M/s Tudawe Brothers (Pvt) Ltd expired on 10th August 2016. Consequently, TRCSL had terminated the contract with the M/s Tudawe Brother (Pvt) Ltd on the recommendation of SLLRDC being the Engineer to the Project.

The total cost incurred so far for the project is approximately Rs 715 Million (Which includes 157 Million unrecovered advances) and the Contractor, namely M/s Tudawe Brothers (Pvt) Limited submitted a referral to the Dispute Adjudication Board against the TRCSL's decision to terminate the Contract.

Having considered the Dispute Adjudication Board (DAB) decision, some cost elements and the Retention amount of Rs. 46 million were agreed to set off against the mobilization advance of RS. 157 million. The balance amount of Rs. 50 million was covered by a bank guarantee of Rs. 50 million as per the advice of the Engineer to the project - Sri Lanka Reclamation & Development Corporation and the matter was referred to the Arbitral Tribunal. Refer Note No. 3.7 (c). Sooriyawewa land cost shall be capitalized when the value of the land is assessed by the government valuer.



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The Deed of Grant bearing No.92, dated 3rd September 2014 attested by D. Sunanda Ranasinghe Notary Public of Colombo had been executed on behalf Telecommunications Regulatory Commission of Sri Lanka and the Board of Investment of Sri Lanka (BOI) had transferred the ownership of the land marked Lot J depicted in Plan No.65/2013 dated 4th May 2013 made by G.G.L. Pathamasiri Registered Licensed Surveyor and Leveller.

3.7 CONTINGENCIES

(a) DC/DMR/6188/2010

Mr. Gamini Rajapakse, proprietor of Gewaan Engineering filed a case in the District Court of Colombo bearing No. 6188/2010 citing Telecommunications Regulatory Commission of Sri Lanka as the Defendant.

The Plaintiff has filed this case to recover damages from TRC for breach of the agreement entered between the Plaintiff and Defendant on 19th July 2007. Under the reliefs sought, the Plaintiff was seeking Rs.1.5 Million in damages.

The Judgment was delivered on 30.04.2019 in favor of the Plaintiff. As per the Judgment Rs. 71,443.31 and legal cost were awarded to the Plaintiff and decree to be filed by the Plaintiff.

(b) HC Civil No. 137/2011

The case bearing No. HC (Civil) No. 137/11 was filed by Electrotecks Limited against TRC for Judgement /decree for a sum of Rupees 47,345,112,000 with legal interest up to the date of decree and aggregate amount of the decree till payment in full. A claim in reconvention has been made by the defendant for non- payment of the frequency license fees of Rs. 172,500,000 and Rs. 2,300,000 with legal interest from plaintiff. This case is still held for further trial.

(c) IT Park – Hamban :hota (Ref. SLNAC/33-10-2018)

Tudawe Brothers (Pvt) Limited (Claimant) has filed this action to recover damages for sum of Rs. 736,276,907.47 from TRCSL (Respondent) for breach of the agreement entered between the Claimant and Respondent to construct a building for TRCSL at Sooriyawewa, Hambantota on 29th July 2013. This matter is pending before the Arbitration Tribunal. Attorney General's Department is appearing on behalf of TRCSL. This case is still held for further hearing.



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(d) DC/DMR/3277/17

The plaintiff has filed the case to recover damages for TRCSL's act for disruption of service and damage to Transmission Station which covered the entire Jaffna Peninsula and nearby Islands, for which the plaintiff is seeking Rs.14,800,000,000 as damages. This case is still held for further trial.



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS - 31.12.2021

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(Expressed in Sri Lankan Rupees)

