

Remaining relevant

ANNUAL REPORT
2015



CA



THE INSTITUTE OF
CHARTERED ACCOUNTANTS
OF SRI LANKA

ANNUAL REPORT
2015

The Institute of Chartered Accountants of Sri Lanka was established by Act of Parliament No. 23 of 1959 for the purpose of promoting theory and practice of accountancy, enrolling, educating and training members and for preserving the professional independence of accountants, among other objectives.

The Institute is the sole authority for promulgating accounting and auditing standards in Sri Lanka. The Institute has a member population of 4,876.

Over the years, the Institute has built valuable relationships with regional and international professional accounting bodies.

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Change is all around us and it is happening at an ever quickening pace. As the pivotal Institution for Chartered Accountancy in Sri Lanka, our remit is not only to stay abreast of, but also to foresee the 'contours' of the changing landscape in service of which CA Sri Lanka exists. Thus we seek at all times to be 'in tune' with stakeholder expectations and developments in technology, regulatory frameworks and sustainability, among others, have on this landscape.

To us, remaining relevant means – embracing challenge that change inevitably brings; continuously educating ourselves, our members and our students to be up to date and current; forging alliances necessary to negotiate the present and the future; being aware always of the world around us and the competition; being innovative and always striving to meet the needs of stakeholders.

How successful we are in these endeavours determines how relevant we remain, over time.

Rationale

This year's report is structured on the objectives of the Institute under which the value delivered to and value derived from the various stakeholders, have been discussed in detail. The report describes the duality of our purpose, namely, deriving and delivering value that leads to internal and external capital formation in the economic, social and environmental context.

Objectives

The main objectives of the Institute are:

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

Stakeholders

The stakeholders of the Institute are:

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

In the process, we have attempted to communicate the relationships and interconnections of the many aspects of our operations – such as strategy, governance, risk, performance and prospects – in creating value over time in the context of economic, social and environmental dimensions, since such an approach provides greater context for performance measurement and clarifies how financial and non-financial information fits into our operations.

Reporting

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

Compliance

The CA Sri Lanka Annual Report 2015 covers the 12-month period 1st January to 31st December 2015, and is consistent with our usual annual reporting cycle.

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

Inquiries

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

Mail:
Secretary/Chief Executive Officer
The Institute of Chartered Accountants of Sri Lanka
No. 30A, Malalasekera Mawatha
Colombo 7
Sri Lanka
Email: secretariat@casrilanka.org

VISION

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

MISSION

To be the most sought after qualification
for business leaders

OBJECTIVES

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

CORE VALUES

Integrity + Wisdom + Innovation
+ Service

Highlights of the Year →

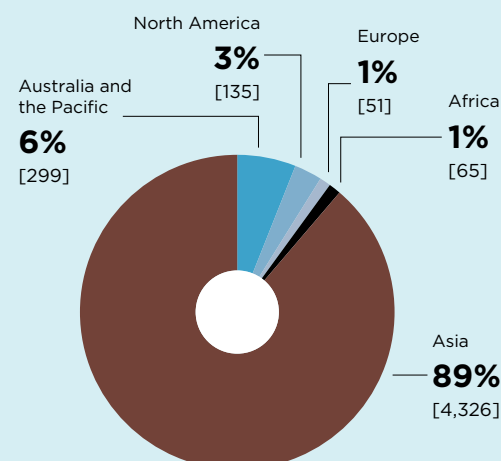
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For the Year ended 31st December	2015	2014	Growth %
Members:			
No. of members	4,876	4,680	4
Ratio of resident and non-resident members (%)	85:15	80:20	
Ratio of practicing and non-practicing members (%)	14:86	12:88	
Membership retention rate (%)	94	98	
No. of new ACA members	470	381	23
Students:			
No. of Students	44,611	44,610	0.002
Studentship renewal rate (%)	77	80	
No. of new enrolments	10,318	9,331	11
Value of scholarships (Rs. '000)	9,112	7,368	24
Financial Performance:			
Income (Rs. '000)	760,460	760,890	-0.1
Surplus for the year after tax (Rs. '000)	95,879	104,102	-8
Total Comprehensive Income (Rs. '000)	91,176	104,513	-13
Total Assets (Rs. '000)	1,291,897	1,160,410	11
Other:			
No. of applications for Annual Report Awards	144	130	11

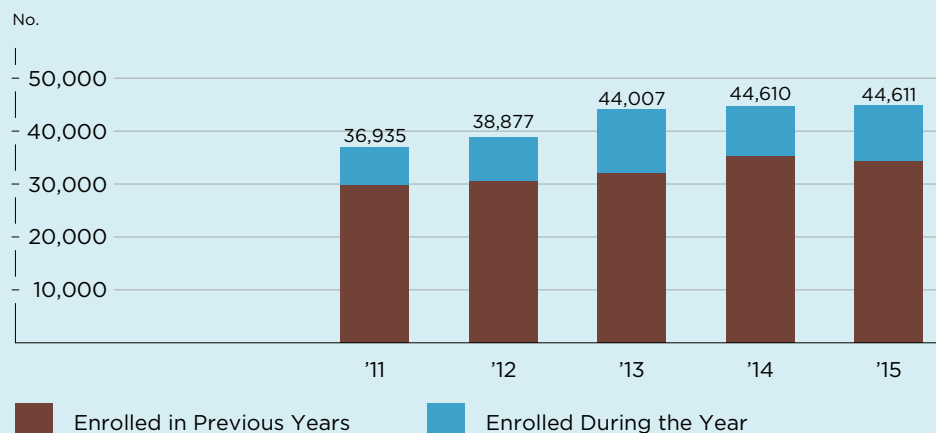
Geographical Distribution of Members

85% of the member population of the Institute is resident in Sri Lanka and the balance 15% members are spread across the continents.



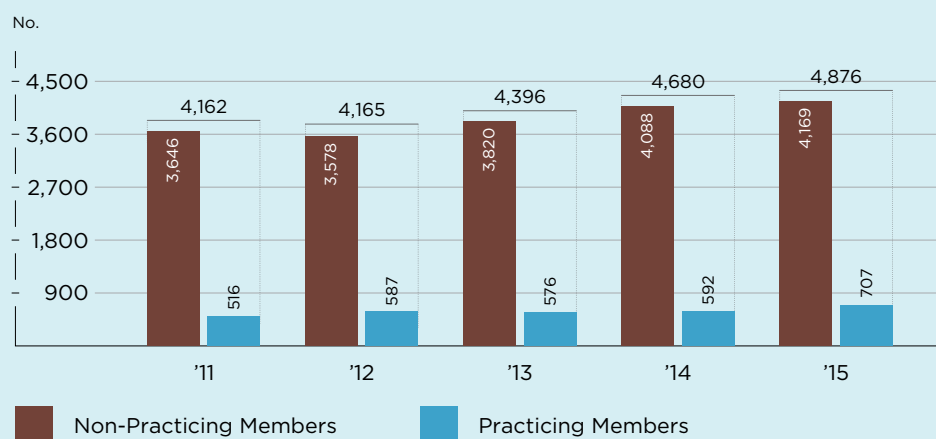
Student Population Growth

A total number of 10,318 new students were enrolled during the year. Total number of students at the end of the year was 44,611.



Membership Growth

A record number of 470 new admissions during the year increased the total member population to 4,876 as at 31st December 2015.



