

ANNUAL REPORT 2012



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HIGHER. BIGGER. BETTER.

Each year we go beyond, aiming for and setting a higher benchmark to be mastered and fine-tuned in the year ahead.

During the year in review we have achieved much in many key areas: new corporate offices and a building that reaches higher; a service portfolio that has grown bigger to encompass the manifold changes in our profession, both locally and globally; with a focussed delivery on excellence that has matured into one that is truly better.

The facts, figures and keen analysis you will find within the pages of this report stand testament to our ethos of constantly evolving and improving the vision of our organisation – an ethos we can all be proud of; one most will envy and strive to emulate on the way forward.

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To demonstrate and be known for exemplifying the highest standards in business and society

VISION

To be the most-sought-after professional qualification for business leaders

MISSION

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

OBJECTIVES

Integrity
Wisdom
Innovation
Service

CORE VALUES



Sujeewa Rajapakse
President

Each year we strive to reach the highest peak, in our journey to be bigger but most importantly to be better.

The year 2012 will go down in history as a momentous year for the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the accounting profession. In the face of growing competition, CA Sri Lanka focused on furthering the profession's growth to meet the demands of the business world, government and public, which will continue to remain a key objective in the year ahead.

We witnessed some important milestones in 2012 in our continuing commitment to provide our key stakeholders the best of services and facilities. With sheer determination we moved ahead focusing on our goals but most importantly maintaining our ethics in our strive to be the best among the best.

The highlight of 2012 was the ceremonial opening of our ultra-modern, multi-storied building complex which was declared open under the distinguished patronage of His Excellency Mahinda Rajapaksa, President of the Democratic Socialist Republic of Sri Lanka.

The opening was a historic and proud moment for all of us, as members, to be part of that very significant event, which was testament to our continuing efforts to enhance the facilities and services for the benefit of our key stakeholders including our mammoth student base.

What we witnessed on 11 December 2012 was not merely an infrastructure development project, but an important milestone which spelled our dedication to enhance the accounting profession to the highest level. The realization of the project was also a lifelong dream of many of our members and past presidents.

Our Institute's brand visibility also increased tremendously with the opening of the new CA Sri Lanka multi-storied building. We witnessed an enhanced brand visibility by many folds covering all quarters including in the mass media.

Yet another major milestone we witnessed was when we kicked off 2012 with Sri Lanka's convergence with the International Financial Reporting Standards (IFRS) from 01 January 2012. This was indeed a significant moment in our Institute's history, and especially in our capacity as the sole authority to promulgate accounting and auditing standards for Sri Lanka.

Our convergence with the international standards was testament to our global outlook, as we joined over 100 countries who have already adopted the convergence, thereby enabling a global trend in ensuring a common language for financial reporting processes in the world.

At a local level, the convergence with IFRS was also a major breakthrough for companies in Sri Lanka which will now have a common, high-quality and internationally accepted set of accounting and financial reporting standards, thereby bringing in 'more credibility' to financial reporting in the country.

Our role does not end at just promulgating accounting and auditing standards to the country. But every effort is taken to ensure companies are complying with these required changes. We understand the importance of educating all those stakeholders responsible in helping implement this important global standard, and every effort has been taken by CA Sri Lanka to ensure this task is covered. All responsible stakeholders have been educated on the changes, and the drive to educate everyone will continue even throughout 2013.

In our strive to provide our members with the best of foreign recognitions, we continue to work towards establishing stronger and broader links with accounting bodies of repute. Today we enjoy agreements with the Institute of Chartered Accountants of England and Wales (ICAEW), Chartered Institute of Management Accountants (CIMA), Association of Chartered Certified Accountants (ACCA) and CPA Australia. CA Sri Lanka will continue to enhance these agreements and will also sign similar agreements with other accounting bodies, so our members can enjoy a range of enhanced benefits in the accounting world.

I believe that professionalism is crucial to the well-being of our society and as one of the key professions today, the accounting profession has a role to play in our society. However, with the benefits of belonging to a profession come obligations - to act with integrity and in the best interest of the clients and the society that accounting professionals serve.

Today as our nation witnesses a robust drive in infrastructure and economic development, an underlying responsibility lies in the hands of professionals of our country to take the lead in spearheading this development drive which will ensure that our nation will soon be able to achieve its visionary goals.

Our members are our primary stakeholders, and we are continuously striving to ensure they are provided with the best facilities, and services, to ensure they remain globally sought after in the years to come.

Every effort is made to provide them not only with the best qualifications, but also with enhanced facilities together with the best service a professional body can offer.

Every year our membership grows, the annual convocation saw associate membership granted to 215 new members, who successfully completed the world-renowned chartered accounting course, thereby increasing the number of members to over 4300.

In November 2012, the Institute conferred the prestigious FCA designation on 183 Chartered Accountants elevating them to the highest stratum in their professional careers at a special convocation. It was the first time in the Institute's 53-year-old history that such a large number of members were conferred with FCA status at a single event which is held annually.

In the face of increased competition, the Institute has also introduced the Certified Business Accountant (CBA) designation for part-qualified students of the chartered accounting course, giving them more avenues to pursue their career in accounting be it in the public or private sectors.

The demand is increasing for our professionals both in Sri Lanka and outside. And the Institute in its capacity as one of the leading tertiary education providers in the country is taking every possible opportunity to propagate the importance of the accounting profession to every part of our country. With this aim, in mid-2012 we increased our presence regionally with the opening of our seventh Information Centre in Kalmunai.

Today, we have an active student base of over 38,000, which is a tremendous figure as it shows that more and more students are encouraged to follow a particular skill, thereby progressing towards an increased skilled force in our country.

Our standing in the accounting world received a significant boost in 2012, when the Confederation of Asian and Pacific Accountants (CAPA) decided to hold several high-level meetings in Colombo in October. CA Sri Lanka was truly honoured to host the CAPA delegates for the meetings in Colombo and this was also a tremendous image boost at a national level.

Our flagship event, the 33rd National Conference of Chartered Accountants also concluded successfully in October 2012 with an overwhelming participation of nearly 1200 professionals, including chartered accountants, and business leaders from diverse fields.

The conference received a tremendous boost with the participation of a significant number of world-renowned accounting personalities, including Mr. Mark Spofforth, President of one of the world's oldest accounting organisations,

the Institute of Chartered Accountants of England and Wales (ICAEW), Mr. Keith Wedlock, President of the Confederation of Asian and Pacific Accountants (CAPA) and Mr. Prabhakar Kalavacherla, board member of the International Accounting Standards Board.

The 48th Annual Report Awards competition held in December 2012 set a new record with a total of 124 applications filed in comparison to the 98 applications received in 2011. The Annual Report Awards competition ended on a very successful note with an impressive number of leading corporates winning top awards for their ability to promote transparency and accountability via their companies' annual report.

In our capacity as the national body of accountants, we share strong links with several important regulatory authorities including the Central Bank of Sri Lanka, Securities and Exchange Commission and the Sri Lanka Accounting and Auditing Standards Monitoring Board. We are also focusing on further strengthening our links with institutions including Central Bank of Sri Lanka and the Department of Inland Revenue, etc. to enhance technical matters.

Our Institute is our pride, and I believe it's important we continuously strive to achieve greater heights in order to keep up with other global accounting bodies. Competition is today at its highest peak and we are not in a position where we can sit and take it easy in the comfort of our present standing.

The journey ahead is with many challenges. A multitude of problems are thrown at us regularly both locally and globally. We are at a stage where demands and expectations are diverse and increasing. This is a period of immense competition, challenges and risks. Our chartered accountants are our primary product and are sought after both locally and globally but the challenges they face are equal to the opportunities that lay ahead of them. We will adopt new approaches to face these growing challenges in our journey to be the best.

None of our achievements would have been possible without the support and guidance from our subject ministry, members of the council and other stakeholders and therefore in conclusion, I would like to extend my sincere appreciation for the continued support and guidance extended to me over the past year by Hon. Johnston Fernando, Minister of Co-operatives and Internal Trade, Mr. G.K.D. Amarawardena, Secretary to the Ministry of Co-operatives and Internal Trade, my Vice President Arjuna Herath and members of the council for their tireless work and diligence, chairmen, alternative chairmen of all CA Sri Lanka committees, and the members of these committees and faculties who have played an important role in ensuring various goals of our Institute have been met. The staff of the Institute, led by Chief Executive Officer Aruna Alwis has also played a tremendous role over the past year and I would like to extend my gratitude to them as well as to all other stakeholders who have been part of our Institute, including our lead sponsors without whom most of our initiatives would not have been a success.



Aruna Alwis
Secretary/Chief Executive Officer

Sri Lanka has always enjoyed one of the highest literacy rates in the region, and undoubtedly education is the backbone of a nation; especially for a nation in the throes of development. As we witnessed mega development across our country in 2012, it is also equally important for Sri Lanka to develop and utilise a sufficiently skilled workforce to steer the development drive we are currently witnessing.

During the three-decade long war we witnessed an alarming brain drain from our country, where some of our best and brightest chose to migrate seeking greener pastures. However, as we approach the fourth year since the end of the war, we are beginning to see a promising and marked improvement in 'brain gain' versus 'brain drain'.

In our capacity as one of the country's most foremost educational institutions, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has always been at the forefront of helping Sri Lanka realise her goal of having a skilled workforce. Every year we work towards ensuring this goal becomes a reality and help thousands of youth across the country enjoy the advantage of, not only having

a professional accounting qualification, but also one that is globally recognised.

As we make remarkable strides towards greater effectiveness, our ultimate goal of providing our primary stakeholders with the best of facilities and services has today become a reality through the newly enhanced infrastructure facilities we offer via our modern, state-of-the-art multi-storied building complex.

For 53 years, our Institute has steadily grown to be among the most recognised and respected professional organisations in the country, apart from our position as one of the largest tertiary education providers with an impressive student base of 38,000.

The primary aim in our continuing mission is to provide our members and students not only the best accounting qualification, but also some of the best internationally-renowned courses for their professional enhancement in a location with modern amenities that provides them a learning advantage right here in Sri Lanka.

The new CA Sri Lanka building complex has enhanced facilities for its members, including a modern lounge for member networking and enhanced facilities to conduct continuous professional development programmes, along with various meeting and training rooms for the benefit of our members.

Our Institute's future lies in the hands of our students. And to ensure they are provided with the best of study facilities, which will help them become a globally recognised chartered accountant, every effort has been taken to address their needs by providing them with several state-of-the-art lecture and study rooms that can accommodate up to 350 students, a fully-fledged IT laboratory with a capacity of 140 computers, and 20 PC laboratory at the Multimedia English Language Centre (MELC), a student counselling and service centre within the 40,000 sq. ft. floor area of the new building.

The new CA Sri Lanka building is an important demonstration of our Institute's commitment to enhance the professional standards at both a local and global level.

As a national body, we believe it is our responsibility to ensure that students, not only from urban areas, but also from rural areas, receive equal opportunity to ensure the success of their future through a successful professional qualification.

In our capacity as a local Institute we should be proud of our achievements and standing at a time when many give preference to foreign university qualifications.

Despite the many exciting achievements we witnessed during 2012, our journey does not end here; nor are we even in a position to pause and enjoy the success we have achieved thus far. Local and global competition is fierce and we must be vigilant if we are to ensure our prestigious standing continues in the years to come.

Our primary aim is to provide our stakeholders an exceptional quality of service, together with professional qualifications. Despite our standing as Sri Lanka's national accounting body, with a history spanning over five decades, holding onto our prestigious standing can at times be challenging due to the continued competition we face both locally and globally. But, as always, we are determined to be the 'best of the best', and we have taken every necessary effort to ensure our standing in the global accounting world remains unchanged.

Our aim is to ensure Sri Lanka will soon be a sufficiently skilled nation with an increased number of chartered accountants who will steer our nation towards greater achievement and success.

The future of our nation lies on the shoulders of our professionals, including chartered accountants, and therefore as the national body of accountants in Sri Lanka, CA Sri Lanka will steadfastly take all steps necessary to support our nation's goals and achieve a more diversified knowledge-based economy in Sri Lanka.

The President, Vice President and six members elected by the membership of the Institute took office at the end of December 2011. The council was reconstituted on 1st January 2012 for a period of two years with the nominations of new members and reappointment of members to the council by the Hon. Minister of Co-operatives and Internal Trade.

Council – 2012

Mr. Sujeewa Rajapakse (President)
Mr. Arjuna Herath (Vice President)

Elected Members of the Council

Mr. Channa Manoharan
Mr. Jagath Perera
Mr. Lasantha Wickremasinghe
Mr. T Dharmarajah
Mr. N R Gajendran
Mr. Heshana Kuruppu

Nominated Members of the Council

Mr. Sujeewa Mudalige (Ex-Officio)
- appointed with effect from 17th December 2011

Mr. H A S Samaraweera (Ex-Officio)
- appointed with effect from 1st January 2012

Mr. Sanjaya Bandara
- appointed with effect from 1st January 2012

Mr. Shantha Kurumbalapitiya
- appointed with effect from 1st January 2012

Mr. Shan Shanmuganathan
- re-appointed with effect from 1st January 2012

Mr. V Sivagnanasothy
- appointed with effect from 1st January 2012

Mr. J M U B Jayasekera
- appointed with effect from 1st January 2012

Mr. Lucille Wijewardena
- appointed with effect from 30th April 2012

Fifteen (15) council meetings were held during 2012. These meetings included regular monthly meetings and special meeting. Summary of the attendance is given in the table below.

Name	NO. OF MEETINGS	
	Actually attended	Should have attended
Mr. Sujeewa Rajapakse (President)	13	15
Mr. Arjuna Herath (Vice President)	12	15
Mr. Sujeewa Mudalige (Immediate Past President)	12	15
Mr. Sanjaya Bandara	14	15
Mr. T Dharmarajah	14	15
Mr. N R Gajendran	14	15
Mr. J M U B Jayasekera	12	15
Mr. Shantha Kurumbalapitiya	10	15
Mr. Heshana Kuruppu	14	15
Mr. Channa Manoharan	10	15
Mr. Jagath Perera	12	15
Mr. H A S Samaraweera	5	15
Mr. Shan Shanmuganathan	10	15
Mr. V Sivagnanasothy	6	15
Mr. Lasantha Wickremasinghe	13	15
Mr. Lucille Wijewardena*	5	11

* Appointed with effect from 30 April 2012

DELIVERING ON QUALITY

Our Vision “to demonstrate and be known for exemplifying the highest standards in business and society” has culminated in our Mission statement: “To be the most-sought-after qualification for business leaders.”

Hence, our core values aptly demonstrate and exemplify these tenets, which we continue to demonstrate through our membership and in the programmes of study we offer, in our services and our forward vision for the profession.

Having identified key focus areas, the Institute has translated both Vision and Mission into four primary values: Integrity, Wisdom, Innovation, and Service.

In delivering on these core values a number of strategies have been formulated along with division into areas of responsibility and delivery within CA Sri Lanka. In the framework of aligning our key strategies, a number of critical business imperatives have been identified vis-a-vis customer satisfaction, attracting and retaining top performers to Chartered Accountancy, a viable business model, and the governance structure and systems by which we operate.

In turn these imperatives have been further broken down to 10 strategic priorities in order to address what have been termed ‘critical areas for improvement.’ These critical areas, in turn, have also been encapsulated into areas of responsibility and delivery and are under the proposed platforms of Demand Creation, Services, Value Addition, Support Services, as well as External Environment.



His Excellency President Mahinda Rajapaksa declared open CA Sri Lanka's multi-storied building complex on 11th December 2012



His Excellency President Mahinda Rajapaksa unveiling the plaque at the building opening ceremony



Members of the CA Sri Lanka Council and staff took part in the traditional boiling of milk ritual at the opening ceremony of the new multi-storied building complex of the Institute held in December 2012

HIGHLIGHTS 2012



Seated from left to right: Mr. Aruna Alwis, Secretary/CEO, CA Sri Lanka, Mr. G.K.D. Amarawardena Secretary, Ministry of Co-operatives and Internal Trade, Mr. Sujeewa Rajapakse - President, CA Sri Lanka, His Excellency President Mahinda Rajapaksa, Hon. Johnston Fernando, Minister of Co-operatives and Internal Trade, Mr. Ajith Nivard Cabraal, Governor of the Central Bank of Sri Lanka and Mr. Arjuna Herath, Vice President, CA Sri Lanka.



The Annual Convocation Ceremony 2012, at the Water's Edge, on 20th September 2012



Outgoing President Mr. Sujeewa Mudalige inducts the 21st President of CA Sri Lanka Mr. Sujeewa Rajapakse with the presidential medallion at the ceremonial induction held in January 2012



The FCA Convocation Ceremony, held at the Galadari Hotel Colombo, on 28th November 2012



The 33rd National Conference of Chartered Accountants Seated from right to left: Mr. Sujeewa Rajapakse – President, CA Sri Lanka; Chief Guest - Hon. Chandima Weerakkody (MP), Deputy Speaker of Parliament; Mr. Mark Spofforth, President of the Institute of Chartered Accountants in England and Wales (ICAEW); Mr. Arjuna Herath, Vice President, CA Sri Lanka; Keynote Speaker - Mr. Adam Sack, Country Manager of the International Finance Corporation; Mr. Lasantha Wickremasinghe, Chairman, National Conference Committee 2012



A panel discussion during the National Conference



Dr. Gamini Christopher Bernard Wijeyesinghe receiving the CA Sri Lanka Lifetime Achievement Award 2012



Hall of Fame Award

2012



Mr. Hemaka Amarasuriya



Mr. Augustine Benedict



Mr. Viswanathar Kailasapillai



The new Information Centre being ceremonially opened by the Chief Guest, Kalmunai Mayor, His Worship Shiraz Mirashib in the presence of the members of the CA Sri Lanka Council including its President Mr. Sujeewa Rajapakse



INSEAD - CA Sri Lanka Global Leadership Programme, 14 - 17 March 2012 in Colombo



Press Conference of the announcement of CA Sri Lanka's Partnership with World Bank



I.S.O. Certificate Awards Ceremony held on 30th May 2012



CEO Forum - "Regulation, too big to fail and the future of global financial services" at the Galadari Hotel, Colombo on 05th March 2012



Luncheon Meeting jointly organized RAM Ratings (Lanka) Limited & CA Sri Lanka at the Hilton, Colombo on 27th March 2012



CPD Seminar on "Developing and Installing an Integrated Risk Management Framework" Mr. Edmund Bosworth, Head of Risk-Reward, Westpac Group



CPD Seminar 'IFRS for Banks' conducted by Mr. Jeroen Van Doorselaere, IAS/IFRS Subject Matter Expert at Financial Architects (FinArch)



The President's address at the CBA Members' Forum held on 31st December 2012 at the Members' Lounge



Mr. Mohan Pieris, the former Attorney General – Sri Lanka, President's Counsel delivering his speech and at the 17th Annual Oration on Taxation of CA Sri Lanka, at the head table, seated from left to right: Mr. D A Rodrigo –Chairman of Taxation Committee, Mrs. L C Nanayakkara, Alternate Chairperson of Faculty of Taxation, Mr. S E Satarasinghe, Founder Member of CA Sri Lanka and a Sponsor of the Medallion and Mr. Sujeewa Rajapakse, President of CA Sri Lanka.



Mr. Manil Jayasinghe addresses the Practitioners' Forum on "New Developments in the Profession – Auditor's Perspective"



Group of students at "Sisunena" seminar held at the Jaffna College undergraduate department on 07th November 2012



"Gurunena" seminar conducted by CA Sri Lanka at Polgolla Resource centre on 25th May 2012



Recognition of New Training Partners



Certificate award ceremony - prizewinners of CAB I & II exams (Sep 2011 and March 2012) with VIPs



Orientation Seminar for new trainees - discussion forum by 3 young Chartered Accountants, (left) Mr Imraz Iqbal, Ms Anushka Madurasinghe & Mr Pramitha Ransika





Secretary to the Treasury, Dr. P.B. Jayasundera highlights the government's ambitious growth plans for 2013 at CA Sri Lanka's annual budget seminar held in November 2012 at the Galadari Hotel.



Certificate Awarding ceremony of Association of Public Finance Accountants of Sri Lanka (APFASL)



CA Sri Lanka was the Gold sponsor at the ninth EDEX Expo in 2012, for the second consecutive year

HIGHLIGHTS 2012



New Members' Orientation Seminar 2012, at the Water's Edge Battaramulla



The winning team 'Super hits' at the CAPL 2012 with the President of CA Sri Lanka



Aitken Spence PLC



Cargills (Ceylon) PLC



C T Holdings PLC



Hatton National Bank PLC



John Keells Holdings PLC



Sri Lanka Telecom



LEAD SPONSORS 2012

INTEGRITY

Integrity is a crucial component in our profession. Ensuring that we maintain this highest of standards within the professional tenets of our role within an organisation's operational feasibility impacts not only the way an organisation and the accounting profession is perceived, but also on the value of a business entity and in shareholder and stakeholder relations as well on how public perception as a whole.