4 **PROPERTY, PLANT & EQUIPMENT**

COST	BALANCE AS AT 01.01.2021	For the Year 2021		BALANCE AS AT 31.12.2021
		ADDITIONS	DISPOSALS/ TRANSFERS	
Lands	148,863,771	0	0	148,863,771
Lease Hold Lands	345,502	0	0	345,502
Buildings	150,381,065	0	0	150,381,065
Kokavil Tower	314,933,479	0	0	314,933,479
Vauniya Tower	29,900,741	0	0	29,900,741
Vehicles	168,717,224	0	0	168,717,224
Air conditioners	17,742,145	463,000	26,000	18,179,145
Elevators	4,683,848	0	0	4,683,848
Generators	2,665,428	0	0	2,665,428
Computers	115,313,200	246,500	382,500	115,177,200
Web Server	34,095,551	0	0	34,095,551
Other Office Equipment	46,740,761	1,103,219	38,500	47,805,480
Mobile Phones	1,424,009	93,300	0	1,517,309
Office Furniture	26,449,533	232,716	265,200	26,417,049
Technical Equipment	73,705,569	0	0	73,705,569
FMMS Project Surveillance Vehicles	61,712,127	0	0	61,712,127
FMMS Project Equipment	408,303,544	0	0	408,303,544
Gymnasium Equipment	5,629,707	0	0	5,629,707
Video Unit Equipment	12,865,066	0	0	12,865,066
	1,624,472,268	2,138,735	712,200	1,625,898,803
Land Lotus Tower	11,715,212,127	90,323,000	0	11,805,535,127
	13,339,684,395	92,461,735	712,200	13,431,433,930

DEPRECIATION	BALANCE AS AT 01.01.2021	For the Year 2021		BALANCE AS AT 31.12.2021
		ADDITIONS	DISPOSALS/ TRANSFERS	
Buildings	132,957,260	2,041,203	0	134,998,463
Kokavil Tower	306,839,654	6,127,065	0	312,966,720
Vauniya Tower	29,900,741	0	0	29,900,741
Vehicles	162,724,312	1,658,196	0	164,382,509
Air Conditioners	13,730,977	911,200	26,000	14,616,177
Elevators	4,683,848	0	0	4,683,848
Generators	2,665,428	0	0	2,665,428
Computers	104,041,833	2,509,646	382,500	106,168,979
Web Server	15,411,645	7,970,472	0	23,382,117
Other Office Equipment	30,810,310	2,902,292	38,500	33,674,101
Mobile Phones	953,416	83,336	0	1,036,753
Office Furniture	19,421,698	1,580,337	265,200	20,736,835
Technical Equipment	45,185,951	5,812,020	0	50,997,971
FMMS Project Surveillance Vehicles	40,828,530	7,164,016	0	47,992,546
FMMS Project Equipment	358,666,290	10,448,442	0	369,114,731
Gymnasium Equipments	5,629,707	0	0	5,629,707
Video Unit Equipment	12,687,581	73,200	0	12,760,781
	1,287,139,181	49,281,427	712,200	1,335,708,408
NET BOOK VALUE	12,052,545,213			12,095,725,523

Note (Contd...)



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

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(Expressed in Sri Lankan Rupees)

Notes:

Value of Land of Rs. 148,235,572 includes Rs. 45,000,000 for the Land situated in Kadirana, Negombo. Extent of the Land is 112 Acres Rood 01 and P 10.5. Approximately a 69% of the extent of the land has been acquired by the Divisional Secretary of Katana, but the effect of the change of the value due to the acquisition has not been incorporated in accounts in this financial year too.

Even though, the Valuation Department has made a valuation dated 02.04.2019 under the letter bearing No. GM/LM/5549, the land extent of 35 Acres 02 Roods & 30 Perches which is the present extent under the possession of TRCSL from above land slot, was valued for Rs. 359,375,000. It is not reflected in Financial Position as at 31.12.2020 since the requirement of LKAS 16 to revalue entire class of assets of TRCSL is still not satisfied.

All the lands and buildings will be measured and reported at its revalued amounts once the relevant approvals will be received for the draft revaluation policy of TRCSL. (Ref. Note 3.2.1 (a)).

4.1 INTANGIBLE ASSETS

COST	BALANCE AS AT 01.01.2021	For the Year 2021		BALANCE AS AT 31.12.2021
		ADDITIONS	DISPOSALS/ TRANSFERS	
Computer Software	21,455,861	434,225	0	21,890,086
	21,455,861	434,225	0	21,890,086

AMORTIZATION	BALANCE AS AT 01.01.2021	For the Year 2021		BALANCE AS AT 31.12.2021
		ADDITIONS	DISPOSALS/ TRANSFERS	
Computer Software	21,455,860	261,725	0	21,717,585
	21,455,860	261,725	0	21,717,585

NET BOOK VALUE	1			172,502
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5 WORK IN PROGRESS