Other Highlights/Events

- In an effort to enhance public financial management in the country, CA Sri Lanka, together with the Chartered Institute of Public Finance and Accountancy (CIPFA), London launched a groundbreaking new qualification 'Chartered Public Finance Accountant' (CPFA) in February for the benefit of the accountancy and finance professionals in the public sector.
- CA Sri Lanka launched a groundbreaking qualification for the Financial Accounting Outsourcing (FAO) industry 'Certified Finance and Accounting Specialist' in June which aims to help the country produce specialist professionals to help reach its ambition of becoming the best outsourcing destination in the world.
- In July, CA Sri Lanka launched 'A Preparer's Guide to Integrated Corporate Reporting' an illustrative implementation guide to facilitate corporates in the country to produce a more comprehensive integrated report.
- CA Sri Lanka introduced the Sri Lanka Accounting Standards for Smaller Entities, an indigenous accounting standard, which came into effect from 1st of January 2016. Smaller entities can use this simplified financial reporting standard with minimum effort and in a cost effective manner.
- The 36th National Conference of Chartered Accountants was held in November which revolved around the theme 'Catalyst 2015: Collaborate to Compete'. The conference attracted over 1,500 participants.
- The 51st Annual Report Award competition grand finale was held in December under the theme 'Clarity Redefined'. The competition created an all-time new record with 144 organisations vying for the honours.



“To be a great profession, all Chartered Accountants should be highly skilled not only technically, but also be equipped with other soft skills such as analytical, communication and interpersonal skills to build trust and confidence among the communities we serve.”

Dear Member,

Throughout the years the business community and the public have looked up to Chartered Accountants for guidance on best practices to manage their businesses amidst global economic recession. The slowdown in most of the BRIC countries which have been the drivers of global growth in the recent past, falling commodity prices and geo-political tensions do not augur well for the international economy in the short term. Chartered Accountants today cannot be passive bean counters but are expected to be active participants in strategy formulation, management and decision-making. In the current economic landscape there will be increasing demands on our members especially those in the export-oriented industries, to play an increasing role in improving the efficiency and competitiveness of their organisations.

The business community and public have relied on Chartered Accountants for their expertise as to how the enterprises could operate successfully and are required to play a major role as custodians of their financial and other assets. As auditors our duty is to assure the accuracy and faithful representation of financial statements to form an opinion. In this regard we have justified the confidence reposed in us. Yet we cannot afford to be complacent. We are living in an era where there is increasing concern about good governance, transparency and accountability among professionals as well as the general public.

Mere technical skills alone do not suffice but ethical behaviour and a professional approach to all issues is crucial, and every effort is taken to ensure that our members conform to these highest ethical standards. To be a great profession, all Chartered Accountants should be highly skilled not only technically, but also be equipped with other soft skills such as analytical, communication and interpersonal skills to build trust and confidence among the communities we serve.

Today, when there is increased concern with eliminating fraud and corruption, forensic thinking, accounting and auditing have become increasingly important, and have become a concern in the international arena. This is an area we identified as important. We have now developed a certificate course to address this demand. The Audit Quality Assurance Programme has also been an important initiative in the effort in reinforcing the public trust in the audit profession.

Three to four years ago we commenced revamping our curriculum to produce professionals who would be able to cope with the challenges of the next decade and beyond. The curriculum was designed to ensure that the future Chartered Accountant goes beyond his or her traditional financial role and becomes a true partner in business who will create value, preserve value and report value to the organisation they serve.

The syllabus compares with the best in the world. The Institute is currently helping the students to adjust to the new paradigm of thinking and learning envisaged by the new syllabus. Given that vast majority of new student registrations is from the commerce stream, moving beyond our usual practice we have arranged lectures in Business Mathematics and Management Accounting to help them enhance their mathematical and analytical skills. We will also take steps to continue to update the curriculum to ensure that we deliver the needs of the corporates, the society, stakeholders and students, to ensure our curriculum remains both innovative and relevant at all times.

To maintain the diversity of students we also have a scholarship scheme to attract the best students from all streams with an emphasis on those from low income groups. However we need to move beyond this. We are working on a new scholarship scheme called the CA Talent Scholarship. This scheme will focus on recruiting mathematics and science students giving emphasis to extra-curricular activities. We need to mould all-rounders and get them into the right path.

We plan to recognise teaching institutions, that are dedicated to improve their teaching techniques and services provided for students.

Being, mindful of the need of the public sector, the Institute launched the Chartered Public Finance Accountant (CPFA), qualification in collaboration with Chartered Institute of Public Finance and Accountancy (CIPFA), London. We are spearheading the move of public sector accounts from a cash basis to an accrual basis. We have formulated accounting standards for the public sector and are striving to get them implemented. We have also catered to the needs of the public sector personnel by way of our executive and business level qualifications.

We have taken an extremely innovative step in introducing a special qualification for the Financial Accounting Outsourcing industry (FAO). This course will produce finance and accounting professionals with the right knowledge, attributes and skills specifically required for the FAO industry. It will help Sri Lanka realise its goal of becoming the best outsourcing destination in the world.

On the taxation front, we continue to play our traditional role of bringing out publications and conducting seminars to disseminate knowledge to the public. Beyond this, we make recommendations annually as to how taxes should be reformed.

We do not cater only to the needs of the large scale corporate sector and the public sector. Taking cognisance of the crucial role that small and medium enterprises play in the economy the Institute has in recent times paid careful attention to their special needs. New Accounting Standards have been formulated for smaller entities and capacity building of SMPs is continuously carried out to support auditing and other services rendered to SMEs.

To ensure our members remain competent, we have a well-structured CPD programme for all members and we are now moving to monitor and support practicing firms to upgrade their skills.

The Institute continues to uphold its international stature by our members holding prominent positions in both Global and Regional Bodies. We have also contributed to capacity building of accounting and auditing fields in South Asian countries such as Maldives and Bhutan.

I extend my appreciation to the President of the Democratic Socialist Republic of Sri Lanka His Excellency Maithripala Sirisena, Mr. P B Abeykoon, Secretary to the President, my fellow members of the Council and committees, Secretary/CEO Mr. Aruna Alwis for their unstinted support and also to all the staff and members of CA Sri Lanka and our strategic partners in Sri Lanka and worldwide for the continued support.

I am confident that with your support the Institute will continue to forge ahead and meet whatever challenges that await us in the future.



Lasantha Wickremasinghe
President

15th March 2016
Colombo



“From the Institute’s perspective, the year 2015 went down in history for many reasons, among them were the first examination held in March 2015 under the new groundbreaking curriculum which was launched in 2014 and came into effect in 2015 securing our position as one of the country’s foremost accounting institutions and further enhancing our brand image.”

Dear Member,

In these times of great change, the Institute is continuously being challenged to keep its members and students up-to-date and revamp its courses and professional development programmes in line with current developments and knowledge. Our members are the torchbearers of our profession and they need to be kept in the forefront by way of continued professional development. Our mandate also extends towards satisfying the increasing demands from other professionals, civil society and the general public towards enhancing good governance, transparency and accountability.

From the Institute's perspective, the year 2015 went down in history for many reasons, among them were the first examination held in March 2015 under the new groundbreaking curriculum which was launched in 2014 and came into effect in 2015 securing our position as one of the country's foremost accounting institutions and further enhancing our brand image. The content of the new curriculum is structured around three pillars (knowledge, skills and personal) and is offered at three levels (executive, business and corporate). In the skills pillar, we have broken new ground to fill in major gaps in our students' soft skills.