In this regard, integrity in our processes and practices lies at the heart of what we do, and is a testament to the accounting profession and chartered accounting specifically.

Thus, we at CA Sri Lanka strive to embody this guiding principle within our membership and indeed the accounting profession in Sri Lanka, setting an example and holding those within the profession to account. This includes CA Sri Lanka's consistent work towards maintaining standardised audits, ensuring quality assurance and standards, being a guardian of the profession to maintain these said standards, and upholding corporate governance.

In addition, CA Sri Lanka, as the organisation that maintains a link between the governing bodies and its members, strives to keep the membership updated of the latest changes and practices that affect the profession. In doing so, CA Sri Lanka publishes periodic publications and conducts series of seminars that inform of the latest standards and ethics of the profession, as well as the risks and challenges. CA Sri Lanka also plays a key role in maintaining standards in order to stay in par with international practices.

Guardian of the Accounting Profession

The Sri Lanka Accounting and Auditing standards Act No. 15 of 1995 has empowered the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) to promulgate and adopt Sri Lanka Accounting Standards and Sri Lanka Auditing Standards in the country. The observances of the said standards are mandatory for Specified Business Enterprises (SBEs) in Sri Lanka. The Act provides the necessary guidance for the 'Statutory Accounting Standards Committee' and 'Statutory Auditing Standards Committee' in assisting the Council of CA Sri Lanka in the development of these standards.

There are two main faculties under the purview of the Technical Division namely the Audit Faculty and Financial Reporting Faculty. The Audit Faculty is a forum for serving the necessity of the auditing sector and promoting best practices in the profession. The Audit Faculty annually conducts seminars and workshops on Sri Lanka Auditing Standards and related pronouncements in order to keep the practitioners up-to date on the contemporary changes. CA Sri Lanka formed the Financial Reporting Faculty with the core objective of serving as a forum for all concerned with financial reporting and to provide the necessary services, guidelines, research materials, and training needed to enhance the quality of financial reporting in the country's corporate sector.

CA Sri Lanka is indeed proud to be the pioneer in introducing good corporate governance principles and practices to the corporate community with the introduction of the Code of Best Practice on Corporate Governance. Therefore, the Council has appointed the Corporate Governance Committee to keep track of developments in corporate governance in other countries, and carry out review processes to update the Sri Lanka Code of Corporate Governance in line with those developments.

Sri Lanka Accounting Standards Converge with IFRS

The Institute is assisted in the standard setting process by the Statutory Accounting Standards Committee, which studies crucial factors in both business and accounting spheres with a view of formulating standards relevant to the Sri Lankan scenario, whilst conforming to the International Accounting Standards. Before the adoption of accounting standards, a due review process is implemented, where the proposed standards are discussed and exposed to the public for comments.

In the Improvement project IV, all Sri Lanka Accounting Standards in the Sri Lanka Accounting Standards bound volume 2011 (based on IFRS 2009 bound volume version) were compared with the International Financial Reporting Standards (IFRS) 2011 bound volume version and issued a booklet on "Sri Lanka Accounting Standards Changes with effect from 01 January 2012". With the release of the booklet, the Sri Lanka Accounting Standards are in line with the IFRS 2011 bound volume.

During the year, a separate publication was issued on SLFRS 10: Consolidated Financial Statements, SLFRS 11: Joint Arrangements, SLFRS 12: Disclosure of Interests in Other Entities and SLFRS 13: Fair Value Measurement.

In addition, Sri Lanka Accounting Standards Application Guidance 2011 was issued during the year, which is an integral part of the Sri Lanka Accounting Standards 2011 edition. This publication has been compiled based on the IFRS 2011 version and accompanies the pronouncements of the International Financial Reporting Interpretation Committee (IFRIC) and Standing Interpretations Committee (SIC), Bases for Conclusions (BC), Implementation Guidance (IG) and Illustrative examples (IE) in respect of all Standards.



Publications - Sri Lanka Accounting Standards Application Guidance 2011 and SLFRS 10 – 13

In order to provide the relevant knowledge about Sri Lanka Accounting Standards, which are in line with the International Financial Reporting Standards, CA Sri Lanka initiated the following activities during 2012:

Programme to increase adoption of IFRS

The programme to increase adoption of IFRS stands to be one of the key areas covered under the World Bank grant. This project aims at strengthening the capacities of CA Sri Lanka to improve the adoption of IFRS; development of IFRS training manuals and e-learning modules; conducting training of trainers programmes; creating initial IFRS awareness among the preparers of financial statements, auditors, regulators etc. and providing detailed application level training to the stakeholders. ICAEW would provide the assistance for the successful implementation of this programme. This ongoing project is expected to be completed by the end of 2013.

Seminar Series on New Sri Lanka Accounting Standards: SLFRS 9, 10, 11, 12, and 13

An exclusive seminar series was organised during the year by the Technical Division of CA Sri Lanka with the guidance of the Accounting Standards Committee to educate, the preparers and users of financial statements of the new dimensions brought in to the areas of Financial

Instruments and Group Financial Reporting, including Joint Arrangements and Fair Value Measurement by SLFRS 9, 10, 11, 12 and 13.

Comprehensive Series of Seminars on Sri Lanka Accounting Standards

Under the aegis of the Financial Reporting Faculty a seminar series, covering 30 selected standards, effective from 01st January 2012, was organised during the year. The seminar series covered the technical content of the respective standards with practical examples. Further, real world issues in implementation of IFRS based Sri Lanka Accounting Standards subsequent to the convergence with the International Financial Reporting Standards were addressed at the sessions.

Regional Seminars on Sri Lanka Accounting Standard for Small and Medium-sized entities (SLFRS for SMEs)

A seminar series on SLFRS for SMEs was conducted in Colombo, Kandy, Galle, and Kurunegala covering the aspects such as introduction of SLFRS for SMEs, benefits of adopting SLFRS for SMEs, entities eligible for SLFRS for SMEs, principles in SLFRS for SMEs, SLFRS for SMEs vs full SLFRS and transition from SLAS to SLFRS for SMEs.

CFO's Forum on Risks and Challenges of IFRSs

CA Sri Lanka conducted a forum on the "Risks and Challenges of IFRSs" for Chief Financial Officers of companies on 22nd October 2012, which was well received and highly commended by the participants. The forum was led by Mr. Prabhakar Kalavacherla ('PK'), Member of the International Accounting Standards Board.



IASB Board Member, Mr. Prabhakar Kalavacherla addressing CFOs on "Risks and Challenges of IFRS Implementation"

Urgent Issues Task Force (UITF)

UITF rulings issued prior to 1st January 2012 have been superseded by the Sri Lanka Accounting framework with effect from 1st January 2012. Consequently it is now a requirement that transactions, to which any of the UITF rulings applied, must be in accordance with the Sri Lanka Accounting framework effective 1st January 2012.

However, the committee has reviewed the issues directed by the industry during the year and issued rulings after a due review process within the current accounting framework.

Sri Lanka Auditing Standards and Other Audit

Pronouncements

Revision of the Effective Date of Clarified Auditing Standards

As recommended by the Statutory Auditing Standards Committee, the Council decided to bring all existing Sri Lanka Auditing Standards in line with IFAC 2009 publication under the Clarity Project. Therefore, all Sri Lanka Auditing Standards (SLAuSs) were reviewed under the Clarity Project and published in the Handbook on Sri Lanka Auditing Standards and Sri Lanka Standard on Quality Control 1-2011.

It was decided to make all SLAuSs (Clarified Standards) effective for audits of financial statements for periods beginning on or after 1 January 2012.

Considering the practical implications of applying certain Clarified Standards, the Council decided to revise the effective date of the Clarified Standards and accordingly, **the Clarified Standards will be effective for audits of financial statements for periods beginning on or after 1 January 2014.**

As the Clarified Standards require significant amount of time, cost and competency levels to be executed in carrying out audits of financial statements, the Council has decided to make necessary arrangements to educate the practitioners and to build capacity within them to develop necessary knowledge, skill levels and exposure on the Clarified Standards.

Therefore, with effect of this notice, it was brought to the attention of the members the revised date of the Clarified Auditing Standards.

Further, it was noted that the effective date of the Sri Lanka Standard on Quality Control 1 will stand to be the same as 1 January 2013.

Audit Faculty

CA Sri Lanka organised a series of programmes to assist capacity building among practitioners to develop their knowledge, skill levels and to expose them to new developments within the profession.

The Audit Faculty of CA Sri Lanka conducted a Practitioners' Forum on "New Developments in the Profession – Auditor's Perspective" for the auditors of listed entities and other unlisted, regulated entities on 21st September 2012 at Hotel Galadari, which was well received and highly commended by the participants.

This event was carried out under the World Bank funded

programme to assist and educate Small and Medium-sized Practices (SMPs). Customizing the audit tool kit to suit SMPs, regularly updating the tool kit with the global changes to the International Financial Reporting Standards (IFRS), developing a short case study based training course for SMPs and Creating awareness among SMPs on the new developments in the profession, roll out the audit tool kit and train SMPs on risk based audits, setting up Quality Management Systems are the other activities under this project.

A programme titled “IFRS – Auditors’ Perspective,” was organised on 22nd October 2012 targeting practicing members. The resource person for the programme was Mr. Prabhakar Kalavacherla (‘PK’), Member of the International Accounting Standards Board. This programme was considered an ideal forum for practicing members of the Institute to receive updates on the latest developments within the industry and address queries.

With the view to educate practicing members on Sri Lanka Auditing Standards, and to promote proper application, the Audit Faculty organised a seminar series during this year on 12 selected, currently applicable standards, including the Sri Lanka Standard on Quality Control 1 (SLSQC 1). The presentation on SLSQC 1 was important from the perspective of practitioners applying the Standard on Quality Control within the Sri Lankan context.

Quality Assurance – New Initiatives

Implementing an Audit Quality Assurance Programme - Component 1 under World Bank Funding

The primary objective of this assignment is to strengthen the capacity and competency of the Institute of Chartered Accountants of Sri Lanka to lead and oversee the design and operation of an AQA programme, whilst ensuring a sustainable QA framework. This component of the grant is expected to establish quality assurance arrangements for audit practitioners and make it functional.

The services of international experts will be sought to create awareness among practitioners on the requirements under SLSQC-1, to develop a framework for a QA programme with corresponding guidelines, awareness building for QAB members and assistance on the policy and planning process, and to train the QA Review Panel to undertake QA arrangements and report their findings.

The time frame for the assignment is 1 year (2013) and approx. 39% has been allocated for this assignment out of the total IDF Grant Funds received. All deliverables will be completed by the end of 2013 ensuring sustainability arrangements for the continuation of existing activities.

A high-level Audit Quality Assurance Board (QAB) has been set up by the Institute to implement the programme chaired by Mr. Tissa Bandaranayake.

Corporate Governance Review

The Corporate Governance Committee keeps a track of developments in corporate governance in other countries and carries out review processes to update the Sri Lanka Code of Best Practice on Corporate Governance, in line with those developments.

The Institute together with the Securities and Exchange Commission of Sri Lanka (SEC) drafted the Corporate Governance Listing Rules applicable to listed companies via the Colombo Stock Exchange Listing Rules. The code is meant to provide more extensive best practice provisions that corporates are encouraged to adopt in discharging their corporate governance activities.

During the year, the Corporate Governance Committee, chaired by Mr. Asite Talwatte, successfully completed the project to review and revise the Code of Best Practice on Corporate Governance issued jointly by the SEC and the Institute of Chartered Accountants of Sri Lanka in the year 2008. This project was carried out with the coordinated efforts of a pool of experts representing industry practice and regulatory bodies such as the Securities and Exchange Commission of Sri Lanka, Colombo Stock Exchange, the Central Bank of Sri Lanka, Sri Lanka Accounting & Auditing Standards Monitoring Board and Insurance Board of Sri Lanka. The revised Code will be issued in early 2013.

Amendments to the Act of Incorporation

While the Act of Incorporation of the Institute of Chartered Accountants of Sri Lanka has been amended many times, there is an ongoing need to revise the Act to keep pace with recent developments in the accounting profession. A committee chaired by Past President, Mr. Lal Nanayakkara, has been appointed to make recommendations on the amendments to the existing Act. The review process, which was initiated at the latter part of 2011, is expected to be completed by the end of 2013. The amendments will be available for members’ consultation in 2013.

Marking Our Presence in the International Arena

The global presence of CA Sri Lanka was further strengthened in the year 2012.

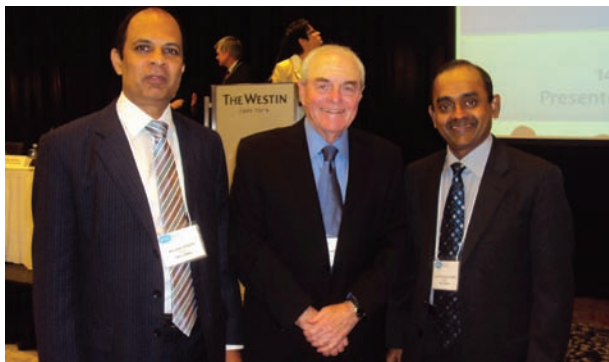
The Institute is a full member of the International Federation of Accountants (IFAC) which is the global body for the accountancy profession, dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies.

The following four members of CA Sri Lanka were appointed to serve in several IFAC committees:

- International Accounting Education Standards Board (IAESB) – Mr. Sujeewa Mudalige
- International Ethics Standards Board for Accountants (IESBA) – Mr. Reyaz Mihular

- Professional Accountancy Organisation (PAO) Development Committee – Mr. Arjuna Herath
- The International Accounting Education Standards Board Consultative Advisory Group (IAESB CAG) – Mr. Nishan Fernando

As an organisation that consistently endeavours to stand shoulder-to-shoulder with the world's leading accountancy bodies, the appointment of the Institute's members to serve on the committees of the apex accountancy body is testament to its proud standing at a global level.



CA Sri Lanka President Mr. Sujeewa Rajapakse and Vice President Mr. Arjuna Herath met with Prof. Mervyn King, Chairman - International Integrated Reporting Council (IIRC) during the IFAC Council meetings held in Cape Town, South Africa

The IFAC council meeting was held on 14th and 15th November 2012 in Cape Town, South Africa and the Institute was represented by the President and Vice President of CA Sri Lanka. The meetings were a useful platform for interaction and the strengthening of ties with accounting professionals and experts from around the world.

CA Sri Lanka holds full membership in the Confederation of Asian and Pacific Accountants (CAPA), which is the largest regional accountancy body represented in the



CA Sri Lanka President Mr. Sujeewa Rajapakse and Vice President Mr. Arjuna Herath met with IFAC President Mr. Warren Allen and Chief Executive Officer Mr. Ian Ball during the IFAC Council meetings held in Cape Town, South Africa.

IFAC. The Institute would, once again, be honoured by one of its members being appointed the President of CAPA for a two-year period commencing in 2014.

CA Sri Lanka hosted a series of high-level meetings of CAPA in October 2012, attended by 45 delegates from around the globe. In addition to the board meeting, committee meetings, and a general meeting of CAPA, the programme also included a public sector round-table discussion, bringing together representatives from Sri Lanka's public sector and accounting profession, as well as members of CAPA's Public Sector Financial Management Committee and the Accounting Technicians Forum (AAT Forum), which promoted the importance of, and need to professionalise, accounting technicians within the region. The AAT forum was attended by representatives from AAT UK, AAT Sri Lanka and other AAT representatives in the region.



Mr. Keith Wedlock, President of CAPA, Mr. Sujeewa Mudalige, Deputy President CAPA, Mr. Brian Blood, Chief Executive Officer CAPA, Mr. Sujeewa Rajapakse, President, CA Sri Lanka, Mr. Arjuna Herath, Vice President CA Sri Lanka and Mr. Aruna Alwis, Chief Executive Officer CA Sri Lanka along with other CAPA delegates



Mr. Sujeewa Rajapakse, President CA Sri Lanka, addressing the CAPA Board meeting held in Colombo

The International Conference on Integrated Reporting was held in October at the Water's Edge, as a joint effort by CA Sri Lanka and CAPA on the sidelines of a series of CAPA meetings.

The international conference featured the Director of the International Integrated Reporting Council (IIRC) Mr. Jonathan Labrey as the Keynote Speaker, backed by an eminent team of panelists from Australia, Bangladesh, India, Pakistan, Sri Lanka and United Kingdom, who shared their experiences and insights in integrated reporting.

The eminent team of panelists comprised of some well-known personalities from the accounting and finance

world including, Mr. Prabhakar Kalavacherla, Member of the International Accounting Standards Board, Dr. S.K. Gupta, Technical Director of the Institute of Cost Accountants of India, Dr. Andrew Conway, Chief Executive Officer of the Institute of Public Accountants (Australia), Mr. Mark Spofforth, President of the Institute of Chartered Accountants in England and Wales, Mr. Anwaruddin Chowdhury, Council Member of the Institute of Chartered Accountants of Bangladesh, Mr. Robert Thomason, Executive General Manager (Business Development) of CPA Australia, Mr. Neil Stevenson, Executive Director (Brand) of ACCA, Dr. Vijith Kannangara, Founder & Chairman of Smart Media and Mr. Mohammad Iqbal Ghorri, Chief Financial Officer of the Faisalabad Electric Supply Company, Pakistan.



CA Sri Lanka is a founder member of the South Asian Federation of Accountants (SAFA), an Apex Body of the South Asian Association for Regional Co-operation (SAARC), which assists its member organisations to further the development of various aspects of the accounting profession.

CA Sri Lanka continued to have the honour of chairing the following SAFA Committees:

- Committee on Accounting and Auditing Standards (Mr. Reyaz Mihular)
- Committee for Improvement in Transparency, Accountability and Governance (Mr. Lasantha Wickremasinghe)

CA Sri Lanka was also represented in the SAFA Board and committees as follows:

- SAFA Board – Board Member (Mr. Arjuna Herath)
- SAFA Board – Technical Advisor (Mr. Sujeewa Rajapakse)
- Committee on Education, Training and CPD – (Mr. Manil Jayasinghe)
- Committee on Governmental and Public Sector Enterprises Accounting - (Mr. V Kanagasabapathy)
- Committee on Small and Medium Practices – (Mr. Sujeewa Rajapakse)
- Committee on Professional Accountants in Business – (Mr. Nishan Fernando)
- Committee on Professional Ethics and Independence (Mr. Sujeewa Rajapakse)
- Committee on Harmonization of Fiscal & Tariff Regimes – (Mr. Nishan Fernando)
- Committee on Quality Control – (Mr. Arjuna Herath)
- International Relations Committee – (Mr. Arjuna Herath)

The Board of Studies of the Institute of Chartered Accountants of India organised its 2012 International Conference for CA Students on 13th and 14th July 2012 at Nagpur, India. A total of 13 CA students represented Sri Lanka at the conference. A student of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) brought honour to her motherland after winning the best presentation award in the SAFA category.

CA Sri Lanka has played a key role in the regional standards setting process through its effective participation in regional standard setters' meetings. Accordingly, Mr. Reyaz Mihular, Past President of CA Sri Lanka, continued to serve as a member of the advisory Council of IASB.

CA Sri Lanka is also a member of the Asian-Oceania Standard-Setters Group (AOSSG), which is a group of accounting standard-setters in the Asian-Oceania region. The group was formed to discuss issues and share experiences on the adoption of International Financial Reporting Standards (IFRS) and to contribute to the development of a high-quality set of global accounting standards.

The fourth annual meeting of the AOSSG was held in Kathmandu, Nepal with representation and presentation by CA Sri Lanka on the IFRS convergence experience in Sri Lanka.

The Institute continued its close relationship with the International Accounting Standards Board (IASB), and the Board continued to provide technical assistance in setting standard. IASB has granted the permission necessary to use International Accounting Standards and International Financial Reporting Standards in the development of standards for Sri Lanka and reproduce them as necessary.

Mr. Nishan Fernando, Past President of CA Sri Lanka was appointed to the International Accounting Education Standards Board Consultative Advisory Group (IAESB CAG), representing SAFA.

(IAESB CAG) of the International Federation of Accountants (IFAC) is an integral and important part of the IAESB's formal process of consultation. Representatives of CAG member organisations provide advice on numerous areas, including the IAESB's agenda, project timetable (work programme), priorities, and technical advice on projects and other matters of relevance to the activities of the IAESB.



WISDOM

Providing exemplary educational programmes as well as market relevant qualifications has always been a primary focus of CA Sri Lanka. In this context, we continue to better our product and service offerings from year to year, delivering on the principle of being the 'best of the best.'