	BALANCE AS AT 01.01.2021	For the Year 2021		BALANCE AS AT 31.12.2021
		ADDITIONS	(TRANSFERS)	
Main H/O Building	10,057,910	0	0	10,057,910
Construction of Lotus Tower	21,344,781,569	288,206,722	0	21,632,988,290
IT Park - Hambantota	684,015,309	0	0	684,015,309
Construction of TRC H/O - New Building	109,786,433	55,081,520	0	164,867,953
Construction of Kadirana	78,305,776	0	0	78,305,776
Frequency Monitoring - Network	249,900	0	249,900	0
Work In Progress	47,176,505	17,196,115	0	64,372,620
	22,274,373,401	360,484,357	249,900	22,634,607,858



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NOTES TO THE FINANCIAL STATEMENTS - 31.12.2021

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(Expressed in Sri Lankan Rupees)

	Year Ended 31.12.2021	Year Ended 31.12.2020
6 INVESTMENTS		
Investment in Treasury Bond	4,276,051,081	0
Fixed Deposit	4,500,000,000	1,500,000,000
	8,776,051,081	1,500,008,552
7 ACCOUNTS RECEIVABLE		
CESS Receivable	495,260,644	447,225,777
TDC Receivable	560,654,086	625,552,710
Telecom Levy Receivable	746,238,923	695,912,884
Kokavil Tower Recoverable	93,612,539	93,087,067
Tower Levy Receivable	366,541,667	332,895,834
SMS Levy Receivable	16,617,138	46,957,637
Outstanding Staff Loans Recoverable	2,254,729	2,403,352
Kokavil Lease Rental Receivable	1,131,014	2,093,951
Coupon Interest Receivable	17,972,603	0
Interest Receivable on Fixed Deposit	49,935,616	0
Air Ticket Receivable	0	70,400
Trade Debtors	07 A (0)	(0)
	2,350,218,958	2,246,199,611
07 A Trade Debtors		
Radio Frequency Fees	373,259,080	373,476,732
Armature Radio License Fees	32,790	32,790
	373,291,870	373,509,522
<i>Less</i> - Provision for Bad Debtors **	(373,291,870)	(373,509,522)
	(0)	(0)

Note: (1)	Debtors		Provisions
** Provision for Bad Debtors			
More Than 02 Years	373,401,311	100%	373,700,914
More Than 01 Year Less Than 02 Years	0	10%	10,757
More Than 6 Months & Less Than 01 Year	0	0%	0
More Than 2 Months & Less Than 6 Months	0	0%	0
More Than 01 Month & Less Than 2 months	0	0%	0
Less Than 01 Month	0	0%	0
	373,401,311		373,711,670
Note: (2)			
Trade debtors are stated at fair value after providing 100% & 10% provision for bad and doubtful debts over one year and above respectively.			



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NOTES TO THE FINANCIAL STATEMENTS - 31.12.2021

(Contd...)

(Expressed in Sri Lankan Rupees)

	Year Ended 31.12.2021	Year Ended 31.12.2020
8 PREPAYMENT AND ADVANCE		
Special Advances	575	575
Festival Advances	148,000	0
Purchase Advances	116,640	121,090
Pre-payments	1,103,161,835	36,750,930
Mobilization Advance Payment - (IT PARK)	157,081,430	157,081,430
Mobilization Advance (H/O Jew)	11,927,619	18,882,717
Mobilization Advance (Kadirana)	5,522,503	5,522,503
	1,277,958,601	218,359,245
9 LOANS AND OTHER RECEIVABLES		
Distress Loans	33,157,355	32,306,602
Motor Vehicle Loans	166,422,167	184,730,657
Property Loans	913,213	1,135,746
Motor Cycle Loans	895,082	1,174,995
Salary Deduction Recoverable	4,059,713	439,987
Other Receivables	2,030,000	2,030,000
CEB Security Gurantee Deposit A/C (IT Park)	125,000	125,000
Commissioner General of Inland Revenue (WHT)	14,244	14,244
Commissioner General of Inland Revenue (Income Tax Over Provision)	0	2,036,193,356
Lotus Tower Electricity Security Deposit	3,125,000	3,125,000
CLT Monetization Receivable	55,959,715	13,067,971
	266,701,487	2,274,343,557
10 CASH & CASH EQUIVALENTS		
Cash At Bank	10 A (777,760,280)	304,660,593
Cash In Hand	10 B 50,000	35,000
People's Bank - Narahenpita Branch, Money Market Saving Account - (No.119-2-001-2-3693169)	6,006,120,808	7,680,372,174
	5,228,410,528	7,985,067,767
10 A CASH AT BANK		
People's Bank - Narahenpita Branch, (Deposit Account) A/c No.119402113960300 (RFC USD 0032)	123,344,130	114,424,972
People's Bank - Narahenpita Branch Current A/c No.119-1-001-4-3693169	(933,237,468)	116,459,368
People's Bank - Narahenpita Branch, (ITO Levy) Current A/c No. 119-1-001-3-3693264	255,611	369,582
Bank of Ceylon - Narahenpita Branch Current A/c No.2323167	31,877,446	73,406,670
	(777,760,280)	304,660,593
10 B CASH IN HAND		
Petty Cash - Head Office	10,000	10,000
Petty Cash - Admin & HR Division	10,000	5,000
Petty Cash - A/O Admin	10,000	0
Petty Cash - DG Office	15,000	15,000
Petty Cash - Compliance	5,000	5,000
	50,000	35,000
11 GOVERNMENT CONTRIBUTIONS		
World Bank Credit Agreement	298,572,434	298,572,434
United Nations Development Program	19,533,906	19,533,906
Capital Contributed by the Treasury	208,108,404	208,108,404
	526,214,744	526,214,744