Another important milestone was achieved in 2015 with over 500 Associate Chartered Accountants being inducted for the first time at the annual convocation. In addition, the distinguished FCA status was conferred on 140 members. Furthermore, 10,000 new students enrolled with CA Sri Lanka, which demonstrates continuous demand for the qualification despite the diverse options available for students.

Accounting standards are one of the cornerstones of a Chartered Accountant's knowledge. We have commenced an online certification course on Sri Lanka Accounting Standards. This is a convenient mode of learning for our members whose busy schedules do not permit them to attend classroom sessions. With the focus towards updating the theoretical and practical knowledge on accounting standards the seminar series on Sri Lanka Accounting Standards was conducted during the year. In addition, the SLFRS service desk was established to help financial professionals with any concerns they may face in implementing standards. In collaboration with the World Bank a study was carried out, named the 'ROSC' (Report on Observance of Standards and Codes) to ascertain the gaps in accounting and auditing standards in the country.

In 2015, CA Sri Lanka took great pride in launching two landmark qualifications including 'The Chartered Public Finance Accountant' which is very relevant in view of the increasing concerns about financial management, transparency and accountability in the public sector, was launched together with CIPFA, London. Another major innovative qualification that was launched was the Certified Financial Accounting Specialist, tailored specifically to the Financial Accounting Outsourcing Sector. This qualification will equip even those with intermediate qualifications with a blend of accounting knowledge and industry knowledge,

which will enable them to play a decisive role in the industry. Given the importance of the BPO industry to the economy today, this qualification is a very significant contribution from the Institute towards further strengthening the sector.

Understanding the contribution of the Small and Medium Enterprise (SME) sector to the country's economy, the Institute has nurtured a number of initiatives to assist them as well as to facilitate SMPs to provide audit and other services. The SLFRS (Sri Lanka Accounting Standard) for Smaller Entities which has simplified accounting requirements was introduced from 1st January 2016. Knowledge of the new standard was disseminated through a five-day comprehensive training programme as well as through island-wide seminars. CA Sri Lanka in Collaboration with the Ceylon Chamber of Commerce conducted a programme for SMEs/SMPs to build capacity for SMEs to access professional services. The Institute also initiated a project with GIZ to develop a tool kit, with a computerised template to create capacity within SMPs to support SMEs in activities such as feasibility studies. A series of case study based workshops were also conducted to assist SMPs on how to use the Audit Manual and how to apply Clarified Auditing Standards for the audits of SMEs.

To help young Chartered Accountants realise their ambitions of climbing the corporate ladder the 'nurturing aspirations' programme was inaugurated. Under this programme, 100 ACAs were mentored by 10 distinguished corporate leaders. A member guide book was also launched during the year to provide information on the services the Institute provides, assist members in applying for FCA status and other continuing professional development matters.

Students are the future of our Institute, so it is paramount that we draw in the cream of the younger generation. To realise this objective, we expanded our scholarship programme to enrol the best performers from all streams with emphasis on those from low income backgrounds. We also continued with our 'Sisunena' programme to broaden the knowledge of senior secondary school students. Two new teaching colleges were registered during the year, bringing the total to 17. In addition, 58 new approved training partners were recognised, including 36 partners from the non-audit sector.

Our members continued to play an important role in regulatory bodies, accounting bodies and other committees not only locally but also regionally and internationally. We are represented on the Advisory Commission on Company Law and the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB). We interact regularly with the Central Bank of Sri Lanka, by way of sharing our views of various topical matters such as on the Microfinance Bill, among others. The Institute has been a member of the International Federation of Accountants (IFAC) since 1978, and our members serve on several IFAC Committees. Our members have held the Presidencies of the Confederation of Asia and Pacific Accountants (CAPA) and the South Asian Federation of Accountants (SAFA) while also chairing some of the SAFA committees.

We continued with the Annual Report Awards, which has served as a beacon of excellence in corporate reporting, as we have continued for over half a century. Given the current concerns regarding transparency, the theme of the 2015 competition was fittingly formulated as 'clarity redefined'. With the current worldwide trend towards integrated reporting, the Institute also took a step in this direction. An illustrative implementation guide – "A Preparer's Guide to Integrated Corporate Reporting" – was launched in an effort to facilitate the process of moving towards integrated reporting.

In addition to the annually organised events, such as the 36th National Conference of Chartered Accountants, the CEOs forum and the CFOs forum, we also organised a Strategy Summit for the very first time. The Summit had a line up of distinguished speakers, both national and international and pointed the path to corporate leaders on 'how to close the gap between visionary goals and executed results'.

As in the past, distinguished members who have made great contributions to the profession and to society were honoured by the Lifetime Achievement Award and by inducting them into the CA Sri Lanka Hall of Fame.

Under the guidance of our President, the Council and the various committees we have initiated the formulation of a strategic plan for 2016-2019. This will enable us to build on initiatives we have executed such as the new curriculum.

Finally, I have to thank the President, the Council and Committee Members for their continuous support and encouragement. I also wish to thank my dedicated and hardworking staff as well as the members and students for their continued patronage.



Aruna Alwis

Secretary/Chief Executive Officer

15th March 2016

Colombo

REVIEW OF THE YEAR

A review of how The Institute of Chartered Accountants of Sri Lanka delivered value to and derived value from its various stakeholders while realising the four primary objectives is given in this chapter.

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Operating Environment →

During the year under review, The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) continued to forge ahead as a leading professional body to improve professional standards, integrity, transparency and to enhance the engagement with its stakeholders in particular and of the society in general in achieving the objectives specified in the Act of Parliament, No. 23 of 1959 and the amendments thereto.

CA Sri Lanka was sensitive and responsive to its operating environment firstly to seize the opportunities it offered and secondly to address the challenges it posed, both with a view to optimise the value creation generated by the Institute to its stakeholders.

Regulatory Environment

CA Sri Lanka derives its mandate as the sole authority for promulgating accounting and auditing standards in the country through the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. The Institute works in close collaboration with the Presidential Secretariat. His Excellency the President of the Democratic Socialist Republic of Sri Lanka nominates eight out of the sixteen members of the Council. We share strong links with the Central Bank of Sri Lanka (CBSL), Securities and Exchange Commission of Sri Lanka (SEC), the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB), the Department of Inland Revenue and the Auditor General, who is also an ex-officio member of the CA Sri Lanka Council.

CA Sri Lanka displayed a high degree of transparency in all its initiatives and activities during the year. The audited financial statements, which has gone through intensive and extensive scrutiny of the Operational Review Committee, Audit Committee, External Auditor and finally the Council, are made available beyond our members and stakeholders to the entire society through publishing it in the Government Gazette.

Economic Environment

Sri Lanka entered the ranks of lower middle income countries in 2014. Looking towards the future, the Government is ambitious of creating a knowledge-based social market economy. A major challenge the country has to overcome in the medium term is that of avoiding the middle income trap. The recent surge in the ICT/BPO industries is one favourable sign. The economy however needs to move up the technological ladder in other industries as well. The planned development of several business, technology and tourism zones is a healthy sign.