Among the many programmes undertaken in 2012 are the student exchange programme within South Asian countries, numerous student seminars, specialised IT and English language training that is relevant to the field, curriculum revision project, and numerous components within the purview of Chartered Accountancy coupled with practical training.

The new multi-storied building complex reflects our forward view and the Institute's commitment to embark on initiatives to provide exemplary services to its current and prospective membership. It is the continuous aim of CA Sri Lanka to ensure that students receive the latest and most up-to-date knowledge to keep them ahead in the profession.

Among the many services now available to members and students include a Multimedia English Language Centre, the CA Business School, Faculty of Taxation, and the CA Sri Lanka Library. Career guidance and numerous scholarship programmes embarked on in 2012 aim to provide equitable opportunities across the board for students from all backgrounds of society, whilst anticipating future demand.

Examination

Three key areas, namely, Enhancing Governance, Improving Transparency and Ensuring Sustainability were identified with a view to play a more proactive role in contributing towards the success of the examination system.

During the year under review, the issuing of examinations results were expedited and introduced assessment techniques (Bloom's Taxonomy), in keeping with Enhancing Governance. Measures were taken to publish official 'suggested solutions' in the website to be on par with other professional bodies. Steps were taken to publish examiner's comments and suggested solutions for Top CA Case Study examination and share suggested answers with lecturers before commencing the marking process, which helped improve transparency in paper marking.

The year under review saw a tremendous member involvement in examination activities in response to our invitation. A number of workshops were conducted to upgrade and enhance knowledge of the examiners. Discussions were also initiated to develop a Question Bank.

Career Guidance

CA Sri Lanka in keeping with its role as the country's national accounting body has successfully spearheaded programmes to enlighten and expand the knowledge of students and teachers in the commerce stream.

Fulfilling the Institute's duty as the national body of accountants and a foremost educational body in the country, seminars on Accounting, International Financial Reporting Standards (IFRS) and Career Guidance programmes were conducted for GCE Advanced Level students, teachers and for university students in 2012 under the 'Gurunena' and 'Sisunena' seminar series. Through this seminar series the Institute has not only been able to educate students around the country about the Chartered Accountancy qualification but also contributed towards the noble objective of providing students from diverse social and economic backgrounds the necessary guidance to progress in life, through the provision of equal opportunities. In addition, the Institute also sponsored Commerce Day activities in many schools during the year under review.

Career Fairs and Exhibitions

CA Sri Lanka also participated in annual career fairs such as EDEX and Future Minds organised by Royal College and Nalanda Vidyalaya respectively.

Students Seminars

The Education Division conducted several student seminars in 2012. The 'How to Prepare for Open Book Examinations' seminar was one of the most successful seminars conducted during the year under review.

In addition, preparation seminars for the case study examination and a subject seminar for CAB II Information Management subjects were also conducted by the Education division.

Multimedia Learning Guide (MMLG)

The Education division initiated the development of multimedia learning material for SMA and SFM subjects for the Strategic Level. It is envisaged that the produced DVDs will provide support for students as a distance learning tool.

Examiners Terminology

To fulfill a long-standing need of the Institute, the Education Division has initiated compilation of an Examiners Terminology to improve communication between examiners, lecturers and students. This will benchmark the exam papers by setting official terms for every paper, providing clear guidelines for examiners, lecturers and students. The terminology will be effective for Strategic Level examinations from June 2013 and will be fully implemented with the revised curriculum in 2015.

Curriculum Revision Project

CA Sri Lanka reviews the curriculum every five years and the next curriculum is expected to be launched in 2014 in order to be tested in 2015. A consultant was appointed to coordinate the curriculum revision project and the revised curriculum will be based on an outcome-based approach.

Introducing Open Book Examination

In Sri Lanka, after implementation of IFRS's, the number of Accounting and Auditing Standards increased drastically. This has created a ripple effect on students who are studying for strategic level examinations. After considering the fact that students are required to exhibit the application knowledge but not their powers of retention and recall at the examination, it was decided to change the examination testing methodology of the Financial Reporting Framework and Advanced Audit and Assurance papers to the Open Book Testing method.

In this implementation, the Education Division played a major role in communicating and educating students. This was treated as a special project consisting of several key activities: preparing FAQs, awareness campaigns among students and lectures, examination preparatory guidelines, introducing pilot papers and conducting open book rehearsal examinations. The Education Division invited all lecturers teaching FRF and AAA subjects to an open forum and a 'How to Prepare for Open Book Examinations' seminar was conducted in three segments to accommodate the large number of students. 740 students participated at these seminars which were well acknowledged.

An Open Book rehearsal examination was also conducted on 26th November 2012 and on 6 December 2012 at the Aquinas College Auditorium with a participation of 657 students.

Revision of IM, SMP, BSKM Study Texts

In 2012 the revised syllabus of Information Management in CAB II level and Strategic Management Process, Business Strategy and Knowledge Management in Strategic level were tested. Pilot papers and new study packs were published in line with the revised syllabi.

Practical Training

An award ceremony was held on 29th August 2012 at the Institute's auditorium to award recipients of the Intermediate Certificate, Certificate in Accounting & Business (CAB) and certificates and prizes for Prize Winners at the Certificate Level examinations.

Upon completion of the mandatory practical training and examination the following number of certificates were awarded: Intermediate Certificate (460), Certificate in Accounting and Business (331), Diploma in Accounting & Business (1), and Licentiate Certificate (6).

In 2012, 11 organisations at Certificate Level and 07 organisations at Strategic Level were recognised as approved training organisations in the Public Practice (audit) sector. Additionally, 22 and 24 Non-public Practice (non-audit) sector organisations were recognised as approved training organisations for Certificate and Strategic Levels, respectively.

During the year 2012, 3293 of new training agreements were registered, of which 2535 were from the Public Practice sector and 758 from the Non-public Practice sector.

Monitoring of practical training was further strengthened by conducting 1,299 trainees' assessments during the year compared to 1,235 assessments in 2011.

The Institute organised an orientation seminar for new trainees on 20th March 2012 at the CA Sri Lanka auditorium. The aim of this seminar was to highlight the importance of the practical training in developing Chartered Accountants.

Ceremonial recognition of new Strategic level training partners of the Non-public (Non-audit) sector was held on 24th August 2012 at the Institute to emphasize their importance in our journey to develop quality Chartered Accountants.

IT Training

The IT Training division successfully completed an Enterprise Modelling workshop using the Microsoft Office Excel 2010 Advanced Business User Productivity Programme on 28th & 29th of February 2012 with resource person Sumudu Sekarage. The successful programme saw participants learning advanced features of Excel while implementing their new knowledge and skills into their day-to-day organisational activities. A second workshop was conducted on 4th and 5th of December 2012 to meet user demands.

ERP is one of the most widely implemented business software systems that integrate internal and external information across an entire organisation, combining finance/accounting, manufacturing, sales and service, customer relationship management, among others. ERP systems automate the management of the various divisions of an organisation with an integrated software application facilitating the flow of information between all business functions within an organisation, while assisting in the management of the flow of information to external stakeholders.

The IT Training division successfully conducted a workshop on Enterprise Resource Planning (ERP): 'How to select and implement ERP systems successfully,' on 31st October 2012 at the Institute's auditorium.

The division also conducted an Oracle Finance workshop on 15th November 2012. Oracle Financials provide organisations and individuals with solutions to a wide range of long and short-term accounting system issues. Oracle Financials assist organisations increase efficiency and reduce back office costs with standardised processes, which improve performance in financial management.

The division also worked with the Education and Training Division assisting CAB II students prepare for the IM module of their course. The division conducted a revision examination paper discussion in September 2012, providing much needed support to students sitting for the IM module.

The IT Training Division contributed significantly to knowledge enhancement of both members and students and will further enhance its list of workshops and training seminars in 2013.

Multimedia English Language Centre (MELC)

The Multimedia English Language Centre (MELC) with the core objective of enhancing the communication skills of strategic level students has been conducting language improvement programmes since its inception in 2007. The Business English III course, which has been introduced at Strategic Level I is a vital programme that has benefited prospective chartered accountants meet future career needs and a multitude of global business scenarios. Two batches, comprising of 460 students, successfully completed the course in 2012.

Yet another course that has gained wide popularity among the students and members is the International English Language Testing System (IELTS) for those who intend embarking on courses of study or work where English is the language of communication. CA Sri Lanka membership is an internationally recognised professional qualification that has paved the way for Sri Lankans to scale greater heights in their profession internationally. The Institute has partnered with the British Council to offer IELTS courses conducted by an experienced team of British Council trained lecturers.

As the accountancy profession becomes ever more global, CA Sri Lanka, in its continuous effort to provide the best to finance and accountancy professionals, embarked on a new venture in January 2011, offering the Cambridge International Certificate in Financial English (ICFE) in collaboration with the University of Cambridge (ESOL) and the British Council. By pioneering efforts to introduce this globally recognised qualification in Sri Lanka, the Institute has provided finance professionals the ability to demonstrate first-rate English language skills allowing them to reach for and achieve greater heights in their careers. In meeting with growing demand from industry professionals, the Multimedia English Language Centre successfully provided training to four batches during 2012, with the fifth batch currently in progress.

The CA Sri Lanka Business School

The CA Sri Lanka Business School was established with a mission to deliver a relevant and innovative curriculum in a supportive learning environment, thereby developing business leaders who create, transform and sustain successful organisations.

The Business School, inaugurated over 10 years ago, is responsible for education of students, professional development of members and services to the business community in the fields of auditing, taxation, financial management and business consultancy.

Further strengthening the alliance with the University of Southern Queensland (USQ) - an Australian University that has forged a reputation for distance education - the school continued to offer the university's Master of Business Administration (MBA) programme in 2012.

Courses offered through the Business School are:

- Master of Business Administration (MBA)
- Master of Project Management
- Postgraduate Diploma in Business and Finance
- Executive Diploma in Business and Accounting

The USQ MBA programme has gained wide acceptance in Sri Lanka within a short span of time. The members of CA Sri Lanka receive exemptions for up to four subjects of this MBA programme.

CA Sri Lanka signed an agreement with the University of Southern Queensland, Australia to be a training and delivery partner for the university's MBA programme in 2002. CA Sri Lanka has conducted this programme for nearly 10 years, with the first intake commencing in 2002. Since its inception the programme has grown to include a student population of 200 members and 600 Alumni.

The MBA programme comprises of 12 Modules over three semesters, where students are given the opportunity to offer a maximum of four subjects per semester. In this manner a student can complete the MBA programme in one year. This programme also allows students to transfer subjects and complete the MBA in Australia.

A proven and tested system in many countries around the world, the MBA programme provides practical, relevant and up-to-date syllabi, designed to keep students abreast of new challenges within the corporate environment. The course provides USQ MBA students an international business experience focusing on leading strategic change. The main features of the course are highly interactive sessions, diversity of teaching methods and delivery by staff with sound global experience, as well as interaction with participants from different countries and cultures.

Taking another leap forward, the Business School launched the Master of Project Management programme in November 2010, followed by the Marketing and HR specialisations in 2012. This takes the total number of specialisations offered to four, which include the Finance and Project Management specialisations.

The aim of the programme is to produce graduates who are appropriately skilled and knowledgeable in managing small, medium and large-sized projects in the role of a Senior Team Leader/ Project Manager or Project Director. The business school has also been in discussions with a number of reputed foreign universities and other allied partners as a forerunner to launching its Undergraduate Programme, which will offer globally accepted qualifications for a fraction of the cost of a similar study programme overseas.

The business school held its annual convocation for 130 successful graduands on 16th November 2012, graced by Mr. Martin van Run, Director (USQ International) of the University of Southern Queensland, Australia and Mr. Ashroff Omar, Chief Executive Officer, Brandix Lanka Ltd who was the Chief Guest.

The Postgraduate Diploma in Business Management and Executive Diploma in Business and Accounting programmes are two auxiliary qualifications offered by the CA Sri Lanka Business School. One of several objectives in introducing these two qualifications is to assist part-qualified students of CA and those with other mainstream professional qualifications to move forward in their careers. The programmes of study are designed to lead students to Master's level.

The CA Sri Lanka Business School has always been at the forefront of quality education, striving to provide the country's business community the best of services and opportunities. As the national accounting body for Sri Lanka, CA Sri Lanka has continuously endeavoured to partner with the world's leading organisations. The four-day Leadership Programme with INSEAD is one such initiative of such partnerships.

As one of the world's leading and largest graduate business schools, INSEAD, is a pioneer of international business education based in Europe. With campuses in France, Singapore, Abu Dhabi and a research centre in Israel, INSEAD's business education and research facilities spans three continents. Its 145 renowned Faculty members from 36 countries inspire more than 1,000 participants in MBA, Executive MBA and PhD programmes, as well as executives exceeding 9,500 who participate in INSEAD's executive education programmes.

The INSEAD Programme was conducted by Prof. Thomas Mannarelli, who holds a PhD from the Haas School of Business at the University of California, Berkley, USA and a BS in Business Administration from Indiana University, is a specialist in issues related to creativity, innovation and leadership in organisations. He has provided his consulting services to globally renowned corporates including Standard Chartered Bank, Glaxo-Smith Kline, Shell, Nissan, ABN-AMRO, Philip Morris, Visa, Singtel, Adidas, IBM and the Chartered Accountants of Ireland.

CA Sri Lanka Business School aims to conduct more programmes with INSEAD 'the Business School for the World' in the year 2013.

Faculty of Taxation

With the view of enhancing the knowledge in taxation of members and students of CA Sri Lanka and the public, the Faculty of Taxation successfully conducted the 24th batch of the Certificate Course in Advanced Taxation, and the second batch of the Taxation Course for Professionals and Practitioners. The faculty also completed the Chartered Tax Advisor (CTA) Awareness level examination, consisting of 75 students, with an average pass rate of 75%. The course, consisting of three levels: Awareness, Advisory and Application, is designed for professional and tax payers who aspire to obtain a professional qualification with in-depth knowledge in taxation.

The faculty conducted many seminars in 2012 including a seminar on taxation in April 2012, following the approval of bills by Parliament, which presented the policies and practical considerations of transfer pricing and the Annual Budget seminar 2013 to educate members, students of CA Sri Lanka and the public on recent amendments.

The budget seminar was attended by over 1,000 participants, and saw Dr. P.B. Jayasundera, Secretary to the Treasury, Ministry of Finance and Planning as Keynote Speaker. The Annual Oration on taxation, which is a major event of the faculty, was delivered by Mr. Mohan Peiris, President's Counsel who spoke on the topic 'Justice to Taxpayers in Sri Lanka'.

The faculty also published several books during the year including a handbook on VAT – Revised Edition 2012, a Guide to Income Tax Law – Revised 2012, and a CTA Awareness Level Study Pack.

INNOVATION

CA Sri Lanka continues to innovate to ensure that the graduates and Chartered Accountants produced are in step with current industry demands both locally and at an international level.

While providing leadership and direction for professional change, we continue to promote the highest brand values, whilst focusing on ensuring international recognition. In addition, modernising our governance structure to stay abreast of changes at the international level furthers the Institute's continuing drive to build relationships with both internal and external stakeholders, its membership and affiliates across the globe.

A new set of challenges has also given rise to innovative solutions and a focus on new revenue streams through career marketing and proactive services that aim to anticipate near future, as well as, long-term changes within the profession.

As the governing body for the accounting profession in the country, CA Sri Lanka has also been responsible for the alignment of accounting standards with globally accepted norms, which has further enhanced both the quality and acceptance of local standards at both regional and global levels.

Working with government and private sector stakeholders, CA Sri Lanka continues to innovate and enrich the professional standards by which members of the profession operate and, as the pioneer of good corporate governance principles and practices in corporate Sri Lanka, CA Sri Lanka continues to be the watchdog for society as a whole.

In doing so, the 33rd National Conference of Chartered Accountants was held in October 2012, while the Annual Report Awards Ceremony took place in December 2012. CA Sri Lanka continues its works in the Corporate Social Responsibility sector, having awarded Merit Scholarships, Members Scholarships, awards for Advanced Level Achievers, and the Lifetime Achievement Award. A highlight for the year under review was the Formation of Association of Public Finance Accountants of Sri Lanka (APFASL).

The 33rd National Conference of Chartered Accountants

Inaugurated on 18th October 2012 under the patronage of Hon. Chandima Weerakkody (MP), Deputy Speaker of Parliament, the conference was well-attended by a gathering of over 900 high-profile individuals, including corporate leaders, top accounting and finance professionals and regulators. The Guest of Honour was Mr. Mark Spofforth, President of the Institute of Chartered Accountants England and Wales (ICAEW), while the keynote address for the evening was delivered by Mr. Adam Sack, Country Manager of the International Finance Corporation.

With the current global economic environment pushing corporates across the world to revamp their overall policy and strategic framework, the 2012 conference aimed at exploring means of overcoming the current uncertainty and thereby to ensure 'winning' at a country, corporate and citizen level.

This year's conference saw a further boost with the participation of several eminent personalities from the accounting profession, including Mr. Keith Wedlock, President of the Confederation of Asian and Pacific Accountants (CAPA), and Mr. Prabhakar Kalavacherla, Board Member of the International Accounting Standards Board.

In yet another fresh initiative, the entire conference was transmitted via a live webcast for the first time in the conference's 33-year history.

An impressive 1,180 participants registered for the technical sessions that were held on 19th and 20th October 2012, including 40 participants via the webcast facility.

Session one entitled 'a winning economy' was presented by Prof. Premachandra Athukorala, Professor of Economics at the Australian National University. The panelists for the first session were Mr. Amal Sanderatne CEO/Director of Frontier Research and Dr. Indrajit Coomaraswamy, Former Director (Economy Affairs) of the Commonwealth Secretariat.

The second session on 'winning strategy' was presented by Dr. John Viljoen, Managing Director of Edex, with the panel consisting of Mr. Ajay Amalean, Director of MAS Holdings (Pte.) Ltd., and Mr. Rohan Pallewatta, Managing Director/CEO of Lanka Harness Company (Pvt.) Ltd.

The third session titled 'winning against the odds' was presented by Mr. Ranjith Fernando, Chairman of United Motors Lanka PLC, followed by a panel discussion where Mr. Rajendra Theagarajah, Managing Director/CEO of Hatton National Bank and Mr. Naomal Goonewardena, Partner - Nithya Partners, shared their views.

The fourth session featured Mr. Sanjay Tiwari, Managing Director/CEO of Piramal Glass Ceylon PLC, who spoke on 'winning attitudes.' The session featured two panelists that comprised Mr. Shakthi Ranatunga, Group Human Resource Director of MAS Holdings Pvt (Ltd) and Ms. Dilrukshi Kurukulasuriya, General Manager – Human Resources of Diesel and Motor Engineers PLC.

The fifth session centered on the topic 'a winning image' and featured Mr. Ranjith Page, Managing Director, CT Holdings and Deputy Chairman of Cargills (Ceylon) PLC, while the panelists were Dr. Nalaka Godahewa, Chairman of the Sri Lanka Tourism Development Authority and Mr. Nandana Wickramage, Group Director and Head of Marketing and Sales of Ceylon Biscuit Ltd.

The sixth and final session featured an expert panel of six specialists, who provided in-depth knowledge on how being 'a winning professional accountant.' The panel comprised of Mr. Reyaz Mihular, Managing Partner of KPMG, Mr. Asite Talwate, Managing Partner of Ernst & Young, Mr. Asoka Pieris, Chief Executive Officer of Singer Sri Lanka, Mr. Prabhakar Kalavacherla, Board Member of the International Accounting Standards Board, Mr. Ananda Mukherjee, Group Financial Advisor for Goodhope Asia Holding Ltd., and Mr. Suresh Gooneratne, Director of Diesel and Motor Engineering PLC.

Formation of Association of Public Finance Accountants of Sri Lanka (APFASL)

Continuing its efforts to cater to the professional needs of public sector accountants, auditors and assessors of the Inland Revenue Department, CA Sri Lanka established the Association of Public Finance Accountants of Sri Lanka (APFASL) as the Public Sector Wing of CA Sri Lanka, with effect from 1st January 2012, in collaboration with the Institute of Public Finance & Development Accountancy (IPFDA), which is the professional organisation for public sector accountants and auditors of Sri Lanka. Formation of this association enabled CA Sri Lanka to maintain close cooperation with public sector accountants and senior staff of the Auditor General's Department and senior staff of the Inland Revenue Department.

With a view to conducting capacity development programmes for public sector financial management professionals, CA Sri Lanka conducted a series of discussions with the Chartered Institute of Public Finance & Accountancy (CIPFA) London and signed a Memorandum of Understanding (MOU) to conduct professional level examinations to award the 'Chartered Public Finance

Accountant' (CPFA) qualification jointly by CIPFA and CA Sri Lanka to public sector accountants, auditors and assessors.

