

Globalising our proposition

ANNUAL REPORT
2018



CA



THE INSTITUTE OF
CHARTERED ACCOUNTANTS
OF SRI LANKA

ABOUT THE INSTITUTE

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) was established by Act of Parliament No. 23 of 1959 for the main purpose of promoting theory and practice of accountancy, enrolling, educating and training members, and for preserving the professional independence of accountants. CA Sri Lanka is the sole authority for adopting accounting and auditing standards in Sri Lanka. CA Sri Lanka has a member population of 5,615. Over the years, CA Sri Lanka has built valuable relationships with regional and international professional accounting bodies to enhance its recognition in the world.

CA



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CHARTERED ACCOUNTANTS
OF SRI LANKA

Globalising our Proposition

Advancing Chartered Accountancy lies at the very heart of CA Sri Lanka. Central to this goal is the innate value of our qualification and the standing of our students and members in the global milieu. A key focus this year was to forge strong links with some of the world's leading professional accountancy organisations in a bid to capitalise on important synergies to the benefit of CA members and CA Sri Lanka itself. Amongst a multitude of benefits, such relationships will help us seek parity for our qualification with those of world leading bodies. They will also provide us with recognition for the high standards of transparency, good governance, and integrity that our qualifying protocols build in our members.

Ours is a truly Global Proposition

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VISION

To maintain the highest standards of professional conduct in business and society



MISSION

To be the most sought after qualification for business leaders



OBJECTIVES

- Upholding standards in the public interest
- Excellence in education and professional development
- Leadership through ideas and influence
- Delivering dynamic and proactive service



CORE VALUES

Integrity + Wisdom + Innovation + Service



ABOUT THIS REPORT

This Report is structured around the four primary objectives of CA Sri Lanka, within which the dual process of value creation, that of adding value to its stakeholders and deriving value from them are discussed in detail.

Objectives

The objectives of the Institute specified in the Act of Incorporation have been summarised into below four broader categories:

1. Upholding standards
2. Excellence in education and professional development
3. Leadership through ideas and influence
4. Delivering dynamic and proactive service

The stakeholders of CA Sri Lanka are:

1. Members
2. Students
3. Employees
4. Government
5. Strategic partners
6. Society and environment

In our Report, we have attempted to communicate the relationships and interconnections of all aspects of our processes and operations such as strategy, governance, risks, performance, and prospects as they unfold in pursuance of our goal. We have lucidly described how we create value in the social, economic, and regulatory context.

Reporting

Following the preamble and message/review from the President and the Secretary, we begin our Review of the Year with a discussion on our operating model. Our operating model is underpinned by CA Sri Lanka's strategic purposes in the context of the operating environment. This then leads to a management discussion on value creation – for whom, why and when. We then discuss stewardship and move on to financial reports that provide the details of our financial performance.

Compliance

The CA Sri Lanka Annual Report 2018 covers the 12-month period 1 January to 31 December 2018, and is consistent with our usual annual reporting cycle.

Thus, the information contained in this Report, as in the past, is in compliance with all applicable laws, regulations and standards as well as guidelines for voluntary disclosures.

Inquiries

We welcome your comments or inquiries on this Report. You may contact us by mail or email as follows:

Address:
Secretary
The Institute of Chartered Accountants of Sri Lanka
No. 30A, Malalasekera Mawatha,
Colombo 07,
Sri Lanka.

Email: secretariat@casrilanka.org

HIGHLIGHTS OF THE YEAR

| For the Years Ended 31 December | 2018 | 2017 | Growth (%) |
|---|-----------|-----------|------------|
| Members: | | | |
| No. of members | 5,615 | 5,526 | 2 |
| Ratio of resident and non-resident members | 78:22 | 85:15 | |
| Ratio of practicing and non-practising members | 12:88 | 12:88 | |
| Membership retention rate (%) | 99 | 99 | |
| No. of new admissions to ACA | 327 | 291 | 12 |
| Students: | | | |
| No. of students | 38,244 | 39,456 | (3) |
| Studentship renewal rate (%) | 79 | 75 | |
| No. of new enrolments | 7,324 | 7,030 | 4 |
| Value of scholarships (LKR '000) | 15,979 | 13,097 | 22 |
| Financial Performance: | | | |
| Total Income (LKR '000) | 859,380 | 756,261 | 14 |
| Income over expenditure excluding Government grant (LKR '000) | 231,442 | 88,846 | 160 |
| Total Assets (LKR '000) | 2,377,096 | 2,104,993 | 13 |
| Other: | | | |
| No. of applications for Annual Report Awards | 130 | 134 | (3) |

HIGHLIGHTS OF THE YEAR

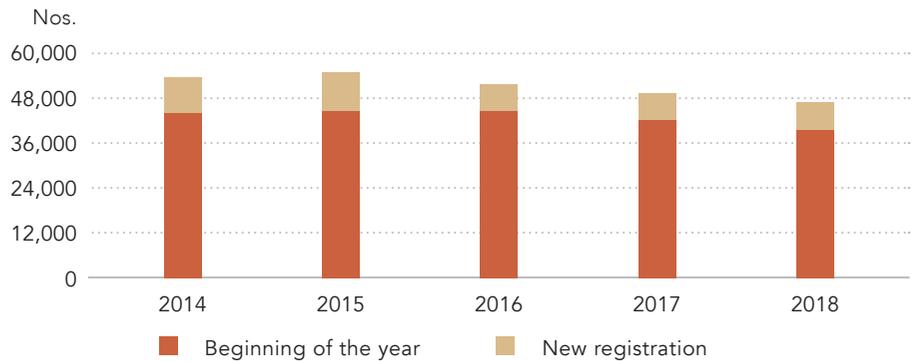
Membership growth

A total number of 327 new admissions during the year increased the total number of member population to 5,615 as at 31 December 2018.



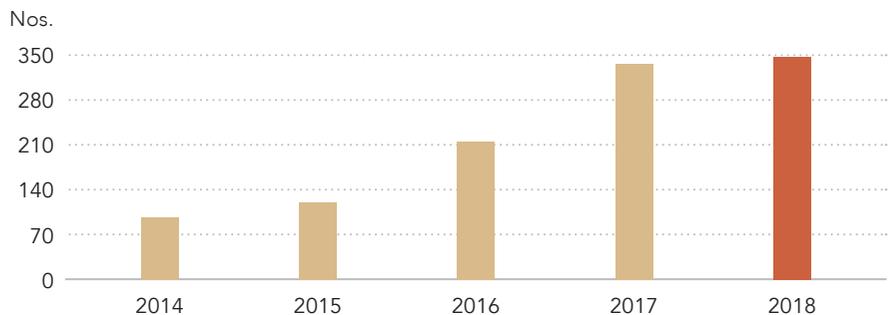
Student population growth

A total number of 7,324 new students were enrolled during the year. Total number of students at the end of the year was 38,244.

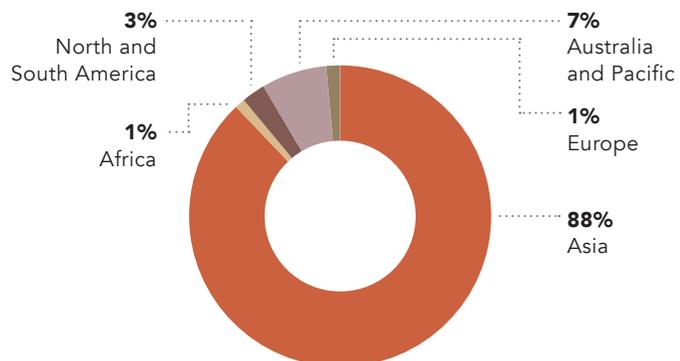


SAB student enrolment

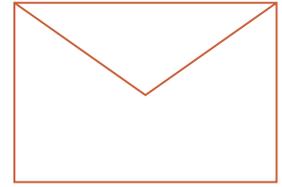
A total number of 346 new students were enrolled during the year. Total number of students at the end of the year was 664.



Region-wise breakdown of membership



PRESIDENT'S MESSAGE



Dear Member,

It is with great pleasure that we issue this message to you at the conclusion of another eventful financial year and entering to 60th Anniversary of CA Sri Lanka. During the year, our Institute took specific note of the importance of preparing the next generation of Chartered Accountants whose roles, responsibilities and expectations will be quite different given the challenging yet exciting technological changes that propel them into the future. We did emphasise the technological challenges around us and the need for developing members with new skills, in our last year message. There were several activities that we kicked off during the year towards addressing these challenges.

Forging ahead

In order to transform the technological challenges in front of us to opportunities, we continue to work diligently in integrating technology in a practical and meaningful manner into the profession. With this vision in mind, we are in the process of finding an automated solution to the SME audit, which we believe will offer more cost and time effective methods of audit. In this same vein, arrangements have been made to organise a "Techno Fair" in May 2019 in collaboration with technological companies to inform and update our members of the new technological/digital developments and products that will be of interest to them. This venture will offer opportunity of experiencing new technological/digital products and also encourage healthy networking between our members and technology industry.

Leading the nation in accountancy

As the flagship professional accountancy Organisation in Sri Lanka, we have the onerous task of implementing the Accounting and Auditing Standards. Accordingly, in the year 2018 we organised a series of programmes, workshops, and seminars with the multi-faceted objective of promoting transparency, efficiency, and maximum financial productivity in the companies where our members serve in various capacities. Further, we conducted awareness programmes on the new version of the Code of Ethics for members towards the end of 2018, and planned to continue it in early 2019. Having completed the awareness sessions, we intend to adopt the new version of the Code of Ethics for members in mid – 2019 to comply with IFAC Code of Ethics.

Guiding the next generation

It is with great pleasure that we announce the imminent introduction of our new syllabi "Curriculum 2025", designed with the specific objective of preparing the next generation of Chartered Accountants for the challenges that lie ahead. We have taken great care to take into account the emerging trends and the likely impact thereof on the young accountants of 2025 and beyond.

In order to enhance the skills and competencies of our students, CA Sri Lanka introduced three programmes – Financial report writing, Speech craft and a residential programme for professional skills development. This is the first time CA Sri Lanka introduced a special 3-day residential programme for the students. Looking at the line up of resource personnel and the approach, all participants were astonished with the kind of investment that we made.

Investing for the future

During the year 2018, the increase in the Net Operating Income was remarkable and that provided a solid platform to designate a significant amount of funds out of such surplus for the development of the profession.

"Digital First" is the slogan in today's context and the accountancy profession is not an exception. Having visualised the future demand, our objective is to invest more on equipping our members with latest technology in addition to the technical skills. As such, funds have been designated to be used for initiatives focusing the latest technological developments such as developing an audit toolkit for the SMPs, data and analytics tools, forensic technological tools and collaborations with professional organisations.

In order to face the forth Industrial Revolution, the accountancy profession should blend with several other skills and competencies. In order to achieve this objective, it is paramount to attract non-commerce students into the profession. As such additional funds have been designated to the Talent Scholarship Scheme which was established in 2017 to offer scholarships for special talented and non-commerce students.

PRESIDENT'S MESSAGE

In addition, at the outset of the celebrations of the Diamond Jubilee of CA Sri Lanka, a special designation of further funds have been done to grant scholarships for the children of staff members of CA Sri Lanka to follow CA sponsored education programmes.

Fulfilling our national responsibility

CA Sri Lanka together with APFASL, our public sector wing, inaugurated an induction programme for the Chartered Public Finance Accountancy (CPFA). This programme consists of technical sessions conducted by field experts, for trainees in the public sector.

It is our responsibility to ensure the proper dissemination of knowledge throughout the country. With a view to take the Institute to outer regions and provinces, we have already held several educational and professional initiatives in other regions. We are now assessing the feasibility of organising one of the key programmes in an outer region with a view to offer different kind of experience to participants.

Globalising our standards

Globalisation, as much as it applies to movement of capital, goods and services in an interconnected world, is a necessity in our pursuit of excellence in accounting education too. Accordingly, CA Sri Lanka renewed its MOU with the Institute of Chartered Accountants in England and Wales (ICAEW), and also its MRA with CPA Australia. Further, we entered into a new MOU with the Chartered Accountants Australia and New Zealand (CA ANZ). This created new membership pathways with ICAEW as well as CA ANZ for our members while also uplifting the Institute's profile globally. There are a few more international collaborations at negotiation level.

With the expectation of setting up overseas chapters we have already set up new chapters in Saudi Arabia as well as in Australia.

Furthermore, our Applied Accounting Degree programme now provides students with the option of completing their final year in La Trobe or Deakin University in Australia.

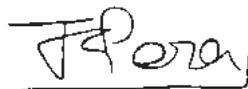
Overcoming challenges

Decline in new enrolments and cessation of registrations causing a drop in student population continues to be a challenge. We attribute this to the demographic changes we experience today, in particular with the millennials, and the increased emergence of diversified and short-term educational qualifications. While we refuse to compromise on the quality of the education we provide, we are currently revising our syllabi to promote CA as an internationally recognised qualification.

Appreciation

In conclusion, I would like to extend my appreciation to the many people who worked hard to make it another successful year: my fellow members of the Council and Chairpersons and members of committees, Faculties and Task Forces and also the Secretary, Mr Prasanna Liyanage for their excellent guidance and leadership; the students, membership and the staff members who are the driving force behind this flagship; our business partners in Sri Lanka and overseas for their continued loyalty and partnership. On behalf of the Council, I would like to express my gratitude to the Hon Minister of Finance and Mass Media and the Secretary to the Ministry of Finance and Mass Media for their continued support for the progress of the Institute.

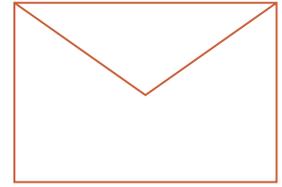
It is our firm belief that, with planning and diligence, CA Sri Lanka will continue to forge ahead as the vanguard of Chartered Accountancy in Sri Lanka, upholding excellence in education and professional development with honesty, integrity, and perseverance.



Jagath Perera

President

SECRETARY'S MESSAGE



Dear Member,

Since its inception, The Institute of Chartered Accountants of Sri Lanka has been committed to enhancing the accounting profession in the country by promulgating accounting standards, imparting knowledge to students, and providing professional development programmes to members. The past few years have brought us unprecedented and unparalleled challenges in the form of rapid technological advancements, regulatory developments, and demographic changes. These call for timely revisions and upgrades to our educational and professional programmes in order for us to remain relevant.

The launch of our new syllabi "Curriculum 2025" marks yet another important milestone in our academic excellence. The curriculum revision, which we commenced in 2018 takes into account the emerging technological and regulatory developments as well as the skills and competencies that a Chartered Accountant should possess by 2025 to become employable. Our team of educators and the Curriculum Revision Committee spent months interviewing key stakeholders and business experts in this regard. Accordingly, the new curriculum is tailored with the objective of encouraging students to go beyond accounting into other avenues in the finance arena. In our effort to align the educational qualifications with the demands of the financial world, we encourage our members to diversify the job opportunities in the market for the new generation and other trained professionals.

Digitisation is impacting our profession as we have never seen before. It is a given need that both the emerging generation of accountants and the new age corporates are tech-savvy. With the full understanding that embracing technology is the way forward for any industry, CA Sri Lanka has increasingly focused heavily on technology. We are currently in the process of digitising the curriculum, including introducing online exams and exam registration processes for students. We made available examination registration process online and an online examination for the Executive Level students. Currently, we hold only two examinations a year for each level, but the introduction of computer-based examinations for all levels of our curriculum will enable us to increase this number significantly,

accelerating the qualifying process for conscientious students. We also organised webinars on all subjects, with a focus for a more convenient method of learning for the benefit of our students. We are also pleased to announce that the Institute has recently signed an agreement to introduce an up-to-date e-library with free access to important textbooks and other resources for our students.

It is noteworthy that one of our principal objectives this year has been to achieve maximum student reach, to make available our educational and professional qualifications for students throughout the country. To this end, we have established examination centres for the Business and Corporate Level students in Jaffna, Kandy, and Galle. Additionally, we organise seminars in accounting, auditing, and tax in regions outside Colombo.

Textbook knowledge alone is far from sufficient for a Chartered Accountant to succeed in today's context. In order to equip them with soft skills and leadership skills, we organised residential programmes for Corporate Level students, and also collaborated with Toastmasters International to launch a speech craft programme to improve effective public and presentation skills, build their confidence, and also sharpen their thinking and comprehension skills.

An initiative we launched in 2015 to further enhance professional development of public sector accountants bore fruit in 2018 with our public sector wing, APFASL in collaboration with the Chartered Institute of Public Finance and Accountancy, London (CIPFA) conferring the Chartered Public Finance Accountant (CPFA) qualification at a convocation ceremony held together with the Best Annual Report Award ceremony at the BMICH. We view this as a progressive step taken to strengthen the public sector financial management.

In our efforts to serve the professional development of our members in a more efficient and sustainable manner, a new organisational structure was introduced with a view to provide an integrated service to the students and members, making their interactions with the Institute more productive. The new structure has provided clarity to the roles and responsibilities of the staff.

SECRETARY'S MESSAGE

To further enhance the standing of our members both locally and globally, CA Sri Lanka continued to renew its agreements with leading accounting bodies such as the Institute of Chartered Accountants in England and Wales (ICAEW) and CPA Australia. CA Sri Lanka also signed a landmark agreement with Chartered Accountants Australia and New Zealand (CA ANZ) to strengthen the scope of CA members living in Australia and New Zealand. These initiatives will no doubt have an important appeal of the CA qualification for the new generation.

As we review the value delivered to and the value derived from the stakeholders in 2018, I am very thankful to our dedicated staff, members, and students, whose loyalty and commitment to the Institute made things progressive and possible.

Finally, my sincere gratitude to the President Mr Jagath Perera, members of the Council, the Chairmen and members of the committees whose unstinting support, guidance, and professional camaraderie have significantly made my duties a pleasure to deliver.



Prasanna Liyanage

Secretary

REVIEW OF THE YEAR



REVIEW OF THE YEAR

OPERATING ENVIRONMENT

In order to achieve the objectives laid down in The Institute of Chartered Accountants of Sri Lanka Act No. 23 of 1959 and the amendments thereto, the Institute needs to effectively engage with all its stakeholders, including the society in general, on an ongoing basis. In order to uphold professional standards, ethics, integrity and transparency and also to ensure the sustainability of its operations, CA Sri Lanka needs to keep abreast with the developments on the horizon in its operating environment, which poses risks that need to be managed and provides opportunities that can be exploited.

Regulatory environment

CA Sri Lanka recommends adoption of the Sri Lanka Accounting and Auditing Standards as per the mandate derived under its Act of incorporation. The Accounting Standards Committee and the Auditing Standards Committee set up under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 assist the Council of CA Sri Lanka in this regard.

CA Sri Lanka also liaises with other regulatory bodies in discharging the duties assigned to it as per the said Act of Parliament.

The Financial Statements are intensively scrutinised by the Finance and Administration Committee, the Audit Committee, the External Auditor and finally by the Council. They are made available to our members in the Annual Report and also to other immediate stakeholders as well as to the general public through the Government Gazette.

Economic environment

Economic growth is projected to have slowed down to 3.2% in 2018 compared to 3.1% the previous year. This is primarily attributed to challenges in both the external and the domestic sectors which included normalisation of US interest rates leading to an outflow of funds from developing countries, geopolitical tensions, weak domestic demand, continued tightening in monetary conditions and widening trade deficit. Tight monetary policy stance of the Central Bank however helped to keep core inflation at mid single digit levels. Interest rates remained at high levels but gradually declined towards the latter part of the year due to measures taken to enhance market liquidity. Rupee depreciated to a record low of 16.4% against the US dollar by the year end. Political stability and policy consistency are two imperatives for realising the growth potential of the country.

CA Sri Lanka and its members have the potential to make a major contribution to the country's economic performance, by contributing to the decisions relating to the allocation of resources and also by helping to smoothen out policy uncertainties.

Emerging trends

The country moving towards middle-income status has brought in its wake several trends that have a bearing on CA Sri Lanka's role and activities. There has been a dramatic increase in penetration and literacy of information and communication technology and an exponential growth in social media. There is slowly, but surely, a trend towards more urbanisation. As the population becomes better informed, there is heightened concern for good governance, transparency, accountability and sustainability. These in turn make the role of CA Sri Lanka as a guardian of the public interest all the more crucial.

Local as well as global developments have opened wide options to students. In a globalised world, students will also be global in their outlook and perspective. They are conscious of the opportunities a qualification will open up for them. To those who are unable to afford foreign education, there are many opportunities to obtain foreign qualifications while remaining in Sri Lanka.

Changing demographics including expectations, values and beliefs of "digital native" millennials in particular and the rapid technological advancements too have a major impact on the future of the profession. For example, millennials' expectations are now set by their experience in interactions with social media and high tech global giants. This has led to the emergence of a generation that values convenience and experience above everything else and a temptation for instant gratification. Students envisage a similar experience of their interactions with educational institutes and of professional qualifications. On the other hand, "digital immigrant" members need to keep abreast with the technological developments to stay relevant. This emphasises the immediate need for CA Sri Lanka to leverage technology in the delivery of its value proposition.

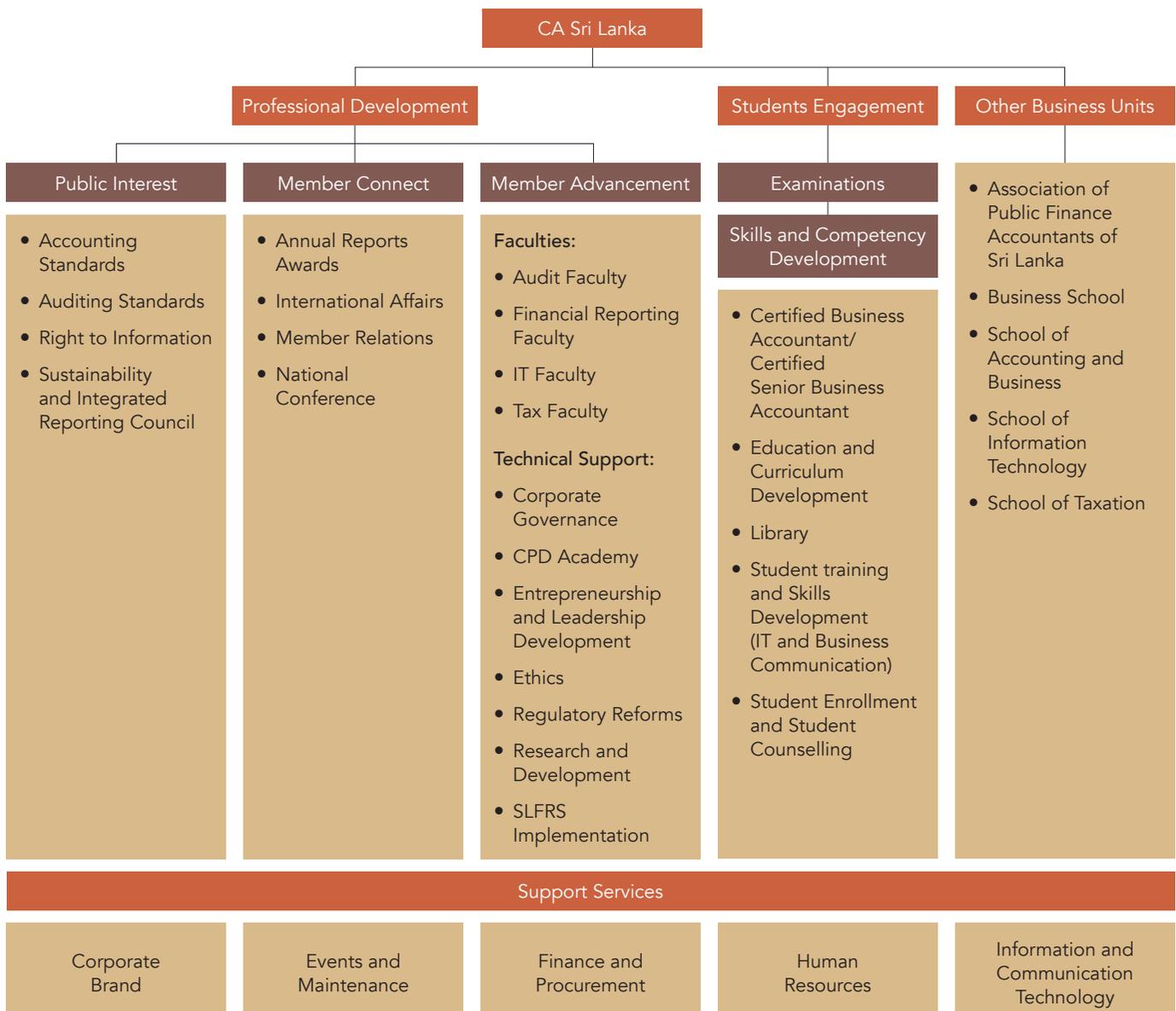
The activities undertaken by the Institute during the year and the results of its operations need to be reviewed in the context of the above developments.

REVIEW OF THE YEAR

OPERATIONAL STRUCTURE

Since its inception over half a century ago, CA Sri Lanka has discharged its professional responsibilities in an exemplary manner. It has fulfilled the expectations reposed in it by the stakeholders and the community as a whole, and built up their confidence in CA Sri Lanka. In the year under review, CA Sri Lanka intensified delivering value as a professional body keeping pace with the changes, needs and trends enveloping the society, and environment.

The Institute promotes good governance, transparency, and accountability with the commitment to ensure a high level of professional competence at the highest levels of integrity in a significant manner towards the national development efforts.



REVIEW OF THE YEAR

STAKEHOLDER ENGAGEMENT

| Stakeholder | Method of engagement | Topics discussed |
|-------------------------------------|--|--|
| Members | <ul style="list-style-type: none"> • Annual Conference • Training/Panel discussions • Updating of website • Events and other engagements • Press releases • Social media • Webinars • Training guides • Code of Best Practice on Corporate Governance • Convocation • Annual General Meeting • Annual Report • "Abacus" Magazine • Training partner conference • Gazette Notice | <ul style="list-style-type: none"> • Strategic direction • Ethics and integrity • Global/Regional cooperation • Affiliations with universities • Scholarships • CPD requirement • Accounting Standards • Auditing Standards • Library facilities • Job Bank |
| Students (current and potential) | <ul style="list-style-type: none"> • Workshops, potential seminars and webinars • Competitions • Practical training and assessments • Viva Voce • Social media • Press releases • Events/other engagements • Website • CA student magazine • Student society and student conference • Student exchange programmes • Technical competency assessments • Skills assessments | <ul style="list-style-type: none"> • Coaching • Scholarships and welfare • Evaluation of practical training • Curriculum and educational material upgrading • Career planning and advice • Communication and IT • Benefits of practical training • Training partners • Teaching colleges • Library facilities • Online ethics module • Financial Report-writing workshops • Residential programme • Speech craft |
| Employees | <ul style="list-style-type: none"> • Management and review meetings • Circulars, memos and Emails • Events and get-togethers | <ul style="list-style-type: none"> • Remuneration • Staff wellness and welfare activities • Work-life balance • Future plans • Employer-employee relationship |
| Government | <ul style="list-style-type: none"> • Meetings/workshops with Government/state enterprises • Submission of special reports • Annual Report | <ul style="list-style-type: none"> • Corporate governance • Public sector accounting and financial management |

REVIEW OF THE YEAR

STAKEHOLDER ENGAGEMENT

| Stakeholder | Method of engagement | Topics discussed |
|-------------------------|--|---|
| Strategic Partners | <ul style="list-style-type: none"> • Code of Best Practice on Corporate Governance • Annual Report Awards Competition • Open tender visits made by either party • Memorandum of Understanding (MoU) • Conferences • Mutual recognition and reciprocal agreements with Professional Accountancy Organisation (PAO) • Accreditation of learning partners • Approval of training partners | <ul style="list-style-type: none"> • Registration of suppliers • Procurement policies • Delivery of contractual obligations • Sponsorships • Job Bank • Reciprocal agreements • Learning partners accreditation policy • Registration of professional education providers |
| Society and Environment | <ul style="list-style-type: none"> • Presence in social media • Community events • Corporate/general events | <ul style="list-style-type: none"> • CSR projects • Career planning and advice |

Members

As brand ambassadors, our members are the lifeblood who will guide the destiny of CA Sri Lanka. Their performance in Sri Lanka and abroad enhances the professional image and reputation of CA Sri Lanka. We support their careers through CPD and it will enable them to update their expertise knowledge. We are proud that they are in great demand and potential employers all over the world repose their trust and confidence in them. We will also assist them to overcome any barriers they may face to carry out their duties ethically and in compliance with laws and standards.

Students

Students are our future. Attracting and moulding the students to build their career is thus a key strategic priority for a professional organisation. For CA Sri Lanka to secure its place among professional bodies we need to attract the best talent. CA Sri Lanka is proud to claim that the professionals it has produced, irrespective of their position and location, have displayed a high degree of professionalism in all their actions and have earned the confidence and credibility of all our stakeholders. This will inspire the next generation to enter the portals of the profession.

Employees

A loyal, motivated and quality team is essential for the success of any organisation. It is even more critical for a professional body such as ours.