In 2016, however the country will have to overcome the challenges posed by sluggish global growth to bolster its export performance and overcome the balance of payment deficit. The Chartered Accountancy profession, many of whose members are at the helm of commercial enterprises will have their role to play in driving strategy, reducing costs and increasing efficiency. A strong accountancy professional indubitably contributes to accurate and timely financial information and thereby to sustained growth.

A professional body such as ours has greater responsibility and a challenge to ensure closure of avenues for leakages and pilferages and efficient use of public funds through refined accounting and auditing standards and implementing sound systems of internal control. Being a part of the global economy, it is imperative that Sri Lanka keeps abreast with the latest developments relating to accounting and auditing standards in the rest of the world. Maintaining transparency and integrity is the bounding duty of a professional accounting body and its members and every effort was taken to ensure these objectives were upheld.

CA Sri Lanka served and influenced the economy as an independent professional body. We worked in enriching our role and responsibility towards a growing economy. We continued with education but intensified research and stakeholder consultations. While being at the top of professionalism, we remained competitive, relevant and complementary to the economic environment.

Social Environment

Since of late, Sri Lankan society has undergone rapid changes accompanied by demographic changes. Improvements in transport and highway facilities made the population more mobile. Spread of mass media made people more vigilant and demanding. These changes along with the explosion of social media bear implications on income distribution, employment structure and gender considerations. A professional organisation cannot afford to be insensitive to such a rapid changing social environment.

The globalisation and the attendant trends taking place in the rest of the world have their impact and influence on the Sri Lankan society. Internet brought countries closer; at the same time it made societies closed. Facilities available for education and gaining knowledge have increased in many folds with internet, private education and access to foreign universities. The role played by CA Sri Lanka as a professional body continued with its usual vigor. The need for professional handling

of societal affairs has become urgent and prominent. CA Sri Lanka adopted itself progressively to play the role of a very active professional body during the year in response to rapid changes that took place in the social environment. CA Sri Lanka stood up to the challenges posed by the changing social environment and was quick to seize the opportunities created by such changes.

Technological Environment

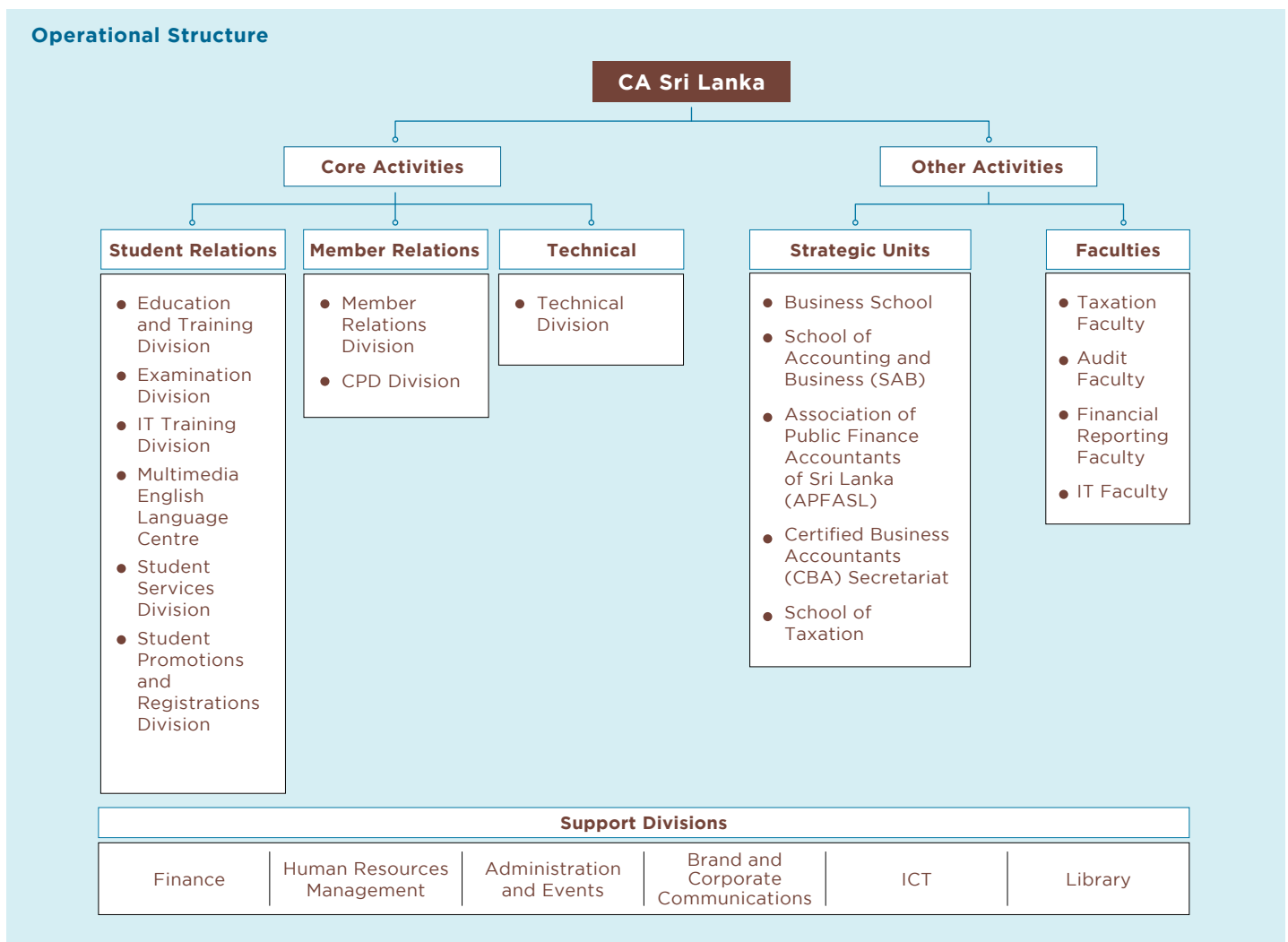
In a world where uncertainty is certain, change is unavoidable. Changes in the technological environment are the most rapid and frequent; they are mostly manmade; they are invading and exploding. Coping up with changes of such nature is a challenge. Only a progressive professional body can stand up to that challenge. CA Sri Lanka is a professional body sufficiently equipped and capable enough not only to stand up but also to convert such challenges into opportunities. Changes are seen in the eyes of CA Sri Lanka more as opportunities than challenges.

CA Sri Lanka does not claim a mere existence of fifty-six years; it is a success story of fifty-six years of a professional body; it is a beacon for the future; it sheds lights on professionalism in all affairs of itself, its stakeholders and the entire society.

Operational Structure →

During its existence spanning over a period of 56 years, CA Sri Lanka has discharged its professional responsibilities in an exemplary manner consolidating the confidence and the expectations reposed in it by the community as a whole and the stakeholders. The year under review, marked intensification of delivering value as a professional body keeping pace with the changes, needs and trends enveloping the society and environment.

The Institute worked with a commitment to ensure a high level of professional competence at the highest levels of integrity in a significant manner towards the national development efforts. The operational structure of the Institute was ready and suited to play this role efficiently and effectively.



Stakeholder Engagement →

Our Stakeholders

- Members
- Students
- Employees
- Government
- Strategic Partners
- Society and Environment

Our activities add value to our stakeholders; and in turn, their actions enhance our value; our stakeholders are an indispensable asset to us; they form an important portion of our capital. Our operating model is tailored for mutual benefit.