CIPFA (London) is the world-renowned professional accountancy body specialised in public financial management and good governance. The Institute works with public sector stakeholders around the world to advance public finance and support better public services.

The following activities have been planned for 2013 by the CIPFA London under an agreement signed between World Bank, the Government of Sri Lanka and CA Sri Lanka.

- Training of trainers in Sri Lanka Public Sector Accounting Standards (SLPSAS);
- Develop training materials and training manuals;
- Develop a plan for rollout of SLPSAS in phases to Statutory Boards and Local Authorities;
- Create awareness of SLPSAS among targeted Statutory Boards and Local Authorities based on the rollout plan; and
- Roll out SLPSAS in phases to Statutory Boards and Local Authorities.

CA Sri Lanka also organised round-table discussions, for public sector finance managers, on improving public sector financial management and good governance, in collaboration with Association of Chartered Certified Accountants (ACCA) Sri Lanka branch and Confederation of Asian and Pacific Accountants (CAPA) in February 2012 and October 2012, respectively.

Scholarship Programmes

L A Weerasinghe Memorial Scholarships

A scholarship scheme conducted in memory of Mr. L A Weerasinghe - Founder President of the Institute, is offered to needy students who have completed CAB I examination and whose joint family income is below Rs. 240,000/- per annum.

Merit Scholarships

Merit scholarships are awarded to students who have completed the CAB II examination and are faced with financial difficulties in continuing their studies.

Members' Scholarships – Foster Parents Scheme

With the donations made by the Institute's members, scholarships are awarded to students with financial difficulties to continue their career in Chartered Accounting.

Scholarships to top Advanced Level achievers

The 10 most outstanding students who excelled in the GCE Advanced Level Examination in all four streams, namely Arts, Commerce, Bio-Science and Mathematics, are awarded scholarships to pursue a career in Accountancy. In addition to these top ten achievers, students who won the first place of each district in the GCE A/L examination in Commerce stream were also awarded for CA Studies.

Value of Scholarships

Total disbursements as monthly installments (Rs.)

Cost of reimbursements of CA Sri Lanka fees

	Scholarship to top A/L achievers Rs.	L A Weerasinghe Scholarships Rs.	Merit Scholarships Rs.
Total disbursements as monthly installments (Rs.)	-	2,041,000	663,000
Cost of reimbursements of CA Sri Lanka fees	1,339,000	1,527,000	522,000

In addition to above scholarships offered by the Institute, CA students have been sponsored through funds of members and non-members, amounting to Rs 394,000/.

The Lifetime Achievement Award

CA Sri Lanka paid a glowing tribute to four eminent Chartered Accountants, in appreciation of their outstanding contribution to the accounting profession and society during their professional career.

At a ceremony held at Water's Edge, Battaramulla in October 2012, Dr. Gamini Christopher Bernard Wijeyesinghe was decorated with the award, Lifetime Achievement 2012, due to his rich tradition of integrity, ethical conduct and a high degree of professionalism, he enriched the profession and the business world.

The Institute also honoured Mr. Hemaka Senarath Amarasuriya, Mr. Augustine Benedict and Mr. Viswanathar Kailasapillai by inducting them to the CA Sri Lanka Hall of Fame in recognition of their services to the profession and the public in an illustrious career spanning decades in both the private and public sectors in the country.

Annual Report Awards Ceremony 2012

Held since 1964, the CA Sri Lanka's Annual Report Awards competition is undoubtedly one of the country's most celebrated corporate award events, which has over the years set a remarkable benchmark aimed at ensuring transparency and accountability among organisations in Sri Lanka.

The ceremony was held on 5th December 2012 at Water's Edge, Battaramulla and was graced by Mr. Ajith Nivard Cabraal, Governor of the Central Bank of Sri Lanka, while Secretary to the Ministry of Co-operatives and Internal Trade, Mr. G K D Amarawardena, was also present at the occasion.

The competition, in its 48th year in 2012, set a new record for submissions with 124 applications filed in comparison to 98 applications the previous year. This is indeed

very inspiring and demonstrates the corporate sector's dedication to fulfil the obligations of social accountability, transparency and good governance.

We thank our event sponsor RAM Ratings, print media sponsors Daily FT, the Sunday Times and Daily Mirror, official TV station ITN Sri Lanka, official radio station LiTE FM and Hotel Sponsors for providing accommodation, food & beverage for the International group – Ramada Colombo for the continuing support at all times.



John Keells Holdings PLC receiving the Gold award for the Overall Excellence in Annual Financial Reporting 2012

Winners of the Overall Excellence in Annual Financial Reporting 2012

Gold – Cyril Gardiner Memorial Trophy

John Keells Holdings PLC

Silver

Union Assurance PLC

Bronze

Commercial Bank of Ceylon PLC

HNB Assurance PLC



Overall Winners of the 48th Annual Report Awards held on 5 December 2012 at Water's Edge, Battaramulla

SERVICE

Services extended to students and members are an integral part of the Institute's stakeholder relations.

The newly added and enhanced service offering as a direct result of the new facility has greatly enhanced the methodology and scope of services offered. Ensuring customer satisfaction at member level and retaining members while attracting a new membership base is a formidable task.

CA Sri Lanka continues to provide a level of service that surpasses with each passing year building on already established maxims through its management team and active service membership as witnessed in the programmes undertaken in 2012.

In continuing to provide the best services, one of the main elements put forward by CA Sri Lanka in this year under review was the development of the Multi-Storied Building Complex Project, consisting of six floors, which was declared open in December 2012. In addition, to further enhance the smooth flow of office productivity and services, a new 5'S' Housekeeping System was implemented.

Other projects undertaken in 2012 included several ICT projects, the Student Exchange Programme with South Asian Countries, and further development of the CA Sri Lanka Library, which caters to the needs of both students and members.

With service always at the forefront of priorities for CA Sri Lanka, there has been continuous development and further enhancement in areas such as Member Services, Continuing Professional Development (CPD), Overseas Chapters, Certified Business Accountants, and the Young Chartered Accountants' Forum. CA Sri Lanka also always looks into the improvement and assistance of student needs and services, and have continued to provide the same through forums such as the Chartered Accountants Student Society, Institute's Toastmasters Club, and the Students Gavel Club.

The Multi-Storied Building Complex Project

The luxurious six-storied building complex of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) built at a project cost of over Rs. 500 Mn was declared open on 11 December 2012 by His Excellency Mahinda Rajapaksa, President of the Democratic Socialist Republic of Sri Lanka.

The new infrastructure development project provides enhanced facilities for the Institute's members of over 4,300 and over 38,000 aspiring chartered accountants who are currently following the chartered accounting course. The multi-storied building aims to demonstrate the Institute's commitment to enhance professional standards, both at a local and global level.

Consisting of six floors and a rooftop terrace, the building located at Colombo 7, is constructed on a 40,000 sq. ft. floor area and includes several state-of-the-art lecture and study rooms accommodating up to 300 students, and a fully-fledged IT laboratory with over 150 computers, together with a student counselling and service centre.

The new building also boasts of a modern lounge for member networking and enhanced facilities to conduct continuous professional development programmes for the benefit of all CA Sri Lanka members. The building also houses a variety of meeting and training rooms for the benefit of its members and students.

The building was designed by Design Consortium (Pvt) Ltd and constructed by Sanken Construction (Pvt) Ltd. Its construction work was commenced in May 2011.

The **Ground Floor** of the new building complex consists of an entrance lobby, reception area, a visitor's area, two elevators and a car park which can accommodate 15 cars.

Its **First Floor** consists of the Registration Division, Student Services and the School of Accounting and Business. The floor also consists of a common meeting rooms and a lobby area.

The **Second Floor** of the new building houses the CA Sri Lanka Business School along with a reception area for the Business School. The floor also consists of a store room and a meeting room with two lecture halls, which accommodates 100 students in each lecture hall.

The **Third Floor** of the new building consists of the IT Training Division along with three computer rooms which could accommodate 140 students in each room and the Multimedia English language Centre as well as a common meeting room, lobby area and washrooms.

The **Fourth Floor** consists of five divisions, namely the Finance Division, the Marketing Division, the ICT Division, the Technical Division, and the Education & Training Division. The ICT Division also comprises of a state of the

art server room and a project room, meeting room and a discussion room.

The **Fifth Floor** consists of two divisions, namely the Administration and Human Resources Division and Member Relations. The floor also includes a common area, a meeting room and a lobby area.

Implementation of the 5'S' Housekeeping System

Introducing a 5'S' Housekeeping System in line with the opening of the new office complex.

Geared to improve office productivity, the project will add systems and methodologies to the organisation based on the Japanese 5'S' System and improve the workplace visually. A clean and tidy office is pleasant to work in, improves worker morale, and increases worker commitment leading to long-term sustainability of the workplace, reduced waste, waiting time, searching time, and thereby improves employee productivity.

Deliverables of this project includes employee training, visual control systems, filing systems, colour coding systems, reserved seat systems and high standardisation of the visual workplace.

A 5'S' Team consisting of staff members of various divisions of the Institute was set up to drive the project. Extensive research revealed that ensuring sustainable 5'S', leading to international recognition such as ISO 9001:2008 standards.

The project has covered Planning Meetings with the 5'S' Team, 5'S' promotion campaigns, including 5'S' Suggestion Box, Storyboard etc, all staff training programmes, Red Tagging Day, Establishment of Red and Yellow Areas and Major Cleaning Day to date. The Standardisation, Documentation, Audit Review and Reporting are due to be completed.

CA Sri Lanka believes that 5'S' being a visual system is a suitable initiative for the inculcation of a suitable productivity culture.

The ICT Projects 2012

ICT Division completed many key projects successfully during the year 2012 with the prime objective of enhancing the service delivery to members, students and other stakeholders of the Institute.

Key services offered by the Institute were launched online by integrating the core IT System of the Institute with the corporate website. Under this initiative the following Online Services have been launched: online facility to view and update member profiles, online facility to view and update student profiles, online member subscription renewal with online payment facilities, online student

subscription renewal with online payment facilities, facility to publish examination results online, online registration and payment facility for events and programmes, online invoice settlement with online payments, online facility to view transaction history, online Inquiry Manager for handling Member, Student & General inquiries, and online Forums for better Member & Student engagement.

For the first time the Institute conducted Computer-based Examination (CBE) for Business English 1 (CAB I) at several NODES IT Resource centers island-wide successfully, using the Computer Based Examination System.

The ICT Division also worked on several projects in conjunction with the construction of the new office complex. Setting up an industry standard Server Room and a high-speed Data Network at the new office complex are noteworthy.

Similarly key projects such as implementation of the Pronto Fixed Asset Registry to manage Institute's Fixed Assets, implementation of the HR Management System to streamline HR Processes of the Institute, and upgrade of the Disaster Recovery Solution of the Institute also took place during the year under review.

The CA Sri Lanka Library

The CA Sri Lanka library caters to the needs of over 20,000 members and students, by providing a wide range of books related to accounting, auditing, management, economics, commerce, English, taxation, law, IT, etc. The Library houses a lending section, reference section, an E-learning section, and a newspaper section. The library also provides reading to assist students to conduct research work more effectively.

In addition to these services, members and students are also provided Internet access six days a week, while the photocopying facility is utilised by many students and members during the course of their studies. Among the library comprehensive collection of material are past question papers, suggested answers, comments of examiners, a wide range of magazines and periodicals, CD/audio-visual material, collection of photographs and CD/audio-visual material on significant events over the last 50 years, annual reports of over 125 companies and banks for the last five years, as well as newspaper articles and study packs.

A web-based online Library System (AOLS) is in use to manage all in-house functions. These functions include library operations such as cataloging, circulating, reservations, fines and patron management. The system also allows for online searching of availability of books among other tasks performed by the system.

Classification and processing are conducted systematically through the adoption of UDC methodology. The AACR II for

cataloging and data entry is also in use. Efficient analysis of bibliographical data and creation of an indexing system to all collections has also been successful.

With the objective of enhancing the services of the library, a decision has been taken to create groups for all library users by their areas of study and interest. As a part of the system's functionality, all journal articles for the relevant subject areas are categorised and new information on articles which they interest students are sent out. The Institute aims to augment student knowledge on changes in the areas of finance, market, economics, politics, etc. In addition, a digitised collection of articles is also being compiled.

Opening of the New Information Centre in Kalmunai

In an attempt to encourage students from the Eastern Province to join the world-renowned chartered accountancy course, CA Sri Lanka opened its doors for the benefit of future chartered accountants with the opening of its seventh Information Centre in Kalmunai on 23 July 2012.

In the continuous attempts to revolutionise tertiary education provided in the country, CA Sri Lanka in its capacity as one of the largest tertiary education providers, progressively expanded its presence in all major provinces and currently has a total of seven Information Centres in Anuradhapura, Jaffna, Kandy, Kurunegala, Matara, Ratnapura and the latest being in Kalmunai covering the Eastern Province.

The seventh CA Sri Lanka Information Centre was declared open by Chief Guest, Kalmunai Mayor, His Worship Shiraz Mirashib. Representatives from the South Eastern (Oluvil) University and tuition colleges were also present during the opening ceremony.

It is envisaged that with the opening of the new CA Sri Lanka Information Centre in Kalmunai, the number of student registrations from the province will see a remarkable increase in the coming year.

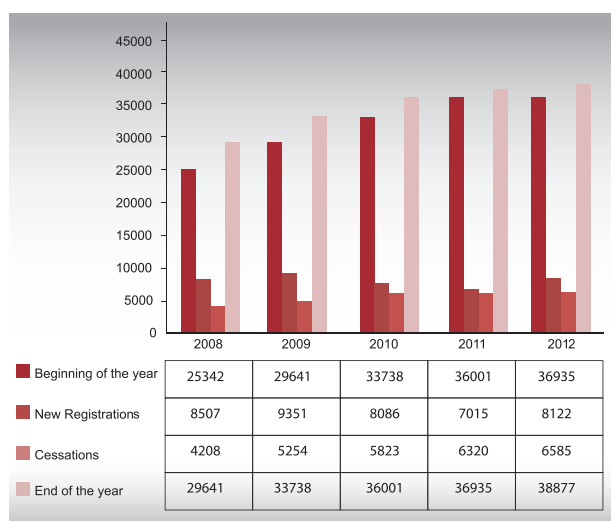
It was also disclosed that to ensure all students are given an equal opportunity to follow the CA Sri Lanka course, the Institute has also launched a scholarship programme so students who suffer from financial adversities are given an equal opportunity to embark on a world-renowned qualification.

Student Registrations

The Institute has registered 8,122 students out of 10,000 new applicants during the year under review, owing to the delay in release of Advanced Level results in 2012.

Student growth from 2008 to 2012

	2008	2009	2010	2011	2012
Beginning of the year	25,342	29,641	33,738	36,001	36,935
New Registrations	8,507	9,351	8,086	7,015	8,122
Cessations	4,208	5,254	5,823	6,320	6,585
End of the year	29,641	33,738	36,001	36,935	38,877



2012 at the Grand Ballroom, Galadari Hotel, Colombo. Over 600 students participated in the conference, including foreign delegates from India (12), Pakistan (8) and Nepal (2).

A quiz competition was organised with the view of improving the knowledge of the CA Students in the disciplines of general business knowledge, general business practices, financial management theories common to all students and general knowledge. The society has taken initiative and organised the CA Students' Article Competition, open to all CA Sri Lanka students, as well as for students from SAFA countries. The winners were awarded at the 26th National CA students' Conference.

The Society launched its 8th edition of the Students' Business Magazine - 'Fusion,' which was circulated amongst the over 4,000 registered student body of CA Sri Lanka, who are currently undergoing practical training at chartered accountancy firms, as well as in mercantile firms, in addition to students of South Asian region countries.

After a year of perseverance and competition, the society awarded honours on those who emerged victorious at various levels including students who excelled at the Inter Auditors' Sports Tournament and at examinations, at the Awards Night this year.

A blood donation campaign was organised for the first time in the history of students' society to which over 70 donors donated blood in early February at the Institute's premises. "Gives Back" a CSR project organised by the society was indeed the best way to end the fiscal year. The society donated necessities for disabled soldiers residing at the Ragama Ranaviru Sevana, and had the opportunity to share an evening full of fun activities followed by a calypso band, where a wheelchair dance was performed by the resident soldiers. The fun-filled evening culminated with a dinner organised by the society.

Student Exchange Programme within South Asian Countries

The Student Exchange Programme within South Asian countries has created an opportunity to exchange the knowledge, thoughts and cultural values of different countries and different communities among the students to engage in the accountancy profession. This programme also provides an opportunity to improve the leadership skills and technical knowledge of the students.

During the year, 12 students of CA Sri Lanka participated at the Students Conference held by Institute of Chartered Accountants of India in July 2012, while another four students took part in the conference held in Pakistan in September 2012 following invitations extended by those Institutes. Two students made technical presentations at the Conferences and Ms. Vindya Cooray, who presented a paper at the conference held in India, won an award at the Conference for the best SAFA category presenters.

The Chartered Accountants Students' Society

The Practising Accountants Chartered Students' Society was renamed as the Chartered Accountants Students' Society together with a logo change, which took place at the 26th National CA Students' Conference held in April

Students Gavel Club

The Gavel Club caters to CA Sri Lanka students who wish to practice in Toastmastership to improve their

communication and leadership skills before they qualify as Chartered Accountants.

Currently the club has a membership of 125 students. Since its inception, the club has progressed to an enviable standard with the able and valued support of the counsellor, mentors, the Institute, and well-wishers.

Members of the CA Sri Lanka Students Gavel Club are experiencing a great learning curve and are making strides in acquiring communication and leadership skills. Toastmastership will help the students gain confidence in public speaking and acquire leadership skills, which will enable them to take the global stage, thus lending credence to the Institute's new motto: "Redefining a Prestigious Legacy."

The Installation Ceremony for Club Officers of the CA Sri Lanka Students Gavel Club for 2012/2013 took place recently amidst a large and distinguished gathering.

Member Classifications

Corporate Profile

Level	Categories	Number	%
1	Presidents, Partners, Chairmen, MDs, CEOs, GMs, and other similar designations	434	10
2	Vice Presidents, CFOs, Financial Controllers, DGMs, AGMs and other similar designations	1056	24
3	Accountants, Finance Managers and other similar designations	1420	32
4	Others	1463	34

Residency

	ACA	%	FCA	%	Total	%
Resident	2,497	79	888	74	3,385	77
Non-Resident	680	21	308	26	988	23
	3,177		1,196		4,373	

Practising Certificate Holders

	No. of Members	%
Practising	587	13
Non-Practising	3,786	87

Member Services

A series of member events and activities were conducted throughout the year to serve the Institute's esteemed membership, both resident and non-resident. The division endeavoured to lift its key annual events to a higher pedestal and concluded the Annual Convocation and Orientation Programme for New Members during the year under review. Further, a number of networking events were offered to suit different segments of the membership. Many of the division's new initiatives launched with a view to adding value to the membership would see fruition in 2013.

Geographical Presence

Continent	Membership	%
Africa	90	2
America	181	4
Asia	3,601	83
Australia	408	9
Europe	93	2

Gender

	ACA	%	FCA	%	Total	%
Female	1,041	33	201	17	1,242	28
Male	2,136	67	995	83	3,131	72
	3,177		1,196		4,373	

The most anticipated event in the academic calendar of the Institute, the Annual Convocation 2012, was held on 20th September 2012. The Secretary to the Ministry of Co-operatives and Internal Trade Mr. G K D Amarawardena represented Minister of Co-operatives and Internal Trade, Hon. Johnston Fernando, who was Chief Guest at the event. The Guest of Honour at the occasion was Group Chief Executive Officer of Overseas Realty (Ceylon) PLC, Mr. Pravir Samarasinghe. 215 students completed the chartered accounting course and obtained Associate Membership from the prestigious 53-year old Institute, joining a fraternity of nearly 4,300 existing members. Twelve prize winners who achieved outstanding results at the 2011 CA examinations also received their prizes at the 2012 convocation.

A number of timely topics were discussed at the Institute's orientation ceremony that was held on the 8th of September 2012 at the Water's Edge, Battaramulla. The participants were also subjected to detailed Business & Social Etiquette sessions by renowned motivational and professional trainers and the Institutes Toastmaster's Club.

The division re-opened the special Fellowship scheme for distinctive Associate Members who have served the profession for over 15 years and shown significant progress levels in their chosen fields. This scheme inspired many eligible members to apply, resulting in a significant number getting elected to Fellow status by the end of the year. A separate convocation ceremony was organized to confer the unprecedented number of 183 chartered accountants with the prestigious FCA status. The FCA convocation ceremony was held on 28th November 2012 at Galadari Hotel, Colombo. John Keells Holdings PLC Deputy Chairman, Ajit Gunewardene graced the occasion as Chief Guest.