Government

The advisory and advocacy role we play with Government and regulators in framing policies, legislation, regulations and rules on matters such as corporate governance, tax, auditing and financial reporting impacts a wide range of organisations in the country. It encompasses state, private, educational and non-profit organisations. The impact of these partnerships is thus felt beyond the agencies concerned, while also fostering public confidence and trust in the profession.

Strategic partners

CA Sri Lanka continued to maintain and enhance its healthy relationships with the strategic partners, particularly with the academia and other professional bodies. Our stature in the profession and the partnerships that we have built with local and international agencies, enable us to enhance the credibility of our qualification.

Society and environment

We are obliged to protect and promote societal interest and environmental concerns. Year 2018 is also unique in reflecting how close we are to the society and the environment. The concerns of the society and CA Sri Lanka were complementary.

We set an example in upholding the highest ethical and professional standards in all of what we do; we raise public awareness, trust and confidence. CA Sri Lanka is a leader; a trend setter; a forerunner.

REVIEW OF THE YEAR

FINANCIAL REVIEW

Net operating income

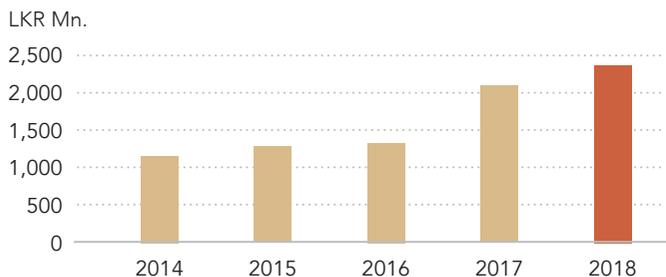
The Institute managed to report an outstanding financial performance for the year 2018 with a net operating income of LKR 143 Mn. compared to LKR 36 Mn. in 2017. This is 13% over and above the budgeted net operating income of LKR 127 Mn. Increase in contribution from learning and professional development and continuous professional development and member related activities coupled with the efficient and judicious management of the operating expenses, both direct and other overheads, contributed to this increase of net operating income. Examination, Registration, Education, Professional Development (Member Relation and Technical) and School of Accounting and business contributed mainly for the excess of income over expenses.

Reflecting our commitment to secure the highest returns for our members' funds, interest income, primarily from financial investments, increased significantly by 54% during the year to LKR 103 Mn. compared to LKR 67 Mn. in 2017. Increases in the net operating income, interest income, and tightly controlled cost enabled the Institute to earn an excess of income over expenses of LKR 231 Mn. compared to LKR 89 Mn. in 2017.

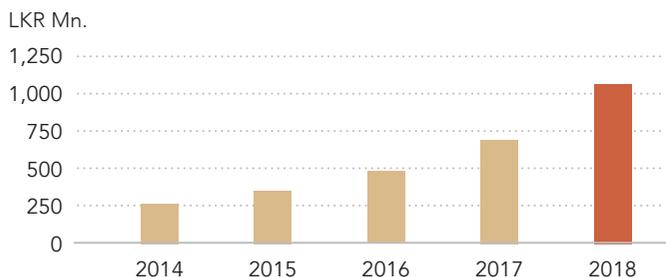
Total assets

Total assets grew to LKR 2.377 Bn. as at 31 December 2018 from LKR 2.105 Bn. a year ago. Investments in fixed deposits increased by LKR 399 Mn. during the year.

Total assets



Fixed deposits and treasury bonds



Liabilities

The non-current liabilities of the Institute relate to the retirement benefit obligation which has been accounted for based on an actuarial valuation. This has not been externally funded as the Institute possesses sufficient investments to meet this obligation. Current liabilities comprise the receipts in advance, deferred income and payables. Receipts in advance consist of student and member subscription and examination fees for 2019.

Income

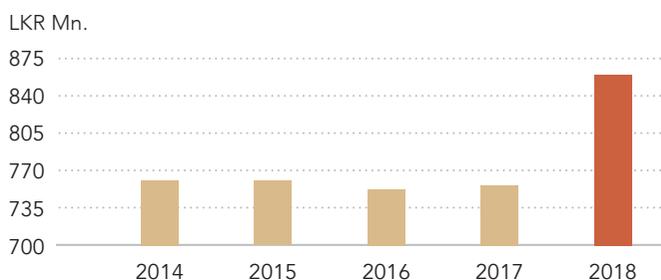
The Institute generated total revenue of LKR 625 Mn. from Examination, Registration, Education, Training and Member activities in 2018, which is 12% growth compared to LKR 560 Mn. generated from these core activities in 2017. In addition, Tax faculty, CPD secretariat and Technical research have contributed LKR 120 Mn. to income in 2018. The School of Accounting and Business (SAB) recorded a revenue of LKR 114 Mn. in 2018, 41% growth compared to LKR 81 Mn. in 2017.

Contribution

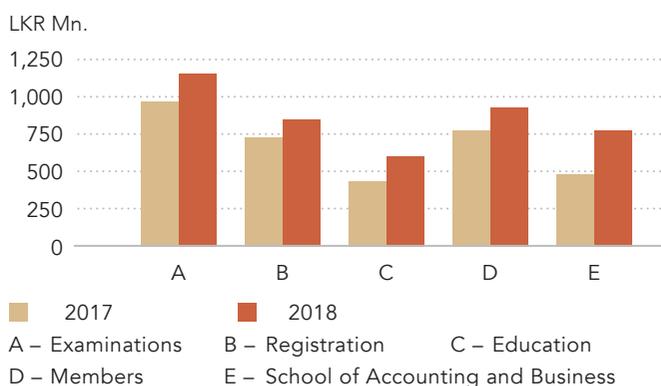
The contribution from examinations has increased by 21% and Registration, Education, Training and Marketing by 29% respectively during the year mainly due to increase in the number of exam papers sat by the students and increased purchase of study packs at executive level substantially.

The School of Accounting and Business (SAB) shows a growth of 61% in the contribution compared to last year as a result of increased demand for the degree offered. The student numbers have increased from 494 in 2017 to 664 in 2018.

Income



Contribution



Designated Funds in 2018

Out of the excess of income over the expenses during 2018, the Council decided at its meeting held on 28 of February 2019 to designate a fund for new technological developments by allocating LKR 100 Mn., LKR 15 Mn. allocated to enhance the scholarship fund for children of staff members and allocated LKR 60 Mn. to the fund designated for special scholarship scheme for non-commerce students.

UPHOLDING STANDARDS IN THE PUBLIC INTEREST



REVIEW OF THE YEAR

UPHOLDING STANDARDS IN THE PUBLIC INTEREST

Guardian of the Accounting Profession

Standards help accountants to be objective and avoid bias, conflicts of interest and undue influence in the many roles they play in various capacities. Consequences of decisions of the Accountants are felt by a much wider audience today, that extends well beyond those stakeholders who are directly associated with the Organisations they work for. This is where the public interest comes in and the need for integrity of the highest magnitude arises. Hence, CA Sri Lanka undertakes gamut of initiatives every year, 2018 was no different.

Adoption of Sri Lanka Accounting and Auditing Standards

It is The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) that is empowered by the Accounting and Auditing Standards Act No. 15 of 1995 to adopt these Standards in the country. It is mandatory for Specified Business Enterprises (SBEs) to adhere to them. The Accounting Standards Committee and the Auditing Standards Committee assists the Council of CA Sri Lanka, in developing the required standards.

Implementation of Sri Lanka Accounting Standards – Training programmes

The Annual Seminar Series – 2018

The annual seminar series was conducted over thirteen half days, with an average participation of 120 per half day. The objective was to inculcate theoretical and practical knowledge on SLFRSs, that were applicable to 2018. An eminent panel of qualified and experienced resource persons provided their expertise in ensuring its successful conduct.

Programme on SLFRS for Small and Medium Sized Entities

The Institute conducted a six-day training programme for Small and Medium Enterprises, a sector that plays a crucial role for the development of our economy, covering Sections 1 – 35 of the SLFRS that are applicable to SMEs.

Workshop on Lessons Learned from the Implementation of SLFRS 9 for the Banking Industry

SLFRS 9 on “Financial Instruments” became effective for Financial Statements prepared on or after 1 January 2018. Given the significant changes such as classification of financial instruments, impairment methodology from incurred loss model to expected loss model, application of probability based computations and off-balance sheet exposures being subject to impairment, the Institute conducted a workshop, facilitated by leaders in the industry, for the benefit of the banking industry.

Workshop on Practical Implications on SLFRS 15 – “Revenue from Contracts with Customers”

SLFRS 15 that became effective in 2018 encompassed industries such as manufacturing, retail, real estate, hotel, telecommunication and information technology as well as service, banking and finance sectors. The workshop incited an in-depth know-how of the SLFRS 15 and its implications to the said industries and sectors and was well received by the audience.

Awareness session on the IFRS 17 – “Insurance Contracts”

IFRS 17 will be internationally effective with effect from 1 January 2022. The Institute held an awareness session with inputs of resource personnel from AIA Insurance Lanka PLC and M/s KPMG China who shared their insights and expertise as to its implications and application.

Publications relating to Accounting Standards

CA Sri Lanka issued the Sri Lanka Accounting Standards Bound Volume 2018 and Sri Lanka Auditing Standard for Non-Specified Business Enterprises (SLAuS for non-SBEs) 2018.

Financial Reporting Standards Implementation and Interpretation Committee

During the year, the Financial Reporting Standards Implementation and Interpretation Committee deliberated on several issues that impact the quality of application of Sri Lanka Accounting Standards, which are industry specific.

Following were in the forefront of such deliberations:

- I. Application of deferred taxation as per LKAS 12 – “Income Taxes to entities enjoying a tax holiday period”;
- II. Application of New Inland Revenue Act and the Impact on Deferred Tax as per LKAS 12 Income Taxes;
- III. Impact on SLFRS 15 for the Real Estate Sector;
- IV. Commenting on the Consultation Paper on SLFRS 9 issued by the Central Bank;
- V. Accounting treatment for one-off surplus in the Insurance Industry.

SLFRS Help Desk

The operation of a formal SLFRS Help Desk within the Technical Division of the Institute, provides technical assistance and needed information to all stakeholders on various matters pertaining to SLFRS and is an advisory service, covering many practical and theoretical issues, faced by the stakeholder.

REVIEW OF THE YEAR

UPHOLDING STANDARDS IN THE PUBLIC INTEREST

Online learning

Presently CA Sri Lanka has an Online Learning portal of SLFRS which was developed on Learning Management System (LMS). We are in the process of moving all online learning to further allow an expanded band-width of learning to the stakeholders.

Implementation of Sri Lanka Auditing Standards

It is imperative that the audit practitioners are keeping abreast of the developments in today's contemporary market place and the many changes that occur in Auditing Standards. To this end, the Audit Faculty facilitated several workshops and seminars throughout the year. SMP Capacity Building Task Force contributed with many initiatives, with the aim of capacity building among the practicing members of the Institute.

- Several programmes were conducted during 2018 to raise awareness on the new Audit Report.
- Guidelines on Minimum Recommended Scale of Fees in Audit Services was issued by CA Sri Lanka, for the benefit of practicing Chartered Accountants.
- Sri Lanka Auditing Standards were issued for auditing of Non-Specified Business Enterprises (Non-SBEs), introducing several new specifications, without compromising on audit quality.



Publications relating to Auditing Standards

CA Sri Lanka issued the following publications, to augment its efforts to upgrade the audit quality:

2017 Auditing Standards Bound Volume

- Volume I – Sri Lanka Auditing Standards and Sri Lanka Standard on Quality Control
- Volume II – Sri Lanka Standards on the Assurance Engagements and Related Services
- Volume III – Framework for Audit Quality and Sri Lanka Framework for Assurance Engagements

These were based on the latest handbook by IFAC with new and revised reporting standards, designed to enhance Auditor's reports for investors and other users of financial statements. It is also aimed at harnessing changes to the International Auditing Standards to address the Auditor's responsibility in relation to active enterprises, financial statement disclosures and other information relevant to be audited and is critical to the sustainability of an enterprise. Locally, the substantial changes are effective for audits of Financial Statements ending on or after 31 March 2018.

Sri Lanka Auditing Standard for Non-Specified Business Enterprises (SLAuS for non SBEs) – 2018

Sri Lanka Auditing Standard (SLAuS) for the Audits of Non-SBEs is a principle based, stand-alone auditing standard, tailored specifically to audits of the financial statements of small entities. The Standard is applicable for audits of small entities (that do not have public accountability and publish general purpose financial statements for external users) which are Non-SBEs that follow the cost model for measurement of assets and liabilities. The financial reporting frameworks that could be applied for the purpose of this Standard are either The Sri Lanka Accounting Standard for Small and Medium-Sized Entities (SLFRS for SMEs) or SLFRS for Smaller Entities.

Corporate governance

CA Sri Lanka published the revised Code of Best Practice on Corporate Governance in December 2017 which is effective from 1 January 2018. It is expected to foster ethical business behaviour and greater accountability and transparency in corporates.

Integrated reporting

Integrated reporting provides a platform for investors in any industry or organisation to gain a holistic view across many factors that would impact their investment, apart from financial reporting. Internationally relevant and accepted. This concept allows an insight in to an organisation's human capital, social capital, intellectual capital and any other factors material to the organisation's viability and longevity for the creation of value in the short, medium and long term.

With the view of promoting Integrated Reporting among the corporates of Sri Lanka, two workshops were organised. A workshop titled "Integrated Reporting – a reality check with IIRC's guiding principles" was conducted by Ms Nuradhi Kalpani, a PhD candidate at Otago University, New Zealand. Over ninety participants across forty quoted public companies attended this

REVIEW OF THE YEAR

UPHOLDING STANDARDS IN THE PUBLIC INTEREST

workshop. Another workshop was conducted by Dr Chandrasiri Abeysinghe, Senior Lecturer of the University of Colombo. This workshop was titled “Make Integrated Reporting Happen” which provided insights as to how integrated reporting could be woven into the day-to-day operations of a Company.

Right to information compliance

CA Sri Lanka has made all the necessary internal arrangements to comply with the provisions of the Right to Information Act that was implemented in 2016.

Awareness session on the “Empower Board” for SMEs

CA Sri Lanka organised an awareness session on the “Empower Board” initiative launched by the Securities and Exchange Commission (SEC) and the Colombo Stock Exchange (CSE), guiding the Small Medium Enterprises (SMEs) to list with the Board, which will help them access the wider capital market. The forum comprised a panel discussion featuring Mr Jagath Perera, President of CA Sri Lanka, Mr Ranel T Wijesinha, Chairman of SEC, Mr Vajira Wijegunawardane, Director General of SEC, Mr Ray Abeywardena, Chairman of CSE and Mr Rajeeva Bandaranaike, Chief Executive Officer of CSE.

Awareness session on the Financial Transactions Reporting Act

Having understood the importance of raising the awareness on Anti money laundering and countering the financing of terrorism (AML and CFT) responsibilities imposed under the custom. Due diligence Rules No. 1 of 2018 for the Accountants and company service providers, CA Sri Lanka organised a workshop in April 2018 in collaboration with the Financial Intelligence unit of Sri Lanka.

Assistance to strengthen the accountancy profession in Afghanistan

During the year, CA Sri Lanka partnered with the Institute of Chartered Accountants in England and Wales (ICAEW) to host a five-day roundtable discussion at the Institute for CPA Afghanistan on strengthening the accounting profession in Afghanistan and to establishing an Afghanistan Accountancy Body (CPA Afghanistan). Senior members of CA Sri Lanka together with the staff members provided the guidance to the Afghanistan team on the following areas:

- PAO governance and standard setting;
- Professional qualification and qualification pathways;
- Membership services and disciplinary procedures;
- Licensing of individual practitioners and firms;
- External quality assurance of firms and practitioners;

Assistance to strengthen the audit practices for AG office in the Maldives

A panel of resource personnel contributed in facilitating a two-day case study based workshop on the application of Clarified Auditing Standards for SMPs for the target group of auditors in the Maldives.

Training of SLFRS 9 for Nepal Accountants

CA Sri Lanka conducted a one-day programme for the members of the Association of Chartered Accountants of Nepal on SLFRS 9 *Financial Instruments* who visited the Institute.

STANDARD
SETTING COMMITTEES
UNDER STATUTE

REVIEW OF THE YEAR

STANDARD SETTING COMMITTEES UNDER STATUTE

As mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 (the Act), CA Sri Lanka is assisted by the Accounting Standards Committee and the Auditing Standards Committee. These two committees are the technical arms that facilitate the adoption of Sri Lanka Accounting and Sri Lanka Auditing Standards, alongside the Public Interest Group of the Institute. To further augment the process, a dedicated website is available for the two committees providing technical pronouncements and developments on the related Accounting and Auditing Standards. These Standards once approved by the Council are gazetted in all three languages. The website offers all communications released by the two committees, including access to digital copies of the respective gazettes. The website can be accessed at www.slaasc.lk, and is the medium that promotes increased visibility, transparency, and convenience in the adoption of Accounting and Auditing Standards in the country.

Accounting Standards Committee

In Sri Lanka following three frameworks and a Statement of Recommended Practice are applicable:

- SLFRSs – Mandatory for Specified Business Enterprises (SBEs) as per the Act (except the SBEs as prescribed by Extraordinary Gazette No. 1074/7 dated 7 April 1999).
- SLFRS for SMEs – Applicable for the entities which do not have public accountability and publish general purpose Financial Statements for external users. The list of SBEs that are stated in Section 1.1 of the aforesaid SLFRS has been scoped out from the application. Amendments to SLFRS for SMEs issued in 2015 is effective from 1 January 2016.
- SLFRS for Smaller Entities – Provides a further simple financial reporting standard which could be cost effectively used by Smaller Entities. The requirements stated in SLFRS for Smaller Entities recognise the size, level of complexity, availability of resources and their effect on cost effectiveness in the preparation and presentation of Financial Statements of Smaller Entities.
- Statement of Recommended Practice (SoRP) for NGOs/NPOs – Intended to apply to all NGOs/NPOs operating in Sri Lanka, regardless of their size or complexity.

In addition, in order to address the timely practical issues faced by the business community, following pronouncements have been issued:

| Pronouncement | Objectives | Name of the pronouncements |
|---|--|---|
| Statement of Recommended Practices (SoRPs) | To provide guidance to the accounting professionals, on issues faced by the industry, where the current SLFRSs do not address such transactions or events. | <ul style="list-style-type: none"> • Merger Accounting for Common Control Combinations. • SoRP for Not for Profit Organisations (including NGOs) |
| Statement of Alternative Treatments (SoATs) | To recommend an alternate treatment, where SLFRSs prescribe another treatment to be followed in accounting for a particular transaction or event. | <ul style="list-style-type: none"> • SoAT on accounting for Super Gains Tax • Right-to-use of land on lease |
| Financial Reporting Guidelines | To provide further guidance or clarification on a particular transaction or event that would lead to provide transparent and comparable information in general purpose financial statements. | <ul style="list-style-type: none"> • Reinstatement of fully-depreciated assets in the statement of financial position • Application of Deferred Taxation as per LKAS 12 Income Taxes (w.e.f. 1 January 2012) to entities enjoying a Tax Holiday period • Guidelines on valuation of property, plant and equipment, investment property and biological assets for the purpose of Financial Reporting • Guidelines on Application of Tax Rates in Measurement of Deferred Tax • Guidelines on Impairment of available-for-sale (AFS) equity investments • Frequently asked questions (FAQs) on the implications of new Inland Revenue Act |

REVIEW OF THE YEAR

STANDARD SETTING COMMITTEES UNDER STATUTE

Following international pronouncements are also applicable in Sri Lanka as part of the Sri Lanka Accounting Standards:

- Interpretations of International Financial Reporting Interpretations Committee (IFRIC)
- Interpretations of Standing Interpretation Committee (SIC)

The main activities carried out during the year in relation to revision of Accounting Standards were as follows:

- (a) Recommendation of the SLFRS bound volume for the year 2018 which incorporates all of the latest standards based on the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).
- (b) Amendments to the following existing SLFRSs were recommended during the year:
 - Amendments to SLFRS 9 – Prepayment Features with Negative Compensations
 - Amendments to LKAS 28 – Long-term Interests in Associates and Joint Ventures
 - Annual Improvements to SLFRSs – 2017
 - Amendments to SLFRS 3 *Business Combinations*
 - Amendments to SLFRS 11 *Joint Arrangements*
 - Amendments to LKAS 12 *Income Taxes*
 - Amendments to LKAS 23 *Borrowing Costs*
 - Amendments to the Sri Lanka Accounting Standard (SLFRS) for Small and Medium-sized Entities
 - Amendments to the *Conceptual Framework for Financial Reporting*
 - Amendments to LKAS 19 *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- (c) During the year, Accounting Standards Committee has submitted comments to the below Exposure Drafts and discussion papers issued by the International Accounting Standards Board (IASB):
 - Accounting Policies changes – Proposed amendments to IAS 8
 - Definition of material – Proposed amendments to IAS 1 and IAS 8
- (d) Following pronouncements issued by the IASB were at the deliberation stage of the Committee as at 31 December 2018:
 - IFRS 17 *Insurance Contracts*
 - Definition of a Business – Amendments to IFRS 3
 - Definition of Material – Amendments to IAS 1 and IAS 8

Auditing Standards Committee

SLAuS 2017 Bound volume was recommended by, incorporating the changes to the SLAuS to be effective to financial statements issued for the periods ended on or after 31 March 2018.

We are glad to report that Sri Lanka Auditing Standards are well in line with the Standards issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Recently set standards will significantly impact the auditors' reporting in a positive manner and increase communication between the auditor and the investor and increase user confidence in the auditing process and audit quality. These will contribute in a substantial manner to the quality of information on the report thus enhancing the focus and the attention the management would invest in the report as well as referencing the disclosures by the Financial Statement preparers, adding holistic value to the industry's growth process. This will no doubt, enhance the confidence in the auditing process and the resultant transparency could be leveraged to achieve sound financial reporting, thus safeguarding the public interest, which is at the core of what CA Sri Lanka is geared to achieve.

Following pronouncements were issued by the Committee, during the year under review:

- Sri Lanka Related Services Practice Statement 4754 – Engagements to Report on the Compliance with Determinations 14 and 15 by the Insurance Regulatory Commission of Sri Lanka (IRC SL)
- Sri Lanka Standard on Assurance Engagement 3051 – Assurance Report for Licensed Finance Companies and Finance Leasing Companies on Directors' Statement on Internal Control

The annual grant of LKR 2.5 Mn. was increased to LKR 4 Mn. by the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) during 2018, as a subsidy to CA Sri Lanka. While appreciating this enhancement, it is pertinent to mention that the total cost incurred by CA Sri Lanka in these areas was more than LKR 12 Mn.

A technical qualification in this arena is a mandatory requirement. A baseline knowledge or qualification will not suffice to be useful or of value in the current market place complexities and challenges. This need is further augmented by the great strides the technological platform is making on a daily basis. As such, both professions, Accounting and Auditing, have undergone a significant change in the way the reporting is carried out and viewed.

PUBLIC SECTOR IMPROVEMENTS

REVIEW OF THE YEAR

PUBLIC SECTOR IMPROVEMENTS

Taking leadership for strengthening public financial management practices, Public Sector Wing of CA Sri Lanka continued to undertake professional development activities and initiatives in 2018 too. These included the following.

Adoption and implementation of Sri Lanka Public Sector Accounting Standards (SLPSAS)

Ten new Sri Lanka Public Sector Accounting Standards 11 – 20 (Volume III) have been formulated through APFASL, in addition to the Accounting Standards 1 – 10 (Volume I and II), and published which was effective from 2018 onwards. Altogether 20 Accounting Standards have been introduced to the public sector by the Public Sector Wing of CA Sri Lanka. Sinhala version of the Volume III was also completed and ready for print at the end of the year.

The Standards are made applicable to Government entities which are on full accrual system, while the remaining Government entities could apply them once they migrate to full accrual system. Currently the accrual system is being fast tracked by the Government with a view to modernise the public sector accounting practices. APFASL releases concurrently support material and guidance alongside the new standards to assist accountants to understand and apply the requirements and support to enhance the public sector financial reporting in the point of view of the Management rather than regulations. Transforming the cash basis accounting into accrual basis is encouraged voluntarily among the members forming task forces at the provinces.

On request of the Ministry of Provincial Councils and Local Governments, training of trainers programmes have been conducted on the simplified single Public Sector Accounting Standard for Local Authorities in order to implement this specific standard at local authorities across the island. Initial steps have been taken with the Government to streamline the accrual based accounting at local authorities by legalising the same.

The application of Accounting Standards will ensure the gradual process of transforming from cash based accounting to accrual based accounting in the public sector. Public Sector Unit of CA Sri Lanka (APFASL) has made arrangements to work together with the Treasury. Newly appointed task force members are closely associated with the Treasury and the provincial councils in the implementation arrangements under the guidance of the Unit (APFASL). The aim is to assist the public sector organisations to produce high quality financial statements reflecting fair view of financial performance, financial position and cash flows promoting uniformity and comparability ensuring transparency, accountability and good governance.

In an effort to bring about excellence in financial reporting by preparing and presenting financial statements in compliance with Sri Lanka Public Sector Accounting Standards, APFASL with the blessings of CA Sri Lanka organised the second Best Annual Reports and Accounts Awards competition for the public sector in collaboration with the Ministry of Finance and the Auditor General's Department in the year 2018 too. An additional step has been taken in the current year to provide deficiency reports and guidelines to each competitor based on the evaluator's comments to overcome any lapses. APFASL managed to double the number of participants to the competition in the current year.

Liaise with the Regulatory Authorities to Promote Best Corporate Reporting and Good Governance in Sri Lanka

In an effort to enhance the good governance practices among Chairmen and Members of Boards of Directors of Public Enterprises in Sri Lanka, CA Sri Lanka together with the National Human Resource Development Council (NHRDC) officially launched the "Handbook on Good Governance for Chairmen and Boards of Directors of Public Enterprises" on 10 April 2018.

Conducting of training programmes and seminars

APFASL has taken every effort in collaboration with the respective Ministries, Provincial Councils and the Public Institutions to assist the implementation of the Public Sector Accounting Standards and to improve the knowledge and skills in important financial related subjects among members such as procurement, public finance. Awareness programmes and seminars were also arranged in Colombo and provinces on new and revised acts and regulations in the public sector. Seminar on National Audit Act is one of these seminars. Nearly 1,000 participants were benefited by these programmes in 2018. Public Sector Wing is closely working with other organisations such as NHRDC in the public sector and assisted in organising public seminars in collaboration with CA Sri Lanka.

Introduction of new professional qualification

With a vision of raising the bar of the professionals in the public sector and to further enhance their standing in the professional arena, CA Sri Lanka together with APFASL has launched the Chartered Public Finance Accountants (CPFA), a new professional qualification exclusively for professionals in the public sector. CIPFA (London) has recognised the members who received the CA Sri Lanka CPFA qualification through examination or equivalents as their members from 2018 onwards. That was a progressive strategic step taken to strengthen this qualification in the public sector. First batch of CA Sri Lanka CPFA members were conferred CIPFA CPFA designation in 2018. Convocation ceremony was held at BMICH, together with the Best Annual Report Awards ceremony.

CA Sri Lanka has taken steps to encourage young accountants in the public sector to follow the CPFA examination in order to make a greater contribution to the development of the economy of the country. We are deliberating on developing student base for CPFA through APFASL and direct membership to CA qualified members in the public sector.

CPD policy and programmes

APFASL has formulated CPD policy and issued a booklet with the guidance for CPFA members, addressing and advancing the learning and development of their skills that enable professional accountants to provide high quality service to the public sector. They are allowed to participate in CPD programmes organised by CA Sri Lanka too.

EXCELLENCE IN EDUCATION AND PROFESSIONAL DEVELOPMENT



REVIEW OF THE YEAR

EXCELLENCE IN EDUCATION AND PROFESSIONAL DEVELOPMENT

In pursuit of excellence, CA Sri Lanka explicitly promotes a culture of distinction among its students and members. It does so by providing a broad range of academic knowledge, skills, and competencies to envision the financial challenges ahead and emotional support to build and sustain behaviours that generate excellent outcomes in their practices. Development of the curriculum aiming at the Chartered Accountant of 2025 and digitising the resources and learning methods are a few cases in point. Further, it has programmes aimed at increasing the capacity of those who serve the students and members such as teaching and training partners. These initiatives are all the more important in the fast-paced operating environment that we are in today. In this regard, CA Sri Lanka continued to undertake a number of programmes for their academic and professional development during the year. The programmes are meant to be results-oriented helping the students and members apply their technical knowledge in practical situations.

Details of various initiatives undertaken in 2018 in this regard are given below:

CA Sri Lanka professional qualification

The primary duty of CA Sri Lanka is to ensure a generation of committed Accounting and Auditing professionals that uphold the high standards that it has set for the financial management, in any area of business, enterprise, or industry that underpins a strong economy, in the long term. To this end, CA Sri Lanka carried out a host of activities to ensure the desired outcome.

CA Sri Lanka is in the process of developing a new curriculum aiming the Chartered Accountant 2025 with the objective of making the CA qualification relevant to current and future needs of the businesses. Content development and moderation of the proposed modules are in progress.

CA Sri Lanka has organised training programmes for our lecturers on modern teaching methodology and the new Inland Revenue Act, issued study support materials for latest updates in Accounting Standards and tax supplements based on the new Inland Revenue Act and the Institute added eight Taxation Study material for the Year of Assessment during the year 2018.