Stakeholder Engagement

Stakeholder	Frequency of engagement	Method of engagement	Topics discussed
Members	Annually as well as regularly	<ul style="list-style-type: none"> • Training programmes • Panel discussions • CA Sri Lanka website information updates • Events and other engagements • Press releases • Presence in social media • Training guides • Notice of meeting • Webinars • Code of Best Practice on Corporate Governance • Convocation • Annual General Meeting • Annual report • Quarterly magazine 'Abacus' • Training partner conference 	<ul style="list-style-type: none"> • Membership • Strategic direction • Membership/student fees • Ethics and integrity • Regional co-operation • Affiliations with regional bodies and universities • Scholarships • Continuing Professional Development • New syllabus • Accounting & Auditing Standards • Library facilities • Privileges and benefits • Job bank
Students (current and potential)	Regularly	<ul style="list-style-type: none"> • Workshops and seminars • Competitions • Practical training • Webinars • Presence in social media • Events/other engagements • CA Sri Lanka website • CA Student magazine • Student society • Student conference 	<ul style="list-style-type: none"> • Coaching and examinations • Student welfare • New syllabus • Curriculum and educational material upgrading • Career planning and advice • Communication and IT skills • Scholarships • Benefits of practical training • Training colleges • Library facilities • Job bank

Stakeholder	Frequency of engagement	Method of engagement	Topics discussed
Employees	Regularly	<ul style="list-style-type: none"> • Management meetings • Review meetings • Communication via circulars, memos and e-mails • Events and get-togethers, sports day, celebrations and religious events • Strategic planning sessions • Performance appraisals 	<ul style="list-style-type: none"> • Remuneration • Staff wellness and welfare activities • Work life balance • Future plans and strategic plan implementation • Employer-employee relationship
Government	Regularly	<ul style="list-style-type: none"> • Meetings/workshops with Government authorities and Departments • Submission of special reports • Annual Report 	<ul style="list-style-type: none"> • Corporate governance • Public sector accounting and financial management
Strategic Partners	Regularly	<ul style="list-style-type: none"> • Code of Best Practice on Corporate Governance • Annual Report Awards Competition • Call for quotations/estimates for general supplies • Meetings with suppliers • Visits made by either party 	<ul style="list-style-type: none"> • Registration of suppliers • Procurement policies • Procurement opportunities • Delivery of contractual obligations • Sponsorships • Global outsourcing • Job bank
Society and Environment	Regularly	<ul style="list-style-type: none"> • Presence in social media • Interacting through community events and other corporate events • General meetings 	<ul style="list-style-type: none"> • CSR projects • Career planning and advice • Varying needs of individuals and society

Members

Our members are our brand ambassadors. They are the lifeblood that will guide the destiny of CA Sri Lanka in the longer term. Their performance and recognition in Sri Lanka and abroad strengthen the brand value of professionalism of the Institute. We support their careers through Continuous Professional Development (CPD) and in turn access this vast pool of knowledge and experience whenever required. We are proud they are in demand and trusted world over. The Institute continuously provides its members with knowledge and guidance to improve professional, ethical and technical standards. We work to ensure a high level of professional competence among the membership.

Students

Students are our future. Attracting new students and molding them to become high calibre professionals is thus a key strategic priority for a professional organisation. CA Sri Lanka is always attractive to students who are aspiring to

become professionals and society leaders. CA Sri Lanka is proud to claim that professionals it produced irrespective of what and where they are, have displayed high degree of professionalism in all their actions and have earned the confidence and credibility.

Employees

A loyal committed quality team is necessary for the success of any organisation. It is even more critical for a professional body such as ours. Our employees serve in key areas relating to student and member services as well as the general public.

Strategic Partners

The Institute continued to maintain and enhance its links with the strategic partners, particularly with the academia and other professional bodies. We further the advancement of knowledge, technical and management expertise and intellectual capital. It is a service as well as an investment with high returns to the Institute as well as to our partners. Our stature in the profession and the partnerships that we have built with local and international agencies enable us to be identified to deliver professional services, which in turn help us to build our capacity internally and externally.

Government

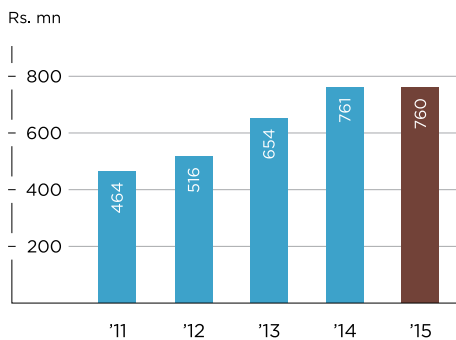
CA Sri Lanka was established by Act of Parliament No. 23 of 1959. It is under the purview of His Excellency the President of the Democratic Socialist Republic of Sri Lanka. As per the provisions of the Act, the President appoints eight members to the Council.

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

Society and Environment

We nurture ourselves and work within society and environment. We are obliged to protect and promote societal interest and environmental concerns. Year 2015 is unique in reflecting how close we were to society and environment. The concerns of the society and the Institute were complementary. We are always environmentally responsible and adopt sound environmental practices.

We set an example in upholding the highest ethical and professional standards in all what we do; we raise public awareness, trust and confidence. CA Sri Lanka is a leader; a trend setter; a forerunner. The notion of Good Governance came into being in politics, economics, society and the entire country. CA Sri Lanka takes pride in being proactive, pioneering and foreseeing.

Financial Review →**Income****Income**

The income for the year 2015 amounted to Rs. 760.4 mn which is on par with the income generated for the previous year.

Income from Learning and Professional Development Activities

During the year under review, Learning and Professional Development Activities recorded a total income of Rs. 587.5 mn, against the Rs. 584.8 mn in 2014. This consisted of income received in relation to examinations, study packs, communication and soft skills development programmes, student registration fees and subscriptions and various study programmes conduct by the Business School, the School of Taxation and the School of Accounting and Business.

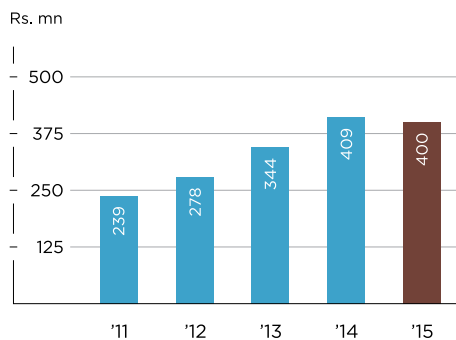
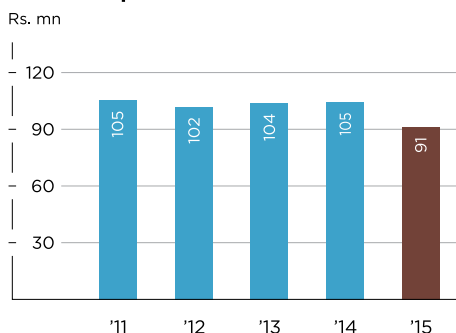
During the year, income from examinations decreased by 18% as the number of subjects under the new curriculum is lesser in comparison to the previous curriculum structure. Certain subjects which had been tested separately have now been combined for better understanding of the concepts and application of the knowledge. Further, there was a reduction in the number of stages from four to three, resulting in an overall reduction in the number of examination papers.