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NOTES TO THE FINANCIAL STATEMENTS - 31.12.2021

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	Year Ended 31.12.2021	Year Ended 31.12.2020
12 RETENTION		
Retention - IT Park	46,152,801	46,152,801
Retention H/O New Building	10,454,652	9,602,111
Retention Kadirana	6,994,114	6,994,114
	63,601,567	62,749,026
13 RETIREMENT BENEFIT OBLIGATION		
Provision for Gratuity	99,939,358	94,824,253
Fixed Deposit (Gratuity)	(71,510,000)	(63,400,000)
Interest Receivable on Fixed Deposit for Gratuity Benefits	(3,340,399)	(11,170,526)
Net Benefit Liability	25,088,960	20,253,726
14 ACCOUNTS PAYABLE		
ACCRUED EXPENSES		
Telephone - Office	1,944,820	1,291,516
Salaries Control	2,013,889	1,960,910
Salaries Payable	151,634	207,884
Electricity	3,873,434	742,072
Water	989	52,623
Janitorial Services	517,507	1,137,545
Security Services	3,118,000	5,347,770
Overtime	1,079,436	797,688
E.P.F	4,128,576	4,113,678
E.T.F	495,428	493,640
Internet	306,803	1,334,800
Medical Insurance Claims	250,995	250,995
Staff Welfare	486,965	303,552
News Papers & Notifications	19,790	61,125
Audit Fees	1,500,000	4,000,000
Bonus	46,762,733	46,482,135
Retention - General	481,102	603,380
Salary Deductions	135,366	132,139
Repairs & Maintenance	5,345,040	9,751,675
Stamp Duty Payable	1,164,892	908,574
PAYE Payable	56,537	56,537
APIT Payable	70,332	500,245
Consultancy Payable	0	1,915,480
Misc. Purchase & Supplies Payable	80,624,105	29,626,398
Over Recoveries of Staff Loan	12,657	12,657
Fuel Payable	86,539	149,031
Printing & Stationery Payable	605,490	274,043
Annual Subscrip Payable	0	878,920
Miscellaneous Payable	4,635,204	2,206,886
Filling & Depend Court	0	342,250
Miscellaneous Creditors	14,244	17,813,741
Deferred Income	3,619,726	0
	163,502,233	133,749,889



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
 NOTES TO THE FINANCIAL STATEMENTS - 31.12.2021

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(Expressed in Sri Lankan Rupees)

