Independent Television Network Limited - 2024

----

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Independent Television Network Limited for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My comments and observations which I consider should be reported to Parliament appear in this report.

In my opinion, except for the effects of the matters described in Paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flow for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.4 Audit Scope (Auditor’s Responsibilities for the Audit of the Financial Statements)

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Company, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Company has complied with applicable written law, or other general or special directions issued by the governing body of the Company,

- Whether the Company has performed according to its powers, functions and duties; and

- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit observations regarding the preparation of financial statements

1.5.1 Non-compliance with Sri LankaAccounting Standards

Non-compliance with reference to the relevant standard	Comments of the Management	Recommendation
(a) Although, in accordance with paragraph 61 of Sri Lanka Accounting Standard No. 01, existing liabilities should be classified as non-current liabilities and current liabilities and presented in the financial statements, the amount of non-current liability of Rs.39,672,000, which was included in the value of the outstanding lease rent payable for the Torrington land over the next 8 years, was presented under current liabilities.	It was recorded to be presented separately next year.	Liabilities should be classified as current and non-current and disclosed in the financial statements in accordance with accounting standards . .
(b) Contrary to the criteria for recognition as a current liability in accordance with paragraph 69 of Sri Lanka Accounting Standard No. 01, the Independent Television Service had presented the debtors' credit balances of Rs. 87,111,773 as a current liability under trade	The difference was shown due to the increase in exchange rates,showing as both a receivable and a payable balance under the same account number, being mistakenly accounted for,having received more money, payment of money for the "AthPawura" program by that	Steps should be taken to identify and settle the outstanding balances of the debtors, excluding the relevant amounts,for legal matters.

	payables in the statement of financial position. Within this value, debtors' receipts of Rs. 29,204,157 had arisen due to creditung incorrect debtors and contract numbers, overpayments by debtors and changes in exchange rates, and since these were not identified and settled from the accounts, the creditor value had been shown in the accounts by that amount.	institution.Etc.The steps will be taken to adjust this amount from this year's accounts.It is stated that the remaining Rs. 12 million, which was left after the advertisements that were not aired for the 2015 Presidential Election were removed, has not been released due to subsequent legal proceedings and is shown as a balance to be paid.	
(c)	The Company had not analyzed the risks of the financial instruments presented in the financial statements and disclosed them in the financial statements in accordance with paragraphs 31 to 42 of Sri Lanka Financial Reporting Standard No. 07.	Only fixed deposits exist as financial instruments, and the market risk associated with them has been identified and noted for disclosure in the notes to the financial statements.	The standard requires that the risks of financial instruments be analyzed and disclosed in the financial statements.
(d)	Although, in accordance with paragraphs 5.5.13 to 5.5.16 of Sri Lanka Financial Reporting Standard No. 09 of expected credit loss, adjustments should be made for impairment losses if the credit risk of a financial asset has increased significantly since initial recognition, such adjustments had not been made for the total commercial receivables of Rs. 233,444,111 of the Independent Television Network Limited, which were at high risk of collection and had a maturity of more than 5 years. Further, the Company, in making provision for bad debts to contra deal debtors debtors during the year under review, had made provision only for the total outstanding balance of contra deal debtors prior to 2013, and the provision for bad debts of	No provision for impairment has been made for debtors in recent years in relation to contra deal debtors transactions and, taking into account the risk, provision for impairment has been made for long-term debtors as in previous years .	Provisions for impairment losses and contra deal debtors receivables should be made as per the standard.