The Institute was able to develop the exemptions policy and offered several new exemptions during the year 2018 to provide more opportunities and pathways for the students to follow CA programme.

Exam support workshops

CA Sri Lanka conducted ten exam support workshops for KC5 Corporate Strategy and Contemporary Issues module as a value addition to our future Chartered Accountants during the year 2018.

Several workshops were conducted for question paper setters, moderators, working examiners and marking supervisors throughout the year. A special workshop for examiners was conducted to improve the quality of assessments.

The Examination Procedure Manual was also updated to improve the examination process.

In an effort to decentralise the knowledge base concentrated exclusively in Colombo, CA Sri Lanka held Business and Corporate level exams in Kandy, Galle and Jaffna, while plans are underway for establishing examination centres in Dubai, Qatar and the Maldives. Maximum reach for the student population is a key focus for CA Sri Lanka.

An evening of knowledge sharing and networking on teaching techniques with lecturers was held in May 2018.

Special guiding sessions were conducted for students in low pass rates subjects (KC 1, KC 2, and KB 4).

Mock exam was conducted for KB2 subject, to facilitate the students.

English language being a barrier for some of the students in furthering their career, the Institute conducted English language examinations three times a year, giving the opportunity for such students to gauge their knowledge level of the language.

Digitising the curriculum

The Institute conducts webinars and special lectures for all subjects in order to supplement the study programme.

In an effort to create awareness among the student with regard to new legislation, model questions based on new Inland Revenue Act were created and placed in the student's web facility.

We successfully implemented an online application procedure for the executive level examination.

Learning Management System will be used for its optimum value, to further facilitate the students while online application process for executive level examinations, is already successfully in operation.

Teacher training programme

The "Guru Nena" seminar series was sponsored by the Institute on revised Accounting Standards, Economics etc. These were conducted island-wide in collaboration with the Ministry of Education which enabled a larger segment of the student population to benefit from these seminars.

REVIEW OF THE YEAR

EXCELLENCE IN EDUCATION AND PROFESSIONAL DEVELOPMENT

CA Sri Lanka also continued with the “*Sisu Nena*” programme which imparts knowledge to GCE (A/L) students on various subjects. This programme helps prepare students psychologically to face the examination with confidence. The Institute also conducted seminars for the benefit of students sitting for the Ordinary Level Examinations where they were given the opportunity to broaden their knowledge on Commerce and Mathematic subjects.

Following are the activities conducted:

| Promotional activities | Number |
|--|--------|
| <i>Sisu Nena</i> seminar series for A/L students | 21 |
| <i>Guru Nena</i> seminar series for A/L teachers | 5 |
| Sponsorship for school and university students | 36 |
| Career fairs and exhibitions | 2 |

Practical Training and Development

Curriculum 2015 enables the students to augment the unique competencies acquired via the Knowledge and Skills pillars further through the Personal pillar, enabling them to excel in the workplace.

To coincide with the Curriculum 2015, CA Sri Lanka revamped the practical training scheme by introducing new training requirements under the Personal pillar in line with the International Accounting Education Standards and based on stakeholder expectations from a professional Chartered Accountant. The Curriculum now encourages the students to undergo practical training in the form of on-the-job training concurrently with their studies. This was done in order to develop professional skills and competencies of aspiring professional accountants who will possess the required knowledge, attitudes and behaviour when they qualify as chartered accountants.

CA Sri Lanka conducted three-day residential programme to strengthen soft skills of future Chartered Accountants

With a vision aimed at ensuring future Chartered Accountants our holistic professionals equipped with the necessary soft skills to steer the corporate world, the Institute conducted a three-day residential programme for the benefit of aspiring Chartered Accountants.

The programme held at the Sanctuary House, Pamunugama brought together corporate level students of CA Sri Lanka where a range of knowledge sharing, exciting and fun filled activities were carried out.



The programme consisted of model classroom sessions to knowledge enhancing exercises as well as an opportunity for fellowship for the participating students. During the programme, five resource personnel shared their thoughts with the students on a range of areas such as communication and negotiation skills, developing core competencies, marketing and business plans, mastering business strategies, and deliver winning presentations.



CA Students who completed the KC5 in December 2018 and also the Corporate Level Students participated in the programme which was conducted at no cost to the students.

REVIEW OF THE YEAR

EXCELLENCE IN EDUCATION AND PROFESSIONAL DEVELOPMENT

Training Partners Award Ceremony

The Training Partner Award Ceremony was held on 13 February 2018 and the CA Sri Lanka recognised 16 top companies that came on board to provide practical training for business and corporate level students of the Institute.

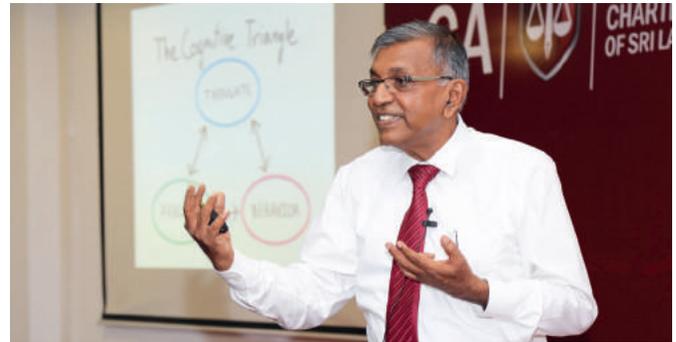


Training Partners Forum 2018

The Training Partners Forum is held annually for Supervising Members of approved training organisations that play an active role in developing holistic Chartered Accountants. At this forum, which was held for 100 supervising members, Prof Theekshana Suraweera, founder Dean of the Faculty of Business of Sri Lanka Institute of Information Technology (SLIIT) shared insights on “Importance of Emotional Intelligence in Training” while Mr Deepal Sooriyaarachchi, Director – AIA Insurance Lanka PLC, who is also a trainer, speaker and an Accredited Master Mentor (AMC, AMM) shed light on “How to Make Training Effective”.



Mr Deepal Sooriyaarachchi addressing the audience on “How to Make Training Effective”.



Prof Theekshana Suraweera speaks on “Importance of Emotional Intelligence in Training”.



Induction programme for CA trainees in the Public Practice sector

For the first time, CA Sri Lanka held a two-day induction programme for 100 CA Sri Lanka trainees in the public practice sector, helping them to gather substantial knowledge in relation to the importance of professional ethics, client management, the need for effective communication skills, audit procedures, and various regulatory compliances that SMEs should comply with, among many other areas of interest to the aspiring Chartered Accountants. The importance of practical training to acquire the necessary human skills in order to apply technical knowledge was emphasised to the participants at this event, the reason for the CA Sri Lanka Curriculum to be structured across three pillars – knowledge pillar, skills pillar and personal pillar.



REVIEW OF THE YEAR

EXCELLENCE IN EDUCATION AND PROFESSIONAL DEVELOPMENT

Learning partners and lecturers accreditation

CA Sri Lanka accredited learning partners and registered lecturers

The primary objective of this accreditation is to strengthen the mutual relationship between CA Sri Lanka and its stakeholders to meet the international requirements and standards. Accredited Learning Partners will help produce versatile Chartered Accountants by strengthening the knowledge delivery process which enables to improve education standards as stated by the Statement of Member Obligations 2 of the International Federation of Accountants (IFAC SMO 2) and Report on the Observance of Standards and Codes – Accounting and Auditing (ROSC report) recommendations issued by the World Bank.

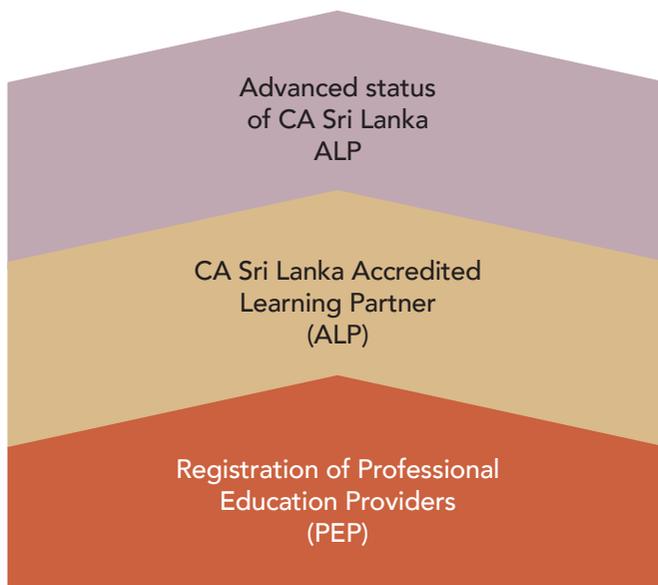
| | 2018 | 2017 |
|---|------|------|
| Registered Professional Education Providers | 26 | 23 |
| Accredited Learning Partner Providers | 1 | 13 |
| Learning Partners with Gold and Silver Status | 12 | – |
| Registered Lecturers | 60 | – |

CA Sri Lanka accredited learning partners awarding ceremony



From left, front row: CA Sri Lanka Secretary Prasanna Liyanage, Consultant Lesly Gunaratne, Curriculum Review Committee Chairman Chaaminda Kumarasiri, CA Sri Lanka President Jagath Perera, Minister of Higher Education and Cultural Affairs Dr Wijeyadasa Rajapakshe, Head of Education and Training Dr Nagalingam Nagendrakumar, Education Committee Alternate Chairman Sanjaya Bandara and Consultant Ananda Amarawansa with the accredited learning partners of CA Sri Lanka.

Learning Partners accreditation scheme



Accredited learning

partner status

(Platinum, Gold and Silver)

Accredited learning partner for **Executive, Business and Corporate levels**

Accredited learning partner for **Executive and Business levels**

Accredited learning partner for **Executive level**

REVIEW OF THE YEAR

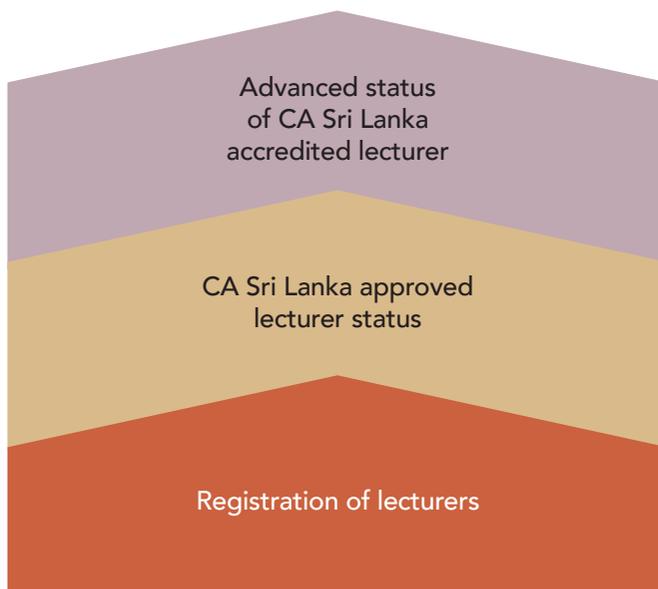
EXCELLENCE IN EDUCATION AND PROFESSIONAL DEVELOPMENT

CA Sri Lanka registered lecturers awarding ceremony



From left, front row: CA Sri Lanka Secretary Prasanna Liyanage, Consultant Lesly Gunaratne, Curriculum Review Committee Chairman Chaaminda Kumarasiri, CA Sri Lanka President Jagath Perera, Minister of Higher Education and Cultural Affairs Dr Wijeyadasa Rajapakse, Head of Education and Training Dr Nagalingam Nagendrakumar, Education Committee Alternate Chairman Sanjaya Bandara and Consultant Ananda Amarawansa with the registered lecturers of CA Sri Lanka.

Lecturer accreditation scheme



Benchmarking of the CA Qualification by the National Recognition Information Centre for the United Kingdom (NARIC – UK)

As per the outcome of benchmarking study of the National Recognition Information Centre (NARIC UK) the ACA qualification is benchmarked as a qualification comparable to Regulated Qualifications Framework (RQF) Level 7, Master's Degree standard.

Based on the NARIC benchmarking outcome, CA Sri Lanka has negotiated with the best institutions in Sri Lanka that offer recognised foreign university degrees to explore the possibilities of obtaining exemptions along with a mutual agreement between both the institutions to give more opportunities to our CA Sri Lanka members to earn an academic qualification.



Approved lecturer status in module and level base

Reciprocal arrangements and MoUs with academic and professional bodies

CA Sri Lanka has signed MoUs/MRAs with universities/PAOs/institutions with the intention of establishing a cooperative relationship between both parties to offer better opportunities to our students and members. We initiated MoUs with University of Peradeniya (UoP) and South-Eastern University Sri Lanka (SEUSL) in year 2018.

Financial Report Writing workshops for Corporate level students

CA Sri Lanka conducted a series of workshops on Financial Report Writing for the benefit of the Corporate Level students who were eligible to sit for the KC5 – Corporate Strategy and

REVIEW OF THE YEAR

EXCELLENCE IN EDUCATION AND PROFESSIONAL DEVELOPMENT

Contemporary Issues module. These workshops, conducted free of charge, helped them learn, practice and apply advanced business report writing techniques.

Student enrolments

In the year under review, 3,333 students enrolled in the training programmes offered at the three CA Sri Lanka qualification levels. 812 Trainees were offered the opportunity of providing feedback on the continuous assessment to the training supervisors. The objective of this exercise is to upgrade the training and education that the Institute offers and address any gaps in a timely manner, to achieve that.

Approval of new training organisations

| Category | 2018 | 2017 |
|--|------|------|
| Public practice executive level | 8 | 14 |
| Public practice business and corporate level | 3 | 4 |
| Non-public practice executive level | 24 | 34 |
| Non-public practice business and corporate level | 15 | 16 |

Multimedia English Language Centre (MELC)

Several programmes covering both Executive, Business, and Corporate levels were held during the year under review.

Communication and People Skills programme introduced at Executive level was of much benefit to the students, in enhancing their Business English Skills and to gain academic success. In the year under review, 3,785 students followed this course successfully at Teaching Colleges island-wide.

To facilitate its global positioning, MELC has been offering Cambridge BEC Higher in collaboration with the University of Cambridge (ESOL) at Business Level. The main objective of this programme is to equip the promising accounting professionals with the necessary communication skills to achieve business success locally as well as internationally. During the past year, three batches comprising 720 students successfully completed this course at CA Sri Lanka. Also it is a noteworthy achievement that CA Sri Lanka partnered with Cambridge Assessment as an accredited examination centre in conducting the Cambridge BEC higher exams. In this backdrop, both Paper-Based Exams and Computer-Based Exams have been introduced, thus increasing the frequency of exams and making the exam process more efficient.

Meeting with the growing demand from the professionals, during the year 2018, 10 soft skills programmes at the Corporate Level were completed with a total of 275 students successfully

completing the programme. This is seen as an integral part of grooming an accounting professional, who has to blend well with high performing teams in their work places while gaining necessary skills and competencies in the process of becoming a fully-fledged Chartered Accountant.

Yet another valuable opportunity that has been provided to CA students is the CA Student Best Speaker Contest which has provided a platform for them to hone their communication skills. This was conducted for the 6th consecutive year in collaboration with the CA Toastmasters Club and the Gavel Club. It comprised three stages, namely Preliminary round, Semi-Finals and the Grand Finale with 123 contestants. All the students were trained on public speaking and facilitated them to build up their confidence with their skills blossomed over a period of time through guidance and practice.

CA Sri Lanka in its continuous endeavours to enhance the skills and competencies of CA students has also taken a noteworthy initiative under the Training and Skills Development Committee in introducing a compulsory International Toastmasters Speech Craft programme. This programme has been offered free of charge for all Corporate Level students and the first programme was launched on 14 January 2019 comprising 140 students in 05 batches. The objective of this programme is mainly to develop their public speaking and leadership skills enabling them to succeed in their career as competent communicators.

The students who sat for KC5 exam in December 2018 were selected as the immediate beneficiaries. The duration of the Speech Craft Programme is 10 days over 10 weeks and the resource persons been selected from ICASL Toastmasters Club together with the Pinnacle and CIM Toastmasters Clubs. Upon completion of the entire programme successfully together with the evaluations, a Toastmasters International Certificate will be awarded to those who have completed the course.

IT Training Division

As our commitment to improve the IT skills of our students we conducted several programmes. IT knowledge and application skills are a mandatory requirement in today's work place. It carried out compulsory training for all qualification levels from Executive to Corporate to strengthen their business analysing and strategic decision-making skills.

In addition, numerous workshops were conducted for CA members, students and the general public to reinforce their corporate data analysis and visualisation skills using the Microsoft Office Excel application.

Moreover, workshops and certificate courses in different IT-related fields were conducted successfully to improve appropriate practical knowledge and application skills.

REVIEW OF THE YEAR

EXCELLENCE IN EDUCATION AND PROFESSIONAL DEVELOPMENT

New members

Annual convocation

The year 2018 observed a marked increase in membership, testifying to our continuing professional development efforts. In 2018, the Associate Chartered Accountant (ACA) status was conferred on 327 new Chartered Accountants, joining a fraternity of over 5,500 existing members. This signifies the completion of their globally-recognised professional qualification in Chartered Accountancy offered by CA Sri Lanka.

At the convocation, a total of 158 Associate members were also granted Fellow (FCA) status. The Annual Convocation was held on 3 October 2018, at the BMICH, under the patronage of Mr Rishad Bathiudeen, Hon Minister of Industry and Commerce, Mr Ranel T Wijesinha – Chairman of the Securities and Exchange Commission of Sri Lanka and Mr Jagath Perera, President of CA Sri Lanka.



Annual Convocation 2018

CA Sri Lanka offers the Certified Business Accountant (CBA) level qualification to CA Students to further progress in their profession

Certified Business Accountant (CBA), CBA faculty has a firm foundation for a rewarding career at entry to middle level of an Organisation. This gives an impetus to progress further in career and subsequently become a fully-fledged Chartered Accountant. Holder of a CBA has the choice of serving in Sri Lanka or moving overseas to any public or private sector organisation, with the technical knowledge they possess in the field of accountancy.

A large number of members of the CBA Faculty participated in the educational events organised by the CBA Faculty, which was offered to the members free of charge. For this purpose, the Faculty conducted a seminar during the month of October with regard to "updates on the Sri Lanka Accounting Standards (LKAS/SLFRS)" and it was successful event of the Faculty.

The CBA Toastmasters' Club, which is the most active unit of the CBA Faculty, had the Toastmaster 5th Installation Ceremony at the auditorium, CA Sri Lanka during the month of September.

CBA/CSBA certificate award ceremony – 2018

The Student Training and Skills Development Committee of CA Sri Lanka held the Annual Certificates Award Ceremony for 150 recipients of the Certified Business Accountant (CBA) and Certified Senior Business Accountant (CSBA) qualification. The event also recognised the achievements of the prize winners of the CA Sri Lanka Business and Corporate Level Examination held in July 2018. The CA Sri Lanka offers two early exit routes known as the CBA and CSBA All exit routes of our programmes are fully employable while ACA is the Institute's benchmark qualification.



Annual certificates Award ceremony 2018

The School of Accounting and Business (SAB)

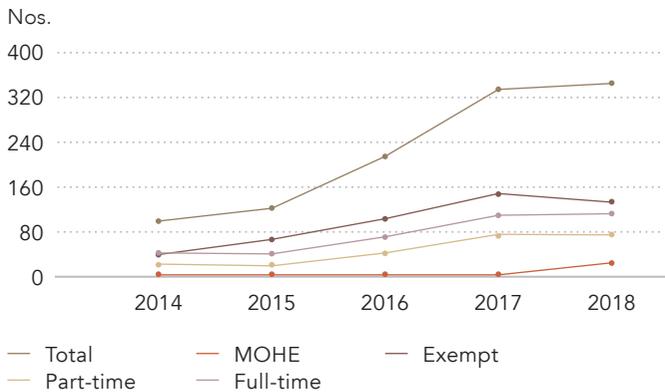
The School of Accounting and Business (SAB), established in 2012 by the CA Sri Lanka, is the premier academic body that engages in Accounting and Finance education in Sri Lanka. Its objective of "Excellence in Education and Professional Development" provides students of CA Sri Lanka with an opportunity to read for an academic degree while following the professional programme. In addition, SAB enrolls the other categories of students for the study programme, contributing to a specific area of Higher Education Sector of the country.

SAB offers the UGC-approved BSc. (Applied Accounting) General/Special Degree programme, which provides students an exposure to an up-to-date curriculum. Gaining momentum among the students as a highly preferred Accounting Degree, SAB carries out two intakes in March and September each year, to cater to the demand for it. Out of the total student population of the SAB, 315 students have been graduated. It is a pleasure to note that all the students graduated are employed in the field of accounting and finance indicating a 100% employment rate. The Figure below shows the increasing trend of the demand for the BSc. Applied Accounting Degree programme among the students.

REVIEW OF THE YEAR

EXCELLENCE IN EDUCATION AND PROFESSIONAL DEVELOPMENT

Student enrolment



The value of this degree is further augmented as Deakin and La Trobe Universities of Australia offer credit transfer facility to local students, further enumerating the standards this degree has achieved in the international platforms.

Ministry of Higher Education offered 25 students an interest-free loan to read for this degree, and a second batch is awaiting to be enrolled.

Third and final year students of SAB are already undergoing internships with leading companies in the country to obtain practical experience in applying theoretical knowledge. Two further activities i.e., Cricket Fiesta and English Day were held with the aim of upgrading their soft skills, to suit their future employment.

Business School

The core function of CA Sri Lanka as the guardian of the accounting profession is to continuously innovate and upgrade the services it offers to its membership. To this end, the Business School contributed a great deal, by offering tailor-made programmes for the corporate community.

During the year under review, the Business School commenced the Executive Diploma, Postgraduate Diploma and MBA, which were very successful among its membership as well as among professionals from other areas of business. The programmes focus on strategy to enhance and educate corporate executives and business entrepreneurs about how value is created, measured, and continuously improved through accounting, finance, and strategic principles and best practices. Over 100 students followed the Postgraduate Diploma while over 50 followed the Executive Diploma.

Executive education is a key area of the CA Sri Lanka Business School, training country's senior professionals including CEOs, CFOs, Directors, Heads of Finance and Senior Managers. Forensic Accounting is very much in demand and the Business School trained over 60 professionals during the year under review.

The MBA, Postgraduate Diploma and Executive Diploma Convocation was held together with the convocation of SAB and Tax School at BMICH in December 2018. Professor Ariyaratna Jayamaha, Professor in Accounting, Dean, Faculty of Graduate



Annual convocation 2018 – Prof Ariyaratna Jayamaha, Prof in Accounting, Dean, Faculty of Graduate studies of the University of Kelaniya graced the occasion as the Chief Guest.

REVIEW OF THE YEAR

EXCELLENCE IN EDUCATION AND PROFESSIONAL DEVELOPMENT

Studies of the University of Kelaniya and Professor Barbara de la Harpe, Executive Dean (Faculty of Business, Education, Law and Arts) of the University of Southern Queensland joined together to recognise the student achievements.

During the convocation, 57 students received their Master of Business Administration Degree of the University of Southern Queensland, Australia, which was conducted in Colombo by the CA Sri Lanka Business School, while another 77 students were conferred the Postgraduate Diploma in Business, Finance and Strategy, and 25 students received their Executive Diploma in Business, Accounting and Strategy.



Professor Barbara de la Harpe, Executive Dean (Faculty of Business, Education, Law and Arts) of the University of Southern Queensland joined together to recognise the student achievements receiving the token of appreciation at the Annual convocation 2018 by Chairman Business School Committee.

IT Faculty – 2018

Globalising the CA qualification

The IT Faculty is another vibrant arm of CA Sri Lanka ensuring that the CA qualification remains relevant and dynamic. The following workshops, seminars and discussions were spread throughout the year under review with eminent resource personnel contributing valuable knowledge to the participants:

| Theme | Collaboration/Resource person |
|---|--|
| 1. A Two day workshop on Certificate in "Cyber Security Fundamentals" | ISACA Sri Lanka Chapter – Dr Rasika Abeyrathna/ Mr Mohan Chathuranga |
| 2. Evening Discussion on "Revolutionary change in IT Project Management Hybrid Style" | PMI Colombo Chapter – Mr Aruna Kooragamage |
| 3. One day Workshop on "Digital banking Foundation for Financial Professionals" | Dr V Srinivasa Rao Dr (Eng) Hugo Wisidagama |
| 4. An Event on "Current Trends and the Future of Cyber Security" | Jointly with (ISC) ² Mr Wasantha Weerakoon |

| Theme | Collaboration/Resource person |
|--|--|
| 5. A Forum on "Organisational productivity Electronic Document Management System" | Jointly with Sanje Pvt Ltd. Mr Wasantha Weerakoon |
| 6. A breakfast Forum on "What is this Block chain" | Mr Priyal Aruna Walpita CTO, DP Technologies and Mr Nipuna Jayathileka – CEO, HaulMatic |
| 7. Inauguration of Diploma in Information System Security Control and Audit (DISSCA) – 2018 Intake | ICAI India Dr Onkar Nath |

Faculty of taxation

The Faculty of Taxation assists members and those specialising in taxation to widen their knowledge while sharing their expertise in contributing significantly, towards the implementation of tax legislation.

In January 2019, the 22nd Annual Tax Oration was conducted on the topic "The Tax Collector and the Rights of the Taxed" by Dr K Kanag-Isvaran, President's Counsel, with a virtuous audience.

As a response to the challenge faced by the professionals and students in seeking information and guiding principles on contemporary tax issues, several Tax Seminars were conducted with expert contributions from an eminent panel of resource persons, representing the fields of Tax, Finance and Law.

A two-day seminar was conducted in Kandy on the recent changes to Accounting, Auditing and Taxation to enhance tax knowledge of our member and students.

The annual budget seminar evaluated the economic and tax perspectives arising from the National Budget. The speakers and panelists represented the private and public sectors who shared their thoughts at the seminar on 9 March 2019 at the Hilton Colombo.

School of taxation

Covering the country's new tax legislation and to better aid the tax professionals in their knowledge, the School of Taxation developed a curriculum to achieve the Certified Tax Advisor (CTA) position, for its students and members alike. This course, comprehensively covers Sri Lanka's Tax laws and is geared to sharpen the skills of an accounting professional, to function in a robust manner, in any given industry or business enterprise.

REVIEW OF THE YEAR

EXCELLENCE IN EDUCATION AND PROFESSIONAL DEVELOPMENT

CTA programme with the new curriculum attracted 116 students at the Advisory level and 52 students at Awareness level, during the year 2018. Its culmination, the convocation of Certified Tax Advisors was held in December 2018 where 41 graduated as Chartered Tax Advisors and 36 as Certified Tax Advisors.

The new Inland Revenue Act No. 24 of 2017 was well covered among the students and members by the School of Taxation, that held a series of awareness programmes and seminars to discuss the provisions of the new legislation and their impact.



Annual convocation 2018 – School of Taxation

Taxation committee

CA Sri Lanka Taxation Committee, comprising 73 CA members in practice, held eight meetings in 2018. All meetings were knowledge sharing sessions and was appreciated by its members as a good platform to discuss and resolve many of their tax related matters.

Business plan competition

Our third Business Plan Competition was to encourage Advanced Level students to gain a better understanding on the importance of developing a business plan and also to help harness the entrepreneurial skills among future business leaders. In a period that threaten to disrupt conventional business models and eliminate traditional value chains, the Business Plan Competition will promote students to think out of the box and embrace innovativeness. QUT Business School, of the Queensland University of Technology, Brisbane, was the strategic partner while the competition was organised in association with the Sri Lanka and Australia Chamber of Commerce (SLACC).

Visakha Vidyalaya, Ananda College and St. Benedict's College won the A, B and C regions of Colombo district, while Bandaranayake College – Gampaha, St. John's College – Jaffna, Mahamaya Girl's College – Kandy, Richmond College – Galle and Maliyadeva College – Kurunegala won the regional rounds to qualify for the Grand Finale. Ananda College – Colombo won the Grand Finale of the 2018 Business Plan Competition, after competing against seven other top schools in the country and flew to Australia to take part in the Blue Shift Case Competition organised by the QUT Business School.



Third Business Plan Competition – 2018

LEADERSHIP THROUGH IDEAS AND INFLUENCE



REVIEW OF THE YEAR

LEADERSHIP THROUGH IDEAS AND INFLUENCE

CA Sri Lanka, with the insights, trust, competencies and institutionalised knowledge built over the past 60 years of its existence, is in a unique position to leverage its standing to influence others to take collective action to achieve common goals.

In its annual calendar of events, CA Sri Lanka has a number of events, some uninterruptedly running over for several decades in the past, to be of service to others - to inspire and develop them, to help them adapt, to get them engaged, to provide them networking opportunities and to spark collaborative action – the role of an influential leader.

Details of initiatives undertaken during the year in this regard are given below:

39th National Conference of Chartered Accountants

The National Conference of Chartered Accountants is one of the most prominent forums for networking among high profile professionals, CEOs, corporate executives at senior levels and exponents of ethical financial reporting.