'The Chartered Accountant', Journal of CA Sri Lanka Volume 46, 1st and 2nd issues were published during the calendar year, which was distributed among both local and overseas members. The monthly e-newsletter also reached members and students with the objective of keeping them apprised of the Institute's activities. The Institute was able to strengthen communications, member engagement and marketing activities through optimum usage of the online enquiry option and social media including Facebook, twitter, LinkedIn and Skype. The division also successfully completed its other key publication, the Directory of Members and Firms - 2012.

The year under review saw the satisfactory conclusion of the campaign to reinstate lapsed members, both local

and overseas, offering concessionary rates. Under the scheme those with lapsed memberships were given the opportunity to renew and continue their membership with CA Sri Lanka. Twenty three per cent (23%) of the lapsed members were reinstated via this campaign.

CA Sri Lanka together with the Sri Lanka Institute of Directors (SLID) conducted a Company Directors Course on the 26th of March 2012 at Cinnamon Lakeside, Colombo for the second consecutive year. The two-day workshop was aimed at practising directors as well as young and aspiring directors, with insights on improving board effectiveness of sitting directors. The resource personnel consisted of Dr. Harsha Cabral, President's Counsel, Mr. Ranjith Fernando (Independent Consultant), Mr. Murtaza Jafferjee, Director and Chief Executive Officer of JB Securities (Pvt) Ltd., Mr. Manjula de Silva, Managing Director, HNB Assurance PLC and Mrs. Shirani Jayasekara, Head of Group Internal Audit, Carsons Cumberbatch PLC.

Members of the Institute of Chartered Accountants of England & Wales (ICAEW) who reside in Sri Lanka had the opportunity to meet and greet the President of ICAEW during his visit to the National Conference. An evening session with the ICAEW President was organised on 18th October 2012 at the Water's Edge, Members' Lounge where leading Business leaders too participated.

The division streamlined the issuance of certificates and documentation in order to avail an efficient and timely system for membership. Accordingly, a guideline and process to obtain such documents were prepared and published in the CA Sri Lanka website. The members were also issued with bar-coded new Member ID cards. The division strived to offer job opportunities through its 'JOB LINK' in the website and popularise same as a value addition.

Members and their families were treated to a day of fun and frolic at the CA Sri Lanka Member's Six-a-side Cricket Tournament for the second consecutive year on 25th August 2012 at the Bloomfield Grounds. The event took on a carnival atmosphere with music and many activities, including face painting and bouncy houses for children of members.

The CA Sri Lanka Member's Night, yet another dazzling event organised by the Member & Students Services committee, was held on 18th January 2013 after the new Building opening ceremony at its New Members' Lounge. The function was featured to give opportunity

to the membership to experience the new infrastructure and its facilities and yet providing an excellent opportunity for the accounting fraternity to network and interact with their fellow members. Both young and old members experienced a memorable evening.

Member and Student Service Committee donated funds and sponsored the 2013 book list for the Rehabilitation Centre for the Communication Impaired (RCCI), Nawala. The handing over ceremony was held on 10th January 2013 following an overwhelming response from the membership during the campaign which commenced in August 2012.

Continuing Professional Development (CPD)

CPD workshops and seminars were conducted during the year under review for the benefit of the membership. They were “Beyond Budgeting” conducted by Prof. Danture Wickramasinghe of Hull University Business School, University of Hull, United Kingdom; a CEO forum under the heading “Regulation, too Big to Fail and the Future of Global Financial Services” and a seminar on “Developing & Installing an Integrated Risk Management Framework” presented by Mr. Edmund Bosworth, Head of Risk-Reward, Group Finance – Westpac Banking Corporation, Australia; a workshop on the “Future of Audit and Financial Reporting” conducted by a panel consisting of Ms. Dianne Azoor-Hughes Partner/Executive Director – Technical Standards, Baker Tilly Pitcher Partners, Melbourne; a seminar on IFRS for Banks presented by Mr. Jeroen Van Doorselaere, Subject Matter Expert IAS/IFRS at FinArch, Belgium.

The Overseas Chapters

Year 2012 statistics revealed that approximately 23% of CA Sri Lanka members reside overseas, spreading across over 30 countries. The division liaised and encouraged the establishment of Chapters in countries with high concentration of members for the purpose of enhancing skills and upgrading the standing of the profession globally.

During the year CA Sri Lanka Qatar Chapter conducted nine technical events including a public seminar for the Sri Lankan finance professional community living in Qatar and also three other social events. The Qatar Chapter (Affiliated with Sri Lankan Embassy in Qatar) elected its new office-bearers at the 3rd Annual General Meeting on 27 June 2012 at Best Western Hotel, Doha. As per the constitution, the outgoing Vice President, Mr. Rukshan Karunaratne, was appointed as the new President and 10 new members were elected by the membership to the Executive Committee 2012/13.

The Bahrain chapter too conducted three important technical sessions and ran a soft topics session entitled “Tough Times - Tough Strategies, The Trim & Fit Organisation” and “Business Transformation through Business Process Improvement”. The chapter’s Executive Committee 2012/13 was appointed at its Annual General Meeting held on 7th November 2012.

Progress has been made to establish chapters in Maldives, Australia, United Kingdom, and Botswana in addition to up-and-running chapters in Doha Qatar and Bahrain.

ICASL Toastmasters Club®

The Institutes’ Toastmasters Club achieved the top tier of success on 30th June 2012, under the presidency of Toastmaster Jayantha Goonaratne. The Club not only received “President’s Distinguished Club” status, but was also the recipient of the coveted “Golden Gavel Award” from Toastmasters International – two of the highest recognitions offered by Toastmasters International to its clubs worldwide.

In February 2012, the Club hosted the International “an impromptu speech” contest of Area 1, Division A of District 82. One of our members, V Sivagurunatnan CC, was adjudged 2nd runner-up at the contest. Another member, A Kandasamy ACS, ALB, was appointed Area Governor of Area 5 of Division A of District 82 for the year commencing 1st June 2012.

Club membership continued to grow as many members of CA Sri Lanka have recognised the value of the Self-development Programme in Communication and Leadership towards the betterment of their professional careers.

The office-bearers for the year 2012/2013 of both the Institute’s Toastmasters Club and the Students Gavel Club were installed on 18th September 2012 at a well-attended ceremony at the CA Sri Lanka auditorium.

Certified Business Accountants

A forum to felicitate Certified Business Accountants (CBA) was held on 31st December 2012 at the Members’ Lounge as an initial step in developing its membership. A comprehensive proposal was passed by the Council to instate a wider and stronger CBA membership.

Members’ Benevolent Society (MBS)

Over the years, the Members’ Benevolent Society has played an integral role in assisting not only its members but also CA Sri Lanka members and their families in need of financial assistance during times of sickness and death. The Society today enjoys a membership of over 600.

During the year in review several workshops were conducted by the society - namely “Triple ‘I’s for Turbulent times,” “Recent Trends in Exchange Rates & Interest Rates and their Effects on the Sri Lankan Economy,” “Non-communicable Diseases Prevention,” “Guide your Children the Right Way,” “Growth, Development & Education of your Children and How to Teach them to Face the Problems in their Life” and a seminar on taxation.

Membership growth of MBS

Year	2008/09	2009/10	2010/11	2011/12	2012/13
No. of Members	12	13	3	15	100
Percentage (%)	2.1	2.25	0.51	2.58	14.4

The Young Chartered Accountants’ Forum

The Young Chartered Accountants’ Forum (YCAF) - inaugurated in December 2009 under the theme “Awaken, Endeavour, Conquer” - provided a platform for young members to network and collectively inculcate the virtues of a new breed of finance professionals who will go beyond their functional role.

The General Assembly of the YCAF was held in February 2012 to induct the new council for 2012/13 and unveil the forward plan to the CA Sri Lanka membership. YCAF has a long-term plan to engage in the country’s much-needed Green Revolution. As an initial step, the Forum distributed Soursop plants among participants of the National Conference 2012.

Several ground-breaking events were organised in 2012, in line with the promise of being “trailblazers,” including a discussion forum entitled “YCAF Public Chat”, which was held in August 2012, focusing on global and local economic scenarios. YCAF Public Chat will be a regular event in their agenda in the future. YCAF also organised the ‘Fun Drive’ for the second consecutive year, which was held in November 2012. The Forum has planned more activities for 2013 targeting the young members of CA Sri Lanka.

COUNCIL MEMBERS 2012-13 & SECRETARY

Seated left to right:

Mr. H A S Samaraweera (Auditor General), Mr. Arjuna Herath (Vice President), Mr. Sujeewa Rajapakse (President),
Mr. Sujeewa Mudalige (Immediate Past President), Mr. Aruna Alwis (Secretary / Chief Executive Officer)

Standing left to right:

Mr. J M U B Jayasekera, Mr. V Sivagnanasothy, Mr. T Dharmarajah, Mr. Jagath Perera, Mr. N R Gajendran, Mr. Heshana Kuruppu, Mr. Shan Shanmuganathan,
Mr. Channa Manoharan, Mr. Lucille Wijewardena, Mr. Shantha Kurumbalapatiya, Mr. Lasantha Wickremasinghe, Mr. Sarjaya Bandara



Mr. Sujeewa Rajapakse

FCA, MBA

President

Managing Partner of BDO Partners, Chartered Accountants, Board Member of Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB), the Securities and Exchange Commission (SEC), the Postgraduate Institute of Management (PIM) and the National Institute of Business Management (NIBM)., Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka, Technical Advisor for Confederation of Asian Pacific Accountants (CAPA) and South Asian Federation of Accountants (SAFA) and currently serves on the Board of Directors of National Development Bank, Asian Alliance Insurance PLC and Haycarb PLC.

Mr. Arjuna Herath

FCA, BSc, MA in Financial Economics, MBA

Vice President

Partner and Head of Information Technology, Risk Advisory Services and Business Advisory Services at Ernst & Young. Member of the Board of the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) and South Asian Federation of Accountants (SAFA). Member of the Professional Accountancy Organisation Development Committee of the International Federation of Accountants (IFAC).

Mr. Sujeewa Mudalige

FCA, FCMA (UK), FCCA (UK), FCPA (Aus), MBA

Immediate Past President

Partner, PricewaterhouseCoopers and head of the assurance practice. Deputy President of the Confederation of Asian and Pacific Accountants (CAPA). Served on regulatory bodies such as the Securities & Exchange Commission (SEC) and the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB). An executive committee member of the Ceylon Chamber of Commerce and a member of the Financial System Stability Consultative Committee of the Central Bank of Sri Lanka and committee member of the International Accounting Education Standards Board (IAESB) at the International Federation of Accountants (IFAC).

Mr. Sanjaya Bandara

FCA, MBA (Colombo), BSc (Accy) Sp

Partner, B R De Silva & Co.

Mr. T Dharmarajah

FCA, BSc, FMAAT, DA

Partner of Amarasekera & Co., Chartered Accountants, Member of Council - University of Sri Jayewardenepura

Mr. N R Gajendran

FCA, FSCMA

Partner, Gajma & Company

Mr. J M U B Jayasekera

FCA, BSc Mgt (Sp), FMAAT, FPFA, FCMA

Managing Director, Jayasekera Management Centre (Pvt.) Ltd and Udaya Jayasekera & Company, Chartered Accountants, Governing Council Member of Association of Accounting Technicians of Sri Lanka (AAT) and The Pali & Buddhist University of Sri Lanka, Group Principal of JMC College International Network

Mr. Shantha Kurumbalapatiya

FCA, FCMA, CGMA

Group Chief Financial Officer, Rockland Distilleries (Private) Limited.

Mr. Heshana Kuruppu

FCA, BSc (Accy) Sp Hons, MBA, ASCMA

General Manager, Trischel Fabric (Private) Limited, MAS Holdings.

Mr. Channa Manoharan

FCA, FCMA

Advisory Leader / Chief Operating Officer, PricewaterhouseCoopers

Mr. Jagath Perera

FCA, BSc (Bus. Admin.) Sp, CFE (USA)

Partner, KPMG Ford Rhodes Thornton & Co. Chartered Accountants

Mr. H A S Samaraweera

FCA, BCom (Sp), ACMA, CCAF-FCVI

Auditor General, Auditor General's Department

Mr. Shan Shanmuganathan

FCA, FCMA

Chairman, Finder 2000 (Pvt) Ltd, Director Vallibel Power Erathna PLC

Mr. V Sivagnanasothy

FCA, BA (Hons.) Econ, MSc (UK), FCMA (UK)

Secretary to the Ministry of Traditional Industries and Small Enterprise Development

Mr. Lasantha Wickremasinghe

FCA, FMAAT

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

Mr. Lucille Wijewardena

FCA, MBA

Director, Regency Teas (Pvt) Ltd, Softlogic Capital PLC

Mr. Aruna Alwis

Dip in Bus Admin AIMIS, MBA

Secretary/Chief Executive Officer

Secretary Division**Aruna Alwis***Secretary/Chief Executive Officer***Ms. Harisha Jayatileke***Legal Officer***Administration & HR Division****Sanjaya Senaratne***Manager - Administration & HR***Business School****Ms. Nilukshi Thambimuttu***Head of Business School***Nuwan Dishan***Assistant Manager – CPD***Ms. Nabeeha Siddique***Deputy Manager – Business School***Education and Training****Ms. Nilushi Dissanayake***Head of Education and Training***Ms. Nimanthi Gamage***Manager – Training***Examinations Division****K L Perera***Examination Consultant***Thusitha Liyanagamage***Manager - Examinations***Ms. Nadeeshani Dissanayake***Manager Examinations – Technical***Thushara Yasarathna***Deputy Manager - Examinations***Geeth Maduranga***Deputy Manager – IT (Examinations)***Ms. Yashodha Kulawardena***Deputy Manager Examinations - Technical***Finance Division****Ms. Dinushini Keppetigoda***Financial Accountant***Ms. Janani Danasuriya***Accountant***ICT Division****Gayan Wickramasinghe***Chief Information Technology Officer***Roshan Ruvendra***Deputy Manager – IT***Prabath Anuradha***System & Database Administrator***IT Training Division****Ajith Samaratunga***Manager -IT Training***Library****Sarath Kumara***Librarian***Marketing Division****Lasantha Amarakoon***Manager - Brand and Corporate Communications***Ms. Wayomi Gunathilaka***Deputy Manager - Brand and Corporate Communication***Ms. Munza Mushtaq***Creative Editor***Member and Student Services****Senaka Abeyakoon***Director Member Relations***Multimedia English Language Centre****Ms. Achala Kodikara***Manager - Multimedia English Language Centre (MELC)***School of Accounting & Business****T B Andarawewa***Head - School of Accounting & Business***School of Taxation****Ms. Nandani Abrew***Manager - Taxation***Student Services & Promotions****Ms. Sujeewa Munidasa***Manager - Student Services & Promotions***Ms. Maria Rajendram***Deputy Manager - Student Services***Technical Division****Uendra Wijesingha***Senior Manager – Technical***Ms. Hiranthi Wijetunge***Manager – Technical***Ms. Chaturani Jayanetti***Manager – Technical***Ms. Navini Peiris***Manager – Technical***Ms. Nilangi Dilrukshi***Manager – Technical***Ms. Janani Seyone***International Liaison Officer*

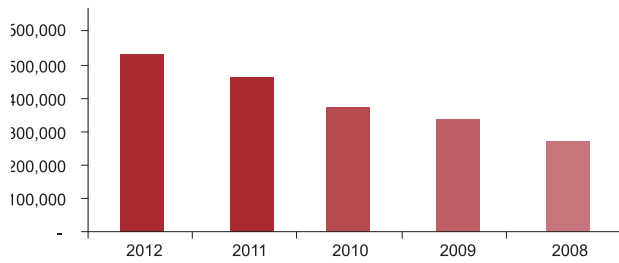
1960 - 68	Mr. Lionel Weerasinghe
1969	Mr. Lionel Fernando
1970 - 71	Mr. D. S. De Silva
1972 - 73	Mr. K Satchithananda
1974 - 75	Mr. Leslie De Alwis
1976 - 77	Mr. Gamini Wickramanayake
1978 - 81	Mr. Dharni Wijesekera
1982 - 83	Dr. Gamini Wijeyesinghe
1984 - 87	Prof. Lakshman Watawala
1988 - 91	Mr. Uditha Palihakkara
1992 - 93	Mr. Nivard Cabraal
1994 - 95	Mr. Mohan Abeynaike
1996 - 97	Mr. Reyaz Mihular
1998 - 99	Mr. Lal Nanayakkara
2000 - 01	Mr. Ranel Wijesinha
2002 - 03	Mr. Asite Talwatte
2004 -05	Mr. Indrajith Fernando
2006 - 07	Mr. Yohan Perera
2008 - 09	Mr. Nishan Fernando
2010 - 11	Mr. Sujeewa Mudalige

No.	Committee	Chairman	Alternate Chairman	Secretary
STATUTORY COMMITTEES				
1	Statutory Accounting Standards Committee	Nishan Fernando	Sujeewa Mudalige	Upendra Wijesinghe
2	Statutory Auditing Standards Committee	Yohan Perera	Sujeewa Rajapakse	Upendra Wijesinghe
OPERATIONAL SUPPORT				
3	Operational Review Committee (Finance & Admin/Infrastructure / IT / Library)	Arjuna Herath	N R Gajendran	Dinushinie Keppetigoda
4	Professional Conduct (Ethics) Committee	Reyaz Mihular	Sujeewa Rajapakse	Aruna Alwis
5	Public Sector Accounting Standards Committee	V Kanagasabapathy	H A S Samaraweera	K L Perera
6	Student Training & Development Committee	T Dharmarajah	Sanjaya Bandara	Nilushi Dissanayake
7	Brand Development, Corporate Communications & Student Promotions Committee	Mukhlis Ismail	Shantha Kurumbalapitiya	Lasantha Amarakoon
8	Member & Student Services Committee	Channa Manoharan	Chamara Bandara	Senaka Abeyakoon
9	Audit Committee	T Someswaran Nirmal Fernando (w.e.f. Dec 2012)		Lalith Fernando
10	Examinations Committee	Jagath Perera	Lasantha Wickremasinghe	Thusitha Liyanagamage
11	Business School	Yohan Perera	Anura Perera	Nilukshi Thambimuttu
12	Taxation Committee	Denzil Rodrigo	-	Priyadarshini Dharmasena
13	Association of Public Finance Accountants of Sri Lanka	V Kanagasabapathy	H A S Samaraweera	K L Perera
14	Certified Business Accountants (CBA) Committee	J M U B Jayasekera	-	Senaka Abeyakoon
EVENTS COMMITTEES				
15	Conference Committee	Lasantha Wickremasinghe	Heshana Kuruppu	Wayomi Gunathilaka
16	Conference Technical Committee	Dulitha Perera	Nandika Buddhipala	Janani Seyone
17	Annual Report Awards Committee	Tishan Subasinghe	N R Gajendran	Navini S Peiris / Lasantha Amarakoon
18	Lifetime Achievement & Hall of Fame Committee	Lal Nanayakkara	Sujeewa Mudalige	Aruna Alwis

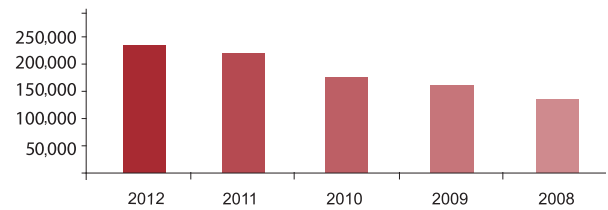
No. Committee	Chairman	Alternate Chairman	Secretary
TASK FORCES			
19 Strategic Planning Implementation and Review Committee	Sujeewa Rajapakse	Arjuna Herath	Aruna Alwis
20 Corporate Governance Committee	Asite Talwatte	Sujeewa Mudalige	Hiranthi Wijetunge
21 Education, Curriculum Review & Development Task Force	Manil Jayasinghe	Sanjaya Bandara	Nilushi Dissanayake
22 Quality Assurance Board	Tissa Bandaranayake	Deva Rodrigo	Navini S Peiris
23 Urgent Issues Task Force	Sujeewa Rajapakse	Sujeewa Mudalige	Chathurani Jayanetti
24 Committee to review the Act of Incorporation of the Institute	Lal Nanayakkara	Neomal Gunawardena	Hiranthi Wijetunge
25 Building Project	Arjuna Herath	Shan Shanmuganathan	Sanjaya Senaratne
26 Exemptions and Reciprocal Arrangements Task Force	Nishan Fernando	-	Nilushi Dissanayake
27 Steering Committee on World Bank Project	Sujeewa Rajapakse	-	K L Perera
28 IFRS Implementation Task Force	Nishan Fernando	-	Chathurani Jayanetti
FACULTIES			
29 Taxation Faculty	N R Gajendran	-	Priyadarshini Dharmasena
30 Audit Faculty	Asite Talwatte	Lal Nanayakkara	Chathurani Jayanetti
31 Financial Reporting Faculty	Coralie Pietersz	Mano Rajakarier	Hiranthi Wijetunge
32 IT Faculty	Channa Manoharan	Ashen Jayasekera	Gayan Wickremasinghe/ Ajith Samaratinga
OTHER			
33 Young Chartered Accountants Forum of Sri Lanka	President: Amila Sugathapala	Vice President: Tishan Subasinghe	Treasurer: Jagath Perera
34 Practising Chartered Accountants Forum of Sri Lanka	President: Tissa Fernando	Vice President: Yohan Perera	V Sivagurunathan
35 Benevolent Society	President: S Munaweera	Treasurer: P A Nandasiri	M Thiyagaraja
36 Student Society	President: Tharindu Rajapakse	Vice President: Rangana Peiris	Treasurer: Thatranga Leenus
37 ICASL Toastmasters Club®	President: Hiranthi Ratnayake	Vice President Membership: Keerthi Delwatta	Treasurer: Nihal De Silva