	Rs.14,182,382 from 2014 to 2021 had not been made in the year under review.		
(e)	Although, the classification of financial assets disclosed in the explanatory notes to the financial statements should be done in accordance with Sri Lanka Financial Reporting Standard No. 09, which came into effect in 2018, the Company had classified them in accordance with Sri Lanka Accounting Standard No. 39.	As financial assets and financial liabilities must present future cash flow information in accordance with Sri Lanka Financial Reporting Standard No. 09, steps have been taken to revalue assets this year and financial statements will be prepared accordingly in the future .	It should be classified according to financial reporting standards.
(f)	Although, paragraphs 119 and 124 of Sri Lanka Financial Reporting Standards No. 15 require disclosures regarding the performance obligations arising from contracts with customers, and paragraph 125 requires disclosures regarding the fulfillment of performance obligations, recognition of the charge on it, and significant judgments made, the relevant disclosures had not been made in the financial statements.	An adequate answer has not been given.	According to the standard, disclosures must be made.
(g)	In accordance with Sri Lanka Accounting Standard No. 21, the outstanding amount of US$ 354,950 payable as at the end of the year under review for the broadcast episodes of 04 foreign teledramas purchased in foreign currency for Vasantham Rupavahini Channel since 2019 had not been translated at the spot exchange rate prevailing on that date and presented in the financial statements. As a result, the loss for the year was understated by Rs. 12,213,294 and the accrued account balance	Since the unusual increase in the dollar was difficult for the institution to bear, a request was made for a discount from foreign teledrama suppliers.It has also been stated that a final agreement has not yet been reached regarding the rate to be paid . The above balance of Rs. 360,377 has been used as bank charges .	In accordance with the accounting standard, the outstanding amount due as at the end of the year under review should be translated at the exchange rate prevailing on that date and shown in the financial statements.

	in the statement of financial position was understated than that value. Further, although in accordance with the said standard, when calculating the YouTube income, it should have been translated and accounted for at the spot exchange rate prevailing on that date, it was translated and accounted for at the dollar purchasing rate. In addition, in this case, the amount of Rs. 360,377 which had been directly deducted by the bank, had been accounted for as exchange losses instead of being accounted for as bank charges.		
(h)	Although, disclosures regarding related parties are required in the financial statements in accordance with the Sri Lanka Accounting Standard No. 24, the company had not disclosed relevant information regarding key management personnel under Note No.30 of the financial statements .	Disclosures regarding related parties in the financial statements in accordance with Sri Lanka Accounting Standard No. 24 have been noted for future reference.	Disclosures regarding related parties should be made in accordance with accounting standards. .
.			
(i)	Due to the extensive use of technical equipment for the Company's operations and the constant obsolescence that occurs therein, the Company had not conducted an asset impairment assessment and recognized the impairment loss in the accounts, although paragraph 09 of Sri Lanka Accounting Standard No. 36 requires an asset impairment test to be conducted at the end of each reporting period.	Asset impairment adjustments is to be made in accordance with Sri Lanka Accounting Standard No. 36 for the coming year .	An impairment assessment should be made in accordance with accounting standards and the impairment loss should be recognized in the accounts .

1.5.2 Accounting deficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	Due to over-accounting the purchase cost and payable of Rs. 1,670,000 in the year under review in relation to 04 teledramas,the company's profit was understated by that amount and accrued expenses were overstated by that amount.	Payments related to tele dramaswere recorded for correction.	The cost of purchasing teledramas and the expenses to be paid must be accurately accounted.
(b)	In preparing the cash flow for the year under review, cash flows of Rs. 3,579,874 received from the sale of motor vehicles, equipment and machinery,furniture and fittings, and other non-current assets were not recognized under investing activities and since these assets are fully depreciated assets, the entire cash flow received from the sale could have been recognized as profit from the sale.However, since only Rs. 2,917,303 was recognized in the net profit before tax in the cash flow statement instead of Rs. 3,579,874, the net cash flow under operating activities was overstated by Rs. 662,571.	A correct answer had not been given.	The proceeds from the disposal of assets should be accurately reflected in the cash flow statement.
(c)	Although, interest income for the year under review was recognized as Rs. 37,882,207 in the statement of comprehensive income, net cash flow from operating activities was understated by Rs.3,503,035 due to the recognition of interest income as Rs. 41,385,242 in the statement of cash flows.	Rs.37,882,207 was shown as the interest income in the income statement for that year and when adjusting the cash flow statement, adjustments have been made to the initial interest income receivable and the year-end interest income receivable.	Adjustments for operating profit should be made correctly when preparing the cash flow statement .