The 39th National Conference “Hyperleap” held from 8 to 10 October 2018 was graced by His Excellency James Dauris, the British High Commissioner to Sri Lanka as the Chief Guest and Professor Lalith Gamage, Chief Executive Officer of Sri Lanka Institute of Information Technology as the Guest of Honour. The keynote speech was delivered by Mr Tony Weerasinghe, the Chairman/CEO of Ustocktrade LLC and Co-Founder/Director at the Cainan Foundation. It was held with the participation of a captivating audience of 1,800 delegates. In addition, over 200 registered for the live webcast feed of the conference proceedings from Sri Lanka and overseas.

The technical sessions were conducted by eminent business leaders – Mr James Lawrence, “Iron Cowboy”, Ms Kasturi Wilson, Dr Romesh Ranawana, Mr Suren Rajakarier, Mr D M Rupasinghe, Mr Dhammika Perera and Mr Peter D’Almeida who spoke on opening up their organisations to a world of opportunities.



At the 39th National Conference, President and Vice-President of CA Sri Lanka Mr Jagath Perera and Mr Manil Jayasinghe granted the Token of Appreciation to the keynote speaker Mr Tony Weerasinghe.

54th Annual Report Awards Ceremony

The Annual Report Awards Ceremony is one of the most anticipated events among Sri Lankan entities both in the public and private sectors. The event provides platform for corporates to demonstrate the highest standards of financial reporting, by encouraging healthy competition among the competing entities from small time community groups to conglomerates, promoting transparency, accountability, and social responsibility in the way such entities are being governed.

With 130 companies participating, the theme of the year was, “Epitome of Brilliance” which signified a search for annual reports which concisely and innovatively reflect an entity’s story of value creation.

Under the patronage of Dr Indrajit Coomaraswamy, Governor of the Central Bank, who graced the occasion as the Chief Guest, and with over 700 guests, comprising the country’s leading businessmen, as well as high-ranking Government officials. The event was held at “Shangri-La Hotel”, Colombo on 4 December 2018.



Leading conglomerate, Hayleys PLC triumphed at the 54th Annual Report Awards winning the coveted “Cyril Gardiner Memorial Trophy” Gold Award for Overall Excellence in Annual Financial Reporting at the grand finale held on Tuesday, 4 December 2018 at the Shangri-La Hotel, Colombo.

Research Initiatives – Second Research Symposium

The second Research Symposium was a meeting point for corporate leaders, accounting professionals, academics, and students to focus on Corporate governance, accounting education and forensic accounting at the symposium which was held under the patronage of Prof D B P H Dissa Bandara of the University of Sri Jaywardenepura while the keynote speaker was Prof Kapila Perera, Vice Chancellor of the University of Moratuwa.

During the symposium, “The Journal of Applied Research” which consisted of six articles was also launched in the presence of the gathering and presented to Mr Manil Jayasinghe by the chairman of the committee Mr Nishan Fernandes.



REVIEW OF THE YEAR

LEADERSHIP THROUGH IDEAS AND INFLUENCE

International Recognition

International Federation of Accountants (IFAC)

The members of CA Sri Lanka hold the following positions in Boards and Committees of IFAC:

- Technical Advisor to the Chair of the Small and Medium Practices (SMP Committee)
- Chair, Professional Accountancy Organisation Development Committee (PAODev.Com.)
- Member, International Accounting Education Standards Board (IAESB)
- Member, International Ethics Standards Board for Accountants (IESBA)

Confederation of Asian and Pacific Accountants (CAPA)

CAPA represents national professional accounting organisations in the Asia-Pacific region. CA Sri Lanka holds full membership of CAPA with a Board Member position and a Member of Public Sector Financial Management Committee positions.

South Asian Federation of Accountants (SAFA)

SAFA is committed to maintain the highest standards in financial reporting in the SAARC region. CA Sri Lanka holds a Board position and a Board Technical Advisory position on SAFA. The Committees on Accounting and Auditing Standards and Improvement in Transparency, Accountability and Governance are chaired by members of CA Sri Lanka. Following SAFA committees and task forces have representations of CA Sri Lanka members:

- Committee on Education, Training and CPD
- Committee on Professional Ethics and Independence
- Committee on Quality Control
- Committee on Professional Accountants in Business
- Small and Medium Practices Committee
- Committee on Harmonisation of Fiscal and Tariff Regimes in the SAFA Region
- Committee on Governmental and Public Sector Enterprises Accounting
- International Relations Committee
- Committee on NPOs and Cooperative Sector
- Task Force to Implement Basel-II Report in SAARC Countries
- Committee to Govern the Virtual Knowledge and Training Centre
- Task Force – Sustainable Development Goals (SDGs) and the Accountancy Profession

SAFA Best Presented Annual Reports Awards

The SAFA Best Presented Annual Report (BPA) Awards is the most prestigious accolade for financial reporting in the South Asian region. It recognises and rewards organisations in the region that have achieved excellence in the presentation and disclosure of high quality, relevant, reliable and objective financial information in accordance with the framework stipulated by the International Accounting Standards Board (IASB).

Held in India in January 2019, a significant number of leading companies in Sri Lanka won prestigious SAFA BPA awards for 2018 at the awards ceremony.

Chartered Accountants Worldwide (CAW)

CAW brings together the members of Chartered Accountants to create a community of a large fraternity spread over 200 countries committed to raising the bar in accounting professionalism by sharing expertise and empowering Chartered Accountants. CA Sri Lanka is an Associate Member of CAW.

The International Integrated Reporting Council (IIRC)

IIRC is a global coalition of regulators, investors, companies, accounting profession and NGOs. It promotes communications on value creation as the next revolutionary step in corporate reporting. As a Member of IIRC, CA Sri Lanka organised a series of discussions, presentations, workshops, seminars, webinars during the year 2018.

Asian-Oceanian Standard-Setters Group (AOSSG)

The Asian-Oceanian Standard-Setters Group (AOSSG) is a grouping of the accounting standard-setters in the Asian-Oceanian region. During the year, CA Sri Lanka has taken the lead in the discussions on the implementation of IFRS 15 i.e., the new Revenue Standard, specially focusing on the construction and real estate industry.

“Creating a Profession Par Excellence”

CA Sri Lanka, Certified Management Accountants of Sri Lanka (CMA) and Association of Accounting Technicians of Sri Lanka (AAT) launched a joint strategic initiative aiming to further strengthen the accounting profession and also with a view to ensure that Sri Lanka has a sufficient skilled workforce in the country to meet the changing demands of the economy.

The President of the IFAC Ms Rachel Grimes visited Sri Lanka and a series of events were organised by the three institutes to coincide her visit.

DELIVERING DYNAMIC AND PROACTIVE SERVICE



REVIEW OF THE YEAR

DELIVERING DYNAMIC AND PROACTIVE SERVICE

Given below are details of various initiatives undertaken during the year to further delivering dynamic and proactive services.

CA Foundation

CA Sri Lanka continued to provide annual scholarships to students through the CA Foundation. Under the L A Weerasinghe Memorial Scholarship Scheme, scholarships were awarded to 70 top performers in the Commerce Stream at the GCE Advanced Level. Ten more students were awarded scholarships with the funding received at the National Conference.

Full scholarships were awarded to the Top 10 students at the GCE A/L and student who achieved first place in each district in the Commerce Stream. Scholarships were also offered to Business Level 32 trainees based on the income levels. The total number of scholarships awarded under the CA Sri Lanka scholarship scheme was 140 during the year under review, which includes 10 National Conference Scholarships via L A Weerasinghe Memorial Scholarship Scheme.

| Category | 2018 | 2017 | 2016 | 2015 |
|---|------------|------------|------------|------------|
| GCE A/L Island Top 10 Scholarship Scheme | 10 | 11 | 12 | 12 |
| GCE A/L Island District 1st (Commerce) Scholarship Scheme | 18 | 19 | 15 | 17 |
| L A Weerasinghe Memorial Scholarship Scheme | 70 | 71 | 64 | 49 |
| Business Level Trainee scholarship scheme | 30 | 16 | 40 | 36 |
| Business Level Trainee Members/ other sponsorship schemes | 2 | 14 | 49 | 10 |
| Total | 130 | 131 | 180 | 124 |

Special Initiatives

The Council of the Institute decided at its meeting held on 28 February 2019:

- to designate a fund for new technological developments by allocating LKR 100 Mn., of which the interest income will be transferable to the fund every year for investing in the new developments and technological areas, researches and simulation of the newly developed tools in order to obtain real life experience for CA students.
- to further enhance the scholarship fund for children of staff members by allocating LKR 15 Mn., of which interest income will be transferable to the fund every year in order to support to elevate the children of the members of CA staff.
- to designate a special scholarship scheme for Non-commerce students by allocating LKR 60 Mn., of which the interest income will be transferable to the fund every year to offer scholarships to attract non-commerce students into the profession.

Student services

Exchange programme

During the year under review, CA Sri Lanka arranged the Student Exchange Programme for 10 students with the Institute of Chartered Accountants of India (ICAI) in Ahmadabad, India.

South Asian quiz contest

Students who participated at the SAFA quiz contest held in Pune, India representing CA Sri Lanka became runners-up in the South Asian Region.

CA Student Society (CASS)

CASS hosted the 32nd International CA Students' Conference on 2 April 2018 under the theme of "Divergent – Common Nonsense to Uncommon Sense" held at "Cinnamon Lakeside" Colombo 2. This was a forum that discussed the importance of thinking and acting differently from the mainstream and common practice, so that the emerging Chartered Accountant stands out from the rest to achieve competitive success in the field. More than 650 students from across Sri Lanka, India, and Pakistan participated for the conference. Other activities of CASS include Blood Donation Campaign, CSR projects, the launch of Fusion business magazine, Awards Night, Career Fair 2018 and Sports activities.

Students Gavel Club

CA Sri Lanka Students Gavel Club is an important platform that allows CA students to improve their communication and leadership skills. This year it was instrumental in producing three students who gained recognition as competent communicators by Toastmasters International after having completed the required number of speech projects.

Member services

The following activities were conducted under member relation:

- Issuance of membership and practicing member certificates including the renewals and other specialised documents
- Promote and facilitate enquiries relating to reciprocal arrangements with International professional accountancy organisations such as the Institute of Chartered Accountants of England and Wales CPA Australia, and CIMA UK
- Publishing of the Directory of Members and Firms

The NFC enabled ID card used for the update CPD of members.

CA Sri Lanka introduced Personal Branding for new members. The programmes helped members to develop their soft skills and people skills in order to climb the corporate ladder. A substantial number of new members benefited through this programme.

REVIEW OF THE YEAR

DELIVERING DYNAMIC AND PROACTIVE SERVICE

Member networking events

Several social networking events were organised by the Member Relations Committee to encourage camaraderie among the membership, colleagues, and friends.

Members cricket fiesta

"The Members Cricket Fiesta" was held at the Bloomfield Grounds in a carnival atmosphere and drew a large crowd where families of members also attended. Twenty-nine teams played for the trophy and the team "KPMG 1" emerged victorious.

Quiz night

Member Quiz Night 2018 was held in November where 11 teams vied for the championship. Quiz Master Dushan Vas conducted the competition which included 5 rounds with 10 questions each from areas such as Economics, Entertainment, Geography, Sports, and International Affairs. In a keenly contested competition, the "Team Volcanos" emerged victorious.

The Abacus magazine

"Abacus" magazine provides the CA Sri Lanka membership with current, topical and analytical material, ranging from accounting to one-on-one interviews with industry leaders. CA Sri Lanka membership is the valued target audience for this magazine, which had three issues published in 2018. The magazine also reached the organisations in the corporate sector.

Debate competition – 2018

CA Sri Lanka organised the Debate Competition – 2018 in November to commemorate the International Accounting Day on the theme "Can Disruption Interrupt Accountants?" A total of six teams took part in the competition, representing CA Members, CA Students Society, CA Students, as well as Students from the University of Kelaniya and Ernst & Young and winning teams were recognised.

MoUs/MRAs with international professional accountancy organisations

- **MoU with Chartered Accountants Australia and New Zealand**
In our continuing efforts to offer you the best of the best, CA Sri Lanka entered into a Memorandum of Understanding (MoU) with the Chartered Accountants Australia and New Zealand (CA ANZ), paving the way for members of both bodies to obtain membership in the other. Accordingly, CA Sri Lanka members who have successfully completed the CA Sri Lanka Chartered Accountancy Course and possess a minimum of five years post qualifying membership with CA Sri Lanka are eligible to get the membership of CA ANZ upon completing either the CA ANZ International Pathway Programme or the Capstone Module of the CA ANZ CA Programme.

- **Renewal of MoU with ICAEW**

During the year, the existing MoU with ICAEW was renewed, making CA Sri Lanka members eligible to get the membership of ICAEW upon successful completion of only the Advanced Level Examinations. Under the new pathway programme featured into the MoU, if the post qualifying experience is above five years, ICAEW direct membership is opened up at the completion of the "Examination of Experience".

- **Renewal of MRA with CPA Australia**

CA Sri Lanka renewed the Mutual Recognition Agreement (MRA) with CPA Australia during the year. The MRA between CA Sri Lanka and CPA Australia removes barriers, allowing appropriately qualified CAs of Sri Lanka with either five years of accounting experience or in possession of an accepted Degree, to get the direct membership of CPA Australia upon completion of the Ethics and Governance paper in the CPA Australia examination.

In addition, through the existing MoU with CIMA UK, both members and students of CA Sri Lanka are able to reap the benefits.

Overseas chapters

Out of the 5,615 CA membership, a substantial number of members reside overseas, spreading across over 30 countries, with Europe, Middle East, South Asia, Australia and the United States taking the lead. Several CA Sri Lanka Chapters are in existence to further support the members based overseas. These chapters help share diversity of experience in working in those regions while building inter-relations among the membership distribution. We have chapters in Bahrain, Qatar, Kuwait and The UAE and setup chapters in Saudi Arabia and Australia during the year. Further UAE chapter is planning to incorporate under the laws of UAE.

Continuing professional development (CPD)

CA Sri Lanka recognises the vital role of continuing professional development (CPD) to keep pace with the rapid business, financial, and technological changes in the world. In keeping with our commitment to meet all International Federation of Accountants membership obligations, CA Sri Lanka launched an awareness campaign to emphasise the importance of the CPD requirement to its members to enhance their capacity as professionals in their respective industry. During 2018, CA Sri Lanka has conducted 64 CPD accredited programmes, allowing CA members to obtain 322 CPD hours in total against the minimum requirement of 20 hours.

CPD Online Academy which was launched in 2017 was another option available for members to develop their professional skills and obtain CPD hours necessary for their membership from the convenience of their desks. The Abacus publication was linked to the CPD Online Academy this year to expand the options available for CAs to further progress as a Chartered Accountant. During the year 2018, the CPD Online Academy offered a wide range of subjects with 21 CPD hours.

REVIEW OF THE YEAR

DELIVERING DYNAMIC AND PROACTIVE SERVICE

"Nurturing Aspirations", now an annual mentoring programme for young CAs was conducted in 2018. The programme attracted over 100 young members and 17 distinguished Chartered Accountants as mentors. The purpose of the programme was to assist the new CAs to develop their soft skills, improve their professional performance and to help them elevate their standing as Chartered Accountants.

Young Chartered Accountants Forum

Young Chartered Accountants Forum (YCAF) brings together young members to network and develop their leadership and entrepreneurship skills towards becoming smarter professionals.

YCAF creates opportunities for young Chartered Accountants, to build a close relationship with the Institute and its activities. It also encourages them to develop their network in the field of their own profession and other business communities.

During the year under review, YCAF organised monthly knowledge forums focusing on timely topics such as Share Market for CAs, The Power of Professional Skills – Executive Development Workshop, and Personal Branding. Monthly knowledge forums create an opportunity for the members to meet their peers as well as the Senior Chartered Accountants in the trade.

General Assembly of the YCAF was held to welcome the new president of YCAF, Ms Jani Ganeshan and the Governing Council for 2018-2020. The guest speaker, Mr Peter D'Almeida delivered an interactive and enlightening session on "The Changing Role of the Financial Professional".

This year, YCAF initiated a new fun filled activity, the paintball tournament. It was a recreational as well as interactive event where many members along with their families participated. The annual social welcoming of the newly qualified members of CA Sri Lanka, is the most awaited event in the calendar of the YCAF. The 80s themed party "Back to the 80s" was an evening organised to help new members socialise and network with junior and senior members of their profession.

CA Sri Lanka Toastmasters Club

During the year, the Club won the Early Bird Award, 8-80 Award and the Smedly Award for membership building. The Club went on to achieve the "President's Distinguished Club" status and won the prestigious Golden Gavel Award under the leadership of President TM Sathiyaseelan Suhashini.

The Club elected Toastmaster Dilhani Seneviratna as its new President for the year 2018/19. The theme selected by her for the year "Make it Happen" was revealed at the 13th Installation Ceremony of the Club. The event was graced by Mr Jagath Perera, The President of CA Sri Lanka; Toastmaster Mr Sarmaa Mahalingam, Programme Quality Director of District 82; Toastmasters International Mr Ronnie Peiris, Former Group Finance Director of John Keells Holdings PLC.

CA Sri Lanka was made proud, when TM Sameera Giragama and TM Thilini Daushkika won first and second places respectively in the Humorous Speech Contest at Area Level and represented the Club at Division Level. Further, TM Sathiyaseelan Suhashini became the first runner-up in the Evaluation Contest held at Area Level and represented the Club at the Division Level.

The Club had joint meetings with three other clubs during the first half of the toastmaster year. TM Dilhani and her team continue to organise numerous cultural themed meetings such as "Halloween", "Christmas" and "Thai Pongal New Year". Members Cricket Fiesta went up to the quarter finals. Further, a team represented the CA Quiz night. In addition to the speech craft programmes, the Club inaugurated a programme for 150 Corporate Level students in collaboration with Training and Skills Development Committee of the Institute headed by Mr Dulitha Perera.

Members' Benevolent Society

Members' Benevolent Society is one of the longest standing entities with a 35-year history and a membership exceeding 1,125, with members' funds of over LKR 63 Mn., continues to cater to the needs of both MBS members as well as other CAs.

The Society organised several events for the welfare of the membership and their families during 2018. Guest lectures were conducted covering a wide range of topics such as "The Political Economy of Development – What has gone wrong in Sri Lanka?", "Say Good Bye to Spectacles, A Healthy Life: The Ayurvedic Way", which provided valuable insights into various aspects of health and economic interests of the members.

The New Year event organised for the sixth consecutive year catered to over 500 members and their families. A Members' Day Outing was organised which attracted a large number of members and their families. "The Kavi Maduwa" and medical camp was organised by the Society.

REVIEW OF THE YEAR

DELIVERING DYNAMIC AND PROACTIVE SERVICE

Under the leadership of the Society's New President, Mr Kapila Ranasinghe and the new Committee of Management, the Members' Benevolent Society is planning to broaden the service offering to its membership, while also focusing on the expansion of its member base.

Information and communication technology

The ICT Committee has been appointed to oversee ICT projects and to evaluate multiple options for the next phase of the digital strategy for the institute. The initiatives include implementing a new system for the CA Schools and revamping and re-engineering the existing processes of Core System. A system for processing results of communication and people skills at the Corporate Level programme was implemented to streamline people's skills process. A system was implemented in the IT Training Division to process Executive Level Certificate Printing. Also marking process were developed for the Annual Report Awards process.

Library

A well-equipped library that holds a repertoire of knowledge, is an asset to any educating body. CA Sri Lanka is well positioned in that sense, to provide a range of library services, which are now streamlined to mirror international standards and systems. The Automated Online Library System (AOLS) manages all its in-house services, while classification, processing, cataloguing and data entry are managed by a state-of-the-art system function.

Analysing bibliographical data too is carried out efficiently, while an indexing system takes care of all collections.

Organisational membership is available under three categories (viz. Corporate Gold, Corporate Platinum and Corporate Silver) while various benefits are offered to corporate members. The library has initiated the digitising of its collection of annual reports of listed companies for the last five years. A recent innovation of the library is the e-Library System where library clientele have perpetual access to the eBooks, 24x7 basis even off the campus with personalised login. This will be announced to the members and students during early 2019.

STEWARDSHIP



STEWARDSHIP

PAST PRESIDENTS

1960 – 68

Mr Lionel Weerasinghe

1969

Mr Lionel Fernando

1970 – 71

Mr D S De Silva

1972 – 73

Mr K Satchithananda

1982 – 83

Dr Gamini Wijeyesinghe

1978 – 81

Mr Dharni Wijesekera

1976 – 77

Mr Gamini Wikramanayake

1974 – 75

Mr Leslie De Alwis

1984 – 87

Prof Lakshman Watawala

1988 – 91

Mr Uditha Palihakkara

1992 – 93

Mr Nivard Cabraal

1994 – 95

Mr Mohan Abeynaike

2002 – 03

Mr Asite Talwatte

2000 – 01

Mr Ranel Wijesinha

1998 – 99

Mr Lal Nanayakkara

1996 – 97

Mr Reyaz Mihular

2004 – 05

Mr Indrajith Fernando

2006 – 07

Mr Yohan Perera

2008 – 09

Mr Nishan Fernando

2010 – 11

Mr Sujeewa Mudalige

2016 – 17

Mr Lasantha Wickremasinghe

2014 – 15

Mr Arjuna Herath

2012 – 13

Mr Sujeewa Rajapakse

STEWARDSHIP
THE COUNCIL



1 Mr Dulitha Perera
FCA, FCMA

2 Mr Heshana Kuruppu
FCA, MBA (Banking and Finance) PIM, MA (Financial Economics) (Colombo), BSc (Accy) Special 1st Class (Sri Jayewardenepura), ACMA

3 Mr N R Gajendran
FCA, FCMA

4 Mr Chandrasiri Kalupahana
FCA, FMAAT, FCMA, FCPM

5 Mr Mohamed Aslam Omar
FCA

6 Mr Manil Jayesinghe
FCA, FCMA (UK), CPFA (UK)

7 Mr S Abdul Azeez
FCA, FCMA

8 Mr Duminda Hulangamuwa
FCA, FCMA (UK), LL.B (London)

STEWARDSHIP
THE COUNCIL



9 Mr Asoka Jayasinghe
FCA, FCMA, FMAAT

10 Mr S M S Sanjaya Bandara
*FCA, MBA (Colombo),
BSc (Accy) Special
(Sri Jayewardenepura)*

11 Mr Jagath Perera
*FCA, BSc (Bus Admin)
Special, CFE (USA)*

12 Mr Laknath Peiris
*FCA, Attorney-at-Law,
Passed Finalist CIMA (UK)*

13 Mr Tishan Subasinghe
*FCA, CISA (USA),
CPFA, ACMA, LL.B (Hons)
MBA (Finance) (Colombo)*

14 Mr Gamini Wijesinghe
*FCA, MA (Econ),
BSc (Pub Ad) (Special)*

15 Mr Chaaminda Kumarasiri
*FCA, FMAAT, ACMA,
FCCA, MBA (Finance)
(Colombo), BSc (Accy.)
Special 1st Class
(Sri Jayewardenepura)*

16 Mr Lasantha Wickremasinghe
FCA, FMAAT

STEWARDSHIP

COUNCIL MEMBERS' PROFILES

Mr Jagath Perera

FCA, BSc (Bus Admin) Special, CFE (USA)

President and Partner, KPMG Sri Lanka and Maldives

Mr Perera is a Board member of South Asia federation of Accountants. He serves on Professional Ethics and Independence Committee of the South Asian Federation of Accountants (SAFA); He is a member of the Public Sector Financial Management Committee of the Confederation of Asia Pacific Accountants (CAPA). Director of Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB). Chairman of the Remuneration Committee and Student Enrolment and Counselling Committee. Commission member of the Securities and Exchange Commission of Sri Lanka.

Mr Manil Jayasinghe

FCA, FCMA (UK), CPFA (UK)

Vice-President and Partner, Ernst & Young

Mr Jayasinghe is a member of the International Accountancy Education Standards Boards of the International Federation of Accountants (IFAC). Chairman of the Accounting and Auditing Standards Committee of South Asian Federation of Accountants (SAFA). Member of the Committee on Education, Training and CPD, member of the Committee on Quality Control and member of the Task Force to implement Basel-II Report in SAARC Countries of South Asian Federation of Accountants (SAFA). Member of the Exemptions and Reciprocal Arrangements Committee, Financial Reporting Standards Implementation and Interpretation Committee and Curriculum Review Task Force, member of the Auditing Standards Committee, Chairman of the Accounting Standards Committee. Ex-Officio member to the Governing Council of CMA Sri Lanka. He also serves as the Chairman of the Finance and Administration Committee and International Relations Committee of CA Sri Lanka.

Mr Lasantha Wickremasinghe

FCA, FMAAT

Immediate Past President

Partner of B R De Silva & Co. and Alles Martin & Co.

Member of the Board of Directors of Confederation of Asia Pacific Accountants (CAPA), Member of Governance and Audit Committee (CAPA). Director of Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB). Technical Advisor to the Chairperson of the SMP Committee of the International Federation of Accountants (IFAC). Member to the Governing Council of the Sri Lanka Institute of Advanced Technological Education (SLIATE), Board member to the *Api Wenuwen Api* Fund, Board member of Postgraduate Institute of Management (PIM).

Mr H M Gamini Wijesinghe

FCA, MA (Econ), Bsc in Pub Ad (Special)

Auditor General, National Audit Office

Mr S Abdul Azeez

FCA, ACMA

Chief Executive Officer, AZ Associates

Mr S M S Sanjaya Bandara

FCA, MBA (Colombo), BSc (Accy) Special (Sri Jayewardenepura)

Partner of B R De Silva & Co.

Mr Bandara serves as the Chairman of the Member Relations Committee and Board of Management of the School of Accounting and Business of CA Sri Lanka. Further, he serves as the Alternate Chairman of the Finance and Administration Committee and Education Committee.

Mr N R Gajendran

FCA, FCMA

Partner – Gajma & Co.

Chairman of the Regulatory Reforms Review Committee of CA Sri Lanka.

Mr Duminda Hulangamuwa

FCA, FCMA (UK), LL.B (London)

Partner, Ernst & Young

Mr Duminda Hulangamuwa is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. He is a Senior Partner of Ernst and Young and he is the Head of Tax Practice.

Duminda joined Ernst & Young in 1984 and is based in the Colombo Office of EY Sri Lanka. He has been in EY Sri Lanka for over thirty years and he is a Fellow Member of the Chartered Institute of Management Accountants, UK and also a Graduate in Law from the University of London.

Mr Asoka Jayasinghe

FCA, FCMA, FMAAT

Precedent Partner – Jayasinghe & Co. Chartered Accountants

Serves as the Alternate Chairman – CA Foundation.

Past President of AAT. Past President of CA Benevolent Society.

STEWARDSHIP

COUNCIL MEMBERS' PROFILES

Mr Chandrasiri Kalupahana

FCA, FMAAT, FCMA, FCPM

Group Chief Internal Auditor/Chief Officer – Revenue Assurance and Fraud Management – Sri Lanka Telecom PLC.

Mr Kalupahana serves as the Chairman of the Business School Committee of CA Sri Lanka. Past President of the Benevolent Society of CA Sri Lanka. A Committee member of the Finance and Administration Committee and the Examination Committee of CA Sri Lanka.

Mr Chaaminda Kumarasiri

FCA, FMAAT, ACMA, FCCA, MBA (Finance) (Colombo), BSc (Accy) Special 1st Class (Sri Jayewardenepura)

Chairman – H C P Consulting (Pvt) Ltd.

Mr Kumarasiri serves as the Chairman of the Curriculum Development Task Force of CA Sri Lanka.

Mr Heshana Kuruppu

FCA, MBA (Banking and Finance) PIM, MA (Financial Economics) (Colombo), BSc (Accy) Special 1st Class (Sri Jayewardenepura), ACMA

Group Chief Financial Officer – David Peiris Holdings (Pvt) Ltd.

Member of the Committee on Professional Accountants in Business of South Asian Federation of Accountants (SAFA). Mr Kuruppu also serves as the Chairman of the CPD Academy, Journal Committee and Annual Report Awards Committee.

Mr Mohamed Aslam Omar

FCA

Managing Director – Phoenix Ventures Ltd.

Mr Aslam Omar serves as the Chairman of Entrepreneurship and Leadership Development Committee of CA Sri Lanka.

Mr Laknath Peiris

FCA, Attorney-at-Law, Passed Finalist CIMA (UK)

Managing Partner, PLC Law Chambers

Board member of Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB). Chairman of the Media and Communication Committee of CA Sri Lanka.

Mr Dulitha Perera

FCA, FCMA

Partner, KPMG

Mr Perera is the Chairman of the Student Training and Skills Development Committee and the National Conference Committee of CA Sri Lanka.

Mr Tishan Subasinghe

FCA, CISA (USA), CPFA, ACMA, LL.B (Hons), MBA (Finance) (Colombo)

Managing Director, Moore Stephens Consulting (Pvt) Ltd.

Member of the Committee on NPOs and Cooperative Sector of South Asian Federation of Accountants (SAFA), Chairman of the Committee for Improvement in Transparency, Accountability and Governance (SAFA). Mr Subasinghe serves as the Chairman of the Examinations Committee and Exemptions and Reciprocal Arrangements Task Force of CA Sri Lanka.