FIVE - YEAR SUMMARY OF FINANCIAL RESULTS

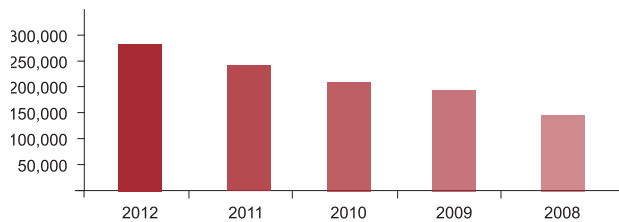
Revenue from students and members activities



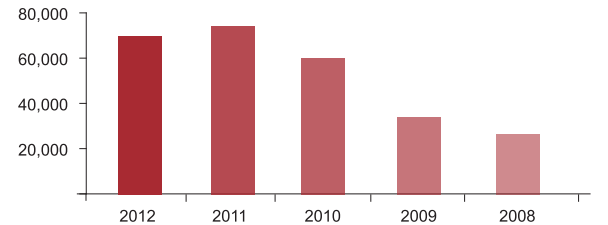
Direct expenditure



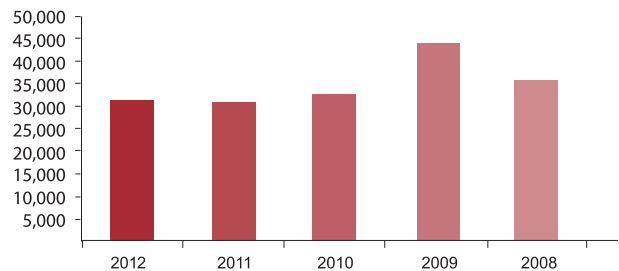
Contribution before employee costs and overheads



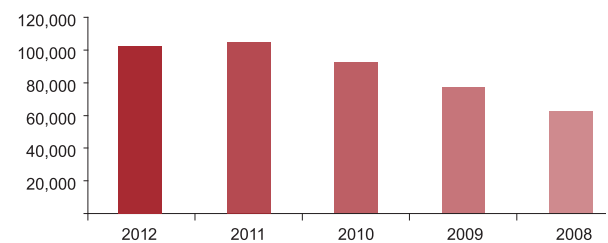
Net operating income



Net Finance Income



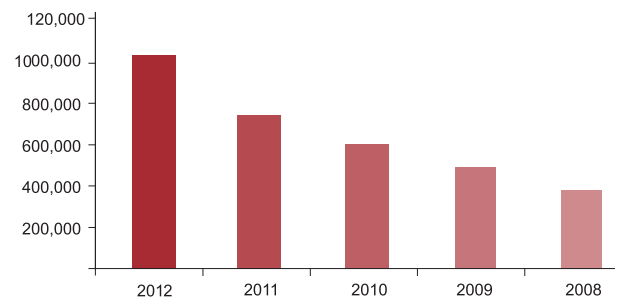
Surplus



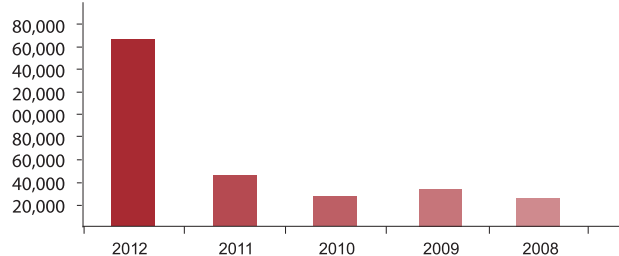
Short term investments



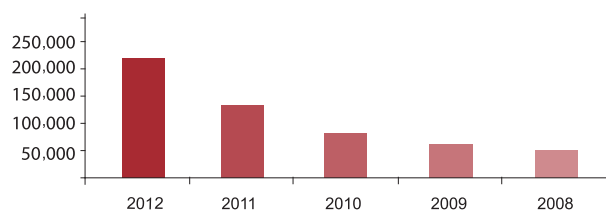
Total assets



Trade and other payables



Net cash inflow/(outflow) from operating activities



The year 2012 will go down as a landmark year in the history of the Institute of Chartered Accountants of Sri Lanka, as we moved into a fully-fledged multi-storied building, thereby realizing an important dream which has been high on our agenda for many years. With the opening of the new building, the divisions of the institute which operated remotely were brought back to the head office enabling all services to be provided under one roof for the benefit of our stakeholders.

CA Sri Lanka recorded 11.3% growth in its revenue and 15.8% growth in contribution before employee cost compared to 2011. Overall, all divisions fared well in 2012 which was reflected in their divisional performance indicator. The overall direct expenses of CA Sri Lanka increased (6.4%) in line with the expansion activities and emphasis placed on quality improvement.

The revenue and direct expenses of the Business School dropped in 2012 compared to the previous year due to the number of INSEAD programmes conducted during the year which decreased to one in 2012 from two programmes held in 2011. However, the contribution from the Business School increased by 25% over the previous year, due to growth in core activities. The INSEAD programme had no significant impact on the division's overall performance as it was very much of a break-even activity.

With the formation of the School of Taxation, the division's performance has achieved a remarkable growth both in terms of revenue (75%) and contribution (67.6%).

The net operating income dropped slightly (4.7%) due to increased overhead expenses during the year.

Materialization of the contractual obligations relating to the new building mainly during the latter part of the year and the higher interest rates collectively contributed towards maintaining the interest income during 2012.

Despite the huge investment made on the new building, the Institute was successful to register a total comprehensive income of Rs. 101.7 mn which was only a 3.3% decrease from the previous year.

Property, plant and equipment increased from Rs. 71.9 mn to Rs. 591 mn due to the capitalization of the building project whilst the short-term investments came down to Rs. 242 mn from Rs. 435 mn due to the disbursement of contractual obligations. However the total assets increased from Rs. 742 mn to Rs. 1,030 mn.

The specific internal funds increased from Rs. 21.4 mn to Rs. 44.78 mn due to the formation of the Association of Public Finance Accountants of Sri Lanka (APFASL), the public sector wing of the Institute. The formation of APFASL enabled the Institute to establish itself in the public sector, thereby fulfilling a long-standing need. CA Sri Lanka and the Institute of Public Finance and Development Accountancy (IPFDA), the former association of public sector accountants which was operating independently, made a contribution of Rs.10 mn each towards the formation of APFASL.

The total value of grants increased from Rs. 21.3 mn to Rs. 41.6 mn, which was mainly due to the grant of USD 500,000 made by World Bank. At the initial phase, USD 186,975 was disbursed which is shown in the statement of financial position. The above grant was secured with the purpose of enhancing the quality assurance of financial reporting and auditing in the private and public sectors. The project is focused on the following areas:

1. Implementing an audit quality assurance programme
2. Programme to assist & educate Small & Medium Sized Practices (SMPs)
3. Programme to increase adoption of IFRS
4. Programme to strengthen public sector financial management

Most of the cash outflows relating to this project which is currently under way is expected to materialize during 2013. As at the reporting date, there was an outstanding payable of Rs. 106.2 mn to contractors of the building project and receipts in advance of Rs. 155.8 mn (an increase by 28% over the previous year) which resulted in an increase in current liabilities to Rs. 342.6 mn in 2012 from Rs. 193 mn in 2011. The increase in receipt in advance is a reflection of the increased demand for our services.

The total liabilities as at the reporting date showed an increase of 39% compared to the previous year.

The Institute prepared its first set of accounts in accordance with SLFRSs and LKASs in 2012.

RESPONSIBILITY STATEMENT OF THE SECRETARY AND FINANCIAL ACCOUNTANT

The Financial Statements comprise the statement of financial position, statement of comprehensive income, statements of changes in funds & reserves, statement of cash flows and notes to the financial statements. These statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS & LKASs) issued by the Institute of Chartered Accountants of Sri Lanka.

The accounting policies used in the preparation of the financial statements are appropriate and are consistently applied by the Institute (material departures, if any, have been disclosed and explained in the notes to the financial statements). 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.



Aruna Alwis
Secretary/Chief Executive Officer

30th March 2013

The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with our external auditors and the 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 measure 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. L. D. Asoka Jayasinghe, FCA, FCMASL, FMAAT.



K C Dinushini
Financial Accountant

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

Report on the Financial Statements

I have audited the accompanying financial statements of The Institute of Chartered Accountants of Sri Lanka ("Institute") which comprise the statement of financial position as at 31st December 2012, and the related statements of comprehensive income, changes in funds and reserves and the cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as exhibited on pages 56 to 74.

I have also audited the statements of financial position of F B Lander Prize Fund and Cyril E Begbie Memorial Prize Fund as at 31st December 2012.

Council's Responsibility for the Financial Statements

Council is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with Sri Lanka Auditing Standards. Those standards require that I plan and perform the audit to obtain a reasonable assurance whether the financial statements are free from material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of the audit. I therefore believe that the audit provides a reasonable basis for my opinion.

Opinion

In my opinion, so far as appears from my examination, the Institute, F B Lander Prize Fund and Cyril E Begbie Memorial Prize Fund maintained proper accounting records for the year ended 31st December 2012 and the financial statements give a true and fair view of the state of affairs of the Institute of Chartered Accountants of Sri Lanka, F B Lander Prize Fund and Cyril E Begbie Memorial Prize Fund as at 31st December 2012 and the results of their operations and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.



L D A Jayasinghe
Chartered Accountant
C/o, Jayasinghe & Co.
94/12, Kirulapone Avenue,
Colombo - 05
30th March 2013


STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER			2012	2011
	Note		Rs'000	Rs'000
Revenue from students` & members` activities	2		516,207	463,757
Direct expenditure on students` & members` activities	2		(236,128)	(221,827)
Contribution before employee costs and overheads			280,079	241,930
Other Income				
Other operating income	3		4,442	5,319
Operating income			284,521	247,249
Overhead expenses				
Employee costs	4		(135,348)	(113,427)
Communication expenses			(16,687)	(13,144)
Maintenance of premises	5		(23,144)	(20,525)
Audit fees			(250)	(120)
Depreciation & amortisation	9.1		(13,250)	(10,520)
Financial assistance to students			(8,499)	(3,228)
Other expenses	6		(16,666)	(12,111)
Total operating expenses			(213,844)	(173,075)
Net operating income			70,677	74,174
Government grant			363	350
Net financial income	7		30,967	30,322
Surplus for the year			102,007	104,846
Other comprehensive income				
Defined benefit plan actuarial gain/(loss)	27.1		(249)	422
Other comprehensive income			(249)	422
TOTAL COMPREHENSIVE INCOME			101,758	105,268


The accounting policies and notes on pages 56 to 74 form an integral part of these financial statements.

AS AT	Note	31.12.2012 Rs.'000	31.12.2011 Rs.'000	Restated 01.01.2011 Rs.'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant & equipment	8	591,222	71,893	53,316
Capital-work-in progress - buildings		-	137,232	20,053
Educational material	9	1,392	2,973	6,391
Intangible assets	10	11,081	10,465	8,512
Association of Public Finance Accountants of Sri Lanka		20,102	-	-
Work-in-progress - software development	11	3,826	1,534	1,134
		627,623	224,097	89,406
CURRENT ASSETS				
Inventories	12	25,616	16,368	17,287
Trade & other receivables	13	38,138	27,804	26,574
Deposits, prepayments & advances		9,835	2,910	3,841
Short-term investments	14	242,750	435,250	261,750
Cash & cash equivalents	15	86,141	36,126	204,211
		402,480	518,458	513,663
TOTAL ASSETS		1,030,103	742,555	603,069
FUNDS & LIABILITIES				
ACCUMULATED FUND & RESERVES				
Accumulated fund		556,843	465,085	359,817
Capital reserve		24,000	24,000	24,000
		580,843	489,085	383,817
SPECIFIC FUNDS				
Faculty of Taxation fund	16	437	398	374
Faculty of Auditing fund	17	422	384	360
Publication fund	18	273	249	234
Urgent Issues Task Force fund	19	299	272	242
Needy students' scholarship funds	20	8,266	8,000	7,946
Merit scholarship funds	21	6,500	6,203	6,467
Prize funds	22	1,397	1,336	1,336
Income balances - scholarships and prize funds	23	6,107	3,726	5,170
Best Annual Report Competition fund	24	977	912	878
Association of Public Finance Accountants of Sri Lanka fund		20,102	-	-
		44,780	21,480	23,007
GRANTS				
World Bank grant - IRQUE project	25	15,948	21,279	29,047
Other grants	26	25,725	-	15
		41,673	21,279	29,062
		86,453	42,759	52,069
NON-CURRENT LIABILITIES				
Retirement benefit obligation	27	20,197	17,626	17,210
		20,197	17,626	17,210
CURRENT LIABILITIES				
Trade & other payables	28	166,550	47,249	33,484
Receipts in advance		155,869	122,115	99,267
Bank overdraft	29	20,191	23,721	17,222
		342,610	193,085	149,973
TOTAL FUNDS & LIABILITIES		1,030,103	742,555	603,069

The accounting policies and notes on pages 56 to 74 form an integral part of these financial statements.



K.C. Dinushini
Financial Accountant

Signed for and on behalf of the Council.


Sujeewa Rajapakse
President

Colombo 07
30th March 2013


Aruna Alwis
Secretary/Chief Executive Officer


Arjuna Herath
Vice President

STATEMENT OF CHANGES IN FUNDS AND RESERVES

	Accumulated fund Rs.'000	Capital reserve Rs.'000	Specific funds Rs.'000	Total Rs.'000
Balance as at 1st January 2010, as previously reported	361,131	24,000	23,007	408,138
Impact of change in accounting policy	(1,314)	-	-	(1,314)
ADJUSTED SLFRS BALANCE AS AT 1ST JANUARY 2011	359,817	24,000	23,007	406,824
Surplus for the year, as restated	104,846	-	-	104,846
Increase / (decrease) in specific funds	-	-	(1,527)	(1,527)
Actuarial gain/ (loss) on defined benefit obligation	422	-	-	422
RESTATED BALANCE AS AT 31ST DECEMBER 2011	465,085	24,000	21,480	510,565
Surplus for the year, as restated	102,007	-	-	102,007
Increase/(decrease) in specific funds	-	-	23,300	23,300
Contribution to Association of Public Finance Accountants of Sri Lanka fund	(10,000)	-	-	(10,000)
Actuarial gain/(loss) on defined benefit obligation	(249)	-	-	(249)
BALANCE AS AT 31ST DECEMBER 2012	556,843	24,000	44,780	625,623

Capital reserve represents funds reserved for upgrading of buildings.

The accounting policies and notes on pages 56 to 74 form an integral part of these financial statements

FOR THE YEAR ENDED 31ST DECEMBER		2012	2011
	Note	Rs.'000	Rs.'000
Cash flow from operating activities			
Excess of income over expenditure		102,007	104,846
Adjustments for ;			
Depreciation on property, plant & equipment including amortisation of intangible assets and educational materials	9.1	18,986	19,164
Amortisation of grant	9.1	(5,331)	(7,768)
Provision for defined benefit plan	27.1	3,862	3,419
SLAASMB grant	26.2	(2,500)	(2,500)
World Bank grant	26.2	(277)	-
Government grant		(363)	(350)
(Profit)/loss on disposal of PP&E	3	82	(107)
Finance income	7	(33,433)	(31,806)
APFASL interest expense	7	265	-
Operating surplus before working capital changes		83,298	84,898
(Increase) / decrease in inventory	12	(9,248)	919
(Increase) / decrease in trade & other receivables	13	(10,334)	(1,230)
(Increase) / decrease in deposits & prepayments		(6,925)	931
Increase / (decrease) in receipts in advance		33,754	22,848
Increase / (decrease) in trade & other payables	28	119,301	13,765
		209,846	122,131
Gratuity paid	27	(1,540)	(2,581)
Interest paid	7	(265)	-
NET CASH INFLOW FROM OPERATING ACTIVITIES		208,041	119,550
Cash flows from investing activities			
Acquisition of property, plant & equipment	8,9	(531,728)	(31,243)
Acquisition of intangible assets	10	(5,708)	(5,060)
(Increase) / decrease in capital work-in-progress		137,232	(117,179)
(Increase) / decrease in software development	11	(592)	(400)
(Increase) / decrease in investment	14	192,500	(173,500)
Proceeds on disposal of property, plant & equipment		4	134
Finance income received		33,433	31,806
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(174,859)	(295,442)
Cash flows from / (used in) financing activities			
SLAASMB grant & government grant	26	2,863	2,835
World Bank grant	26	24,302	-
Contribution to Association of Public Finance Accountants of Sri Lanka fund		(10,000)	-
Net receipts of specific funds		3,198	(1,527)
NET CASH INFLOW FROM FINANCING ACTIVITIES		20,363	1,308
Net increase / (decrease) in cash & cash equivalents		53,545	(174,584)
Cash & cash equivalents at the beginning of the year		12,405	186,989
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR 2012		65,950	12,405

The accounting policies and notes on pages 56 to 74 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 GENERAL POLICIES

1.1.1 Reporting entity

The Institute of Chartered Accountants of Sri Lanka (hereafter referred to as the "Institute") was incorporated by Act of Parliament No. 23 of 1959, and is situated at 30A, Malalasekara Mawatha, Colombo 07.

1.1.2 Date of authorisation for issue

The financial statements were authorised for issue by the Council on 30th March 2013.

1.1.3 Principal activities and nature of operations

The Institute is the sole authority for promulgating accounting and auditing standards in Sri Lanka.

The other principal activities of the Institute are:

- 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 Institute members
- Enrolment of students and conducting of examinations
- Regulation and supervision of students education and training
- Making representations to government and other relevant authorities on matters of public interest relating to business community.

1.1.4 Basis of preparation

(a) Statement of compliance

The financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in funds and reserves, cash flow statement 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 for the year ended 31 December 2012 are the first set of the financial statements that the Institute has prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) immediately effective from 1 January 2012. The effect of transition to SLFRS/LKAS on previously reported financial position, performance and cash flow is given in the notes to the financial statement.

(b) Basis of measurement

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

(c) 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 the inter-period comparability.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SLFRS Statement of Financial Position as at 1 January 2011 for the purpose of the transition to SLFRSs, unless otherwise indicated.

When the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

(d) Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the Institute.

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

(e) Use of estimates and judgements

The preparation and presentation of financial statements in conformity with SLFRS/LKAS requires management to make judgments,

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 judgments used.

Estimates and underlying assumptions are reviewed on an on-going 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 judgments in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the notes to the financial statements.

1.2 ASSETS AND THE BASES OF THEIR VALUATION

1.2.1 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are stated at cost or at fair value less accumulated depreciation or impairment losses.

All items of property, plant and equipment are initially recorded at cost less accumulated depreciation or impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognised in the income statement as incurred.

(b) Cost

The cost of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including

major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only if it is probable that the future economic benefits embodied within the part will flow to the Institute and its cost can be measured reliably.

(c) Depreciation

Depreciation is charged to the statement of comprehensive income on the written down values at the following rates per annum in order to write off the cost of such assets over their estimated useful lives, except in the case of buildings on leasehold land and computer software:

Generator	20%
Furniture and Equipment	10%
Air-Conditioning Equipment	20%
Audio-Visual Equipment	10%
Motor Vehicles	20%
Computers	20%
Canteen Equipment	10%
Head Office Refurbishment	10%

Buildings on leasehold land have been depreciated over the shorter of the lease term and their estimated useful lives.

Branch refurbishment expenses are written off over the lease period of the buildings (5 years).

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of the assets is included in the statement of comprehensive income in the year the asset is derecognised.

1.2.2. Educational material - IRQUE project

Assets acquired under this project are depreciated on the following bases:

- (a) Cost of library books are written off on the straight line method over a period of 3 years.