(d)	While adjusting for changes in working capital to calculate net cash flow from operating activities, the decrease in other payables should have been Rs. 56,937,978. Since, it had been shown as Rs. 59,982,315 in the cash flow statement, net cash flow from operating activities was understated by Rs. 3,044,337.	It has beennoted to correct.	When preparing the cash flow statement, actions should be taken to present information accurately.
(e)	The expenses and current liabilities of the year were overstated by debiting of the expense account instead of debiting the provision account for the sales executive commission of Rs.3,840,289 paid during the year under review related to the previous year, and the re-provision of the value of Rs.4,041,085 paid in the year 2025,including the year under review, while the sales executive commission was already provided. Furthermore, the expenses and retained earnings of the year were reduced by that value since the sales executive commission of Rs. 941,262 for the years prior to the year 2022 were credited to the expense account instead of crediting the retained earnings. The expenditure and current liabilities for the year under review had increased by Rs. 177,022 due to calculating the sales executive commission using the invoices of the year 2025.	The relevant period will be identified in the year 2025 and recorded for accounting purposes accordingly.	The correct period should be identified and accounted for when paying and allocating sales executive commissions.

(f)	Although, the ITN TV has identified Rs. 8,692,022 as agency commission expense in the comprehensive income statement for the year under review, the agency commission of Rs. 5,601,155 paid during the year under review related to the period from 2016 to 2023 had also been recorded as an expense in the current year instead of being debited to the accrued expenses account. Accordingly, the profit of the current year had decreased by Rs.5,601,155 and the current liabilities had been shown in the accounts in excess of that amount.	The relevant period will identified in the year 2025 and recorded accordingly for accounting purposes.	When paying sales executive commissions, the relevant correct period and correct account must be identified and accounted.
(g)	12 English films worth Rs. 1,037,763 purchased in the year 2011 were recorded as a payment made in advance instead of being recorded as intangible assets. As a result, intangible assets were understatedand current assets were overstated in the accounts by that amount.	The period of the broadcasting agreement for these films have been expired and further action will be taken after discussing this matter at the Audit and Management Committee.	Capability of telecasting these films should be confirmed and steps should be taken to ensure their appropriate use and accounting.
(h)	Although, Rs. 1,500,000 per quarter, that is Rs. 06 million per year, was to be paid as channel maintenance rent and HD encoder rent in accordance with 1.1 (o) of the contra deal agreement signed in the year 2023, that rental expense had not been accounted for in the year under review.	Although, all notices have been obtained in accordance with the SLT agreements for the year 2023 and the company is still receiving its services, the documents will be brought and included in the accounts this year .	Channel maintenance rent and HD encoder rent should be accounted for in accordance with the contra deal agreements.

1.6 Accounts Receivable and Payable

1.6.1 Amounts receivable

	Audit Observation	Comments of the Management	Recommendation
(a)	The total trade receivables of the company during the year under review were Rs.941,388,050 of which Rs. 369,161,342 or 39 percent consisted of outstanding balances exceeding 01 year, of which Rs. 233,444,111 or 29 percent consisted of outstanding balances exceeding 05 years and those balances had not been recovered even as of the year under review. Furthermore , the value of contra deal receivables in the year under review was Rs. 35,705,603 and 73 percent of that balance orRs. 26,102,280 is the outstanding balance of over five years, out of which there is a debt value of Rs. 6,881,600 on the contra deal agreement entered into in the year 2023, and no action had been taken to recover them during the year under review .	The balances shown in the books relate to transactions that took place over a period of about 22 years from 2001 to 2023, and that those balances will be identified and forwarded to the Board of Directors in parts to be removed from the books, and also the debt collection system has been strengthened more than before.	Outstanding balance should be recovered without delay.
(b)	In calculating the commercial debtor value under trade debtors of Vasantham TV in the statement of financial position for the year under review, the debtor credit balances of Rs. 19,721,115 had been deducted from the total commercial debtors without identifying them and were stated in the accounts. As a result, the commercial	Analysis of Debtors' Accounts is segregated by period and the closing balance of the debtors is stated as a net value. Even though, one debtor is identified, there are several debtors as per the schedule number. The individual debtors have been studied separately and a single value has been obtained and no debtor balance has been understated.	Actions should be taken to identify debtor credit balances. They should not be deducted from total debtors.

debtor value for the year under review was understated in the accounts by that amount and it had not been disclosed in a note to the financial statements.

1.6.2 Amounts Payable

Audit Observation	Comments of the Management	Recommendation
The Company had not taken steps to identify the cash receipts of Rs. 2,653,561 received in the current accounts of the Torrington and Pelawatte branches and had presented them as a credit balance in the financial statements of the year under review as a current liability under trade receivables. As a result, the value of trade receivables for the year under review had been overstated in the accounts by that amount .	Action will be taken to reconcile these balances of more than 03years in the year .2024	Unclaimed balances accounts should l adjusted.