STEWARDSHIP MANAGEMENT TEAM

Secretary's Division

Mr Prasanna Liyanage
Secretary
Mr Lakshman Athukorala
Advisor

Administration and Events

Mr Senaka Abeyakoon
Director – Events and Facility Management
Mr Nishantha Pushpakumara
Deputy Manager – Events

Association of Public Finance Accountants

Mr Ananda Amarawansa
Consultant – Public Sector

Business School

Ms Niroshi Siriwanza
Head of Business School
Mr Aravinda Nawarathna
Deputy Manager – Business School
Ms Sajani Kariyawasam
Deputy Manager – CPD

Education and Training Division

Dr Nagalingam Nagendrakumar
Head of Education and Training
Ms Sajeewani Madushika
Manager – Education, Training and Taxation
Ms Lakmini Perera
Deputy Manager – Education
Mr Aruna Rupasinghe
Deputy Manager – Education
Ms Kalani Ariyaratne
Deputy Manager Training
Ms Achala Kodikara
Manager – Multimedia English
Language Centre
Mr Asanka Weerasooriya
Manager – IT Training
Ms Maheeka Basnayake
Deputy Manager – IT Faculty

Student services and promotions

Ms Sujeewa Munidasa
Manager – Student Services
Mr Aruna Dayananda
Deputy Manager – Student Promotions

Examinations Division Examination

Mr Prasanna Liyanage
Director Examinations

Examinations – Technical

Mr W W G Dayananda
Consultant – Examinations
Ms Yashodha Kulawardhana
Manager – Examinations (Technical)
Ms Vimukthi Mahanama
Deputy Manager – Examinations (Technical)
Ms Thilini Nadeesha
Manager – Examinations (Technical)

Examinations – Operations

Mr Suresh Ranasinghe
Manager – Examinations (IT)
Ms Thashitha Wijesinghe
Deputy Manager – Examinations

Finance Division

Ms Hemanthi Kevitiyagala
Head of Finance
Ms Janani Danansuriya
Accountant
Mr H D S Priyantha
Assistant Accountant
Ms Bagya Godage
Assistant Accountant

ICT Division

Mr Roshan Ruvendra
Manager – ICT
Mr Nirosha Illangasinghe
Systems and Database Administrator

Brand and Corporate Communications Division

Mr Lasantha Amarakoon
Head of Brands
Ms Munza Mushtaq
Manager – Content Development

School of Accounting and Business

Prof K A Sanath Dhammika
Director – School of Accounting
and Business
Mr S N W M Wijerathna Banda
Registrar – School of Accounting
and Business
Ms Jenita Foenander
Manager – Marketing
(School of Accounting and Business)

School of Taxation

Ms Nandani Abrew
Manager – Taxation

Professional Development Division (Technical and Member Relations)

Ms Nilangi Dilrukshi
Senior Manager –
Professional Development
Ms Saumya Madhubashini
Manager – Technical
Ms Diluka Pathirana
Manager – Technical
Ms Karen Senanayake
Manager – Legal
Ms Shakthi Karunanathan
Manager – Technical
Ms Pranadhi Fernando
Manager – Technical
Ms Ameena Anver
Manager – Technical

Human Resources Division

Ms Sandika Alahakone
Manager – Human Resources

STEWARDSHIP GOVERNANCE

Act of Incorporation

The Institute of Chartered Accountants of Sri Lanka (the Institute) was established by Act No. 23 of 1959 as amended by Act No. 16 of 1964, Act No. 34 of 1975 and Act No. 15 of 1998 for the purpose of promoting theory and practice of accountancy, enrolling, educating and training members and for preserving the professional independence of accountants, among other objectives.

In addition, there are several regulations, policies and procedures that are relevant for the governance of the Institute.

The Council

As per the provisions of the Act, the Council consists of a President, a Vice-President and fourteen other members; eight of whom are appointed by the Minister while the other eight including the President and the Vice-President are elected by the members of the Institute. With effect from 1 March 2017 the Institute is gazetted under the purview of the Ministry of Industry and Commerce. The Council provides strategic direction to the Institute. The recommendations are proposed by various committees to the Council. The Council also approves the annual budgets, financial statements and major capital expenditure on the recommendation of the Finance and Administration Committee. Elections are conducted every two years to elect the Vice-President and six Council members. The Vice-President becomes the President for the next term at the completion of his tenor of vice-presidency.

Accordingly, the Council governs the Institute as per the powers conferred on it by the provisions of the Act and manages and oversees the affairs of the Institute.

The Council has delegated certain powers and duties to its committees, Secretary and the Management staff to manage the day-to-day affairs of the Institute.

The Committees – 2017/18

As laid down in the provisions of the Act, the only statutory committee is the Examination Committee.

Ethics Committee

Ethics Committee is responsible for reporting to the Council whether a *Prima Facie* Case of professional misconduct has been made by a member based on a complaint received.

Governance and Audit Committee (GAC)

GAC has been established by the Council to fulfil its oversight responsibilities regarding the integrity of the financial statements, compliance with internal control and regulatory requirements, make recommendations regarding appointment of Internal and External Auditors, review the External Auditor's performance and independence and review internal audit function.

Finance and Administration Committee (F&A)

F&A is appointed by the Council to deliberate and advise the Council on operations, finance and investment activities and is chaired by the Vice-President of the Institute. F&A reviews the annual budget and the event budgets submitted through the respective committees and makes recommendations to the Council. F&A also reviews the actual income and expenditure statements of the events, monthly financial statements, procurements, investment portfolio and other important policy decisions.

Remuneration Committee

The Remuneration Committee comprises the President, Vice-President, Immediate Past President and a Council member. Remuneration Committee reviews annual performance of the Secretary, Management and the other staff and recommends revisions of remuneration and staff if any to the Council.

Other Committees

Other committees are appointed by the Council for a term of two years for specific subjects as per the Terms of Reference approved by the Council. The Management serves as secretaries of committees. The committee decisions are reported to the Council, for approval and ratification or information by way of Council papers, which are approved by the Chairman of the respective committees. In the absence of a particular committee, Secretary directly submits the Council papers. Financial implications of matters contained in the Council papers require approval of the F&A. The Head of Finance is requested to check and confirm the adequacy of budget allocation. The Council meetings take place monthly and special Council meetings are called for whenever there are urgent matters to attend to. In turn, Council/Committee decisions and corresponding minutes provide guidance/instructions to the Secretary and the Management staff.

There are over 300 members, who have contributed over 6,000 hours in 2018, also serving in the committees free of charge sharing their knowledge and experience in the process of formulation and implementation of the strategy and providing policy directions.

Committees of the Institute 2018

The individual committees set up under each of the broader categories of committees referred to are given in the table below:

| Committee | Chairperson | Alternate Chairperson | Secretary |
|---|-------------------------|-----------------------|---------------------------------|
| Governance Committee | | | |
| Professional Conduct (Ethics) Committee | Reyaz Mihular | Jagath Perera | Prasanna Liyanage (Jun.-Dec.) |
| Audit Committee | Rajan Asirwatham | | Hemanthi Kevitiyagala |
| Remuneration Committee | Jagath Perera | | Prasanna Liyanage (Jun.-Dec.) |
| Statutory Committees | | | |
| Examination Committee | Tishan Subasinghe | Dulitha Perera | Dayananda Wijesekera |
| Operational Support | | | |
| Finance and Administration Committee | Manil Jayesinghe | Sanjaya Bandara | Hemanthi Kevitiyagala |
| Member Relations Committee | Sanjaya Bandara | Heshana Kuruppu | Nilnge Dilrukshi |
| CPD Committee | Heshana Kuruppu | Chamila Cooray | Sajani Kariyawasam |
| Student Training and Skills Development Committee | Dulitha Perera | Shakila Perera | Dr Nagalingam Nagendrakumar |
| Education Committee | Kapila Atukorala | Sanjaya Bandara | Lakmini Perera |
| Curriculum Development Committee | Chaaminda Kumarasiri | | Lakmini Perera |
| Media and Communication Committee | Laknath Peiris | Dilani Yatawaka | Lasantha Amarakoon |
| Business School Committee | Chandrasiri Kalupahana | Amani Ranaweera | Niroshi Siriwanasa |
| School of Taxation | Denzil Rodrigo | Hiranthi Ratnayake | Nandani Abrew |
| Taxation Committee | Hiranthi Rathnayake | Athula Ranaweera | Nandani Abrew |
| Corporate Governance Committee | Reyaz Mihular | | Saumya Madhubashini |
| CA Foundation | B R L Fernando | Asoka Jayasinghe | Narmadha Ragupathy |
| Board of Management – School of Accounting and Business | Sanjaya Bandara | | Prof Sanath Dhammika |
| Board of Studies – School of Accounting and Business | Prof Sanath Dhammika | | Wijerathna Banda |
| Board of Examination – School of Accounting and Business | Prof Sanath Dhammika | | Wijerathna Banda |
| Public Sector Accounting Standards | V Kanagasabapathy | | Ananda Amarawansa |
| Journal Committee | Heshana Kuruppu | | Nilangi Dilrukshi |
| International Relations Committee | Manil Jayesinghe | | Ishvi Sheriff/Nilangi Dilrukshi |
| Student Enrollment and Counselling Committee | Jagath Perera | Moiz Rehmanjee | Sujeewa Munidasa |
| Research and Development Committee | Nishan Fernando | | Diluka Pathirana |
| Regulatory Reforms Review Committee | N R Gajendran | | Karen Senanayake |
| Entrepreneurship and Leadership Development Committee | Aslam Omar | | Nilangi Dilrukshi |
| Women Empowerment and Leadership | Aruni Rajakarier | Anoji De Silva | Pranadhi Fernando |
| Infrastructure and Facilities Management | Lasantha Wickremasinghe | | Senaka Abeyakoon |
| Nomination Committee | Manil Jayesinghe | | Prasanna Liyanage (Jun.-Dec.) |
| Past Presidents' Guild | Lasantha Wickremasinghe | | Prasanna Liyanage (Jun.-Dec.) |

STEWARDSHIP
GOVERNANCE

| Committee | Chairperson | Alternate Chairperson | Secretary |
|---|----------------------|-----------------------|---|
| Events Committees | | | |
| National Conference Committee | Dulitha Perera | Chiran Wijesinghe | Crisle Perera/ Dinushika Abeygunawardene |
| National Conference Committee – Technical | Moiz Rehmanjee | Sulaiman Nisthar | Lakma Soyza |
| Annual Report Awards Committee | Heshana Kuruppu | Sanjaya Bandara | Buddhini Chandrasena |
| Task Forces | | | |
| Curriculum Development Task Force | Chaaminda Kumarasiri | | Aruna Rupasinghe |
| Exemptions and Reciprocal Arrangements Task Force | Tishan Subasinghe | Lahiru Jayasinghe | Lakmini Perera |
| Financial Reporting Standards Implementation and Interpretation Committee | Nishan Fernando | | Nilangi Dilrukshi |
| Quality Assurance Board | Tissa Bandaranayake | Deva Rodrigo | Diluka Pathiranage |
| Integrated Reporting Council of Sri Lanka | Asite Talwatte | Suresh Gooneratne | Ameena Anver |
| World Bank ROSC Steering Committee | Duminda Hulangamuwa | | Saumya Madhubashini |
| Committees which members served as ex-officio members | | | |
| Accounting Standards Committee | Manil Jayesinghe | Shamura Hadgie | Saumya Madhubashini |
| Auditing Standards Committee | Suren Rajakarier | Sanath Fernando | Diluka Pathiranage |
| Committee | | | |
| | | | Authorised representative |
| Sri Lanka Accounting and Auditing Standards Monitoring Board | | | Lasantha Wickremasinghe |
| | | | Arjuna Herath |
| | | | Jagath Perera |
| Securities and Exchange Commission of Sri Lanka | | | Jagath Perera |
| Institute of Certified Management Accountants of Sri Lanka (CMA) | | | Manil Jayesinghe |

STEWARDSHIP
GOVERNANCE

| Committee | Chairperson | Alternate Chairperson/ Vice President | Secretary/Treasurer |
|--|---|--|---|
| Faculties | | | |
| Taxation Faculty | Shamila Jayasekera | V Sivagurunathan | Shakthi Karunanathan/ Sajeewanie Madushika |
| Audit Faculty | Saman Siri Lal | K Hemantha Kumara | Shakthi Karunanathan |
| IT Faculty | Wasaba Jayasekera | H M J J Herath | Roshan Ruvendra/Mahika Basnayake |
| Financial Reporting Faculty | Naleen De Silva | Saman Siri Lal | Shakthi Karunanathan |
| SMP Capacity Building Task Force | Lasantha Wickremasinghe | Sanath Fernando | Pranadhi Fernando |
| Other Societies and Associations of the Institute | | | |
| Practicing Chartered Accountants Forum | I B Dickson Jayasinghe | | V Sivagurunathan S L A S Dias |
| Members' Benevolent Society | Bennet Gamalath | W D L Dushmantha/ Kapila Ranasinghe/ | T A Kariyawasam/ Gamini Samarasekara |
| Young Chartered Accountants' Forum | Vindya Cooray (Jan.-Jun.)/ Jani Ganeshan (Jun.-Dec.) | Jani Ganeshan (Jan.-Jun.)/ J M Fazeer (Jun.-Dec.) | J M Fazeer (Jan.-Jun.)/ Thilini Nadeesha (Jun.-Dec.) |
| Toastmasters' Club | Sathiyaseelan Suhashini (Jan.-Jul.)/ Dilhani Seneviratne (Jul.-Dec.) | Dilhani Seneviratne (Jan.-Jul.)/ Anuradha Bandara (Jul.-Dec.) | Anuradha Bandara (Jan.-Jul.)/ Poorni Noopahewa (Jul.-Dec.) |
| Association of Public Finance Accountants of Sri Lanka | V Kanagasabapathy | Gamini Wijesinghe | Ananda Amarawansa |

Attendance at Council meetings

Given below is the Council members' attendance at the Council meetings held during 2018.

| Name | Scheduled meetings | |
|---|--------------------|------|
| | Attended | Held |
| 1. Mr Jagath Perera (President) | 21 | 22 |
| 2. Mr Manil Jayasinghe (Vice-President) | 16 | 22 |
| 3. Mr Lasantha Wickremasinghe (Immediate Past President) | 18 | 22 |
| 4. Mr Nishantha Kapila Atukorala (From January to September 2018) | 10 | 18 |
| 5. Mr Abdul Azeez | 11 | 22 |
| 6. Mr S M S Sanjaya Bandara | 16 | 22 |
| 7. Mr N R Gajendran | 14 | 22 |
| 8. Mr Duminda Hulangamuwa | 16 | 22 |
| 9. Mr Asoka Jayasinghe (From October to December 2018) | 4 | 4 |
| 10. Mr Chandrasiri Kalupahana | 17 | 22 |
| 11. Mr Chaaminda Kumarasiri | 13 | 22 |
| 12. Mr Heshana Kuruppu | 14 | 22 |
| 13. Mr Aslam Omar | 8 | 22 |
| 14. Mr Lakanath Peiris | 6 | 22 |
| 15. Mr Dulitha Perera | 21 | 22 |
| 16. Mr Tishan Subasinghe | 20 | 22 |
| 17. Mr Gamini Wijesinghe | 0 | 22 |

Preparation of Financial Statements

The financial statements of the Institute have been prepared in accordance with the Sri Lanka Accounting Standards issued by the Institute.

The Annual Report Task Force look into the presentation and disclosure of the Annual Report. The Governance and Audit Committee (GAC) reviews and submits the financial statements to the Council for approval and publication.

The financial statements are certified by the Head of Finance and Secretary and approved by the Council.

External audits

External Auditors are appointed by the Council based on the recommendations of the Governance and Audit Committee (GAC). It has been customary for the Institute to change the External Auditor once in every two years. The GAC meets the External Auditors before, after and while conducting the audit. The external audit plan is also discussed by the GAC before the commencement of the audit.

Periodic reporting requirements

In order to strengthen the good governance, periodic reports are prepared and submitted.

Monthly financial statements are presented to the Council through the F&A. At the earliest possible opportunity, the financial statements for the preceding year are published in the Government Gazette and also furnished to the subject Minister and each member of the Institute. Quarterly internal Audit Reports are submitted to the GAC and highlights are reported to the Council.

STEWARDSHIP

REPORT OF THE GOVERNANCE AND AUDIT COMMITTEE (GAC)

The GAC consists of seven members consisting of six Non-Council members and one Council member appointed by the Council. GAC complements the Council's attempts to permeate good governance practices.

The GAC has the following primary objectives:

- a. Monitor and oversee the Institute's governance-related matters;
- b. Monitor and oversee the integrity of the Institute's financial and non-financial reporting process and systems of internal control regarding finance, accounting, service delivery and legal compliance;
- c. Monitor and oversee the work of the Internal Auditor, External Auditor, review the independence and performance of the Internal and External Auditors and make recommendations regarding their appointments or reappointments to the Council;
- d. Provide a channel of communication among External Auditor, Internal Auditor, Management and the Council; and
- e. Recommend Financial Statements to the Council for approval.

Compliance with Financial Reporting

The Financial Statements of the Institute are prepared in compliance with Sri Lanka Accounting Standards. The GAC considered the annual Financial Statements and reviewed the Annual Report including the Financial Statements prior to publication.

Internal controls

Effectiveness of the Institute's system of internal controls is evaluated through reports provided by the Internal Auditor and the External Auditor.

Internal Auditor

The internal audit is outsourced to Messrs SJMS Associates, a firm of Chartered Accountants, who submit their findings to the GAC quarterly, and important observations are reported to the Council.

External Auditor

The GAC assessed the performance and effectiveness of the external auditors' independence, professional capabilities and made recommendations to the Council for their re-appointment. The audited Financial Statements were discussed with External Auditors and GAC assured that they were in conformity with the Sri Lanka Accounting Standards and other regulatory requirements.

Meetings of Governance and Audit Committee

The GAC meetings held for the year ended 31 December 2018 under the chairmanship of Mr R N Asirwatham are as follows:

| Committee members | Meetings held under the chairmanship of Mr R N Asirwatham |
|---|---|
| 1. Mr R N Asirwatham | 4 out of 4 |
| 2. Mr Nirmal Fernando | 4 out of 4 |
| 3. Mr Nanda Bandara | 4 out of 4 |
| 4. Mr T Someswaran | 3 out of 4 |
| 5. Mr Mohan Abeynaike | 4 out of 4 |
| 6. Ms Shamura Hadgie | 3 out of 4 |
| 7. Mr N R Gajendran (w.e.f 28 August 2018) | 1 out of 2 |

Conclusion

The GAC is satisfied that the accounting policies and operational controls provide reasonable assurance that the affairs of the Institute are prudently managed and the Institute's assets are properly accounted for and adequately safeguarded.



R N Asirwatham

Chairman – Governance and Audit Committee
Colombo

19 March 2019

STEWARDSHIP

RISK MANAGEMENT

Introduction to risk management process at the Institute

The Institute like any other organisation is faced with a multitude of risks. It is cognisant of the fact that these risks need to be managed and that if they are well managed, they will have an upside potential too.

These risks have broadly been categorised under reputational, operational and financial risks.

Management measures

Tabulated below is a summary of these risk categories, specific risk elements coming under each category, implications and the risk mitigating measures in place.

| Risk element | Implications | Mitigating measures |
|------------------------------------|---|--|
| Reputational risks | | |
| R/1 Curriculum becoming irrelevant | Negative impact on employability of new members Decrease in demand for the qualification Lack of new products being introduced and existing products not being upgraded | Revising and reviewing the curriculum every five years Fulfilling IFA, IES requirements and achieve competency in areas defined Ongoing monitoring and continuous improvements to the CA Sri Lanka curriculum and other learning programmes Accreditation of syllabus by global bodies Close monitoring by the Council and committees Periodic market research on the demand and acceptance of the qualification |
| R/2 Poor conduct of members | Loss of brand reputation Loss of market share Poor employability of members | Code of Conduct and Ethics, and Ethics Committee Monitoring CPD compliance CPD seminars and Accounting and Auditing Standards seminar series focusing on new developments in the field of accounting Audit toolkit, training programmes and workshops |
| Operational risks | | |
| O/1 Student experience | Failure to meet student expectations Failure to provide the range and structure of courses that meet the expectations of student/ poor product offering Failure to meet teaching quality and standard of facilities up to the expectations of the students | Customer satisfaction surveys Ongoing monitoring and continuous improvements to the curriculum and services Improved communication with schools, colleges, and industry Monitoring and supervision of the operation by the committees and Management Continuous review of student service functions Establishment of a call centre Review of the quality of teaching and infrastructure of teaching colleges by Education Committee Registration of teaching colleges towards accreditation |

STEWARDSHIP
RISK MANAGEMENT

| Risk element | Implications | Mitigating measures |
|---|---|--|
| O/2 Substandard exam delivery standards | <p>Failure to meet exam delivery standards</p> <p>Inaccurate assessment of student performance at examination</p> | <p>Closely monitoring of operations by the Examination Committee</p> <p>Clearly laid down operational procedures and internal controls for conducting examinations</p> <p>System and physical access controls</p> <p>Post-exam reviews with students and lecturers</p> <p>Policies and procedures manual</p> <p>Regular training for paper setters and examiners</p> |
| O/3 Substandard HR practices | <p>Failure to attract staff of good calibre and standing</p> <p>Failure to develop and retain high quality staff</p> <p>Failure to adhere to employment legislation and standards of good practice</p> <p>Risk of dependency on key managerial persons</p> | <p>Periodic review of remuneration packages</p> <p>Periodic appraisal process</p> <p>Review of unfilled positions</p> <p>Monitoring staff turnover rates</p> <p>Review of exit interview reports</p> <p>Review of working environment</p> <p>Regular review of policies and procedures</p> <p>Monitoring and timely payment of statutory levies</p> |
| O/4 Instability of IT systems | <p>Disruption to IT systems</p> <p>Disruption to teaching and/or support services</p> <p>Failure to provide accurate and complete information (operational and student/member management)</p> <p>Disruption to support services</p> <p>Damage to reputation</p> | <p>ICT Committee supervision</p> <p>IT disaster recovery plan in place and regularly tested</p> <p>Audit reports on IT security</p> <p>Regular penetration audits</p> <p>Regular review of current and future requirements</p> |
| Financial risks | | |
| F/1 Weak financial management and internal controls | <p>Failure to meet financial liabilities</p> <p>Failure to achieve financial targets</p> <p>Fraud and theft</p> <p>Exceptional increase in expenditure</p> | <p>Diversify sources of income to decrease reliance on any one source</p> <p>Budgeting controls</p> <p>Operational Review Committee supervision</p> <p>System of internal controls</p> <p>Internal audit/external audit</p> |

FINANCIAL REPORTS

Statement of Responsibility of the Management – **62**

Independent Auditor's Report – **63**

Statement of Financial Position – **64**

Statement of Comprehensive Income – **66**

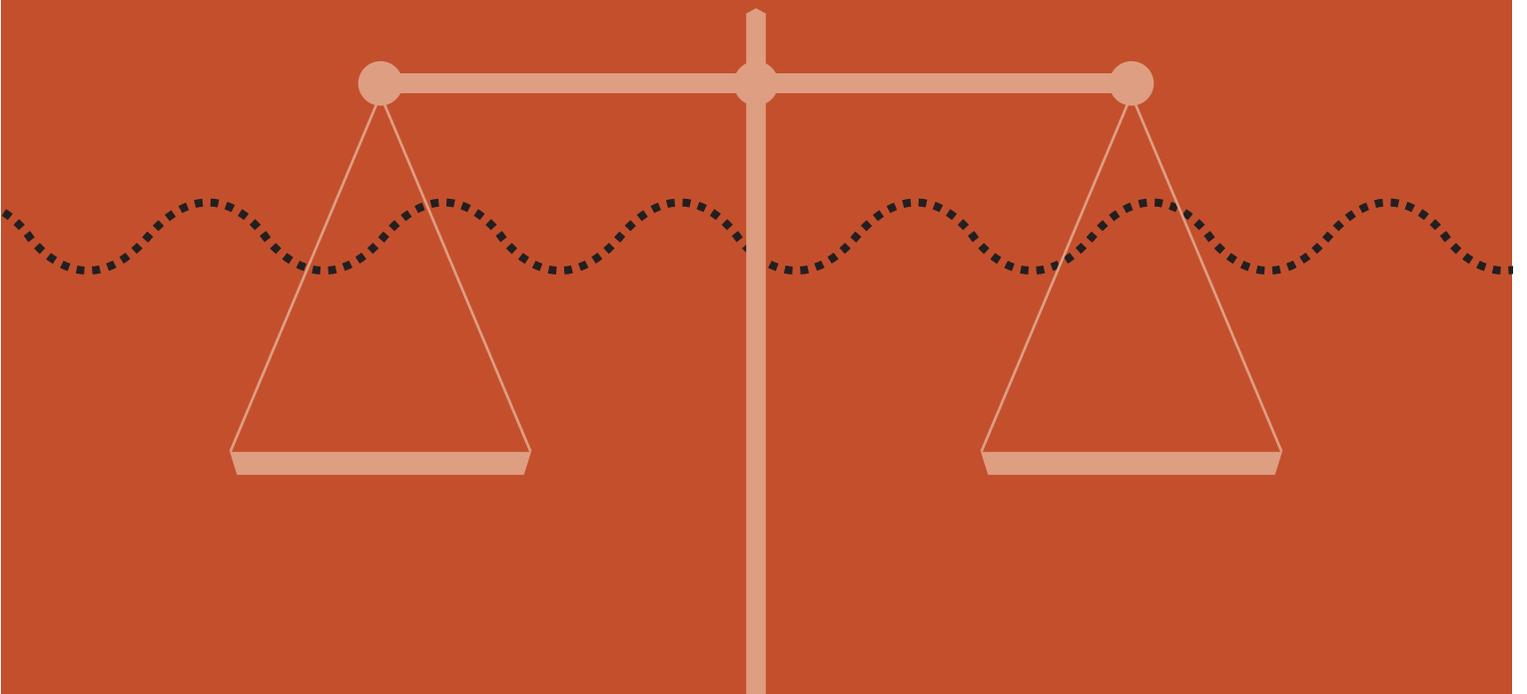
Statement of Changes in Funds and Reserves – **67**

Statement of Cash Flows – **68**

Notes to the Financial Statements – **70**

F B Lander Prize Fund – **101**

Cyril E Begbie Memorial Prize Fund – **102**



FINANCIAL REPORTS

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT

The financial statements comprise the Statement of Financial Position ("SOFP"), Statement of Comprehensive Income ("SOCl"), Statement of Changes in Funds and Reserves ("SOCFR"), Statement of Cash Flows and Notes to the Financial Statements. These Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by The Institute of Chartered Accountants of Sri Lanka.

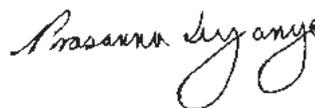
These financial statements also include statements of financial position of F B Lander Prize Fund and Cyril E Begbie Memorial Prize Fund.

The accounting policies used in the preparation of the financial statements are appropriate and are consistently applied by the Institute. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation.

All significant accounting policies and estimates that involve a high degree of judgement and complexity were discussed with our External Auditors and the Governance and Audit Committee. We confirm that, to the best of our knowledge, the financial statements and other financial information included in this annual report, fairly present in all material respects the financial position, Results of operations and cash flows of the Institute as of, and for, the periods presented in this annual report.

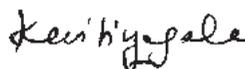
We have taken responsible measures to safeguard the assets of the Institute and, in that context, have established appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The financial statements were audited by Mr D V Dayarathna, ACA, B Sc (B Ad).



Prasanna Liyanage

Secretary



Hemanthi Kevitiyagala

Head of Finance

FINANCIAL REPORTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE COUNCIL OF THE INSTITUTE
OF CHARTERED ACCOUNTANTS OF SRI LANKA

Report on the audit of the Financial Statements

Opinion

I have audited the financial statements of The Institute of Chartered Accountants of Sri Lanka, ("the Institute"), which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in funds and reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. I have also audited the statements of financial position of F B Lander Prize Fund and Cyril E Begbie Memorial Prize Fund as at 31 December 2018.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute, F B Lander Prize Fund and Cyril E Begbie Memorial Prize Fund as at 31 December 2018, and financial performance of the Institute and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

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 am independent of the Institute in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditors' report thereon.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 determines 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 Institute'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 intends to cease operations, or has no realistic alternative but to do so.