There was an exceptional increase in the purchase of study packs by the students following the availability of most of the study packs of the new curriculum which came into effect from January 2015.

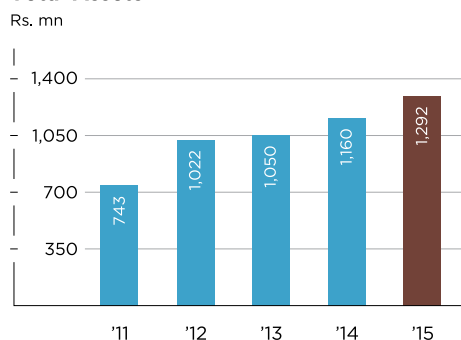
The IT Training programme that was offered at the Certificate in Accounting and Business (CAB) Level offered under the previous curriculum was revamped as an online training course keeping up with the latest improvements in the technological environment. There was a decrease of income amounting to Rs. 26 mn from IT Training programme which is mainly due to the programme now being made mandatory before progressing into the Business level, in the new curriculum.

Decline in the income of the Business School was due to the withdrawal of exemptions granted to professional qualifications in the USQ MBA programme due to a decision taken by the Australian Government and the introduction of certain criteria for English Language proficiency. Further, the postponement of the Euromoney event planned for 2015 to 2016 also had an impact on the decrease in the income. Even though, there is no change in the decision taken by the Australian Government, the demand for the USQ MBA programme has shown positive improvement in terms of the number of students from 2016.

The School of Accounting and Business continued to break new ground as it recorded a income of Rs. 27.7 mn as opposed to the previous year's income of Rs. 15.9 mn. This is Rs. 11.8 mn increase (74%) compared to last year. The demand for the BSc (Applied Accounting) General/Special Degree programme has continuously increased over the period. The initial batch comprising 17 students

Net Income Before Employee Costs and Overheads**Total Comprehensive Income**

Total Assets



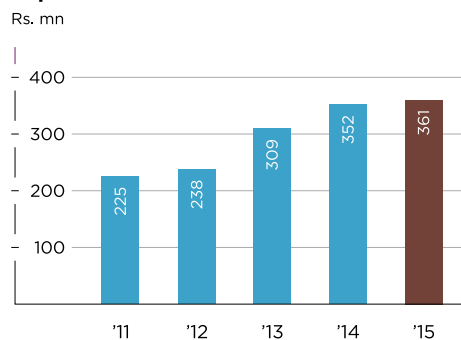
are about to complete their degree. The 2015 intake recorded 132 students for the degree programme.

The School of Taxation had a decline of Rs. 0.6 mn in its income during the year under review, due to the limited intakes owing to the revamp of the taxation courses.

Income from Continuous Professional Development and Member-Related Activities

The continuous professional development and member-related activities which includes fees received for member subscriptions, renewal of practicing certificates, national conference and CPD programmes recorded an income of Rs. 122 mn, a 11% increase as opposed to the previous year. The Institute produced its highest number of new ACAs of 470 new members during 2015 increasing the total active membership to 4,876 at end of the year under review.

Expenditure



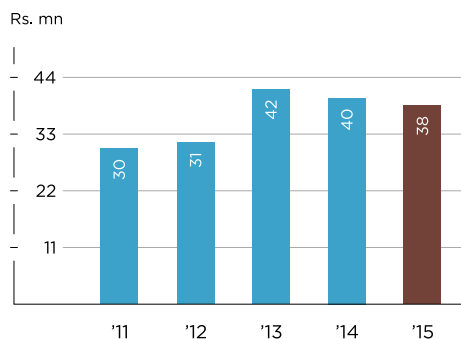
Income from Development of Financial Reporting and Assurance Standards Activities

Financial reporting and assurance standards-related income amounted to Rs 35.7 mn during the year under review, compared to Rs. 51.7 mn in 2014. The income for 2015 comprised income received from the Accounting and Auditing Standards seminars series, sale of publications and Annual Report Awards (ARA) competition. The income for 2014 was exceptionally higher due to the additional Rs. 5 mn contribution received for the Annual Report Awards at its 50th year celebrations for the Cyril Gardiner Memorial Fund and the income received from the Financial Reporting for Economic Development (FRED) Conference held in mid-2014 which amounted to Rs. 7 mn. The CA Sri Lanka Annual Report Awards organised for the 51st consecutive year brought in an income of Rs. 20.5 mn for the year under review.

Income from Development of Public Finance

The Association of Public Finance Accountants of Sri Lanka (APFASL), recorded an income of Rs. 5.2 mn which conducted activities towards the development of public finance. Majority of the income was recorded from the training programmes organised for the benefit of the public sector.

Finance Income



Expenditure

During the year under review, there was an overall 2.5% increase in expenditure which amounted to Rs. 8.8 mn based on many student support activities conducted during the year due to the implementation of the new curriculum.

Overhead expenses increased by Rs. 11.3 mn which was an increase of 3.5% compared to last year. This was mainly due to the increase of depreciation and amortisation charge in 2015 by Rs. 16.5 mn, which was a result of increased depreciation of the building and amortisation of the cost of curriculum development project and increase in employee cost. However, maintenance expenditure was reduced to Rs. 18.9 mn which is 34% decrease in comparison to the previous year due to completion of major maintenance and renovation projects in 2014.

Even though there was an increase in expenditure, as depreciation and amortisation are non-cash items, there was an improvement in terms of cash generated from the operations. In addition to that, there was a significant reduction of capital expenditure compared to last year. Further, receipts in advance increased by Rs. 41.6 mn, which resulted in a considerable increase in investments.

Investments

Investments have been classified into the held to maturity financial assets (HTM) and available-for-sale financial assets (AFS) based on the intention and the ability to hold at the time of each investment.

The increase in long-term HTM investments by Rs. 107.5 mn is due to classification of the new investments under held to maturity financial assets as there is no significant and urgent commitments consequent to the completion of refurbishment and curriculum projects during the year under review.

No requirement arose to uplift the investment in AFS during the year and the investments continued.

Despite the increase in investments, the finance income for the year has decreased by Rs 1.5 mn due to decrease in market interest rates.

Cash and Cash Equivalents

The Institute receives most of its payments in the month of December and it is the peak period of the year in terms of collection of fees. Student subscriptions for the following year becomes due on or before 31st December of the current year. Payments for renewal of member subscriptions and certificates to practice were also received in the month of December. Further, receipt of fees for student activities such as executive level examinations, study packs, registration of new students, IT training and many other payments too were received during the month of December 2015. The growth in payments received for the above services is reflected in the increase indicated in the receipt in advance balances as at 31st December 2015, which is a favourable indication of the demand for future services by the students and members.

Assets

Total assets grew by Rs. 131 mn during the year, which is an 11% growth in comparison to the year 2014. The growth is mainly reflected in the increase in short-term and long-term investments by Rs. 86 mn and cash and cash equivalents by Rs. 24 mn due to investment of excess cash generated from the operations. Further, intangible assets increased by Rs. 22 mn due to completion and capitalisation of the curriculum project. The increase of Rs. 22 mn in receivables was due to the increase in receivables from sponsorships and educational activities. Lastly, inventory balance increased by Rs. 12 mn, due to increased stock levels of study packs as most of the study packs under the new curriculum were made available from January 2015. While there were no major additions to property, plant and equipment due to completion of the refurbishment project in 2014. The property, plant and equipment decreased by Rs. 43 mn mainly due to depreciation charge for the year.