1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Referrence to Laws, Rules, Regulations etc.	Non-compliance	Management comments	Recommendation
Section 3.1 of Public Administration Circular 30/2016 of 29 December 2016	Although, the vehicle was required to drive 80 kilometers in and out of the city during the fuel test, 33 of the company's vehicles were driven between 100 and 200 kilometers without written approval during the fuel combustion test .	At the beginning of the fuel test, it is conducted while that vehicle is assigned for the programme, and based on the above information, it has been decided to conduct the fuel test after driving a higher mileage as the most appropriate criteria .	Action must be taken in accordance with the provisions of the circular,when performing a fuel combustion test.

2. Financial review

2.1 Financial results

The operating result of the year under review amounted to a loss of Rs.13,114,063 and corresponding loss in the preceding year amounted to Rs.213,739,466. Therefore, a decrease amounting to Rs.200,625,403 of the financial result was observed. The reason for the decrease was the improvement in airtime sales amounting to Rs. 318,344,178 or 23% increase during the year under review compared to the previous years.

2.2 Trend Analysis of Major Income and Expenditure Items

Airtime sales revenue, which was Rs. 1,394,668,739 in 2022 and Rs. 1,385,459,165 was in 2023, while it was Rs.1,703,803,343 in the year under review. It was an increase of 22 percent compared to the previous year.Other income was Rs.215,718,957 in the year 2023 and Rs. 202,635,890 was in the year under review, which was a decrease of 6 percent compared to the previous year. Net financial income was Rs.13,091,626 in the year under review and Rs.70,597,357 in the year 2023, which was a decrease of 81 percent. Further, the program expenditure was Rs. 541,971,692 in the year 2023 and it was Rs. 574,357,625 in the year under review which was an increase that program expenses by 6 percent. Marketing expenses during the year under review were Rs. 62,883,414 compared to Rs. 97,563,953 in the previous year, which had decreased by 36 percent compared to the previous year. Other operating and administrative expenses in the year 2023 were Rs. 1,268,848,083 and were Rs.1,269,234,400 in the year under review, which wasan increase of 0.03 percent compared to the previous year.

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	Management Comments	Recommendation
(a) The Company had not paid Rs.25,707,934 to the Telecommunications Regulatory Commission on behalf of providing infrastructure facilities for the transmission activities of the Kokavil Broadcasting Station from the year 2016 to the year under review for electricity. Due to the suspension of broadcasting activities at the Kokavil Broadcasting Station from 06 April 2023, the transmission	It is stated that a program is being implemented in accordance with state policies to expand broadcasting to the North and East under the 2009 Uthuru Wasanthaya program, and no sales revenue has been generated from that project since 2009.It has also been stated that the management held discussions to stop the transmission activities due to this inefficiency.Further, the amount of Rs. 48,750,000 , which was the arrears of rent, was collected by the	After submitting relevant information as an ineffective project, a decision needs to be made under formal approval regarding the broadcasting activities of the Kokavil Broadcasting House and the transmission activities carried out through the Kokavil

activities of Vasantham TV, Lakhada and Vasantham FM channels through the Kokavil Transmission Tower had also been suspended. Furthermore, the arrears of rent payable by the Company for the Kokavil Transmission Tower from the year 2015 to the year under review was Rs. 48,750,000.	Telecommunications Regulatory Commission has been agreed to write off after several rounds of negotiations since 2009.	Transmission Tower.
(b) The Company had not taken steps to renew 06 lease agreements entered into with telephone companies for the upcoming period after the cancellation of those agreements when leasing broadcasting towers to telephone companies.	It has been submitted for approval from the Board of Directors to enter into new agreements and that the new agreements will be entered into after the relevant approvals are received .	Formal agreements should be reached.