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

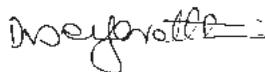
Auditor's responsibilities for the audit of the Financial Statements

My objectives are 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 SLAuSs 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 SLAuSs, I exercise professional judgement 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 Institute'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 Institute 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



D V Dayarathna

Chartered Accountant

Colombo 06

19 March 2019

FINANCIAL REPORTS

STATEMENT OF FINANCIAL POSITION

| As at | Notes | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|--|-------|------------------------------|------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 1,159,643 | 1,202,568 |
| Intangible assets | 4 | 6,201 | 28,233 |
| Library books | 5 | 433 | 704 |
| Loans and advances to staff | 6 | 9,429 | 11,336 |
| Held-to-maturity financial assets | 7 | - | 71,517 |
| Available-for-sale financial assets | 8 | - | 36,019 |
| Financial assets at amortised cost | 9 | 73,087 | - |
| Total non-current assets | | 1,248,793 | 1,350,377 |
| Current assets | | | |
| Inventories | 10 | 17,785 | 16,306 |
| Receivables | 11 | 59,499 | 49,401 |
| Loans and advances to staff | 6 | 6,762 | 7,762 |
| Held-to-maturity financial assets | 7 | - | 586,136 |
| Financial assets at amortised cost | 9 | 993,504 | - |
| Cash and cash equivalents | 12 | 50,753 | 95,011 |
| Total current assets | | 1,128,303 | 754,616 |
| Total assets | | 2,377,096 | 2,104,993 |
| Funds and liabilities | | | |
| Accumulated fund and reserves | | | |
| Accumulated fund | | 1,256,491 | 1,040,010 |
| Capital reserve | | 699,000 | 699,000 |
| Available-for-sale reserve | | - | (2,346) |
| Total accumulated fund and reserves | | 1,955,491 | 1,736,664 |
| Funds and grants | | | |
| Designated funds | 13 | 39,246 | 35,773 |
| Restricted funds and grants | 14 | 17,417 | 17,172 |
| Endowment funds | 15 | 2,222 | 1,958 |
| Total funds and grants | | 58,885 | 54,903 |

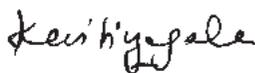
FINANCIAL REPORTS

Statement of Financial Position

| As at | Notes | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|--------------------------------------|-------|------------------------------|------------------------------|
| Non-current liabilities | | | |
| Retirement benefit obligation | 16 | 28,107 | 27,821 |
| Total non-current liabilities | | 28,107 | 27,821 |
| Current liabilities | | | |
| Payables | 17 | 96,032 | 85,040 |
| Income tax liability | 18 | 16,548 | 79 |
| Receipts in advance | 19 | 192,087 | 166,191 |
| Deferred income | | 29,946 | 23,544 |
| Bank overdrafts | 12 | - | 10,751 |
| Total current liabilities | | 334,613 | 285,605 |
| Total liabilities | | 362,720 | 313,426 |
| Total funds and liabilities | | 2,377,096 | 2,104,993 |

The accounting policies and notes on pages 70 to 100 form an integral part of these financial statements.

These financial statements have been prepared and presented in compliance with Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka.



Hemanthi Kevitiyagala

Head of Finance



Prasanna Liyanage

Secretary

Signed for and on behalf of the Council.



Jagath Perera

President



Manil Jayasinghe

Vice-President

Colombo

19 March 2019

FINANCIAL REPORTS

STATEMENT OF COMPREHENSIVE INCOME

| For the year ended 31 December | Notes | 2018 LKR '000 | 2017 LKR '000 |
|---|-------|------------------|------------------|
| Income | 20 | 859,380 | 756,261 |
| Expenditure | 20 | (350,835) | (353,243) |
| Net income before employee costs and overheads | | 508,545 | 403,018 |
| Other income | | | |
| Other operating income | 21 | 5,641 | 6,027 |
| Operating income | | 514,186 | 409,045 |
| Overhead expenses | | | |
| Employee costs | 22 | (220,515) | (217,601) |
| Maintenance of premises | 23 | (40,798) | (35,312) |
| Depreciation and amortisation | 24 | (66,669) | (76,693) |
| Other expenses | 25 | (43,487) | (43,556) |
| Total overhead expenses | | (371,469) | (373,162) |
| Net operating income | | 142,717 | 35,883 |
| Grants and other restricted funds | 14.1 | 5,402 | 4,801 |
| Related expenditure of grants | 14.2 | (784) | (1,667) |
| Contribution to designated funds | 13 | (16,767) | (16,047) |
| Transfers to restricted funds and grants | 14.1 | (1,724) | (1,389) |
| Contribution to endowment funds | 15 | (244) | (204) |
| | | (14,117) | (14,506) |
| Finance income | 26 | 102,842 | 67,469 |
| Income over expenditure for the year before Government grant | | 231,442 | 88,846 |
| Government grant | 3.2 | - | 699,000 |
| Income over expenditure for the year before tax | | 231,442 | 787,846 |
| Income tax | 27 | (16,649) | (115) |
| Income over expenditure for the year after tax | | 214,793 | 787,731 |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Fair value changes on available-for-sale investments | 8 | - | 2,133 |
| Reclassification adjustment | 9.1 | 2,346 | - |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Defined benefit plan actuarial gain/(loss) | 16.1 | 1,687 | 3,128 |
| Total comprehensive income | | 218,826 | 792,992 |

The accounting policies and notes on pages 70 to 100 form an integral part of these financial statements.

FINANCIAL REPORTS

STATEMENT OF CHANGES IN FUNDS AND RESERVES

| | Accumulated fund LKR '000 | Government grant LKR '000 | Available-for-sale reserve LKR '000 | Total LKR '000 |
|--|---------------------------------|---------------------------------|---|-------------------|
| Balance as at 1 January 2017 | 948,151 | – | (4,479) | 943,672 |
| Income over expenditure for the year after tax | 787,731 | – | – | 787,731 |
| Land received as Government grant | (699,000) | 699,000 | – | – |
| Actuarial gain on defined benefit obligation | 3,128 | – | – | 3,128 |
| Fair value changes on available-for-sale investments | – | – | 2,133 | 2,133 |
| Balance as at 31 December 2017 | 1,040,010 | 699,000 | (2,346) | 1,736,664 |
| Balance as at 1 January 2018 | 1,040,010 | 699,000 | (2,346) | 1,736,664 |
| Income over expenditure for the year after tax | 214,793 | – | – | 214,793 |
| Actuarial gain on defined benefit obligation | 1,687 | – | – | 1,687 |
| Reclassification adjustment | – | – | 2,346 | 2,346 |
| Balance as at 31 December 2018 | 1,256,491 | 699,000 | – | 1,955,491 |

Government grant received from the Democratic Socialist Republic of Sri Lanka further explained in Note 3.2.

Available-for-sale reserve had been transferred and adjusted against the fair value of financial assets as the investments are shown at amortised cost.

The accounting policies and notes on pages 70 to 100 form an integral part of these financial statements.

FINANCIAL REPORTS

STATEMENT OF CASH FLOWS

| For the year ended 31 December | Notes | 2018 LKR '000 | 2017 LKR '000 |
|---|-------|------------------|------------------|
| Cash flow from operating activities | | | |
| Income over expenditure for the year before tax | | 231,442 | 787,846 |
| Adjustments for; | | | |
| Depreciation and amortisation | 24 | 68,541 | 79,864 |
| Reimbursements and amortisation of restricted funds and grants | 14 | (5,402) | (4,801) |
| Contribution to designated funds | 13 | 16,767 | 16,047 |
| Transfers to restricted funds and grants | 14 | 1,724 | 1,389 |
| Contribution to endowment funds | 15 | 244 | 204 |
| Provision for defined benefit plan | 16 | 5,974 | 6,731 |
| (Profit)/loss on disposal of property, plant and equipment | 21 | 350 | (10) |
| Amortisation of prepaid staff cost | 22 | 2,455 | 3,816 |
| Finance income | 26 | (102,842) | (67,469) |
| Government grant | 3.2 | - | (699,000) |
| Operating income over expenditure before working capital changes | | 219,253 | 124,617 |
| (Increase)/decrease in inventory | 10 | (1,479) | 8,131 |
| (Increase)/decrease in receivables | 11 | (10,098) | 8,504 |
| (Increase)/decrease in loans and advances to staff | 6 | 2,907 | 9,550 |
| Increase/(decrease) in payables | 17 | 10,992 | 5,775 |
| Increase/(decrease) in deferred income | | 6,402 | 306 |
| Increase/(decrease) in receipts in advance | 19 | 25,896 | (18,575) |
| Cash generated from operations | | 253,873 | 138,308 |
| Tax paid | 18 | (180) | (116) |
| Gratuity paid | 16 | (4,001) | (7,603) |
| Net cash inflow from operating activities | | 249,692 | 130,589 |

FINANCIAL REPORTS

Statement of Cash Flows

| For the year ended 31 December | Notes | 2018 LKR '000 | 2017 LKR '000 |
|--|-------|------------------|------------------|
| Cash flows from/(used in) investing activities | | | |
| Acquisition of property, plant and equipment and library books | 3,5 | (2,068) | (3,169) |
| Acquisition of intangible assets | 4 | (1,595) | (3,771) |
| Investments in held-to-maturity financial assets | 7.1 | - | (535,750) |
| Maturity proceeds received from held-to-maturity financial assets | 7.1 | - | 392,426 |
| Investments in financial assets at amortised cost | 9.1 | (954,450) | - |
| Maturity proceeds received from financial assets at amortised cost | 9.1 | 544,541 | - |
| Proceeds on disposal of property, plant and equipment | | - | 10 |
| Finance income received | | 139,724 | 33,536 |
| Net cash flow from/(used in) investing activities | | (273,848) | (116,718) |
| Cash flows from/(used in) financing activities | | | |
| Donations received to designated funds | 13 | 25 | 27 |
| Receipts to restricted funds and grants | 14 | 6,583 | 5,093 |
| Donations received to endowment funds | 15 | 190 | 91 |
| Payments made from designated funds | 13 | (13,319) | (10,934) |
| Payments made from restricted funds | 14 | (2,660) | (2,163) |
| Payments made from endowment funds | 15 | (170) | (454) |
| Net cash flow from/(used in) financing activities | | (9,351) | (8,340) |
| Net increase/(decrease) in cash and cash equivalents | | (33,507) | 5,531 |
| Cash and cash equivalents at the beginning of the year | | 84,260 | 78,729 |
| Cash and cash equivalents at the end of the year | 12 | 50,753 | 84,260 |

The accounting policies and notes on pages 70 to 100 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

1.1 Legal and domicile form

The Institute of Chartered Accountants of Sri Lanka (the Institute) is a statutory body incorporated by Institute of Chartered Accountants Act No. 23 of 1959 (The Act), and domiciled in Sri Lanka, situated at 30A, Malalasekara Mawatha, Colombo 07.

1.2 Principal activities and nature of operations

- To promote in general the theory and practice of accountancy and in particular auditing, financial management and taxation.
- To enrol, educate and train members who are desirous of learning or improving their skills and knowledge in disciplines such as auditing, financial management and taxation.
- Act as the sole authority for promulgating accounting and auditing standards in Sri Lanka.
- To organise, finance and maintain schemes for the granting of diplomas, certificates and other awards to members of the Institute and other professional bodies and to other persons who fulfil the prescribed conditions.
- Adoption and implementation of code of ethics and best practices.
- Conducting of technical awareness campaigns in the form of seminars, workshops and events to ensure continuous professional development of the members.
- Regulation and supervision of student education and training.
- Activities on matters of public interest.

1.3 Going concern

Financial statements have been prepared on the assumption that the Institute is a going concern. The Council have made an assessment of the Institute's ability to continue as a going concern in the foreseeable future. Furthermore, the Council is not aware of any material uncertainties that may cast significant doubt upon the Institute's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Institute. Therefore, the financial statements continue to be prepared on the going concern basis.

1.4 Financial period

The financial period of the Institute represents a twelve month period from 1 January 2018 to 31 December 2018.

1.5 Accounting for Association of Public Finance Accountants of Sri Lanka (APFASL)

APFASL has been set up jointly with the Institute of Public Finance and Development Accountancy (IPFDA) and The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) in 2012, to enhance the capacity of public sector financial management professionals. Both CA Sri Lanka and IPFDA have equally contributed LKR 10 Mn. as initial investment for this project. In terms of Paragraph 5.9 of the Articles of Constitution of APFASL, on the occasion of dissolution, the fund will be either

be spent for collective welfare purpose or be granted towards any good cause as the general membership feels best.

The assets and liabilities of Association of Public Finance Accountants of Sri Lanka (APFASL) which had been amalgamated with the Institute financials up to year 2015 have been derecognised from the financial statements of the Institute from the year 2016 due to the amendment of certain clauses and provisions of the Constitution of APFASL in order to operate as a more autonomous entity.

1.6 Basis of preparation of financial statements

1.6.1 Statement of compliance

The financial statements of the Institute have been prepared in accordance with Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka.

These financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in funds and reserves, statement of cash flows and notes to the financial statements.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all periods presented in the financial statements unless otherwise stated.

1.6.2 Basis of measurement

The financial statements have been prepared on accrual basis and under the historical cost basis, except where appropriate disclosures are made with regard to fair value under relevant notes.

1.6.3 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements, in order to enhance the understanding of the financial statements of the current period and to improve comparability.

Where necessary, comparative figures have been rearranged to conform to the current year's presentation.

1.6.4 Responsibility and approval of financial statements

The Council of the Institute acknowledges their responsibility for the financial statements and financial statements were approved and authorised for issue by the Council at the meeting held on 19 March 2019.

1.6.5 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately, unless they are immaterial.

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1.6.6 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the Institute's functional and presentation currency, in the primary economic environment in which the Institute operates.

All financial information presented in Sri Lankan Rupees have been rounded to the nearest thousand, unless stated otherwise.

1.7 Significant accounting estimates and judgements

The preparation and presentation of financial statements, in conformity with Sri Lanka Accounting Standards, requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgements used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimates, uncertainty and critical judgements in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is as follows.

(a) Association of Accounting Technicians of Sri Lanka (AAT) and Accounting for Association of Public Finance Accountants of Sri Lanka (APFASL)

When determining that there is no requirement for consolidation, the consideration has been drawn to all factors and circumstances in SLFRS 10 – "Consolidated Financial Statements" (Paragraph 7) as follows:

- (a) power over the investee
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns.

Accordingly, Management has determined that the Institute does not have exposure, or rights to variable returns from its involvement with AAT or APFASL. Hence there is no requirement for consolidation.

(b) Defined benefit plans

The cost of the retirement benefit plan of employees is determined using Projected Unit Credit (PUC) method. Such method involves use of assumptions concerning the rate of interest, rate of salary increase, and retirement age. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty.

(c) Changes in accounting estimates and judgements

Any changes in accounting estimates and critical judgements are disclosed in the relevant notes to the financial statements.

2. Summary of significant accounting policies

2.1 Assets and the bases of their valuation

2.1.1 Property, plant and equipment

(a) Basis of recognition and measurement

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Institute and the cost of the asset can be measured reliably.

All property, plant and equipment are stated initially at cost and subsequently measured at cost less accumulated depreciation and any impairment losses. Repair and maintenance cost are recognised in the statement of comprehensive income as incurred. The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that carrying value may not be recoverable.

(b) Depreciation

Depreciation is calculated by using a straight-line method on the cost of all property, plant and equipment, in order to write-off such amounts over the estimated useful life of such assets.

The estimated useful lives of assets are as follows:

| Asset category | Useful life (years) |
|---------------------|---------------------|
| Buildings | 50 |
| Furniture | 5-10 |
| Plant and machinery | 5-10 |
| Motor vehicles | 10 |
| Computers | 5 |

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Significant items of property, plant and equipment with different useful lives are separately identified and depreciated.

Depreciation on property, plant and equipment purchased through restricted funds is charged to the statement of comprehensive income. The correspondent grant amount is amortised over the useful life of the related asset.

(c) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount and included in the statement of comprehensive income in the year, the asset is derecognised.

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2.1.2 Library books

Cost of library books are written off on the straight-line basis over a period of three years.

2.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost, less any impairment losses. These are expenses of a capital nature, directly incurred in the construction of property, plant and equipment awaiting capitalisation. Capital work-in-progress would be transferred to the relevant asset category in property, plant and equipment, when it is available for use i.e. when it is in the location and conditions necessary for it to be capable of operating in the manner intended by the Institute.

2.1.4 Intangible assets

a. Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use. These costs are amortised over their estimated useful life of five (5) years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Institute are recognised as intangible assets when the following criteria are met:

1. it is technically feasible to complete the software product so that it will be available for use;
2. Management intends to complete the software product and use it;
3. there is an ability to use the software product;
4. it can be demonstrated how the software product will generate probable future economic benefits;
5. adequate technical, financial, and other resources to complete the development and to use the software product are available; and
6. the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Costs recognised as intangible assets are amortised over their estimated useful lives, which do not exceed five (5) years. Costs relating to development of software are carried in capital work-in-progress until the software is ready for use.

b. Study material

Costs that are directly attributable to the development of curriculum and study materials of the CA qualifications are recognised as intangible assets when it is technically feasible to implement the new curriculum, the investment attributable to the project during its development period can be reliably measured and it can be demonstrated that it will generate probable future economic benefits.

These costs are amortised over the effective period of the curriculum and the remaining useful life is reviewed at least at each financial reporting year end.

2.1.5 Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowances for obsolete and slow-moving items. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. The cost of inventories is based on weighted average cost. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

The inventories of the Institute include study packs, study material, publications, stationery, and consumables.

2.1.6 Impairment of non-financial assets

The Institute assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists or when annual impairment testing for an asset is required, the Institute makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value, using a discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

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A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount, since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot “exceed” the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

2.1.7 Financial assets – Initial recognition and measurement

(a) SLFRS 9 Financial Instruments

SLFRS 9 Financial Instruments replaces LKAS 39 on “Financial Instruments: Recognition and Measurement” for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

(b) Financial assets

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Institute’s business model for managing them. With the exception of trade receivables that do not contain significant financing component for which the Institute has applied the practical expedient, the Institute initially measures financial assets at their fair value plus transaction costs. Trade receivables that do not contain a significant financing component for which the Institute has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are “solely payments of principal and interest” on the principal amount outstanding. The Institute’s business model for managing financial assets refers to how it manages financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows or selling the financial assets or both.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

The financial assets of the Institute include receivables, loans and advances to staff, fixed deposits held to collect contractual cash flows, Government Securities, repurchase agreements and cash and cash equivalents.

The Institute’s financial assets are subsequently measured at amortised cost upon satisfaction of both of the following conditions:

- (a) The financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- (b) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Accordingly, financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

2.1.8 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of an Institute of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Institute has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either
 - (a) the Institute has transferred substantially all the risks and rewards of the asset, or
 - (b) the Institute has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Institute has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Institute continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Institute also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Institute has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Institute could be required to repay.

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2.1.9 Impairment of financial assets

The Institute recognises an allowance for expected credit losses (ECLs) for all debt instruments measured at amortised cost.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Institute expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Institute applies a simplified approach in calculating ECLs.

2.1.10 Reclassification

Financial assets are measured at amortised cost as the Management intends to hold these instruments to collect the contractual cash flows upon completion of the SPPI test and evaluating the historical data. As of 1 January 2018, the Institute has elected the business model of hold to collect the contractual cash flows and measured the instruments at amortised cost.

Prior to 1 January 2018 financial assets were classified as held to maturity and available for sale. In complying with SLFRS 9, financial assets are reclassified at amortised cost. Cumulative balance in AFS reserve is removed and is used to adjust the reclassified amortised cost. EIR determined at initial recognition and gross carrying amount are not adjusted as a result of reclassification.

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Institute changes its objective of the business model for managing such financial assets.

Consequent to the change in the business model, the Institute reclassifies all affected assets prospectively from the first day of the next reporting period (the reclassification date). Prior periods are not restated.

2.1.11 Financial liabilities

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. The Institute does not have financial liabilities for the year ended 31 December 2018.

2.1.12 Cash and cash equivalents

The Institute considers cash in hand as amounts due from banks and short-term deposits with an original maturity of three months or less to be "Cash and cash equivalents". Bank borrowings that are repayable on demand and form an integral part of the Institute's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash and cash equivalents comprise cash in hand, cash at bank, deposits at bank and repurchase agreements.

Bank overdraft is included as a component of cash and cash equivalents for the purpose of the statement of cash flows, which has been prepared using the "indirect method".

2.2 Liabilities and provisions

A liability is classified as current when it is expected to be settled in the normal operating cycle; held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Institute classifies all other liabilities as non-current.

2.2.1 Deferred income

Deferred income results when invoices relating to courses and study programmes are raised at the commencement of the courses where the course delivery take place over a period of several months. Deferred income is recognised in the statement of comprehensive income to the extent of course delivery taken place and the balance attributable to the remaining course period is recognised as a liability on the statement of financial position until income is recognised.

2.2.2 Provisions

A provision is recognised in the statement of financial position, when the Institute has a legal or constructive obligation as a result of a past event, it is probable that an outflow of assets will be required to settle the obligation and the obligation can be measured reliably.

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2.2.3.1 Employee benefits

(a) Employee defined benefit plan – Gratuity

Defined benefit plan is a post-employment benefit plan, other than a defined contribution plan. The defined benefit is calculated by an independent actuary using Projected Unit Credit (PUC) method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions about discount rate, future salary increments and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. Accordingly, the employee benefit liability is based on the actuarial valuation as of 31 December 2018. The Institute's accounting policy for gratuity is to recognise actuarial gains and losses in the period in which they occur in full in the statement of other comprehensive income.

(b) Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. These are recognised as an expense in the statement of comprehensive income as incurred. The Institute contributes 15% and 3% of gross emoluments of the employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.2.4 Taxation

(a) Income tax

The provision for current taxation has been computed in accordance with the Inland Revenue Act No. 24 of 2017.

(b) Other taxes

Value added tax (VAT) has been paid in respect of rent received by the Institute, letting of movable or immovable property, being the only taxable activity carried on by the Institute. Since the Institute is not engaged in carrying on a trade or a business, the Institute is not liable for Economic Service Charge or Nation Building Tax. Therefore, no provision has been made for any other taxes.

(c) Deferred taxation

Since the Institute is not carrying on a trade or business capital allowances have not been claimed against the liable income and there are no tax losses to be set off against any future taxable income. Deferred tax has not been provided in the financial statements.

2.2.5 Translation of foreign currency transactions

Transactions in currencies other than Sri Lankan Rupees are converted into Sri Lankan Rupees at rates which approximate the actual rates at the transaction date. At the reporting date, monetary assets (including securities) and liabilities denominated in foreign currency are converted into Sri Lankan Rupees at the rate of exchange at that date. Non-monetary assets and liabilities in foreign currencies that are stated at historical cost are translated at the foreign exchange rate at the date of the transaction. Realised and unrealised exchange differences are reported in the statement of comprehensive income.

2.3 Accounting for the receipt and utilisation of funds, grants and reserves

The Institute received various grants for specific development activities. Funds, grants, and reserves have been classified as unrestricted funds, restricted funds, and endowment funds.

2.3.1 Unrestricted funds

Unrestricted funds are those that are available for use by the Institute at the discretion of the Council and funds that are designated for a specific purpose by the Council in furtherance of the general objectives of the Institute. Allocations made by the Council for the credit of the designated funds are charged to the statement of comprehensive income. Surplus funds are transferred from restricted funds to unrestricted funds in terms of the relevant donor agreements or with the subsequent approval of the donor.

Contributions and donations received from the general public are recognised in the statement of comprehensive income at the time of receipt, where there are no Terms of References.

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Designated funds

Unrestricted funds designated by the Council to a specific purpose are identified as designated funds. The Institute has accounted the following funds as designated funds and the purpose of such funds are elaborated as follows:

(a) Funds

| Name of the designated fund | Purpose |
|--|--|
| Needy students' scholarship fund | |
| L A Weerasinghe Memorial Needy Scholarship Fund | Help deserving and promising CA Sri Lanka students. |
| Merit scholarship funds | |
| <ul style="list-style-type: none">• General Fund• CA Sri Lanka Scholarship Funds<ul style="list-style-type: none">◦ District 1st Scholarship Fund◦ A/L Top 10 Scholarship Fund◦ Children of Staff Members' Scholarship Fund◦ Inter-school commerce competition Scholarship Fund◦ National Conference Scholarship Fund◦ CA Talent Scholarship Fund◦ Top achievers at A/L tutorial Scholarship Fund | Help deserving and promising students who have shown exceptional performance at CA Sri Lanka Examinations and undergoing business level training. |
| Other funds | |
| <ul style="list-style-type: none">• Faculty of Taxation Fund• Faculty of Auditing Fund• Publication Fund• Urgent Issues Task Force Fund• Audit Quality Assurance Fund | <ul style="list-style-type: none">Development of the tax professionDevelopment of the auditing professionDevelopment of publicationsInterpretation of accounting issuesConducting audit quality assurance-related activities |

2.3.2 Restricted funds

Where grants/donations are received for use in an identified project or activity, such funds are held in a restricted fund account and transferred to the statement of comprehensive income to match with expenses incurred in respect of that identified project. Unutilised funds are held in their respective fund accounts and included under accumulated fund and reserves in the statement of financial position until such time as they are required.

Where approved grant expenditure exceeds the income received and there is certainty that the balance will be received, such amounts are recognised through receivables in the statement of financial position.

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The Institute has accounted the following funds and grants as restricted funds and the purpose of such funds and grants are elaborated as follows:

| Name of the restricted fund | Purpose | |
|--|--|--|
| Needy students' scholarship funds | | |
| • CA Sri Lanka UK Members' Scholarship Fund | Help deserving and promising students to realise their future ambition of becoming a Chartered Accountant | |
| • Dalton Wijeyeratne Memorial Scholarship Fund | | |
| • Prof Y A D S Samaratinga Memorial Fund | | |
| • Prof Kodagoda Memorial Fund | | |
| • Members' Scholarship Fund | | |
| • PricewaterhouseCoopers Scholarship Fund | | |
| • Mr Sanjaya Bandara Scholarship Fund | | |
| • Mr Chandradasa Liyanage Scholarship Fund | | |
| • Mr A L B Brito Mutunayagam Memorial Scholarship Fund | | |
| • Pelwatta Sugar Industries Ltd Fund | | |
| • CA Qatar Chapter Scholarship Fund | | |
| • Ernst & Young Scholarship Fund | | The Institute administrates the scholarships granted to Ernst & Young trainees |
| • Miss Inoka Gunaratne Memorial Fund | | Help deserving and promising students |
| Grants | | |
| World Bank Grant – IRQUE project | Capacity building project | |
| World Bank Grant – Strengthening the Institute of Chartered Accountants of Sri Lanka | Implementing an audit quality assurance, assist and educate SMPs, increase the awareness of IFRSs, strengthen the public sector financial management | |
| Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) Grant | Promulgating accounting and auditing standards | |
| PricewaterhouseCoopers Grant – Human Resources Information System | Provided the HRIS developed by PricewaterhouseCoopers as a free grant to the Institute | |
| Ernst & Young SME Grant | Provide training on audit toolkit for small and medium practices | |
| Other restricted funds | | |
| Best annual report competition fund | | |
| • Deshabandu Albert Page | To encourage excellence in the presentation of information in annual reports. Awards are presented to the winners annually. | |
| • Late Mr Cyril Gardiner | | |
| • Hayleys PLC | | |
| | Categories under which the awards are presented are as follows: | |
| | • Overall and sector Awards (Gold, Silver, Bronze) | |
| | • Corporate Governance Disclosure Award (Gold, Silver, Bronze) | |
| | • Corporate Social Responsibility Reporting Award (Gold, Silver, Bronze) | |
| | • Management Commentary Award | |
| | • Integrated Reporting Award (Gold, Silver, Bronze) | |
| | • Integrated Reporting-special Award: Best disclosure on business model and capital management | |

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2.3.3 Endowment funds

Where assets are received as an endowment, which are not exhausted, only the income earned from such assets may be recognised and used as income.

Investment income and other gains realised from funds available under each of the above categories are allocated to the appropriate funds, unless the relevant agreement or minute provides otherwise.

| Name of the endowment fund | Purpose |
|--------------------------------------|--|
| Prize funds | |
| • CA Sri Lanka President's Fund | Awarding subject prizes and merit prizes for the best performance of each examination. |
| • B R De Silva Memorial Fund | |
| • A D B Talwatte Fund | |
| • Satchithananda Memorial Fund | |
| • Kreston MNS Fund | |
| • Nivard Cabraal Fund | |
| • Reyaz Mihular Fund | |
| • D R Settinayake Memorial Fund | |
| • ADE De S Wijeyeratne Memorial Fund | |
| • Mohan Abeynaikie Fund | |
| • KPMG Fund | |
| • Ernst & Young Fund | |
| • SJMS Associates Fund | |
| • Sunil Piyawardena & Co. Fund | |
| • Lal Nanayakkara & Co. Fund | |
| • G C B Wijeyesinghe Memorial Fund | |
| • Nihal Hettiarachchi Fund | |
| • Jayaweera & Co. Fund | |
| • Brito Mutunayagam Memorial Fund | |
| • PricewaterhouseCoopers Fund | |
| • K G H De Silva prize Fund | |
| • BDO Partners prize Fund | |

The Institute's policies regarding the endowment funds are:

i. Investment policy:

Funds are invested only in Government Securities and fixed deposits in state owned banks. Investments are made after considering the higher yield on investment, liquidity and interest rate risk for reinvestment. All new investment and reinvestment decisions require the approval of the Investment Committee.

ii. Withdrawal policy:

Withdrawals are not made other than at maturity. Any early withdrawal requires the approval of the Investment Committee.

iii. Fund usage policy:

Usage is restricted for the specific purpose for which the fund was established.

2.3.4 Grants

2.3.4.1 Land received as a Government grant:

Government grants for non-monetary assets are recognised when there is reasonable assurance that the grant will be received and all attached conditions have been complied with.