	Year Ended 31.12.2021	Year Ended 31.12.2020
15 <u>ADVANCES, DEPOSITS AND OTHER PAYABLES</u>		
Revenue Received in Advance	1,378,278,009	1,997,479,727
Refundable Deposits for Tender	1,530,167	1,566,167
Refundable Deposits - Employees	2,086,843	2,086,843
Advances Received for 1800 MHz Band	57,500,000	57,500,000
ICT for Effective Disaster Management Summit	34,210	34,210
Over recovery of Frequency Licence Fee	2,178,047	2,177,058
C.T.O Telecenter Project	924,492	924,492
VAT Control Account	122,081,985	85,252,186
Provision for Income Tax	1,121,171,744	0
Construction Creditors	751,650	751,650
Unaccepted Vendor - Refund	0	73,750
Project Loan - Exim Bank (Lotus Tower)	1,610,276,227	1,610,276,227
	<u>4,296,813,373</u>	<u>3,758,122,308</u>
16 <u>PAYABLE TO TREASURY</u>		
50% TDC Payable to Treasury	280,327,042	312,776,354
Telecom Levy Payable to Treasury	747,238,925	693,268,690
SMS Levy Payable to Treasury	16,618,138	46,957,637
Cellular Tower Levy Payable to Treasury	366,541,667	332,895,834
	<u>1,410,725,771</u>	<u>1,385,898,515</u>
17 <u>INCOME</u>		
Income - License Fee	17 A 17,162,602,169	12,036,758,914
Telecommunications Levy	11,050,897,082	10,826,164,612
Telecom Development Charges	17 B 3,620,901,150	4,292,953,440
Mobile Short Messages Services Levy	399,954,804	418,650,656
Cellular Tower Levy	1,466,166,667	1,426,333,334
	<u>33,700,521,871</u>	<u>29,000,860,956</u>
17 A <u>INCOME - LICENSE FEES</u>		
System Operator License Fee	0	5,402,000
Cess Fee	5,164,189,283	4,674,874,590
Radio Frequency Fee	7,374,467,719	6,724,408,085
Frequency Upfront Fee	3,324,250,000	0
Vendor License Fee	14,226,250	14,392,857
Amateur Radio License Fee	99,742	87,692
Cordless Phone Dealer Charges	193,969,767	94,408,439
Examination Fee	388,000	202,921
Type Approval Fee	38,969,792	101,852
Application Processing Fee	1,000,000	400,000
Short Code Charges	45,749,925	34,250,000
ISP License Fees	133,472,904	0
Sundry Income - 17 A (1)	871,818,786	488,995,119
	<u>17,162,602,169</u>	<u>12,037,523,556</u>
Less : Nations Building Tax	0	(764,642)
	<u>17,162,602,169</u>	<u>12,036,758,914</u>



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS - 31.12.2021

(Contd...)

(Expressed in Sri Lankan Rupees)

	Year Ended 31.12.2021	Year Ended 31.12.2020
17 A(1) <u>SUNDRY INCOME</u>		
Interest Income from Staff Loans	8,791,182	9,508,272
Interest Income from Fixed Deposits	156,091,883	229,905,799
Interest Income from Money Market Transactions	462,748,634	218,844,390
Kokavil Lease Rental	6,837,009	7,267,229
Madukanda Lease Rental	12,302,966	22,097,446
Other Income - Miscellaneous	1,144,658	1,130,235
Fixed Assets Disposal	712,200	39,600
Coupon Interest Income	222,972,603	0
Recovery of Bad Debts	217,652	202,148
	871,818,786	488,995,119
17 B <u>TELECOMMUNICATION DEVELOPMENT CHARGES (TDC)</u>		
TDC Revenue	3,620,901,150	4,292,953,440
	3,620,901,150	4,292,953,440
18 <u>REGULATORY EXPENSES</u>		
ITU Annual Subscription	34,885,822	31,369,540
APT Annual Subscription	3,093,488	2,931,154
Library Annual Subscription	10,000	181,540
CTO Annual Subscription	0	5,894,134
Participating in Regulatory Affairs Work	424,598	46,454
Conduct Research Studies	340,000	1,480,000
Filing & Depending Court Actions	7,925,500	8,515,248
Traveling & Subsistence for Regulatory Affairs	680,630	141,323
Project of Gamata Sanniveda Iaya	187,645	251,590
Local Training Programme - ITU/APT	30,290	305,266
Miscellaneous Regulatory Expenses	399,900	51,036
Conducting Amature Radio Examination	0	503,505
Frequency Licence PYT	78,680	0
Contribution to APT-SATRC	0	2,801,100
Student Awareness Program	1,910,625	307,167
Development of NVQ for Telecom Tower Technician	93,000	0
	50,060,177	54,779,057



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS - 31.12.2021
(Expressed in Sri Lankan Rupees)

(Contd...)