3.2 Operational inefficiencies

Audit Issue	Management Comments	Recommendation
(a) Under the Revenue Generation section of the Action Plan for the year under review, an income of Rs. 2008 million was estimated from the sale of airtime. Although, the revenue generation was estimated through 08 main activities for ITN TV, Vasantham TV, Lakhanda and Vasantham FM, by the end of the year under review, it was stated that an income of Rs.2071 million had been generated using only 04 main activities according to the progress of the Action Plan. However, according to the financial statements of the year under review, the income was Rs. 1756 million.Although, 15 programs were included in the plan for Vasantham TV, only 05 programs had been completed. Rs. 17 million had been	Although, it was expected to present various and new programs in the annual action plan for the year 2024, it was not possible to accomplish this due to the difficulty in obtaining sponsors in the trade sector in line with the production activities as expected.	Action should be taken tominimize losses and increase revenue also.

spent on 24 programs that were not included in the annual action plan and were completed during the year.		
(b) In terms of sub-section (2) (VI) (b) of section 217 of the Government Lands Code, leases for commercial purposes can be revised every five years and the company had not taken into account the rental revisions made by the leaseholder so far in the annual rental payment for the Yatiyanthota leased land since 2007. As a result, according to the lease assessment reports, the outstanding leaae rental and penalty interest payable as of the end of the year under review was Rs. 10,571,760.	The Ministry of Health and Mass Media has verbally announced that a discussion will be held regarding this matter andalso it has been informed to take steps to pay Rs. 10,571,760 as on 22 March 2024. .	Attention should be paid to formal and efficient measures with the relevant parties regarding outstanding taxes and penalty interest .
(c) Although,a request was made in terms of Section 86(2) of the Civil Procedure Code to withdraw the judgment given to the plaintiff, as per the decision in case no. 51824/MR in note no. 32 of the financial statements to pay Rs. Million Fifty(Rs. 50,000,000) collectively and/ or separately,only a provisionRs. 2,000,000 had been made in the accounts for this purpose.	On 21.03.2023, the Kaduwela District Judge unilaterally ruled in favor of the plaintiff against the defendants. Accordingly, in accordance with Section 86(2) of the Code of Civil Procedure, the defendant has filed a petition and an affidavit by way of a motion and requested that the case be called on 09.02.2024 to establish the facts .	While care must be taken in corporate matters, in legal matters, court summons and orders must be followed.
(d) The company's stated capital in the year 2015 was Rs. 3,198,499,721 and in the year 2023 it had continuously decreased to Rs.489,921,592.It had increased to Rs.586,757,702 in the year under review due to government financial allocations. The company had continuously incurred losses from the year 2016 to the year 2023 and the loss in the year under review was Rs.13,114,063. The losses of ITN, Lakhanda and Vasantham FM under the	The Company has made financial progress in the year 2024 compared to the previous year, and accordingly, the income in the year 2024 has increased by about 20 percent compared to the year 2023, and the loss was Rs. 164 million in the year 2023 , while a profit of Rs. 49 million was shown in the year 2024.	Further efforts should be made to increase and maintain equity capital.

company had been Rs.1,930,887, Rs.22,626,550 and Rs.1,858,792 respectively.		
(e) During the year under review, the Company had deducted the loan amount of Rs. 1,000,000 given to the Welfare Association in the previous year from the amount of Rs.1,276,123 collected by the Company for the benefit of the Association and returned the balance to the Association. However, in this case, the entire amount collected was given to the Association without considering the airtime cost incurred by the Company for broadcasting the sponsored advertisements collected by the Association.	Since the transaction related to Rs. 1,276,123 was a transaction made by the company, it should be included in the income as made in previous years and the due taxes were paid and properly accounted. After obtaining the relevant approvals, it was paid to the Welfare Association and accounted.	The airtime costs incurred by the company for broadcasting sponsored advertisements should be considered.

3.3 Idle or underutilized Property, Plant and Equipment

Audit Issue	Management Comments	Recommendation
A Hot Swappable Power Distribution Rack machine purchased by the company in 2015 for Rs. 1,588,500 and an ArosFlexus FT- 30, 30KVA UPS System machine purchased in 2010 for Rs. 1,218,274 had been kept idle for about 04 years.	The purchase of equipment for the data storage facility was postponed due to the prevailing economic crisis, and that it is currently in a proposed state due to lack of funds, and that this equipment has already been kept safe so that it can be used . The 30 KVA ArosFlexus FT – 30 UPS equipment purchased in the year 2010 worth Rs.1,218,274 had suffered a fire, and the relevant insurance compensation had been obtained, and no steps had been taken to repair the equipment up to the date of	Action should be taken to utilize assets properly.

the audit. Since the above-mentioned UPS equipment had caught fire and was in a state of irreparable damage, it was not repaired as it would be an economic loss to repair it.