Surplus

Amidst a competitive and challenging environment, CA Sri Lanka was able to achieve a surplus for the year after tax amounting to Rs. 95.8 mn, compared to Rs. 104.1 mn in the previous year.

Accumulated Fund

There has been a continuous growth in the accumulated fund owing to the surpluses made during each successive year. The accumulated fund at the end of the year 2015 amounted to Rs. 859.4 mn.



Upholding Standards →

In a continually and rapidly evolving economic, business, regulatory and social environment, CA Sri Lanka is faced with the challenging task of not only staying abreast of the changes but also of proactively foreseeing those that are on the horizon. The Institute not only has an exclusive role in formulating accounting and auditing standards, ensuring that such standards are up to date and relevant locally and globally but has also to play a key role in their dissemination and implementation.

Several initiatives were undertaken during the year, regarding the dissemination of accounting standards. The Accounting Standards Bound Volume 2015, applicable for annual periods beginning on or after 1st January 2015 was published. The bound volume incorporated all revised Accounting Standards that have been adopted as per 2015 'Consolidated without early adoption' edition of the International Financial Reporting Standards Bound Volume.

To enable practitioners and other professionals to keep abreast about Sri Lanka Accounting Standards, which are in line with the International Financial Reporting Standards (IFRS), CA Sri Lanka also conducted the seminar series on Sri Lanka Accounting Standards – 2015. This seminar series focused on updating the theoretical and practical knowledge on SLFRSs that are applicable for the year 2015 with the contribution of a distinguished group of speakers. The seminar series comprised nine general sessions together with three exclusively designed training sessions on business combinations, financial instruments and application of fair value measurement to cover the most crucial accounting standards for the accounting professionals in Sri Lanka.

Mindful of the pivotal role that small and medium enterprises play in the economy, the Institute in recent times has endeavoured to craft standards and programmes taking into account their special needs and the constraints that they face. It has also especially endeavoured to address the needs of the small and medium practitioners (SMPs) and small and medium enterprises (SMEs) in implementing Accounting Standards and maintaining Audit Quality.

CA Sri Lanka introduced Sri Lanka Accounting Standards for Smaller Entities, an indigenous accounting standard, which came into effect from 1st January 2016, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) funded this initiative. This provides a financial reporting standard with simplified accounting requirements which could be used cost effectively and with minimum effort by smaller entities.

Several programmes were implemented specifically with the objective of facilitating the understanding and implementation of accounting standards in the SME sector.

A five-day comprehensive training was conducted by CA Sri Lanka on the SLFRS for SMEs in collaboration with the SLFRS education committee. The training covered all sections of the SLFRS for SMEs standard and the issues with practical implementation of the standard.

To disseminate knowledge of SLFRS for SMEs island-wide, CA Sri Lanka also organised seminars on the subject in seven regions. Four technical materials were developed as guidance notes to assist in the practical application of accounting standards to SMEs and used in the seminars. To further add value to the seminars they were followed up with workshops on computerised accounting packages. These workshops provided hands on experience of the packages aimed at giving participants the confidence to implement them in their organisations.

CA Sri Lanka's efforts to assist SMEs went far beyond the perspective of accounting standards. In a joint initiative, CA Sri Lanka together with the Ceylon Chamber of Commerce organised a programme for the benefit of SMEs and SMPs in order to empower the SMEs in the country, while also facilitating them to connect with banks and financial institutes to access professional services.

CA Sri Lanka also initiated a project with GIZ to develop a toolkit to create capacity within SMPs to support SMEs. The toolkit with a computerised template will cover aspects that are usually bottlenecks to SMEs such as project feasibility studies, how to prepare a business plan and also on drafting a funding proposal to banks and other financial institutions. The project intends to conduct a workshop and subsequently make available a comprehensive toolkit by early 2016. Application level training on how to use such a toolkit and get users feedback to improve the content will be provided at a workshop.

A series of case study based workshops were conducted to assist SMPs on how to use the Audit Manual. The workshops facilitated SMPs to apply Clarified Auditing Standards for the audit of SMEs and their content was designed to enable SMPs to carry out audits of SMEs in compliance with the Sri Lanka Auditing Standards and other best practices. This was a very successful programme which educated the SMP participants, regardless of the position they hold in the firms, on the technical aspects of auditing and assurance engagement. Participants from small-scale audit firms especially, would have greatly benefited from understanding of audit methodology and usage of audit toolkits.

In 2015, the Sri Lanka Accounting Standards Implementation and Interpretation Committee deliberated a number of issues related to the application of Sri Lanka Accounting Standards to companies and industry specific issues. As an outcome of these discussions the following guidelines were issued:

- Guidelines on Presentation and Disclosure – The Segregation of the Life and General Insurance Business under Section 53 of the Regulation of Insurance Industry (Amendment) Act No. 3 of 2011.
- Guideline on Valuation of property, plant and equipment, Investment Property and Biological Assets for the purpose of Financial Reporting.
- Statement of Alternative Treatment (SoAT) on Accounting for Super Gains Tax under Part III of the Finance Act No. 10 of 2015.

As part of its efforts to provide its stakeholders with contemporary learning methods, CA Sri Lanka launched the SLFRS Online Certificate course during the year in review. The course focuses on upgrading the knowledge of the preparers and practitioners on SLFRSs through comprehensive learning materials, self-learning questions and case studies with suggested solutions to understand the theory of the accounting standards, while guiding users through concepts and the principles of the standards.



DIMO PLC receiving the Cyril Gardiner Memorial Trophy for Overall Excellence in Annual Financial Reporting at the prestigious 51st Annual Report Awards Ceremony which was held under the distinguished patronage of the President of the Democratic Socialist Republic of Sri Lanka His Excellency Maithripala Sirisena.

CA Sri Lanka continued with its long-standing tradition of conducting the Annual Report Awards (ARA) competition as it has been doing for over half a century. The year 2015 saw the 51st such event. This award has continued to inspire corporates to achieve excellence in reporting over the years.

Recognising the fact that transparency has become a burning issue among professionals, civil society and the general public, the theme of the 2015 awards was 'Clarity Redefined' with the aim of encouraging effective communication to stakeholders through publication of informative annual reports, promoting effective presentation of financial and non-financial information, and compliance with legislative requirements and generally-accepted accounting practices.

With the current global trend towards integrated reporting, CA Sri Lanka took the initiative to promote the adoption of integrated reporting throughout the corporate sector in Sri Lanka. An illustrative implementation guide – 'A Preparer's Guide to Integrated Corporate Reporting' – was brought out which will facilitate the process of moving to integrated reporting. The implementation guide, which was crafted to deal with contemporary issues and emerging trends regarding integrated corporate reporting worldwide, was launched on 24th July 2015 in the presence of Mr. Thilak Karunaratne, Chairman of the Securities and Exchange Commission of Sri Lanka (SEC) and Mr. Yaya W Junardy, member of the UN Global Compact Board (UNGCB).



'A Preparer's Guide to Integrated Corporate Reporting' was launched under the patronage of Mr. Thilak Karunaratne, Chairman of Securities & Exchange Commission of Sri Lanka and Mr. Yaya W Junardy, member of the UN Global Compact Board (UNGCB).

