

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sri Lanka Telecom (Services) Limited (“the Company”) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of profit and loss and comprehensive income, statement of changes in equity and statement of cash flows 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 report to Parliament appear in this report. To carry out this audit, I was assisted by a firm of Chartered Accountants in public practice.

In my opinion, 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 flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

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 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 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 Company's 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 the Company 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 of the Company had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

2. Financial Review

2.1 Financial Result

The operating results for the year under review reflected a profit of Rs.606,911,934, as compared to a profit of Rs.79,871,070 recorded in the preceding financial year. SLT Vision Com (Private) Limited and SLT Digital Services (Private) Limited have been amalgamated with the Company, effective from 01 April 2024, in accordance with Section 239 of the Companies Act No. 07 of 2007. Consequently, the financial results and related ratios for the year 2024 are not directly comparable with those of the prior year, owing to the significant changes in the scope and structure of the entity following the amalgamation.

3. Operational Review

3.1 Operation Activities

The Company is a fully owned subsidiary of Sri Lanka Telecom PLC. It was formed in 1993 with the aim of becoming a leading network and systems integration solutions provider and a telecommunication project deployment and maintenance enterprise. Consequently, SLT Vision Com (Private) Limited and SLT Digital Services (Private) Limited have been amalgamated with the company, effective from 01 April 2024, in accordance with Section 239 of the Companies Act No. 07 of 2007. The Principal activities and nature of the Company is carrying out activities under three Strategic Business Units (SBU) namely, Network and Solutions Business Unit, PEOTV & Content Business Unit and Digital Services Business Unit. The Company reported a revenue of Rs.6,380,255,353 during the year under review. Out of that 50 percent income was earned from PEOTV & Content Business Unit and 48 per cent and 2 per cent of income earned from Network and Solutions Business Unit, and Digital Services Business Unit respectively.

3.2 Fixed Assets Management

Audit Issue	Management Comment	Recommendation
The Company had not maintained a proper Fixed Asset Register (FAR) for fixed assets with the value of Rs.117,483,209 in Digital Service SBU. It was observed that the Existed FAR had contained miscalculations, errors in beginning balances etc.	There was no Fixed Assets module maintained in the system before the amalgamation. However, we are in the process of adopting the Fixed Assets register in Fixed asset module of the system.	Need to implement a robust Fixed Asset Register in the system for the Digital Service SBU to ensure accurate and real-time tracking of fixed assets.