- (b) Cost of Multimedia English Learning Centre (MELC) software is written off on the straight line method over a period of 4 years.
- (c) Syllabus development cost is written off on the straight line method over a period of 3 years.

1.2.3 Intangible assets

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 – Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortisation and any accumulated impairment loss.

Computer software is amortised over a period of 5 years on the straight line method.

1.2.4 Inventories

Inventories are stated at the lower of cost and net realisable value. 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.

Other inventory items are stated at the lower of cost and net realisable value.

1.2.5 Impairment of assets

The carrying amounts of the assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

1.2.6 Financial assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Institute determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The Institute initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Institute becomes a party to the contractual provisions of the instrument.

The Institute derecognises a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset is transferred. Any interest in transferred financial assets that is created or retained by the Institute is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Institute has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The financial assets of the Institute include cash and short term investments and trade and other receivables.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance expense in the statement of comprehensive income.

The Institute has not designated any financial asset upon initial recognition at fair value though profit or loss.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs.

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

(c) Held-to-maturity investments (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Institute has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest rate (EIR) method, less impairment. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in financial costs.

Investments in government securities and in fixed deposits have been classified under HTM investments.

(d) Available-for-sale financial investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognised in profit or loss. When an investment is derecognised, the gain or loss accumulated in funds and reserves reclassified to profit or loss.

The Institute has not designated any financial asset upon initial recognition as available-for-sale investment.

1.2.6.1 Impairment of financial assets

The Institute assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

1.2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits at bank.

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'.

1.3 LIABILITIES AND PROVISIONS

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognised when the Institute has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.3.1 Grants

1.3.1.1 Accounting for grants

Grants that compensate the Institute for expenses incurred are recognised as revenue in the statement of comprehensive income in the same period in which the expenses are recognised. Grants that compensate the Institute for the cost of an asset are recognised in the statement of comprehensive income on a systematic basis over the useful life of the related asset.

1.3.2 Employee benefits

(a) Provision for retiring gratuity

The Institute has adopted the benefit plan as required under the Payment of Gratuity Act No. 12 of 1983 for all eligible employees. The benefit plan is unfunded. Provision for gratuity is computed by the Institute taking into account the recommendations of an independent qualified actuaries firm, Actuarial and Management Consultants (Private) Limited. The actuarial valuation was done for the first time in 2010.

Defined benefit plans estimate the amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognised past service cost. The defined benefit obligation is calculated annually by the Institute using the projected unit credit method prescribed in Sri Lanka Accounting Standard 19 Employee Benefits (LKAS 19). The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates of high quality corporate bonds or government bonds 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 pension liability. In the absence of such high quality long term corporate bonds or government bonds, the long term discount rate is determined by examining the market rate of interest on short term corporate bonds and the anticipated long term rate of inflation.

Gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. Past service costs are recognised immediately in the statement of comprehensive income, unless the changes to the plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past service costs are amortised on the straight line basis over the vesting period.

The key assumptions used by Actuarial and Management Consultants (Private) Limited include the following:

Rate of Interest	10% per annum
Rate of Salary Increase	5% - 10%
Retirement Age	55 years
That the Institute will continue as a going concern	

(b) Defined contribution plans

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as an expense in the statement of comprehensive income as and when they are due.

(c) Employees' Provident Fund

The Institute and employees, contribute 15% and 10% respectively, on the salary of each employee to the approved provident fund.

(d) Employees' Trust Fund

The Institute contributes 3% on the salary of each employee to the Employees' Trust Fund.

1.3.3 Trade and other payables

Trade and other payables are stated at cost.

1.3.4 Taxation

The surplus and income of the Institute other than surplus and income from dividends or interest is exempt from income tax under Section 7(b) (ii) of the Inland Revenue Act No.10 of 2006.

1.3.5 Deferred taxation

Provision has not been made for deferred tax, as surplus and income of the Institute other than income from dividends or interest are exempt from income tax under section 7(b) (ii) of the Inland Revenue Act No. 10 of 2006.

1.3.6 Capital commitments and contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

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

1.4 STATEMENT OF COMPREHENSIVE INCOME

1.4.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Institute and that it can be reliably measured.

- (a) Enrolment fees from members and students are recognised as revenue on receipt. The subscription year runs from 1st January to 31 December. Only those membership fees and subscription payments that are attributable to the current financial year are recognised as revenue. Fees and subscription payments that relate to future periods are shown in the statement of financial position as subscriptions and fees received in advance under current liabilities.
- (b) Fees on examinations are recognised as revenue at the time of admission issued (not physical collection) to the candidate.
- (c) Supply of educational materials are recognised as revenue at the time of dispatch or sale.
- (d) Income from other courses are recognised as revenue based on periodic basis.
- (e) Seminars, workshops and continuous professional development (CPD) activities are recognised at the time of registration.
- (f) Exemption fees and certificates fees are recognised as revenue at the time of approval by the Council.
- (g) Arrears, penalties and fines are recognised on cash basis.
- (h) Training agreement fees are recognised at the time of registration for practical training.
- (i) Fees on new registrations levied on practicing firms and on enrolment of new members are recognised at the time of Council approval of such applications.
- (j) Renewal fees of practicing certificates are recognised at the time of issuing the certificates.

- (k) Interest income is recognised on accrual basis using effective interest rate method (EIR) according to LKAS 39.
- (l) Grants related to income are recognised when control of the contribution or right to receive the contribution is confirmed.
- (m) Sponsorships of member related activities are recognised on acknowledgement.
- (n) Rent income is recognised on accrual basis.
- (o) Other income is recognised on accrual basis.

1.4.2 Expenditure

- (a) 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. All expenditure incurred in the running of the Institute and in maintaining the capital assets in a state of efficiency has been charged against revenue in arriving at the surplus for the year.
- (b) Expenditure on examinations, seminars, courses, and other educational and members' activities are recognised in the statement of comprehensive income on accrual basis.

1.4.3 Net finance expense / income

Finance expense comprises interest paid on the delayed contribution to Association of Public Finance Accountants of Sri Lanka (APFASL) from the due date.

Finance income comprises interest received on accrual basis on funds invested.

1.5 CASH FLOW STATEMENT

The cash flow statements have been prepared in accordance with LKAS 7.

Interest paid is classified as operating cash flows and interest received is classified as investing cash flows.

1.6 EVENTS AFTER THE REPORTING DATE

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

1.7 FIRST TIME ADOPTION OF SLFRS

These financial statements are the first set of financial statements that the Institute has prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) for the year ended 31 December 2012. For periods up to and including the year ended 31 December 2011, the Institute prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLAS).

Accordingly, the Institute has prepared financial statements which comply with SLFRS applicable for periods ending on or after 31 December 2012, together with the comparative data as at and for the year ended 31 December 2011 as described in the accounting policies. In preparing these financial statements, the Institute's opening statement of financial position was prepared as at 1 January 2011, the Institute's date of transition to SLFRS. This note explains the principal adjustments made by the Institute in restating its SLASs statement of financial position as at 1 January 2011 and its previously published SLASs financial statements as at and for the year ended 31 December 2011.

1.7.1 Exemptions Applied

SLFRS 1 First Time Adoption of Sri Lanka Financial Reporting Standards and Statement of Recommended Practices allows first-time adopters certain exemptions from the retrospective application of certain SLFRS.

1.7.2 The Institute has Applied the Following

1.7.2.1 Fair Value or Revaluation as Deemed Cost

Freehold property plant and equipment are carried in the statement of financial position prepared in accordance with the SLAS, using the cost model. The Institute has not elected to use the fair value as deemed cost.

1.7.2.2 Significant Accounting Judgment, Estimates and Assumptions

Significant accounting judgment, estimates and assumptions at 1 January 2011 and at 31 December 2011 are consistent with those made for the same dates in accordance with SLAS effective up to 1 December 2011 (after adjustments to reflect any differences in accounting policies). The estimates used by the Institute to present these amounts in accordance with SLFRS/LKAS effective from 1 January 2012 reflect conditions at 1 January 2011, the date of transition to SLFRS/LKAS and as of 31 December 2011.

1.7.2.3 Standards Issued but not yet Effective

Standards issued but not yet effective up to the date of issuance of the Institute's interim Financial Statements are listed below. This listing of standards and interpretations issued are those that the Institute reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Institute intends to adopt these standards when they become effective.

(a) SLFRS 9 - Financial instruments: classification and measurement

SLFRS 9 replaces LKAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in LKAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. The adoption of the first phase of SLFRS 9 will have an effect on the classification and measurement of the Institute's financial assets, but will

potentially have no impact on classification and measurement of financial liabilities. The Institute will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

(b) SLFRS 10 - Consolidated financial statements

Not applicable to the Institute

(c) SLFRS 11 - Joint arrangements

Not applicable to the Institute

(d) SLFRS 12 - Disclosure of interests in Other Entities

Not applicable to the Institute

(e) SLFRS 13 - Fair value measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 does not state when an entity is required to use fair value, but rather provides guidance on how to measure fair value under SLFRS when fair value is required or permitted. The Institute is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

1.8 EXPLANATIONS TO THE TRANSITION OF SLFRS

To comply with the SLFRS 1, the Institute provides explanations to the transition to SLFRS from SLAS. The explanations include a background and quantification of the change. This also includes reconciliation of the Institute funds and reserves as at the date of transition 1 January 2011 and at end of latest comparative reporting period, 31 December 2011. Reconciliation for total comprehensive income includes only the latest comparative financial year ended 31 December 2011.

There is no impact on other items in the financial statement other than employee cost and trade and other receivables.

Reconciliation for the SLFRS/LRAS transition

STATEMENT OF COMPREHENSIVE INCOME

Employee cost

SLFRS/LKAS 2011 Rs. '000	Re-measurements Rs.'000	SLAS 2011 Rs '000
113,005	370	112,635

STATEMENT OF FINANCIAL POSITON

CURRENT ASSETS

Trade and other receivables

SLFRS/LKAS 2011 Rs. '000	Re-measurements Rs.'000	SLAS 2011 Rs '000
27,804	1,684	29.488

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 2 - REVENUE FROM & EXPENDITURE ON STUDENTS` & MEMBERS` ACTIVITIES
(EXCLUDING EMPLOYEE COSTS)

	2012			2011 - Restated		
	Direct Income Rs.'000	(Direct Expenses) Rs.'000	Contribution Rs.'000	Direct Income Rs.'000	(Direct Expenses) Rs.'000	Contribution Rs.'000
Examinations	156,344	(69,254)	87,090	141,933	(54,723)	87,210
Registration, Education, Training, Library & Marketing	141,839	(53,813)	88,026	124,035	(50,496)	73,539
IT Training & Language Centre	37,262	(15,082)	22,180	30,375	(15,393)	14,982
Members` activities	99,184	(56,828)	42,356	87,753	(49,524)	38,229
Business school	44,459	(19,242)	25,217	52,804	(32,704)	20,100
Taxation faculty	9,814	(5,675)	4,139	5,585	(3,115)	2,470
CPD secretariat	5,638	(2,275)	3,363	8,132	(5,789)	2,343
Technical research	21,667	(13,959)	7,708	13,140	(10,083)	3,057
TOTAL	516,207	(236,128)	280,079	463,757	(221,827)	241,930

NOTE 3 - OTHER INCOME

	2012 Rs.'000	2011 Rs.'000
Profit on sale of diaries	666	1,052
Profit on sale of publications	223	297
Gain/(loss) on disposal of property, plant & equipment	(82)	107
Rental income from properties	649	801
Miscellaneous income	2,986	3,062
TOTAL OTHER INCOME	4,442	5,319

NOTE 4 - EMPLOYEE COSTS

Wages & salaries	112,835	94,304
Defined contribution plan cost		
- Employees' Provident Fund	11,056	9,333
- Employees' Trust Fund	2,211	1,867
Defined benefit plan cost	3,862	3,419
Payroll cost	129,964	108,922
Cost of staff loans granted at concessionary rates	683	370
Staff welfare & development	4,701	4,135
TOTAL EMPLOYEE COSTS	135,348	113,427
No. of employees as at year end	132	120

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	2012 Rs.'000	2011 Rs.'000
NOTE 5 - MAINTENANCE OF PREMISES		
Utility payments	11,362	8,631
Building maintenance cost	9,063	9,435
Equipment maintenance cost	1,663	1,907
Others	1,056	552
TOTAL MAINTENANCE EXPENSES	23,144	20,525
NOTE 6 - OTHER EXPENSES		
Motor vehicle running expenses	614	449
Bank charges & commissions	890	1,007
Professional fees	1,140	1,927
Legal fees	2,515	332
General expenses/rent	1,737	1,992
Re-location to AAT & rental charges	4,738	5,726
New building related expenditure	4,816	479
Others	216	199
TOTAL OTHER EXPENSES	16,666	12,111
NOTE 7 - NET FINANCE INCOME		
Gross interest income		
Interest income on available-for-sale financial assets	2,172	10,082
Interest income on held-to-maturity investments	32,480	24,022
	34,652	34,104
*WHT deductions	(1,755)	(1,483)
*Notional tax - Treasury bills & Repos	(174)	(1,587)
Net interest income on investments	32,723	31,034
Interest income on loans & receivables	710	772
	33,433	31,806
Transfers to funds	(2,201)	(1,484)
Financial expenses		
Interest on contribution to APFASL	(265)	-
TOTAL NET FINANCE INCOME	30,967	30,322

*Withholding tax and notional tax deductions are made on receipt basis.

NOTE 8 - PROPERTY, PLANT & EQUIPMENT
Cost or valuation

	Buildings Rs. '000	Elevator Rs. '000	Generator Rs. '000	Furniture Rs. '000	Air Conditioners Rs. '000	Audio Equipment Rs. '000	Motor Vehicles Rs. '000	Computers Rs. '000	Canteen Equipment Rs. '000	Branch Capital Expenditures Rs. '000	Head Office Refurbi- shment Rs. '000	Total Rs. '000
Balance as at 1st January 2011	14,744	-	5,928	25,989	7,411	3,475	12,121	45,291	1,250	4,330	-	120,539
Additions	-	-	-	517	104	-	-	4,886	-	-	24,930	30,437
Disposals	(3,320)	-	-	(145)	-	-	-	-	-	-	-	(3,465)
Balance as at 31st December 2011	11,424	-	5,928	26,361	7,515	3,475	12,121	50,177	1,250	4,330	24,930	147,511
Additions	403,469	10,568	28,210	42,494	42,225	9	-	4,442	-	-	-	531,417
Disposals	-	-	-	(107)	-	-	-	(1,398)	-	-	-	(1,505)
Balance as at 31st December 2012	414,893	10,568	34,138	68,748	49,740	3,484	12,121	53,221	1,250	4,330	24,930	677,423

Accumulated Depreciation

	Buildings Rs. '000	Elevator Rs. '000	Generator Rs. '000	Furniture Rs. '000	Air Conditioners Rs. '000	Audio Equipment Rs. '000	Motor Vehicles Rs. '000	Computers Rs. '000	Canteen Equipment Rs. '000	Branch Capital Expenditures Rs. '000	Head Office Refurbi- shment Rs. '000	Total Rs. '000
Balance as at 1st January 2011	14,744	-	3,601	11,895	4,826	1,367	3,296	24,683	213	2,598	-	67,223
Depreciation Charge For The Year	-	-	466	1,418	524	211	1,765	4,609	104	866	1,870	11,833
Disposals	(3,320)	-	-	(118)	-	-	-	-	-	-	-	(3,438)
Balance as at 31st December 2011	11,424	-	4,067	13,195	5,350	1,578	5,061	29,292	317	3,464	1,870	75,618
Depreciation charge for the year	-	-	372	1,576	454	191	1,412	4,730	96	866	2,304	12,001
Disposals	-	-	-	(89)	-	-	-	(1,329)	-	-	-	(1,418)
Balance as at 31st December 2012	11,424	-	4,439	14,682	5,804	1,769	6,473	32,693	413	4,330	4,174	86,201

Carrying Amounts

As at 1st January 2011	-	-	2,327	14,094	2,585	2,108	8,825	20,608	1,037	1,732	-	53,316
As at 31st December 2011	-	-	1,861	13,166	2,165	1,897	7,060	20,885	933	866	23,060	71,893
As at 31st December 2012	403,469	10,568	29,699	54,066	43,936	1,715	5,648	20,528	837	-	20,756	591,222

8.1 Buildings are situated on 2 blocks of land obtained on lease from the Government of Sri Lanka on a 99-year lease ending on 31st December, 2060 and the 30-year lease ending on 23rd February, 2037.

The disposal amounting to Rs. 3.3mn in the year 2011 represents the fully depreciated left wing of the old building which was completely demolished during the year 2011.

8.2 Additions to computers during the year include two laptops and a screen worth Rs. 442, 223/- procured from the funds of World Bank grant.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 9 - EDUCATIONAL MATERIAL

	Syllabus Development Cost Rs.'000	Library Books Rs.'000	Library Software Rs.'000	Multimedia English Learning Centre- Software Rs.'000	Total Rs.'000
Balance as at 01.01.2011	171	3,720	1,500	1,000	6,391
Additions	-	806	-	-	806
Amortisation	(171)	(2,890)	(375)	(788)	(4,224)
Balance as at 31.12.2011	-	1,636	1,125	212	2,973
Additions	-	312	-	-	312
Amortisation	-	(1,306)	(375)	(212)	(1,893)
BALANCE AS AT 31.12.2012	-	642	750	-	1,392

AS AT	31.12.2012 Rs.'000	31.12.2011 Rs.'000	Restated 01.01.2011 Rs.'000
NOTE 9.1 - DEPRECIATION & AMORTISATION			
Depreciation for the year	12,001	11,833	10,810
Amortisation of education material	1,893	4,224	-
Amortisation of intangible assets	5,092	3,107	1,869
	18,986	19,164	12,679
Expenditure directly charged to direct expenditure on students activities	(405)	(876)	-
Amortisation of capital grant	(5,331)	(7,768)	(4,958)
TOTAL DEPRECIATION & AMORTISATION	13,250	10,520	7,721

NOTE 10 - INTANGIBLE ASSETS

	ERP System Rs.'000	ERP Disaster recovery system Rs.'000	Software Licences Rs.'000	E-voting System Rs.'000	Study pack writing cost Rs.'000	Total Rs.'000
Balance as at 01.01.2011	6,581	894	1,037	-	-	8,512
Additions	-	-	-	820	4,240	5,060
Amortisation	(1,646)	(223)	(208)	(164)	(866)	(3,107)
BALANCE AS AT 31.12.2011	4,935	671	829	656	3,374	10,465
Additions	645	-	126	-	4,937	5,708
Amortisation	(1,710)	(224)	(224)	(164)	(2,770)	(5,092)
BALANCE AS AT 31.12.2012	3,870	447	731	492	5,541	11,081

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 11 - WORK-IN-PROGRESS SOFTWARE DEVELOPMENT

	Receipt module Rs.'000	Training module Rs.'000	IPG modifications Rs.'000	HRIS system Rs.'000	Web integration project Rs.'000	Total Rs.'000
Balance as at 01.01.2011	875	259	-	-	-	1,134
Additions	400	-	-	-	-	400
Balance as at 31.12.2011	1,275	259	-	-	-	1,534
Additions	-	385	126	2,078	347	2,936
Capitalised	-	(644)	-	-	-	(644)
BALANCE AS AT 31.12.2012	1,275	-	126	2,078	347	3,826

AS AT	31.12.2012 Rs.'000	31.12.2011 Rs.'000	Restated 01.01.2011 Rs.'000
NOTE 12 - INVENTORIES			
Study packs	13,590	8,236	10,137
Publications	5,086	3,590	2,694
Study materials	2,682	1,872	1,609
Stationery	3,046	2,164	1,870
Consumables & others	1,212	506	977
TOTAL	25,616	16,368	17,287
NOTE 13 - TRADE & OTHER RECEIVABLES			
Trade receivables	21,567	9,893	5,483
Loans & advances to staff	16,571	17,911	21,091
TOTAL	38,138	27,804	26,574
NOTE 14 - SHORT-TERM INVESTMENTS			
Fixed deposits	242,750	435,250	261,750
TOTAL	242,750	435,250	261,750
NOTE 15 - CASH & CASH EQUIVALENTS			
Treasury bills	57,680	18,000	198,725
Cash at banks	28,370	18,025	5,398
Cash in hand	91	101	88
TOTAL	86,141	36,126	204,211
Unfavourable cash & cash equivalents			
Bank overdrafts	(20,191)	(23,721)	(17,222)
TOTAL CASH & CASH EQUIVALENTS FOR THE PURPOSE OF CASH FLOW STATEMENT	65,950	12,405	186,989