The method adopted for accounting for Government grant is income approach, where the grant relating to non-depreciable asset is recognised in the statement of comprehensive income.

Fair value is treated as deemed cost of the land at the date of the recognition of Government grant given in the financial statements.

2.3.4.2 Revenue grants

Other grants are recognised in the financial statements at their fair value. When the grant or subsidy relates to an expense it is recognised as an income over the period necessary to match it with the costs, which is intended to compensate for on a systematic basis.

Grants and subsidies related to assets are generally deferred in the statement of financial position and credited to the statement of comprehensive income over the useful life of the asset.

2.4 Statement of comprehensive income

2.4.1 Income recognition

(a) Income

The sources of revenue of CA Sri Lanka is recognised as per SLFRS 15 on "Revenue from Contracts with Customers". SLFRS 15 supersedes LKAS 18 on "Revenue" and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with the customers. Accordingly, SLFRS 15 establishes five step model to account for revenue recognition at an amount that reflect the consideration where CA Sri Lanka expects to provide services to its stakeholders. The Institute has adopted SLFRS 15 using the full retrospective method based on the assessment performed and decided that the impact is not material to the financial statements and therefore adjustment has not been made in the retaining earnings opening balance of the statement of changes in funds and reserves.

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In terms of SLFRS 15, revenue is recognised upon satisfactory performance obligation is achieved. CA Sri Lanka expects that, the revenue recognition to occur over time where stakeholders (mainly students and members) simultaneously receives and consumes the benefits provided by CA Sri Lanka and when the Institute has an enforceable right to receive payment for performance completed. Otherwise, the revenue of the Institute is recognised at point in time.

Following table provides the details of the sources of revenue and recognition of revenue upon satisfaction of performance obligations as per SLFRS 15.

| Revenue source | Recognition of revenue |
|---|--|
| 1. Enrolments | Fees received in connection with enrolments to CA, Degree, or another programme as a student; CBA, CSBA, ACA, FCA, or other membership, certificate to practice, training and learning partners are recognised at the point in time where the approval of the Council is granted and payment is due on such applications as the performance obligation to stakeholder service is established. |
| 2. Subscriptions and annual renewal | <p>The annual subscription applicable for the financial period that is charged from members and students is recognised over time since the performance obligation satisfied over the financial period in which the subscription is due. Subscription charged relating to future periods are shown in the statement of financial position as fees received in advance under current liabilities.</p> <p>Annual renewal charge from training partners and teaching colleges are recognised as income as and when the approval is granted by the Council. Which is deemed to be delivery of service at the point of time.</p> |
| 3. Examinations | Fees on examinations are recognised as income upon satisfactory execution of the performance obligation in the generation of admission. |
| 4. Income from supply of educational materials | Sale proceeds of the supplies of educational materials are recognised as an income at the point in time of dispatch or sale has occurred. |
| 5. Income from courses | Income from courses except the general examinations are recognised as an income on periodic basis over time. Income from courses relate to future periods are shown in the statement of financial position as income received in advance under current liabilities. |
| 6. Income from Seminar and Workshops | Income from seminars, workshops, conference and other continuous professional development activities are recognised at the point in time upon register and collect on the payment for the event. |
| 7. Arrears, penalties and fines | Arrears, penalties and fines in connection with the payments received after the due date are recognised upon receipt of income. Therefore, revenue is recognised at point in time. |
| 8. Income from training agreements of CA students | Income arising from training agreement with students is recognised on periodic basis over time from registration to completion of training agreement. |

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(b) Other income

The sources of other income is recognised as per the Conceptual Framework and other applicable standards. The following table provides the details of sources of other income along with the treatment being followed.

| Source of other income | Applicable Accounting Standards/Interpretations | Accounting treatment |
|--|---|--|
| 1. Income from hire of halls | Conceptual framework | Income from hire of halls is recognised on accrual basis. |
| 2. Sponsorships and contributions | Conceptual framework | Income from sponsorships and contributions is recognised on accrual basis. |
| 3. Gains/Losses on sale of property, plant and equipment | LKAS 16 | Net gains and losses on the disposal of property, plant and equipment are recognised in the statement of comprehensive income after deducting from the proceeds on disposal, the carrying value of the item disposed of and any related selling expenses. In the case of any revalued asset, any balance remaining in the revaluation reserve account is transferred to the statement of comprehensive income at the time of disposal of the assets. |
| 4. Miscellaneous income | Conceptual framework | Any other income not specified above is recognised on accrual basis. |

(c) Restricted contributions/income

Restricted contributions are provided based on agreements, contracts or other understanding, where the conditions for receipt of the funds are linked to a performance of a service or other process. The Institute earns the contribution through compliance with the conditions that have been laid down and meeting the envisaged obligations. Income is not recognised in the statement of comprehensive Income, until there is reasonable assurance that the contribution will be received and the conditions stipulated for its receipt have been complied with and the relevant expenses that it is expected to compensate has been incurred and charged to the statement of comprehensive income. Receipt of the funds does not by itself provide conclusive evidence that the conditions attached to the contribution have been or will be fulfilled. Until the conditions have been fulfilled, the contribution is regarded as part of restricted funds.

On receiving any restricted contributions, the contribution is recognised in the statement of financial position. Thereafter, on a systematic basis, an amount equivalent to that which has been spent on agreed "restricted" activities during the period, is taken to income. Unutilised funds are carried forward as such in the statement of financial position.

Funds received as donations without any direct request being made or without any defined terms and conditions being laid down with regard to utilisation, are unrestricted. In such circumstances the funds are recognised as income when it is received.

Funds are recognised in the statement of comprehensive income up to the extent that the Institute disburse the scholarship funds received for the agreed purpose.

The accounting treatments laid down above are in compliance with conceptual framework.

(d) Finance income:

Finance income comprise interest income which has been recognised using effective interest rate method (EIR) according to SLFRS 9 Financial Instruments.

2.4.2 Expenditure recognition

Expenses in carrying out the projects and other activities of the Institute are recognised in the statement of comprehensive income during the period in which they are incurred. Other expenses incurred in administering and running the Institute and in restoring and maintaining the property, plant and equipment to perform at expected levels are accounted for on an accrual basis and charged to the statement of comprehensive income.

The Institute has adopted the "function of expense" method to present fairly the elements of the Institute's activities in its statement of comprehensive income.

(a) Project expenses

Expenses in carrying out the projects and other activities of the Institute are recognised in the statement of comprehensive income during the period in which they are incurred and the basis for identifying project expenses are mainly on locations of the project, staff allocated to the project, and projected activities of the project according to the project proposal.

Expenses are recognised in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income.

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(b) Operational expense

All expenditure incurred in the running of the Institute and in maintaining the capital assets in a state of efficiency has been charged against income in arriving at the Income over expenditure for the year.

Expenditure on examinations, seminars, courses, and other educational and members' activities are recognised in the statement of comprehensive income on the accruals basis.

(c) Finance expense

Finance expense is recognised on accrual basis when it is paid or creates liabilities.

2.5 Statement of cash flows

The statement of cash flows has been prepared by using the "Indirect Method" of preparing of cash flows in accordance with Sri Lanka Accounting Standard – LKAS 7 on "Statement of Cash Flows". Cash and cash equivalents as referred to in the statement of cash flows are comprised of those items as explained in Note 12.

2.6 Capital commitments and contingencies

Contingencies are possible assets or obligation that arise from past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Institute's control.

Capital commitments and contingent liabilities of the Institute are disclosed in the respective notes to the financial statements.

2.7 Events after the reporting period

The materiality of events occurring after the reporting period has been considered and appropriate adjustments, wherever necessary, have been made in the financial statements.

2.8 Standards issued but not yet effective

Following new accounting standards and amendments to existing standards which have been issued but not yet effective as at the reporting date have not been applied in preparing these financial statements.

2.8.1 Standards effective from the financial period beginning on or after 1 January 2019

New SLFRSs and interpretations:

- SLFRS 16 *Leases*

Amendments to existing SLFRSs:

- Annual improvements to SLFRSs – 2017 (Includes Amendments to SLFRS 3 *Business Combinations*, Amendments to SLFRS 11 *Joint Arrangements*, Amendments to LKAS 12 *Income Taxes*, Amendments to LKAS 23 *Borrowing Costs*)
- Prepayment Features with Negative Compensation (Amendments to SLFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to LKAS 28)
- Plan Amendment, Curtailment or Settlement (Amendments to LKAS 19)

2.8.2 Standards effective from the financial period beginning on or after 1 January 2020.

Amendments to existing SLFRSs:

- Conceptual Framework for Financial Reporting
- Accounting Policies Changes – Proposed Amendments to LKAS 8
- Definition of a Business – Amendments to SLFRS 3
- Definition of Material – Amendments to LKAS 1 and LKAS 8

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3. Property, plant and equipment

| | Land LKR '000 | Buildings LKR '000 | Furniture LKR '000 | Plant and machinery LKR '000 | Motor vehicles LKR '000 | Computers LKR '000 | Total LKR '000 |
|----------------------------------|------------------|-----------------------|-----------------------|------------------------------------|-------------------------------|-----------------------|-------------------|
| Cost | | | | | | | |
| Balance as at 1 January 2017 | – | 507,029 | 96,898 | 134,764 | 12,282 | 67,832 | 818,805 |
| Grant* | 699,000 | – | – | – | – | – | 699,000 |
| Additions | – | – | 1,206 | 660 | – | 950 | 2,816 |
| Disposals | – | – | – | – | – | (48) | (48) |
| Balance as at 1 January 2018 | 699,000 | 507,029 | 98,104 | 135,424 | 12,282 | 68,734 | 1,520,573 |
| Additions | – | – | 1,472 | 55 | – | 68 | 1,595 |
| Disposals and discontinuations | – | – | (5,484) | (2,814) | – | (12,424) | (20,722) |
| Balance as at 31 December 2018 | 699,000 | 507,029 | 94,092 | 132,665 | 12,282 | 56,378 | 1,501,446 |
| Accumulated depreciation | | | | | | | |
| Balance as at 1 January 2017 | – | 77,263 | 48,357 | 74,164 | 10,648 | 53,108 | 263,540 |
| Depreciation charge for the year | – | 18,618 | 8,329 | 21,316 | 770 | 5,480 | 54,513 |
| Disposals | – | – | – | – | – | (48) | (48) |
| Balance as at 1 January 2018 | – | 95,881 | 56,686 | 95,480 | 11,418 | 58,540 | 318,005 |
| Depreciation charge for the year | – | 18,619 | 8,639 | 11,092 | 765 | 5,055 | 44,170 |
| Disposals and discontinuations | – | – | (5,376) | (2,588) | – | (12,408) | (20,372) |
| Balance as at 31 December 2018 | – | 114,500 | 59,949 | 103,984 | 12,183 | 51,187 | 341,803 |
| Carrying Amounts | | | | | | | |
| As at 31 December 2018 | 699,000 | 392,529 | 34,143 | 28,681 | 99 | 5,191 | 1,159,643 |
| As at 31 December 2017 | 699,000 | 411,148 | 41,418 | 39,944 | 864 | 10,194 | 1,202,568 |

3.1 The cost of fully depreciated assets as of 31 December 2018 amounted to LKR 141.4 Mn. (2017 – LKR 123 Mn.).

***3.2** The land on which the Institute's buildings are situated is a conditional Government grant to the Institute under the hand of His Excellency the President Maithripala Sirisena.

This land, which is situated at 30A, Malalasekara Mawatha, Colombo 07 with a land extent of 174.76 perches has been valued by the Government Chief Valuer on 17 March 2017, at a value of LKR 699 Mn.

As per schedule 2 and schedule 3 of the Presidential grant No. 4/10/22311 dated 17 March 2017 granted under Chapter 454 23 (2) of the State Land Ordinance, the land and buildings shall be used solely for the activities of The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and shall not be used for any other purpose. Further, CA Sri Lanka cannot alienate the land and buildings referred to therein without the prior approval of the Commissioner of Land.

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4. Intangible assets

| | Software LKR '000 | Software licences LKR '000 | Study material development LKR '000 | Work-in- progress projects LKR '000 | Total LKR '000 |
|--------------------------------|----------------------|----------------------------------|--|--|-------------------|
| Cost | | | | | |
| Balance as at 1 January 2017 | 20,294 | 4,277 | 78,026 | 231 | 102,828 |
| Additions | 976 | 663 | 53 | 2,079 | 3,771 |
| Capitalised during the year | – | – | 275 | (275) | – |
| Balance as at 1 January 2018 | 21,270 | 4,940 | 78,354 | 2,035 | 106,599 |
| Additions | 785 | – | – | 810 | 1,595 |
| Capitalised during the year | 1,585 | – | – | (1,585) | – |
| Balance as at 31 December 2018 | 23,640 | 4,940 | 78,354 | 1,260 | 108,194 |
| Amortisation | | | | | |
| Balance as at 1 January 2017 | 15,918 | 3,205 | 34,996 | – | 54,119 |
| Amortisation for the year | 1,946 | 673 | 21,628 | – | 24,247 |
| Balance as at 1 January 2018 | 17,864 | 3,878 | 56,624 | – | 78,366 |
| Amortisation for the year | 1,605 | 292 | 21,730 | – | 23,627 |
| Balance as at 31 December 2018 | 19,469 | 4,170 | 78,354 | – | 101,993 |
| Carrying Amounts | | | | | |
| As at 31 December 2018 | 4,171 | 770 | – | 1,260 | 6,201 |
| As at 31 December 2017 | 3,406 | 1,062 | 21,730 | 2,035 | 28,233 |

CA study material development cost has been fully amortised by the end of 2018. The expenses incurred on new curriculum has been shown under work-in-progress – projects.

5. Library books

| As at | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|--------------------------------------|------------------------------|------------------------------|
| Balance at the beginning of the year | 704 | 1,455 |
| Additions | 473 | 353 |
| Depreciation | (744) | (1,104) |
| Balance at the end of the year | 433 | 704 |

6. Loans and advances to staff

| As at | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|----------------------------|------------------------------|------------------------------|
| Receivable within one year | 6,762 | 7,762 |
| Receivable after one year | 9,429 | 11,336 |
| Total | 16,191 | 19,098 |

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7. Held-to-maturity financial assets

| As at | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|---------------------------------|------------------------------|------------------------------|
| Maturity within one year – FDs | – | 556,304 |
| – Bonds | – | 29,832 |
| | – | 586,136 |
| Maturity after one year – Bonds | – | 71,517 |
| | – | 71,517 |
| Total | – | 657,653 |

7.1 Movement during the year

| | 2018 LKR '000 | 2017 LKR '000 |
|----------------------------------|------------------|------------------|
| Balance as at 1 January | – | 483,551 |
| Investments made during the year | – | 535,750 |
| Maturities during the year | – | (392,426) |
| Net interest for the year | – | 56,110 |
| Net interest received | – | (25,332) |
| Balance as at 31 December | – | 657,653 |

8. Available-for-sale financial assets

| As at | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|----------------------------------|------------------------------|------------------------------|
| Maturity after one year | | |
| Balance as at 1 January | – | 34,547 |
| Interest for the year | – | 3,090 |
| Coupon interest received | – | (3,751) |
| Fair value changes | – | 2,133 |
| Balance as at 31 December | – | 36,019 |

Fair value measurement

The Institute uses Level 2 inputs in the valuation hierarchy as per SLFRS 13 in determining and disclosing the fair value of assets and liabilities by valuation techniques:

Level 2 includes inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

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As at 31 December 2017 the Institute held the following financial assets carried at fair value on the statement of financial position.

| Assets measured at fair value | Valuation date | Level 2 LKR '000 |
|-------------------------------------|------------------|------------------|
| Available-for-sale financial assets | 31 December 2017 | 36,019 |

9. Financial assets at amortised cost

| As at | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|---------------------------------|---------------------------|---------------------------|
| Maturity within one year – FDs | 955,856 | – |
| – Bonds | 37,648 | – |
| | 993,504 | – |
| Maturity after one year – Bonds | 73,087 | – |
| | 73,087 | – |
| Total | 1,066,591 | – |

9.1 Movement during the year

| | 2018 LKR '000 | 2017 LKR '000 |
|-------------------------------------|------------------|---------------|
| Investment balance as at 1 January | 613,117 | – |
| Interest receivable as at 1 January | 80,555 | – |
| Reclassification adjustment | 2,346 | – |
| Investments made during the year | 954,450 | – |
| Maturities during the year | (544,541) | – |
| Net interest for the year | 96,411 | – |
| Net interest received | (135,747) | – |
| Balance as at 31 December | 1,066,591 | – |

Investments in FDs include LKR 25 Mn. designated for the Audit Quality Assurance Fund. Fixed deposits and Treasury Bonds have been made in state owned banks with a credit rating of AA+. Impairment of expected credit loss is immaterial.

10. Inventories

| As at | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|------------------------------------|---------------------------|---------------------------|
| Study packs and study materials | 8,913 | 8,179 |
| Publications | 4,020 | 4,240 |
| Stationery, consumables and others | 4,852 | 3,887 |
| Total | 17,785 | 16,306 |

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Notes to the Financial Statements

11. Receivables

| As at | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|-----------------------------|------------------------------|------------------------------|
| Receivables – Lead sponsors | 9,500 | 11,000 |
| – Event sponsors | 6,750 | 6,750 |
| – Courses and other | 31,563 | 19,543 |
| Deposits and prepayments | 4,698 | 5,334 |
| Prepaid staff cost | 2,707 | 2,960 |
| Advances | 4,281 | 3,814 |
| Total | 59,499 | 49,401 |

12. Cash and cash equivalents

| As at | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|---|------------------------------|------------------------------|
| Favourable balances | | |
| Treasury bill repurchase agreements | – | 45,014 |
| Cash at banks | 50,652 | 49,896 |
| Cash in hand | 101 | 101 |
| Total | 50,753 | 95,011 |
| Unfavourable balances | | |
| Bank overdrafts | – | (10,751) |
| Total cash and cash equivalents for the purpose of statement of cash flows | 50,753 | 84,260 |

13. Designated funds

13.1 Summary

| | Notes | Balance as at 1 January 2018 LKR '000 | Contribution from the Institute LKR '000 | Donations received LKR '000 | (Payments) LKR '000 | Balance as at 31 December 2018 LKR '000 | Balance as at 31 December 2017 LKR '000 |
|-------------------------------|-------|---|---|-----------------------------------|------------------------|---|---|
| Designated scholarship funds | 13.2 | 29,464 | 13,527 | 25 | (13,319) | 29,697 | 29,464 |
| Other designated funds | 13.3 | 6,309 | 3,240 | – | – | 9,549 | 6,309 |
| Total designated funds | | 35,773 | 16,767 | 25 | (13,319) | 39,246 | 35,773 |

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Notes to the Financial Statements

13.2 Designated scholarship funds

| | Balance as at 1 January 2018 LKR '000 | Contribution from the Institute LKR '000 | Donations received LKR '000 | (Payments) LKR '000 | Balance as at 31 December 2018 LKR '000 | Balance as at 31 December 2017 LKR '000 |
|---|---|---|-----------------------------------|------------------------|---|---|
| L A Weerasinghe Memorial Needy Scholarship Fund | 10,428 | 910 | 25 | (4,009) | 7,354 | 10,428 |
| Merit Scholarship Fund | 5,169 | 1,920 | - | (4,052) | 3,037 | 5,169 |
| CA Sri Lanka Scholarship Funds* | 13,867 | 10,697 | - | (5,258) | 19,306 | 13,867 |
| Total designated scholarship funds | 29,464 | 13,527 | 25 | (13,319) | 29,697 | 29,464 |

* CA Sri Lanka Scholarship Funds consist of scholarship funds for District First, A/L Top Ten, Children of Staff Members, Inter-school Commerce Competition, National Conference, Talent, and Top Achievers at A/L Tutorial.

13.3 Other designated funds

| | Balance as at 1 January 2018 LKR '000 | Contribution from the Institute LKR '000 | Donations received LKR '000 | (Payments) LKR '000 | Balance as at 31 December 2018 LKR '000 | Balance as at 31 December 2017 LKR '000 |
|-------------------------------------|---|---|-----------------------------------|------------------------|---|---|
| Faculty of Taxation Fund | 674 | 73 | - | - | 747 | 674 |
| Faculty of Auditing Fund | 651 | 70 | - | - | 721 | 651 |
| Publication Fund | 422 | 45 | - | - | 467 | 422 |
| Urgent Issues Task Force Fund | 462 | 50 | - | - | 512 | 462 |
| Audit Quality Assurance Fund* | 4,100 | 3,002 | - | - | 7,102 | 4,100 |
| Total other designated funds | 6,309 | 3,240 | - | - | 9,549 | 6,309 |

* Audit Quality Assurance Fund was formed by designating an investment in Fixed Deposit amounting to LKR 25 Mn., of which the interest income is transferrable to the fund every year w.e.f. 1 July 2016. During the year 2018 interest amounting to LKR 3,002,414.00 has been transferred to Audit Quality Assurance Fund.

14. Restricted funds and grants

14.1 Summary

| | Notes | Balance as at 1 January 2018 LKR '000 | Transfers to funds LKR '000 | Grants/ Donations received LKR '000 | (Reimbursements and amortisation) LKR '000 | (Payments) LKR '000 | Balance as at 31 December 2018 LKR '000 | Balance as at 31 December 2017 LKR '000 |
|--|-------|---|-----------------------------------|--|--|------------------------|---|---|
| Grants | 14.2 | 830 | - | 4,600 | (5,384) | - | 46 | 830 |
| Other restricted funds | 14.3 | 7,941 | 855 | - | (18) | - | 8,778 | 7,941 |
| Restricted scholarship funds | 14.4 | 8,401 | 869 | 1,983 | - | (2,660) | 8,593 | 8,401 |
| Total restricted funds and grants | | 17,172 | 1,724 | 6,583 | (5,402) | (2,660) | 17,417 | 17,172 |

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Notes to the Financial Statements

14.2 Grants

| | Notes | Balance as at 1 January 2018 LKR '000 | Contribution from the Institute LKR '000 | Grants received LKR '000 | (Reimbursements) LKR '000 | (Amortisation) LKR '000 | Balance as at 31 December 2018 LKR '000 | Balance as at 31 December 2017 LKR '000 |
|---|--------|---|---|--------------------------------|------------------------------|----------------------------|---|---|
| World Bank grant – IRQUE project | 14.2.1 | 749 | – | – | – | (749) | – | 749 |
| World Bank grant – Strengthening The Institute of Chartered Accountants of Sri Lanka | 14.2.2 | 35 | – | – | – | (35) | – | 35 |
| Ernst & Young SME grant | 14.2.3 | 46 | – | – | – | – | 46 | 46 |
| | | 830 | – | – | – * | (784) * | 46 | 830 |
| Revenue grants | | | | | | | | |
| Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) grant | 14.2.4 | – | – | 4,000 | (4,000) | – | – | – |
| Government grant | 14.2.5 | – | – | 600 | (600) | – | – | – |
| Total grants | | 830 | – | 4,600 | (4,600) | (784) | 46 | 830 |

For the year ended 31 December

| | 2018 LKR '000 | 2017 LKR '000 |
|--|------------------|------------------|
| Grants – Total expenditure | | |
| World Bank grant – Strengthening The Institute of Chartered Accountants of Sri Lanka | 35 | 110 |
| World Bank grant – IRQUE project | 749 | 1,217 |
| PricewaterhouseCoopers grant | – | 340 |
| Total | 784 * | 1,667 |

* Grants – Total expenditure represents amortisation amounting to LKR 784,000.00.

14.2.1 World Bank grant – IRQUE project

| | Balance as at 1 January 2018 LKR '000 | Grants received LKR '000 | (Amortisation) LKR '000 | Balance as at 31 December 2018 LKR '000 | Balance as at 31 December 2017 LKR '000 |
|--------------|---|--------------------------------|----------------------------|---|---|
| Motor coach | 749 | – | (749) | – | 749 |
| Total | 749 | – | (749) | – | 749 |

Amortisation of grants consists of amortisation of property, plant and equipment related grant amounting to LKR 749,189.00. (Note 3).

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14.2.2 World Bank grant – Strengthening The Institute of Chartered Accountants of Sri Lanka

Following activities have been carried out under the World Bank project on strengthening the Institute of Chartered Accountants of Sri Lanka.

| For the year ended 31 December | 2018 LKR '000 | 2017 LKR '000 |
|--|------------------|------------------|
| Component 3: Programme to increase adoption of IFRSs | 35 | 110 |
| | 35 | 110 |

Total expenditure of LKR 34,833.00 is the depreciation charge relating to two laptops and a digital screen.

14.2.3 Ernst & Young SME grant:

This amount represents the grant received from Ernst & Young to provide training on audit tool kit for Small and Medium Practices (SMPs).

14.2.4 SLAASMB grant:

During the year LKR 4 Mn. granted from Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) for the development of accounting and auditing standards, which was utilised in full for the said purpose.

14.2.5 Government grant:

A grant of LKR 600,000.00 represents the annual recurrent grant from the Treasury through Ministry of Industry and Commerce.

14.3 Other restricted funds

| | Note | Balance as at 1 January 2018 LKR '000 | Transfer of interest income to funds LKR '000 | Donations received LKR '000 | (Reimbursements) LKR '000 | Balance as at 31 December 2018 LKR '000 | Balance as at 31 December 2017 LKR '000 |
|-------------------------------------|--------|---|--|-----------------------------------|------------------------------|---|---|
| Best annual report competition fund | 14.3.1 | 7,941 | 855 | – | (18) | 8,778 | 7,941 |
| Total other restricted funds | | 7,941 | 855 | – | (18) | 8,778 | 7,941 |

14.3.1 Best annual report competition fund

| | Balance as at 1 January 2018 LKR '000 | Transfer of interest income to funds LKR '000 | Donations received LKR '000 | (Reimbursements) LKR '000 | Balance as at 31 December 2018 LKR '000 | Balance as at 31 December 2017 LKR '000 |
|-------------------------------|---|--|-----------------------------------|------------------------------|---|---|
| Deshabandu Albert Page (1992) | 1,069 | 115 | – | (4) | 1,180 | 1,069 |
| Late Mr Cyril Gardiner (1992) | 6,498 | 700 | – | (10) | 7,188 | 6,498 |
| Hayleys PLC (1994) | 374 | 40 | – | (4) | 411 | 374 |
| Total | 7,941 | 855 | – | (18) | 8,778 | 7,941 |

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14.4 Restricted scholarship funds

| | Balance as at 1 January 2018 LKR '000 | Contribution from the Institute LKR '000 | Donations received LKR '000 | (Payments) LKR '000 | Balance as at 31 December 2018 LKR '000 | Balance as at 31 December 2017 LKR '000 |
|--|---|---|-----------------------------------|------------------------|---|---|
| CA Sri Lanka UK Members' Scholarship Fund | 41 | 4 | - | - | 45 | 41 |
| Prof Y A D S Samaratunga Memorial Fund | 192 | 15 | - | (101) | 106 | 192 |
| Prof Kodagoda Memorial Fund | 171 | 11 | - | (133) | 49 | 171 |
| PricewaterhouseCoopers Scholarship Fund | 186 | 15 | 6 | (108) | 99 | 186 |
| Ernst & Young Scholarship Fund | 3,669 | 430 | 1,557 * | (918) | 4,738 | 3,669 |
| Miss. Inoka Gunaratne Memorial Fund | 65 | 7 | - | - | 72 | 65 |
| Pelwatta Sugar Industries Ltd. Fund | 432 | 40 | - | (115) | 357 | 432 |
| Members' Scholarship Fund | 955 | 87 | 388 ** | (680) | 750 | 955 |
| Dalton Wijeyeratne Memorial Scholarship Fund | 9 | 1 | - | - | 10 | 9 |
| Mr Sanjaya Bandara Scholarship Fund | 977 | 91 | 32 *** | (305) | 795 | 977 |
| Mr Chandradasa Liyanage Scholarship Fund | 367 | 35 | - | (89) | 313 | 367 |
| A L B Brito Mutunayagam Memorial Scholarship Fund | 337 | 25 | - | (211) | 151 | 337 |
| CA Qatar Chapter Scholarship Fund | 1,000 | 108 | - | - | 1,108 | 1,000 |
| Total restricted scholarship funds | 8,401 | 869 | 1,983 | (2,660) | 8,593 | 8,401 |

* Includes LKR 385,000.00 paid to Mr Manil Jayasinghe by the Institute for his services and LKR 825,455.00 for foreign travel expenses which he didn't claim.