	<u>Year Ended</u> <u>31.12.2021</u>	<u>Year Ended</u> <u>31.12.2020</u>
19 ADMINISTRATION & ESTABLISHMENT EXPENSES		
Salaries	192,623,856 ✓	192,300,524
E.P.F. (15% Contribution)	28,069,943 ✓	27,606,344
E.T.F. (3% Contribution)	5,613,989 ✓	5,521,269
Transport Allowance	22,757,539 ✓	22,247,722
House Rent Allowance	18,141,377 ✓	17,865,282
Other Allowances	6,195,851 ✓	5,481,731
Performance Incentive	45,322,829 ✓	44,901,610
Special Allowance	346,379 ✓	340,979
Bonus	63,636,073 ✓	64,302,534
Overtime	6,608,273 ✓	7,767,971
Chairman's Remuneration	1,200,000 ✓	903,333
Unutilized Vacation Leave Allowance	14,725,551 ✓	14,854,604
Commission's Contribution for Pension	1,227,080 ✓	1,191,254
Communication Allowance	2,780,242 ✓	2,732,716
Uniforms	770,887 ✓	685,527
Staff Welfare	2,757,928 ✓	4,225,241
Staff Professional Membership Subscription	765,562	616,100
Local Training	934,600	48,706
Commission Members Allowance	305,000	295,000
Audit Committee Allowances	237,500	197,500
Housing Loan 2/3 Interest Reimbursement	4,777,946 ✓	3,521,759
Gratuity	<u>3,788,794</u>	3,961,342
Electricity	9,823,692	10,005,235
Water	426,805	428,314
Janitorial Services	6,370,380	6,994,990
Security	19,425,746	17,158,628
Rates & Taxes	903,149	901,649
Library Books	205,815	21,631
Printing and Stationery	5,774,496	5,872,429
Fuel	2,496,459	2,430,937
Postage	698,614	603,470
Telephone, Fax and PABX	5,882,215	3,002,042
Insurance (Property & Medical)	49,269,041	55,256,869
Internet Charges	433,785	6,790,646
Newspapers & Notifications	3,635,144	3,576,905
Consultancy Fees	150,000	500,000
Seminars & Conferences	348,100	454,576
Professional Allowance	5,736,924	9,927,473



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS - 31.12.2021

(Contd...)

(Expressed in Sri Lankan Rupees)

	Year Ended 31.12.2021	Year Ended 31.12.2020
Audit Fee	884,000	1,481,540
Legal Expenses/Deciplinary Inquiries/Preliminary Investigation	205,700	198,900
Depreciation	49,281,427	94,651,616
Amortization	261,725	0
Administration Miscellaneous	421,062	2,868,218
Purchases & Supplies Miscellaneous	1,586,368	1,346,192
Operating Cost Miscellaneous	1,208,096	406,117
Office Equipment Maintenance	3,726,398	3,500,291
Vehicle Maintenance	3,861,115	5,025,095
Building & Structure Maintenance	114,648	587,971
Technical Equipment Maintenance	7,536,736	1,869,371
Software Maintenance & Development	46,792,827	21,018,295
Towers Maintenance	67,085	106,064
Generators Repairs & Maintenance	243,425	90,190
Repairs & Maintenance - Miscellaneous	358,851	1,574,463
Repairs & Maintenance-IT-Sooriyawawa	31,327	0
Elevators Maintenance	169,633	654,300
CCTV Maintenance	0	7,500
Rent Intern Lease Line	5,456,374	0
Rent for Leased Premises	396,000	0
Development of Sports Activities	0	(1,384,417)
Maintenance of Monitoring Station	3,025,634	(461,605)
	<u>660,795,995</u>	<u>679,034,945</u>
20 FINANCE & OTHER EXPENSES		
Bank Charges	186,059	252,474
Interest on Gratuity Provision	5,720,115	5,071,456
Treasury Bond Discount Amortisation	33,236,919	0
	<u>39,143,093</u>	<u>5,323,930</u>
21 CONTRIBUTION TO THE CONSOLIDATED FUND	21-1	
Contribution under Telecommunication Act For the Year Ended 31.12.2021	7,500,000,000	4,000,000,000
Contribution under Finance Act for the Year Ended 31.12.2021		
Telecommunication Levy Paid	11,050,897,079	10,826,164,679
50% Telecommunication Development Charges	1,810,450,575	2,146,476,720
SMS Levy Paid to Treasury	399,954,804	418,650,655
Cellular Tower Levy Paid to Treasury	1,466,166,667	1,426,333,334
	<u>22,227,469,125</u>	<u>18,817,625,389</u>
CONTRIBUTION UNDER TELECOMMUNICATION ACT	21-2	
Out of total comprehensive income for the year ended 31.12.2020	<u>1,000,000,000</u>	<u>1,000,000,000</u>



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS - 31.12.2021

(Contd...)