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

AS AT	31.12.2012 Rs.'000	31.12.2011 Rs.'000	Restated 01.01.2011 Rs.'000
NOTE 16 - FACULTY OF TAXATION FUND			
Opening balance	398	374	344
Interest for the year	39	24	30
CLOSING BALANCE	437	398	374
NOTE 17 - FACULTY OF AUDITING FUND			
Opening balance	384	360	333
Interest for the year	38	24	27
CLOSING BALANCE	422	384	360
NOTE 18 - PUBLICATIONS FUND			
Opening balance	249	234	216
Interest for the year	24	15	18
CLOSING BALANCE	273	249	234
NOTE 19 - URGENT ISSUES TASK FORCE FUND			
Opening balance	272	242	159
Interest for the year	27	30	83
CLOSING BALANCE	299	272	242

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 20 - NEEDY STUDENTS' SCHOLASHIP FUNDS

	Balance as at 01.01.2011 Rs.'000	Balance as at 31.12.2011 Rs.'000	Receipts Rs.'000	(Transfers/ Payments) Rs.'000	Balance as at 31.12.2012 Rs.'000
L A Weerasinghe memorial scholarship fund	7,183	7,241	3,538	(3,000)	7,779
CA Sri Lanka UK Members' scholarship fund	330	240	-	(127)	113
Dalton Wijeyeratne memorial scholarship fund	6	6	-	-	6
Prof.Y A D S Samaratunga memorial fund	100	100	-	-	100
Prof. Kodagoda memorial fund	202	202	-	(5)	197
Members' scholarship fund	125	156	54	(179)	31
PwC scholarship fund	-	55	-	(15)	40
TOTAL	7,946	8,000	3,592	(3,326)	8,266

Interest received and awards made under this scheme have been accounted under Income Balances-Scholarships and Prize Funds (Note 23)

NOTE 21 - MERIT SCHOLARSHIP FUNDS

	Balance as at 01.01.2011 Rs.'000	Balance as at 31.12.2011 Rs.'000	Receipts Rs.'000	(Transfers / Payments) Rs.'000	Balance as at 31.12.2012 Rs.'000
General fund	6,043	6,043	2,000	(2,000)	6,043
Specific funds					
- Pelwatta Sugar Industries Ltd. fund	80	80	-	-	80
- Benevolent Society scholarship fund	53	-	-	-	-
- Ernst & Young scholarship fund	236	25	686	(350)	361
- Miss Inoka Gunaratne memorial fund	55	55	-	(39)	16
- CA Sri Lanka scholarship funds	-	-	1,500	(1,500)	-
TOTAL	6,467	6,203	4,186	(3,889)	6,500

Interest received and awards made under these funds have been accounted under Income Balances-Scholarships and Prize Funds (Note 23). The direct cost of Rs. 68,096/- for administering the Merit Scholarship scheme was charged to financial assistance to students.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 22 - PRIZE FUNDS

		Balance as at 01.01.2011 Rs.'000	Balance as at 31.12.2011 Rs.'000	Donation received during the year Rs.'000	(Payments made during the year) Rs.'000	Balance as at 31.12.2012 Rs.'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)	25
Satchithananda memorial fund	(1993)	16	16	-	-	16
Kreston MNS fund	(1993)	29	29	33	(32)	30
Nivard Cabraal fund	(1994)	25	25	25	-	50
Reyaz Mihular fund	(1996)	25	25	-	-	25
D R Settinayake memorial fund	(1999)	58	58	10	-	68
ADE de S Wijeyeratne memorial fund	(1999)	43	43	-	-	43
Mohan Abeynaike fund	(1999)	25	25	-	-	25
KPMG fund	(1999)	113	113	-	-	113
Ernst & Young fund	(1999)	225	200	-	-	200
SJMS Associates fund	(1999)	41	41	25	-	66
Sunil Piyawardena & Co fund	(1999)	55	55	-	-	55
Jayasinghe & Co fund	(2000)	30	30	-	-	30
Lal Nanayakkara & Co fund	(2000)	75	75	-	-	75
G C B Wijeyesinghe fund	(2000)	50	50	-	-	50
Nihal Hettiarachchi fund	(2000)	51	51	49	(49)	51
Jayaweera & Co fund	(2000)	25	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
TOTAL		1,336	1,336	167	(106)	1,397

Interest received and prizes awarded from these funds have been shown under Income Balances-Scholarships and Prize Funds (Note 23)

NOTE 23 - INCOME BALANCES - SCHOLARSHIP & PRIZE FUNDS

	Balance as at 01.01.2011 Rs.'000	Balance as at 31.12.2011 Rs.'000	Interest/ Income transfers for the year Rs.'000	(Awards during the year) Rs.'000	Balance as at 31.12.2012 Rs.'000
Needy scholarship funds					
- LA Weerasinghe memorial scholarship fund	2,780	1,899	3,989	(3,568)	2,320
- Prof. Y A D S Samaratinga memorial fund	-	159	20	(135)	44
- Prof. Kodagoda memorial fund	84	10	21	(12)	19
- Members' scholarship fund	243	100	50	(24)	126
Merit scholarship funds					
- Merit scholarship - general fund	1,567	1,060	2,696	(1,185)	2,571
- Pelwatta Sugar Industries Ltd. fund	257	277	36	-	313
- Ernst & Young scholarship fund	-	-	35	-	35
- Miss. Inoka Gunaratne memorial fund	165	124	14	(29)	109
- CA Sri Lanka scholarship funds	-	94	1,675	(1,339)	430
Prize funds	74	3	331	(194)	140
TOTAL	5,170	3,726	8,867	(6,486)	6,107

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 24 - BEST ANNUAL REPORT COMPETITION FUND

	Balance as at 01.01.2011 Rs.'000	Balance as at 31.12.2011 Rs.'000	Receipts Rs.'000	(Transfers / Payments) Rs.'000	Balance as at 31.12.2012 Rs.'000
Deshabandu Albert Page (1992)	532	562	56	(6)	612
Late Mr. Cyril Gardiner	139	136	13	(14)	135
Hayleys Ltd (1994)	207	214	22	(6)	230
TOTAL	878	912	91	(26)	977

NOTE 25 - WORLD BANK GRANT - IRQUE PROJECT

	Balance as at 01.01.2011 Rs.'000	Balance as at 31.12.2011 Rs.'000	Receipts Rs.'000	(Transfers/ Amortisation) Rs.'000	Balance as at 31.12.2012 Rs.'000
Library books	3,417	1,232	-	(861)	371
Computers	9,893	7,915	-	(1,583)	6,332
Multimedia English Language Centre - software	1,511	723	-	(723)	-
Other equipment	3,659	3,225	-	(378)	2,847
Motor coach	9,067	7,059	-	(1,411)	5,648
Library software	1,500	1,125	-	(375)	750
TOTAL	29,047	21,279	-	(5,331)	15,948

Amortisation of grant consists of amortisation of property, plant and equipment related grant amounting to Rs. 3,372,164/- (Note 8) and amortisation of grant relating to library books and software amounting to Rs. 1,958,733/- (Note 9)

NOTE 26 - OTHER GRANTS

	Balance as at 01.01.2011 Rs.'000	Balance as at 31.12.2011 Rs.'000	Receipts Rs.'000	(Transfers/ Amortisation) Rs.'000	Balance as at 31.12.2012 Rs.'000
ICTA RAP grant	15	-	-	-	-
World Bank grant	-	-	24,302	(277)	24,025
SLAASMB grant	-	-	2,500	(2,500)	-
PwC grant	-	-	1,700	-	1,700
TOTAL	15	-	28,502	(2,777)	25,725

26.1 World Bank Grant: Two laptops and a screen worth Rs. 442, 223/- have been procured during the financial year. The corresponding grant amount will be amortised from 2013 over the useful life of these assets. Rs. 277,465/- has been amortised in respect of expenditure incurred on component 2.3 - Create awareness among small and medium practices (SMPs) on the new developments in the profession.

26.2 SLAASMB Grant: A grant of Rs.2.5mn was received from the Treasury (through the Sri Lanka Accounting and Auditing Standards Monitoring Board - SLAASMB) for the development of accounting and auditing standards. This was utilised in full for the said purpose.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**AS AT****NOTE 27 - RETIREMENT BENEFIT OBLIGATION**

	31.12.2012 Rs.'000	31.12.2011 Rs.'000	Restated 01.01.2011 Rs.'000
Balance at the beginning of the year	17,626	17,210	19,455
Provision made during the year	4,111	2,997	801
Payments made during the year	(1,540)	(2,581)	(3,046)
BALANCE AT THE END OF THE YEAR	20,197	17,626	17,210

NOTE 27.1 - PROVISION MADE DURING THE YEAR

Interest cost	1,763	1,721	-
Current service costs	2,099	1,698	801
	3,862	3,419	801
Net actuarial (gain)/loss recognised immediately	249	(422)	-
TOTAL PROVISION MADE DURING THE YEAR	4,111	2,997	801

27.2 The provision for retiring gratuity has been made on half-month basis up to 31st December 2009. Actuarial and Management Consultants (Pvt) Ltd., actuaries carried out an actuarial valuation of the defined benefit plan-gratuity on 31st December 2012. The assumptions used in determining the cost of retirement benefits are given under notes to the financial statements (1.3.2).

NOTE 28 - TRADE & OTHER PAYABLES

Accrued charges	43,679	30,860	16,143
Payables-New building	106,217	546	-
Staff payables	12,831	12,983	14,543
Payables on self-study courses & stationery	3,520	1,496	111
University of Southern Queensland	-	-	538
Miscellaneous payables	303	1,364	2,149
TOTAL	166,550	47,249	33,484

NOTE 29 - BANK OVERDRAFTS

Bank of Ceylon -2323065	1,147	5,118	178
Bank of Ceylon -2323111	19,044	18,603	16,857
Sampath Bank -4640815	-	-	187
TOTAL	20,191	23,721	17,222

NOTE 30 - EVENTS OCCURRING AFTER THE REPORTING DATE

There are no material events occurring after the reporting date that require adjustment or disclosure in the financial statements.

NOTE 31 - CAPITAL COMMITMENTS

The total capital commitment on software development as at the reporting date is Rs. 1,779,208.60.

NOTE 32 - CONTINGENT LIABILITIES

There are no contingent liabilities that require adjustment or disclosure in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**NOTE 33 - RELATED PARTY TRANSACTIONS**

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

Payments made during the reporting period

NAME	TRANSACTIONS	2012	Restated
		Rs.'000	2011 Rs.'000
Mr. Sujeewa Mudalige	Technical activities	-	4
	Educational activities	218	148
Mr.T Dharmarajah	Technical activities	74	360
	Educational activities	177	64
	Student registration activities	75	62
Mr. Sanjaya Bandara	Educational activities	570	-
Mr. Heshana Kuruppu	Educational activities	12	-
Mr.Lasantha Wickramasinghe	Technical activities	-	24
Amount due to related parties			
Mr. Sujeewa Mudalige	Educational activities	123	95
Mr. Sanjaya Bandara	Educational activities	70	-

Transactions engaged in by the Institute with the audit firms where Council members have influence over decision making

During the reporting period the Institute had paid Rs.532,370/- to KPMG, where Mr. Jagath Perera is a key management personnel and also a member of the Council of the Institute for outsourcing of the payroll system.

PricewaterhouseCoopers, where Mr.Sujeewa Mudalige and Mr. Channa Manoharan are key management personnel and also members of the Council of the Institute had provided a HRIS system worth Rs.1.7mn to the Institute free of charge. Additional effort on customisation is charged at Rs.15,000/- per man day. The estimated cost to the Institute for customisation is Rs. 378,000/-.

The Institute has entered into an agreement with Ernst & Young, where Mr. Arjuna Herath is a key management personnel and also a member of the Council of the institute to develop a customised audit tool kit for small and medium practices (SMPs). The amount payable for this service is Rs.1,298,080/-.

STATEMENT OF FINANCIAL POSITION

AS AT	31.12.2012		31.12.2011		01.01.2011	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ASSETS						
50 Shares - Hill School Co. Ltd.		-		500		500
Balance at National Savings Bank		585,075		558,745		533,870
		585,075		559,245		534,370
LIABILITIES						
Capital		13,333		13,333		13,333
Income Account						
Balance as at 1st January	545,912		521,037	-	497,525	
Write Off of 50 Shares - Hill School Co. Ltd	(500)		-		-	
Add: Interest for the year	26,330	571,742	24,875	545,912	23,512	521,037
		585,075		559,245		534,370

CYRILE BEGBIE MEMORIAL PRIZE FUND

STATEMENT OF FINANCIAL POSITION

AS AT	31.12.2012		31.12.2011		01.01.2011	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ASSETS						
Balance at National Savings Bank		185,550		177,200		169,311
TOTAL		185,550		177,200		169,311
LIABILITIES						
Capital		10,000		10,000		10,000
Income Account						
Balance as at 1st January	87,200		79,311		86,854	
Add: Interest for the year	8,350		7,889		7,457	
Less: Prize paid	-		-		(15,000)	
Balance as at 31st December		95,550		87,200		79,311
Creditors - CA Sri Lanka		80,000		80,000		80,000
TOTAL		185,550		177,200		169,311

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December	2012 Rs. '000	2011 Rs. '000	2010 Rs. '000	2009 Rs. '000	2008 Rs. '000	2007 Rs. '000	2006 Rs. '000	2005 Rs. '000	2004 Rs. '000
Revenue from students and members activities	516,207	463,757	383,424	341,891	269,471	221,635	189,917	158,165	148,191
Direct expenditure on students & members activities	(236,128)	(221,827)	(171,140)	(155,633)	(122,540)	(101,311)	(80,953)	(73,687)	(63,040)
CONTRIBUTION BEFORE EMPLOYEE COSTS AND OVERHEADS	280,079	241,930	212,284	186,258	146,931	120,324	108,964	84,478	85,151
Other income									
Other operating income	4,524	5,319	2,769	4,324	1,454	515	583	1,024	646
OPERATING INCOME	284,603	247,249	215,053	190,582	148,385	120,839	109,547	85,502	85,797
Overhead expenses									
Employee costs	(135,597)	(113,005)	(110,114)	(92,852)	(84,715)	(82,831)	(81,720)	(68,038)	(50,737)
Communication expenses	(16,687)	(13,144)	(10,227)	(8,727)	(6,894)	(6,846)	(4,723)	(3,164)	(2,655)
Maintenance of premises	(23,144)	(20,525)	(19,826)	(18,287)	(16,844)	(11,437)	(8,973)	(10,247)	(9,746)
Audit fees	(250)	(120)	(123)	(92)	(92)	(80)	(60)	(40)	(35)
Depreciation & amortisation	(13,250)	(10,520)	(7,721)	(4,211)	(5,731)	(5,159)	(4,696)	(4,410)	(3,567)
Financial assistance to students	(8,499)	(3,228)	(2,757)	(5,831)	(1,184)	(519)	(987)	(1,187)	(98)
Other expenses	(16,666)	(12,111)	(5,480)	(26,932)	(5,922)	(6,091)	(3,407)	(4,030)	(3,828)
Loss on disposal of PPE	(82)	-	-	-	(368)	-	(450)	(740)	(238)
	(214,175)	(172,653)	(156,248)	(156,932)	(121,750)	(112,963)	(105,016)	(91,856)	(70,904)
Net operating income	70,428	74,596	58,805	33,650	26,635	7,876	4,531	(6,354)	14,893
Government grant	363	350	350	300	300	300	300	300	100
Interest income	30,967	30,322	32,111	43,732	35,597	24,291	13,915	9,569	7,336
SURPLUS TRANSFERRED TO ACCUMULATED FUND	101,758	105,268	91,266	77,682	62,532	32,467	18,746	3,515	22,329

STATEMENTS OF FINANCIAL POSITION

As at 31st December	2012	2011	2010	2009	2008	2007	2006	2005	2004
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS									
NON - CURRENT ASSETS									
Property, plant & equipment	591,222	71,893	53,316	61,661	51,921	46,624	39,383	23,396	24,607
Capital Work in progress-Buildings	-	137,232	20,053	-	-	-	-	-	-
Educational material - IRQUE project	1,392	2,973	6,391	9,315	10,614	7,770	4,357	2,294	-
Intangible Assets	11,081	10,465	8,512	-	-	-	-	-	-
APFASL	20,102	-	-	-	-	-	-	-	-
Work in progress-Software development	3,826	1,534	1,134	-	-	-	-	-	-
	627,623	224,097	89,406	70,976	62,535	54,394	43,740	25,690	24,607
CURRENT ASSETS									
Inventories	25,616	16,368	17,287	8,615	9,737	9,959	7,188	6,189	8,049
Receivables	38,138	27,804	26,574	23,149	21,616	18,907	14,539	10,269	9,833
Deposits, prepayments & advances	9,835	2,910	3,841	7,675	5,150	3,610	3,809	1,743	892
Short term investments	242,750	453,250	460,475	344,058	251,667	190,621	154,367	141,716	122,471
Cash in hand	91	101	88	60	40	40	40	3,251	3,400
Balances at bank	86,050	18,025	5,398	36,477	30,916	14,518	4,664	-	-
	402,480	518,458	513,663	420,034	319,126	237,655	184,607	163,168	144,645
TOTAL ASSETS	1,030,103	742,555	603,069	491,010	381,661	292,049	228,347	188,858	169,252
FUNDS & LIABILITIES									
ACCUMULATED FUND & RESERVES									
Accumulated fund	556,843	465,085	359,817	268,551	190,869	128,337	95,870	77,729	74,214
Capital reserve	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
	580,843	489,085	383,817	292,551	214,869	152,337	119,870	101,729	98,214
SPECIFIC FUNDS									
Faculty of Taxation fund	437	398	374	344	316	316	316	316	316
Faculty of Auditing fund	422	384	360	333	305	266	241	223	210
Needy students scholarship fund	8,266	8,000	7,946	6,752	6,729	6,754	6,693	6,658	6,632
Merit scholarship funds	6,500	6,203	6,467	7,405	8,003	7,851	7,833	7,833	6,292
Prize funds	1,397	1,336	1,336	1,541	1,491	1,480	1,209	807	622
Income balances - scholarships and prize funds	6,107	3,726	5,170	6,306	3,919	4,856	4,414	3,349	2,252
Publications fund	273	249	234	216	198	172	156	145	136
Best Annual Report Competition fund	977	912	878	828	450	450	450	450	450
Urgent Issues Task Force fund	299	272	242	159	-	-	-	-	-
APFASL fund	20,102	-	-	-	-	-	-	-	-
	44,780	21,480	23,007	23,884	21,411	22,145	21,312	19,781	16,910
GRANTS									
Treasury grant for standards setting	-	-	-	-	133	349	566	783	2,000
World Bank grant - IRQUE project	15,948	21,279	29,047	35,198	26,012	20,507	16,423	1,837	-
Tsunami victims relief grant	-	-	-	918	918	918	918	1,418	-
Other Grant Account	25,725	-	15	-	-	-	-	-	-
	41,673	21,279	29,062	36,116	27,063	21,774	17,907	4,038	2,000
NON-CURRENT LIABILITIES									
Provision for retiring gratuity	20,197	17,626	17,210	19,455	19,079	20,046	19,283	16,831	12,280
CURRENT LIABILITIES									
Accounts payable	166,550	47,249	33,484	34,669	23,986	28,142	15,437	8,530	8,067
Receipts in advance	155,869	122,115	99,267	73,017	65,271	41,925	27,994	34,213	26,167
Bank overdraft	20,191	23,721	17,222	11,318	9,982	5,680	6,544	3,736	5,614
	342,610	193,085	149,973	119,004	99,239	75,747	49,975	46,479	39,848
TOTAL FUNDS & LIABILITIES	1,030,103	742,555	603,069	491,010	381,661	292,049	228,347	188,858	169,252
CASH FLOW STATEMENT									
Net cash inflow/(outflow) from operating activities	208,041	119,550	81,014	56,442	45,787	31,229	1,774	8,712	13,453
Net cash inflow/(outflow) from investing activities	(176,559)	(295,442)	(4,939)	23,485	14,318	3,945	(10,669)	3,336	74
Net cash inflow/(outflow) from financing activities	22,063	1,308	3,387	16,709	13,037	11,798	20,191	8,926	4,140
Cash and cash equivalents	65,950	12,405	204,211	366,527	266,779	196,749	143,777	138,481	119,507

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- Secretary and senior staff of the Ministry of Co-operatives and Internal Trade
- Committee members and other members of the Institute
- Staff of the Institute
- Other professional bodies that have provided support during the year
- The Institute's lead sponsors and other sponsors
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- CA Sri Lanka tuition colleges
- Government officials
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and others who made their contributions during 2012 and are too numerous to mention individually.

By order of the Council



Aruna Alwis
Secretary/Chief Executive Officer

Legal Form

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

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