** Includes LKR 10,500.00 paid to Mr Jagath Perera by the Institute for services rendered by him.

*** Represents LKR 31,562.00 paid to Mr Sanjaya Bandara by the Institute for the services rendered by him.

15. Endowment funds

15.1 Summary

| | Notes | Balance as at 1 January 2018 LKR '000 | Contribution from the Institute LKR '000 | Donations received LKR '000 | Transfers LKR '000 | (Payments) LKR '000 | Balance as at 31 December 2018 LKR '000 | Balance as at 31 December 2017 LKR '000 |
|--------------------------------|-------|---|---|-----------------------------------|-----------------------|------------------------|---|---|
| Capital balances – prize funds | 15.2 | 1,392 | - | 190 | (190) | - | 1,392 | 1,392 |
| Income balances – prize funds | 15.3 | 566 | 244 | - | 190 | (170) | 830 | 566 |
| Total endowment funds | | 1,958 | 244 | 190 | - | (170) | 2,222 | 1,958 |

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15.2 Capital balances – prize funds

| | | Balance as at 1 January 2018 LKR '000 | Contribution from the Institute LKR '000 | Donations received LKR '000 | (Transfers to income account) LKR '000 | Balance as at 31 December 2018 LKR '000 | Balance as at 31 December 2017 LKR '000 |
|--------------------------------------|--------|---|---|-----------------------------------|---|---|---|
| CA Sri Lanka President's Fund | (1992) | 25 | - | - | - | 25 | 25 |
| B R De Silva Memorial Fund | (1992) | 25 | - | - | - | 25 | 25 |
| A D B Talwatte Fund | (1993) | 25 | - | - | - | 25 | 25 |
| Satchithananda Memorial Fund | (1993) | 16 | - | - | - | 16 | 16 |
| Kreston MNS Fund | (1993) | 30 | - | - | - | 30 | 30 |
| Nivard Cabraal Fund | (1994) | 50 | - | - | - | 50 | 50 |
| Reyaz Mihular Fund | (1996) | 25 | - | - | - | 25 | 25 |
| D R Settinayake Memorial Fund | (1999) | 68 | - | - | - | 68 | 68 |
| A D E de S Wijeyeratne Memorial Fund | (1999) | 43 | - | - | - | 43 | 43 |
| Mohan Abeynaike Fund | (1999) | 25 | - | 100 | (100) | 25 | 25 |
| KPMG Fund | (1999) | 113 | - | - | - | 113 | 113 |
| Ernst & Young Fund | (1999) | 200 | - | - | - | 200 | 200 |
| SJMS Associates Fund | (1999) | 66 | - | - | - | 66 | 66 |
| Sunil Piyawardena & Co. Fund | (1999) | 55 | - | - | - | 55 | 55 |
| Lal Nanayakkara & Co. Fund | (2000) | 75 | - | - | - | 75 | 75 |
| G C B Wijeyesinghe Memorial Fund | (2000) | 50 | - | - | - | 50 | 50 |
| Nihal Hettiarachchi Fund | (2000) | 51 | - | - | - | 51 | 51 |
| Jayaweera & Co. Fund | (2000) | 25 | - | 40 | (40) | 25 | 25 |
| Brito Mutunayagam Memorial Fund | (2003) | 129 | - | - | - | 129 | 129 |
| PricewaterhouseCoopers Fund | (2006) | 150 | - | - | - | 150 | 150 |
| K G H De Silva Prize Fund | (2006) | 121 | - | - | - | 121 | 121 |
| BDO Partners Prize Fund | (2014) | 25 | - | 50 | (50) | 25 | 25 |
| Total | | 1,392 | - | 190 | (190) | 1,392 | 1,392 |

15.3 Income balances – endowment funds

| | Balance as at 1 January 2018 LKR '000 | Contribution from the Institute LKR '000 | Transfers from capital account LKR '000 | (Payments) LKR '000 | Balance as at 31 December 2018 LKR '000 | Balance as at 31 December 2017 LKR '000 |
|-------------------------------|---|---|--|------------------------|---|---|
| Prize funds – income balances | 566 | 244 | 190 | (170) | 830 | 566 |
| Total | 566 | 244 | 190 | (170) | 830 | 566 |

FINANCIAL REPORTS

Notes to the Financial Statements

16. Retirement benefit obligation

| | Note | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|---------------------------------------|------|------------------------------|------------------------------|
| Balance at the beginning of the year | | 27,821 | 31,821 |
| Provision made during the year | 16.1 | 4,287 | 3,603 |
| Payments made during the year | | (4,001) | (7,603) |
| Balance at the end of the year | | 28,107 | 27,821 |

16.1 Provision made during the year

| | 2018 | 2017 |
|---|----------------|----------------|
| Interest cost | 3,061 | 3,819 |
| Current service cost | 2,913 | 2,912 |
| | 5,974 | 6,731 |
| Net actuarial (gain)/loss recognised | (1,687) | (3,128) |
| Total provision made during the year | 4,287 | 3,603 |

16.2 Actuarial and Management Consultants (Pvt) Ltd., qualified actuaries carried out an actuarial valuation on the defined benefit plan-gratuity as at 31 December 2018. The assumptions used in determining the cost of retirement benefits are as follows:

| | 2018 | 2017 |
|---|------|------|
| Rate of discount (percentage per annum) | 11.5 | 11.0 |
| Rate of salary increase (%) | 8.0 | 8.0 |
| Retirement age (years) | 55 | 55 |

| | 2018 Increase/(decrease) of defined benefit obligation LKR '000 | 2017 Increase/(decrease) of defined benefit obligation LKR '000 |
|---|---|---|
| Sensitivity analysis to discount rate | | |
| One percentage point increase | (908) | (862) |
| One percentage point decrease | 974 | 922 |
| Sensitivity analysis to salary escalation rate | | |
| One percentage point increase | 1,116 | 1,063 |
| One percentage point decrease | (1,056) | (1,009) |

FINANCIAL REPORTS

Notes to the Financial Statements

16.3 Maturity profile of the defined benefit obligation as at 31 December

| Future working life time | Defined benefit obligation | |
|--------------------------|----------------------------|------------------|
| | 2018 LKR '000 | 2017 LKR '000 |
| Within next 12 months | 8,285 | 8,238 |
| Between 1 to 5 years | 11,887 | 11,724 |
| Between 5 to 10 years | 6,393 | 6,739 |
| Beyond 10 years | 1,542 | 1,120 |
| Total | 28,107 | 27,821 |

Weighted average duration of defined benefit obligation is 3.68 years (2017 – 3.51 years)

17. Payables

| As at | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|---|------------------------------|------------------------------|
| Accrued charges | 67,634 | 57,938 |
| Payables to suppliers | 18,020 | 18,357 |
| Payables – capital projects | 705 | 1,702 |
| Refundable deposits | 50 | – |
| Payables on self-study courses and other payables | 9,596 | 6,829 |
| Other tax payable | 27 | 214 |
| Total | 96,032 | 85,040 |

18. Income tax liability

| As at | Note | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|--------------------------------|------|------------------------------|------------------------------|
| Balance brought forward | | 79 | 80 |
| Charge for the year | 27 | 16,649 | 115 |
| Total payable | | 16,728 | 195 |
| Tax paid during the year | | (180) | (116) |
| Balance carried forward | | 16,548 | 79 |

19. Receipts in advance

| As at | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|--|------------------------------|------------------------------|
| Advances received for educational activities | 128,417 | 116,580 |
| Advances received for member subscription and events | 63,670 | 49,611 |
| Total | 192,087 | 166,191 |

FINANCIAL REPORTS

Notes to the Financial Statements

20. Income and expenditure (Excluding employee costs)

| For the year ended 31 December | 2018 | | | 2017 | | |
|---|--------------------|---------------------------|--|--------------------|---------------------------|--|
| | Income LKR '000 | (Expenditure) LKR '000 | Net income/ (expenditure) LKR '000 | Income LKR '000 | (Expenditure) LKR '000 | Net income/ (expenditure) LKR '000 |
| Performance by activity | | | | | | |
| Learning and professional development | 642,255 | (229,772) | 412,483 | 560,076 | (231,345) | 328,731 |
| Continuous professional development and member-related activities | 160,115 | (87,173) | 72,942 | 146,467 | (86,430) | 60,037 |
| Financial reporting and assurance standards-related activities | 46,728 | (32,249) | 14,479 | 40,270 | (33,433) | 6,837 |
| Library-related activities | 650 | (1,641) | (991) | 593 | (2,035) | (1,442) |
| Net sponsorship income* | 9,632 | – | 9,632 | 8,855 | – | 8,855 |
| Total | 859,380 | (350,835) | 508,545 | 756,261 | (353,243) | 403,018 |
| Analysis by divisions | | | | | | |
| Examinations | 216,723 | (100,910) | 115,813 | 189,566 | (92,979) | 96,587 |
| Registration, education, training, library, and marketing | 210,117 | (55,108) | 155,009 | 185,260 | (65,260) | 120,000 |
| IT training and Language Centre | 41,829 | (11,223) | 30,606 | 38,871 | (11,874) | 26,997 |
| Members' activities** | 199,107 | (106,079) | 93,028 | 185,424 | (107,936) | 77,488 |
| Business school | 26,183 | (16,208) | 9,975 | 33,380 | (18,377) | 15,003 |
| Taxation faculty | 28,539 | (11,271) | 17,268 | 26,742 | (11,697) | 15,045 |
| School of accounting and business | 113,874 | (36,303) | 77,571 | 80,997 | (32,543) | 48,454 |
| CPD secretariat | 1,721 | (550) | 1,171 | 986 | (564) | 422 |
| Technical research | 21,287 | (13,183) | 8,104 | 15,035 | (12,013) | 3,022 |
| Total | 859,380 | (350,835) | 508,545 | 756,261 | (353,243) | 403,018 |

| * For the year ended 31 December | 2018 LKR '000 | 2017 LKR '000 |
|-------------------------------------|------------------|------------------|
| Gross sponsorship income | 15,500 | 17,500 |
| Utilisation of sponsorship benefits | (5,868) | (8,645) |
| Net sponsorship income | 9,632 | 8,855 |

** Member activities include LKR 8.4 Mn. paid for foreign travel during the year 2018. (2017: LKR 10.6 Mn.)

Mr Jagath Perera has not claimed the foreign travel expenses of LKR 1.7 Mn. approximately during the year. Further, foreign travel expenses amounting to LKR 825,455.00 reimbursed to Mr Manil Jayasinghe has been donated to the Ernst & Young Scholarship Fund.

FINANCIAL REPORTS

Notes to the Financial Statements

21. Other operating income

| For the year ended 31 December | 2018 LKR '000 | 2017 LKR '000 |
|--|------------------|------------------|
| Income from hire of halls | 3,195 | 4,366 |
| Profit on sale of publications | 1,073 | 763 |
| Gain/(loss) on disposal of property, plant and equipment | (350) | 10 |
| Miscellaneous income | 1,723 | 888 |
| Total other operating income | 5,641 | 6,027 |

22. Employee costs

| For the year ended 31 December | 2018 LKR '000 | 2017 LKR '000 |
|-------------------------------------|------------------|------------------|
| Salaries and wages | 159,189 | 163,978 |
| Defined contribution plan cost | | |
| – Employees' Provident Fund | 17,048 | 17,679 |
| – Employees' Trust Fund | 3,410 | 3,536 |
| Contractual and casual payments | 10,264 | 7,714 |
| Ex gratia payment | 14,690 | 7,703 |
| Staff development and welfare | 7,485 | 6,444 |
| Amortisation of pre-paid staff cost | 2,455 | 3,816 |
| Defined benefit plan cost | 5,974 | 6,731 |
| Total employee costs | 220,515 | 217,601 |
| Number of employees as at year end | 139 | 142 |

23. Maintenance of premises

| For the year ended 31 December | 2018 LKR '000 | 2017 LKR '000 |
|--------------------------------------|------------------|------------------|
| Utilities | 14,834 | 14,977 |
| Maintenance of building | 18,663 | 15,617 |
| Maintenance of equipment | 7,301 | 4,718 |
| Total maintenance of premises | 40,798 | 35,312 |

FINANCIAL REPORTS

Notes to the Financial Statements

24. Depreciation and amortisation

| For the year ended 31 December | 2018 LKR '000 | 2017 LKR '000 |
|--|------------------|------------------|
| Depreciation for the year | 44,170 | 54,513 |
| Depreciation of library books | 744 | 1,104 |
| Amortisation of intangible assets | 23,627 | 24,247 |
| | 68,541 | 79,864 |
| Amortisation of capital grant | (784) | (1,667) |
| Depreciation charged to expenditure on learning and professional development | (1,088) | (1,504) |
| Total depreciation and amortisation | 66,669 | 76,693 |

25. Other expenses

| For the year ended 31 December | 2018 LKR '000 | 2017 LKR '000 |
|--------------------------------|------------------|------------------|
| Communication expenses | 24,131 | 24,161 |
| Travelling expenses | 1,736 | 1,455 |
| Bank charges and commissions | 5,770 | 4,083 |
| Professional fees | 2,858 | 3,834 |
| Auditors' remuneration | 330 | 330 |
| Legal fees | 2,657 | 3,404 |
| Cost of annual report | 4,237 | 3,972 |
| Stationery and sundry expenses | 1,768 | 2,317 |
| Total other expenses | 43,487 | 43,556 |

26. Finance income

| For the year ended 31 December | 2018 LKR '000 | 2017 LKR '000 |
|--|------------------|------------------|
| Interest income on available-for-sale financial assets | - | 3,090 |
| Interest income on held-to-maturity financial assets | - | 56,111 |
| Interest income on financial assets at amortised cost | 96,410 | - |
| Interest income on investments in re-purchase agreements | 3,225 | 3,302 |
| | 99,634 | 62,503 |
| Interest income on loans and receivables | 3,208 | 4,966 |
| Total finance income | 102,842 | 67,469 |

FINANCIAL REPORTS

Notes to the Financial Statements

27. Income tax

Reconciliation between current tax expenses/(reversal) and the accounting income over expenditure:

| For the year ended 31 December | 2018 LKR '000 | 2017 LKR '000 |
|--|------------------|------------------|
| Income over expenditure for the year before Government grant | 231,442 | 88,846 |
| Income over expenditure not liable for tax | (112,462) | (87,696) |
| Income liable for tax | 118,980 | 1,150 |
| Taxation | 16,649 | 115 |
| Charge for the year | 16,649 | 115 |

28. Events occurring after the reporting period

There are no material events occurring after the reporting period that require adjustment or disclosure in the Financial Statements except described below:

The Council of the Institute decided at its meeting held on 28 February 2019:

- Designate a fund for new technological developments by allocating LKR 100 Mn., of which the interest income will be transferable to the fund every year for investing in the new developments and technological areas, researches and simulation of the newly developed tools in order to obtain real life experience for CA students.
- Further enhance the scholarship fund for children of staff members by allocating LKR 15 Mn., of which interest income will be transferable to the fund every year in order to support to elevate the children of the members of CA staff.
- Designate a special scholarship scheme for Non-commerce students by allocating LKR 60 Mn., of which the interest income will be transferable to the fund every year to offer scholarships to attract non-commerce students into the profession.

29. Commitments

Capital commitments

| As at | 31 December 2018 LKR '000 | 31 December 2017 LKR '000 |
|-------------------------------|------------------------------|------------------------------|
| Authorised but not contracted | | |
| Intangible assets | 100,000 | 100,000 |
| Property, plant and equipment | 41,000 | 41,000 |
| Total | 141,000 | 141,000 |

Capital commitments represent the LKR 100 Mn. approved by the Council for ERP Project and LKR 41 Mn. approved by the Council for an extension of the building.

FINANCIAL REPORTS

Notes to the Financial Statements

30. Contingent liabilities

The Institute has received assessments in respect of Value Added Tax (VAT) for the period commencing from 1 April 2012 to 31 December 2014 which amounted to LKR 61 Mn. and Nation Building Tax (NBT) for the period commencing from 1 July 2009 to 31 December 2014 amounted to LKR 100 Mn. in separate instances. Further, the Institute has received assessment in respect of Economic Service Charge (ESC) for the period commencing on 1 April 2009 to 31 March 2012 amounted to LKR 4.5 Mn. All these assessments are under appeal. The VAT assessments under appeal have been confirmed by the Commissioner General of Inland Revenue. The Institute intends appealing against the determination of Commissioner General of Inland Revenue. All the other assessments are under appeal and will be determined by the Commissioner General of Inland Revenue.

No provision has been made in the financial statements based on the consultant's opinion as the Institute is not liable for above mentioned taxes assessed.

A case has been filed by an ex-employee of CA Sri Lanka on the grounds of wrongful termination in 2013, and has requested for a reasonable amount of compensation to be paid the ex-employee. A provision has not been made in these financial statements, since the case is ongoing.

31. Related party transactions

Payments are made in the ordinary course of business to any member of the Institute for certain specified activities. During the reporting period, the following members of the Council have been involved in such activities at the request of the Council on behalf of the Institute.

| For the year ended 31 December Name | Transactions | 2018 LKR '000 | 2017 LKR '000 |
|--|------------------------|------------------|------------------|
| Mr S M S S Bandara * | Educational activities | – | 90 |
| | Technical activities | 111 | 206 |
| | Lecture fees | 18 | 41 |
| Mr Manil Jayasinghe ** | Technical activities | 385 | 390 |
| Mr Tishan Subasinghe | Technical activities | – | 6 |
| Mr Jagath Perera *** | Lecture fees | 11 | – |
| Mr Dulitha Perera | Technical activities | – | 10 |

* An amount of LKR 31,562.00 earned by Mr S M S S Bandara for the services rendered to the Institute had been returned and credited to Mr Sanjaya Bandara scholarship fund at the request of Mr S M S S Bandara.

** An amount of LKR 385,000.00 earned by Mr Manil Jayasinghe for the services rendered to the Institute had been returned and credited to the Ernst & Young scholarship fund at the request of Mr Manil Jayasinghe.

*** An amount of LKR 10,500.00 earned by Mr Jagath Perera for the services rendered to the Institute had been returned and credited to the Members' scholarship fund at the request of Mr Jagath Perera.

FINANCIAL REPORTS

Notes to the Financial Statements

32. Transactions engaged between CA Sri Lanka and AAT, where CA Sri Lanka appoints eight Council members out of the sixteen of AAT

| For the year ended 31 December | 2018 LKR '000 | 2017 LKR '000 |
|---|------------------|------------------|
| Payments to AAT | | |
| Advertisement in organiser | 30 | 30 |
| Sponsorships | 1,000 | – |
| Receipts from AAT | | |
| Advertisement in organiser | 30 | 30 |
| Registration and tickets for Annual Report Awards Competition | 176 | 130 |

33. Financial risk management

The Institute has exposure to the following risks from its use of financial instruments. These are monitored by the Council and Finance and Administration Committee on a regular basis:

- 33.1 Credit risk
- 33.2 Liquidity risk
- 33.3 Market risk

33.1 Credit risk

Credit risk is the risk of finance losses to the Institute if a recipient of a service or counterparty to a financial instrument fails to meet its contractual obligations.

To minimise the credit risk fixed deposits are held with state-owned banking institutions and investments in Treasury Bonds and repurchase agreements are made only through state-owned banks.

| Carrying value as at 31 December | 2018 LKR '000 | 2017 LKR '000 |
|-------------------------------------|------------------|------------------|
| Fixed deposits | 955,856 | 556,304 |
| Treasury bonds | 110,735 | 137,368 |
| Loans and receivables | 64,004 | 56,391 |
| Treasury bill repurchase agreements | – | 45,014 |
| Total | 1,130,595 | 795,077 |

FINANCIAL REPORTS

Notes to the Financial Statements

33.2 Liquidity risk

The Institute is managing the liquidity risk by ensuring that there will always be sufficient liquidity to meet its liabilities when due without incurring unacceptable damages to the Institute's reputation.

Maturity analysis of financial assets and liabilities

| Description | On demand LKR '000 | Less than 3 months LKR '000 | 3 to 12 months LKR '000 | 2 to 3 years LKR '000 | More than 3 years LKR '000 | Total LKR '000 |
|------------------------------|-----------------------|-----------------------------------|-------------------------------|--------------------------|----------------------------------|-------------------|
| Financial assets | | | | | | |
| Receivables | 36,420 | 11,393 | - | - | - | 47,813 |
| Loans and advances to staff | - | 2,093 | 4,669 | 7,137 | 2,292 | 16,191 |
| Fixed deposits | - | 52,743 | 903,113 | - | - | 955,856 |
| Treasury bonds | - | - | 37,648 | 73,087 | - | 110,735 |
| Cash and cash equivalents | 50,753 | - | - | - | - | 50,753 |
| | 87,173 | 66,229 | 945,430 | 80,224 | 2,292 | 1,181,348 |
| Financial liabilities | | | | | | |
| Payables | (18,020) | (9,623) | (705) | - | - | (28,348) |
| | (18,020) | (9,623) | (705) | - | - | (28,348) |
| Net financial assets | 69,153 | 56,606 | 944,725 | 80,224 | 2,292 | 1,153,000 |

33.3 Market risk

Market risk is the risk that changes in interest rates which will affect the Institute's income or the value of its holding of financial instruments.

The Institute manages and controls the market risk exposure within acceptable parameters, while optimising the return.

FINANCIAL REPORTS

F B LANDER PRIZE FUND

Statement of financial position

| As at | 31 December 2018 | | 31 December 2017 | |
|----------------------------------|------------------|----------|------------------|----------|
| | LKR '000 | LKR '000 | LKR '000 | LKR '000 |
| Assets | | | | |
| Balance at National Savings Bank | | 762 | | 733 |
| | | 762 | | 733 |
| Equity and liabilities | | | | |
| Capital | | 13 | | 13 |
| Income account | | | | |
| Balance as at 1 January | 720 | | 690 | |
| Add: Interest for the year | 29 | 749 | 30 | 720 |
| | | 762 | | 733 |

FINANCIAL REPORTS

CYRIL E BEGBIE MEMORIAL PRIZE FUND

Statement of financial position

| As at | 31 December 2018 | | 31 December 2017 | |
|----------------------------------|------------------|-----------|------------------|-----------|
| | LKR '000 | LKR '000 | LKR '000 | LKR '000 |
| Assets | | | | |
| Balance at National Savings Bank | | 90 | | 87 |
| Total | | 90 | | 87 |
| Equity and liabilities | | | | |
| Capital | | 10 | | 10 |
| Income account | | | | |
| Balance as at 1 January | 49 | | 73 | |
| Add: Interest for the year | 3 | | 4 | |
| Less: Prize paid | – | | (28) | |
| Balance as at 31 December | | 52 | | 49 |
| Creditors – CA Sri Lanka | | 28 | | 28 |
| Total | | 90 | | 87 |

ANNEXES

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Lead Sponsors – **106**

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TEN YEAR SUMMARY

Statements of financial position

| As at 31 December | 2018 LKR '000 | 2017 LKR '000 | 2016 LKR '000 | 2015 LKR '000 | 2014 LKR '000 | 2013 LKR '000 | 2012 LKR '000 | 2011 LKR '000 | 2010 LKR '000 | 2009 LKR '000 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Assets | | | | | | | | | | |
| Total non-current assets | 1,248,793 | 1,350,377 | 933,173 | 973,228 | 892,904 | 617,016 | 630,701 | 224,097 | 89,406 | 70,976 |
| Total current assets | 1,128,303 | 754,616 | 403,054 | 312,118 | 267,506 | 433,258 | 390,805 | 518,458 | 513,663 | 420,034 |
| Total assets | 2,377,096 | 2,104,993 | 1,336,227 | 1,285,346 | 1,160,410 | 1,050,274 | 1,021,506 | 742,555 | 603,069 | 491,010 |
| Funds and liabilities | | | | | | | | | | |
| Total accumulated fund and reserves | 1,955,491 | 1,736,664 | 943,672 | 880,616 | 789,440 | 684,927 | 580,843 | 489,085 | 383,817 | 292,551 |
| Total funds and grants | 58,885 | 54,903 | 50,404 | 78,935 | 89,301 | 61,531 | 86,453 | 42,759 | 52,069 | 60,000 |
| Non-current liabilities | 28,107 | 27,821 | 31,821 | 27,808 | 25,270 | 23,018 | 20,197 | 17,626 | 17,210 | 19,455 |
| Current liabilities | 334,613 | 285,605 | 310,330 | 297,987 | 256,399 | 280,798 | 334,013 | 193,085 | 149,973 | 119,004 |
| Total funds and liabilities | 2,377,096 | 2,104,993 | 1,336,227 | 1,285,346 | 1,160,410 | 1,050,274 | 1,021,506 | 742,555 | 603,069 | 491,010 |

Statements of comprehensive income

| For the year ended 31 December | 2018 LKR '000 | 2017 LKR '000 | 2016 LKR '000 | 2015 LKR '000 | 2014 LKR '000 | 2013 LKR '000 | 2012 LKR '000 | 2011 LKR '000 | 2010 LKR '000 | 2009 LKR '000 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Income | 859,380 | 756,261 | 752,389 | 760,460 | 760,890 | 653,545 | 516,207 | 463,757 | 383,424 | 341,891 |
| Expenditure | (350,835) | (353,243) | (356,819) | (360,617) | (351,735) | (309,054) | (238,007) | (225,055) | (173,897) | (161,464) |
| Net income before employee costs and overheads | 508,545 | 403,018 | 395,570 | 399,843 | 409,155 | 344,491 | 278,200 | 238,702 | 209,527 | 180,427 |
| Other operating income | 5,641 | 6,027 | 4,241 | 7,373 | 3,369 | 5,672 | 4,524 | 5,319 | 2,769 | 4,324 |
| Operating income | 514,186 | 409,045 | 399,811 | 407,216 | 412,524 | 350,163 | 282,724 | 244,021 | 212,296 | 184,751 |
| Total overhead expenses | (371,469) | (373,162) | (365,150) | (335,859) | (324,486) | (275,900) | (205,547) | (169,847) | (153,491) | (151,101) |
| Net operating income | 142,717 | 35,883 | 34,661 | 71,357 | 88,038 | 74,263 | 77,177 | 74,174 | 58,805 | 33,650 |
| Finance income | 102,842 | 67,469 | 51,230 | 38,395 | 39,957 | 41,681 | 31,232 | 30,322 | 32,111 | 43,732 |
| Finance cost | - | - | (127) | (326) | - | - | (265) | - | - | - |
| Government grant | - | 699,000 | - | - | - | - | - | - | - | - |
| Income over expenditure for the year after tax | 214,793 | 787,731 | 66,136 | 95,879 | 104,102 | 105,039 | 102,007 | 104,846 | 91,266 | 77,682 |
| Defined benefit plan actuarial (loss)/gain | 1,687 | 3,128 | (1,450) | (2,126) | 683 | (955) | (249) | 422 | - | - |
| Fair value changes on available-for-sale investments | - | 2,133 | (1,630) | (2,577) | (272) | - | - | - | - | - |
| Reclassification adjustment | 2,346 | - | - | - | - | - | - | - | - | - |
| Total comprehensive income | 218,826 | 792,992 | 63,056 | 91,176 | 104,513 | 104,084 | 101,758 | 105,268 | 91,266 | 77,682 |

Statements of cash flows

| For the year ended 31 December | 2018 LKR '000 | 2017 LKR '000 | 2016 LKR '000 | 2015 LKR '000 | 2014 LKR '000 | 2013 LKR '000 | 2012 LKR '000 | 2011 LKR '000 | 2010 LKR '000 | 2009 LKR '000 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Net cash inflow/(outflow) from operating activities | 249,692 | 130,589 | 116,684 | 125,099 | 77,783 | 23,900 | 217,619 | 119,550 | 81,014 | 56,442 |
| Net cash inflow/(outflow) from investing activities | (273,848) | (116,718) | (136,396) | (103,290) | (44,787) | (100,372) | (182,117) | (295,442) | (4,939) | 23,485 |
| Net cash inflow/(outflow) from financing activities | (9,351) | (8,340) | (1,223) | (3,585) | 36,927 | 25,677 | 13,863 | 1,308 | 3,387 | 16,709 |
| Cash and cash equivalents | 50,753 | 84,260 | 78,729 | 99,464 | 81,240 | 11,317 | 61,770 | 12,405 | 204,211 | 366,527 |

ANNEXES

APPRECIATION

The Council of CA Sri Lanka acknowledges with appreciation the assistance and support extended to the Institute by the following and wishes to thank them:

- Hon Minister of Industry and Commerce and Ministry of Finance
- Secretary and staff of the Ministry of Industry and Commerce and Ministry of Finance
- Regulatory Bodies and Ministries
- Committee members of the Institute
- Members of the Institute
- Staff of the Institute
- Other professional bodies that have lent support during the year
- Institute's lead sponsors and other sponsors
- Resource persons at conferences, seminars, discussion groups and lecturers
- Training partners, examiners and marking examiners
- Institute's media sponsors and all the representatives of media
- CA Sri Lanka learning partners
- Government officials
- Service providers and others who made their contributions during 2018 and are too numerous to mention individually

By Order of the Council,



Prasanna Liyanage

Secretary

REGIONAL INFORMATION CENTRES

Central Province

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CORPORATE INFORMATION

Legal Form

The Institute of Chartered
Accountants of Sri Lanka has
been established by Act of
Parliament No. 23 of 1959.

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Messrs Wickramasinghe
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111, 1/1, 2nd Floor,
Maya Avenue,
Colombo 06.

Internal Auditor

S J M S Associates
Level 02, No. 11,
Castle Lane
Colombo 04.

Lawyers

Julius & Creasy
Attorneys-at-Law and
Notaries Public
No. 41, Janadhipathi Mawatha,
Colombo 01.

Bankers

Bank of Ceylon
People's Bank
Sampath Bank PLC
Hatton National Bank PLC

LEAD SPONSORS

Aitken Spence PLC
Cargills (Ceylon) PLC
Sri Lanka Telecom PLC

Hayleys PLC
Hatton National Bank PLC
John Keells Holdings PLC

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LKA2791ICASL0180000E105
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