(Expressed in Sri Lankan Rupees)

		Year Ended 31.12.2021	Year Ended 31.12.2020
22 CASH GENERATED FROM OPERATIONS			
Net profit before tax		32,296,276,914	27,325,109,486
<i>Adjustments for</i>			
Depreciation on Property, Plant and Equipment		49,281,427	94,651,616
Amortization of Intangible Assets		261,725	0
Recovery of Bad Debts		(217,652)	202,148
Retirement Benefit Obligation		9,508,909	6,528,219
Interest Income from Fixed Deposit		(156,091,883)	(229,905,799)
Interest Income from Money Market Transactions		(462,748,634)	(218,844,390)
Coupon Interest income		(222,972,603)	0
(Gain) / Loss on Foreign Currency Transactions		658,348,362	228,472,409
Gain on Disposal of Fixed Assets		(712,200)	(39,600)
Changes in Working Capital			
Accounts Receivable	22-1	(103,801,695)	221,774,058
Prepayment and Advance	22-2	(1,066,554,455)	6,851,037
Loans and Other Receivables	22-3	(28,551,286)	703,235,597
Interest Receivable on Fixed Deposit for Gratuity Benefits		7,830,128	(5,245,072)
Accounts Payable	22-4	29,752,344	(4,965,882)
Advances, Deposits and Other Payables		(582,480,679)	(537,639,121)
Payable To Treasury		24,827,256	(174,244,262)
Cash Generated from Operations		30,451,955,976	27,415,940,443
22-1 Accounts Receivable			
CESS Receivable		495,260,644	447,225,777
TDC Receivable		560,654,086	625,552,710
Telecom Levy Receivable		746,238,923	695,912,884
Kokavil Tower Recoverable		93,612,539	93,087,067
Tower Levy Receivable		366,541,667	332,895,834
SMS Levy Receivable		16,617,138	46,957,637
Outstanding Staff Loans Recoverable		2,254,729	2,403,352
Kokavil Lease Rental Receivable		1,131,014	2,093,951
Coupon Interest Receivable		17,972,603	0
Interest Receivable on Fixed Deposits		49,935,616	0
Air Ticket Receivable		0	70,400
Radio Frequency Fees		373,259,080	373,476,732
Armature Radio License Fees		32,790	32,790
		2,723,510,828	2,619,709,133
		(103,801,695)	
22-2 Prepayment and Advance			
Special Advances		575	575
Festival Advances		148,000	0
Purchase Advances		116,640	121,090
Pre-Payments		1,103,161,835	36,750,930
		1,103,427,050	36,872,595
		(1,066,554,455)	



TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS - 30.09.2021

(Contd...)

(Expressed in Sri Lankan Rupees)

	Year Ended 31.12.2021	Year Ended 31.12.2020
22-3 Loans and Other Receivables		
Distress Loans	33,157,355	32,306,602
Motor Vehicle Loans	166,422,167	184,730,657
Property Loans	913,213	1,135,746
Motor Cycle Loans	895,082	1,174,995
Salary Deduction Recoverable	4,059,713	439,987
Other Receivables	2,030,000	2,030,000
CFB Security Gurantee Deposit A/C (IT Park)	125,000	125,000
Commissioner General of Inland Revenue (WHT)	14,244	14,244
Commissioner General of Inland Revenue (Income Tax Over Provision)	0	2,036,193,356
Lotus Tower Electricity Security Deposit	3,125,000	3,125,000
CLT Monetization Receivab' e	55,959,715	13,067,971
	<u>266,701,487</u>	<u>2,274,343,557</u>
	<u>2,007,642,070</u>	
22-4 Accounts Payable		
As per Statement of Financial Position	163,502,233	133,749,889
	<u>163,502,233</u>	<u>133,749,889</u>
	<u>29,752,344</u>	
23 Mobilization Advance Payments		
Mobilization Advance Payment - (IT PARK)	157,081,430	157,081,430
Mobilization Advance (H/O New)	11,927,619	18,882,717
Mobilization Advance (Kadirana)	5,522,503	5,522,503
	<u>174,531,552</u>	<u>181,486,650</u>
	<u>6,955,098</u>	