Confidence in audit quality undoubtedly has a bearing on confidence in accuracy of financial reporting. CA Sri Lanka also conducted an Audit Quality Assurance Programme with the aid of the World Bank in an effort to reaffirm and uplift the public trust and confidence placed in the audit profession. The aim of the programme was to familiarise practicing members and firms with the SLSQC-1 policies and procedures and provide them with the assistance, guidance and mentoring that would help them to improve the quality of their audit work. The SLSQC-1 seminar series helped practitioners understanding of practical aspects and broadened their views.

As part of the programme, the Institute scheduled initial assessment visits to SMP firms during the period 1st January – 22nd March 2015. These visits focused on the procedures, processes and controls established by firms to ensure that audits comply with professional standards and that the firm is in compliance with the

framework of applicable laws and regulations. A total of 32 firms of a wide range in terms of size, experience and capability were visited and reviewed. A generic report of the initial assessment visits and a way forward for the quality assurance programme was presented to the Council by the Quality Assurance Board during the year.

As a follow up, a round table discussion on Audit Quality Assurance was also held in December 2015 at the Institute for the reviewers and representatives of the Council to interact with the SMPs who participated for the initial assessment reviews.

During the year in review, 23 high profile Corporate Directors were bestowed with the 'Accredited Director' status, while 58 Directors were awarded with certificate of participation by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka (SEC) for successfully completing the Corporate Directors Programme. The award ceremony was held under the patronage of Mr. Thilak Karunaratne, Chairman of the Securities and Exchange Commission of Sri Lanka.



The awards ceremony of the Corporate Directors Programme was held under the patronage of Mr. Thilak Karunaratne, Chairman of the Securities and Exchange Commission of Sri Lanka.

During the year in review, the Association of Public Finance Accountants of Sri Lanka (APFASL), the public sector wing of CA Sri Lanka, conducted 15 training programmes for 677 public officers. Accordingly, 3 training programmes were conducted on the Sri Lanka Public Sector Accounting Standards, where 208 public officers were trained, while an internal control and audit training programme was conducted with 52 officers being trained. A total of 417 public officers were trained under 11 Procurement Management Training Programmes. The Total number of APFASL membership grew from 834 to 904 as at 31st December 2015.

Another initiative is in the pipeline to bring the standard of reporting and disclosure in the public sector up to that of the private sector. It is proposed to conduct a best annual reports and accounts disclosure competition among the public sector institutions with a view to bring about excellence in financial reporting in collaboration with the Ministry of Finance.

44,611

Registered students
as at the year end



4,876

Associate and
Fellow Members



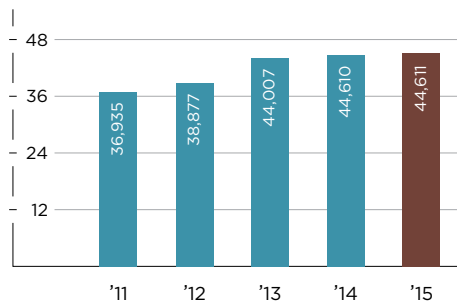
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Excellence in Education and Professional Development →

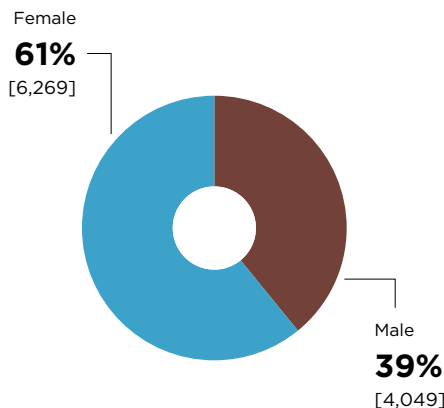
Student Population Growth

No. '000



Gender-wise Analysis of Student Intake for the Year 2015

% and No.



CA Sri Lanka has commenced several strategic initiatives in an effort to recruit the right mix of students and specific focus has also been paid to attract more non-commerce students, as well as students from metro schools, in an effort to further propagate the importance of the CA qualification, as one of the country's foremost accounting qualifications.

In a volatile national and international economic and financial environment, the chartered accountant of today needs to be equipped with a broad range of knowledge, skills and competencies to carry out the onerous duties expected of him. He is no longer expected to be a mere passive number cruncher. Instead, he is expected to be an active participant in formulating strategy and in decision-making and to go far beyond the confines of the traditional financial role. Our professionals need to stay abreast of current trends and with this comes a need to produce professionals who are up-to-date and are of the highest calibre. Continuing professional education and training for those already qualified also becomes imperative. A chartered accountant's knowledge and training should embrace both theoretical and practical aspects of accountancy, finance and other related disciplines and should also give him the ability to stay current in the fast changing world of the 21st Century. In an era of globalisation and professional mobility, the products of the Institute should be able to market themselves locally and globally.

During the year in review, the Institute not only fulfilled its mandate of producing professionals of the highest calibre but also conducted a large number of additional programmes to hone its members and practitioners' skills and knowledge and keep them abreast of current developments and trends.

In the year 2015, the Institute achieved a new milestone by inducting over 500 Associate Chartered Accountants at a single convocation for the first time. At the convocation held at the BMICH in September 2015, 544 Associate Members were conferred with the ACA status. This was made possible after conducting three case study exams, which helped increase the number of members. In November 2015, CA Sri Lanka also awarded the distinguished FCA status to 140 Chartered Accountants, elevating them to the highest stratum in their professional careers at a special FCA convocation held at CA Sri Lanka.

The first examination under the new curriculum 'Partnering Businesses through Financial Leadership' was held in March 2015. The curriculum was designed to produce professionals of the required calibre for 2020 and beyond. It has a revised subject portfolio, providing students with up-to-date knowledge and hands on experience in addition to accounting methodologies and compares well with the curricula of leading accounting institutes around the world.

This will ensure that the future Chartered Accountant goes beyond his or her traditional financial role and becomes a true partner in business who will create value, enable value, preserve value and report value to the organisation they serve. In developing the curriculum, a balanced approach was adopted to meet the needs of both employers and employees at all levels of competencies. It is also structured around three pillars (knowledge, skills and personal) and is offered at three levels (executive, business and corporate).



The CA Sri Lanka Convocation was held under the patronage of Mr. Ajith E Tudawe, Chairman of Durdans Hospital.

In developing the skills pillar, new ground has been broken and a radical approach taken to overcome some of the barriers students have had hitherto particularly regarding communication and other soft skills. At the lower two levels (executive and business) the focus has been on Business English skills. Before drawing up the detailed course content, a benchmarking study was carried out to ascertain the required level of skill in four areas – listening, speaking, reading and writing. The course plans have been prepared with both academic and professional purposes in mind. The development of language skills for academic purposes entails the development of thinking skills as well, promoting autonomous learning while under the professional purposes linguistic characteristics of different disciplines have been integrated. At the corporate level the syllabus has been developed mainly focusing on soft skills such as personal branding, etiquette, negotiation and conflict resolution. This will equip the aspiring professionals with the necessary skills that would enhance their career prospects both locally and internationally and enable them gain competitive advantage in the business environment.

Under the year reviewed, 6,121 students have registered for Communication and People Skills at Executive Level, with 959 students registering at Business Level and also 304 students have been provided with soft skills training.

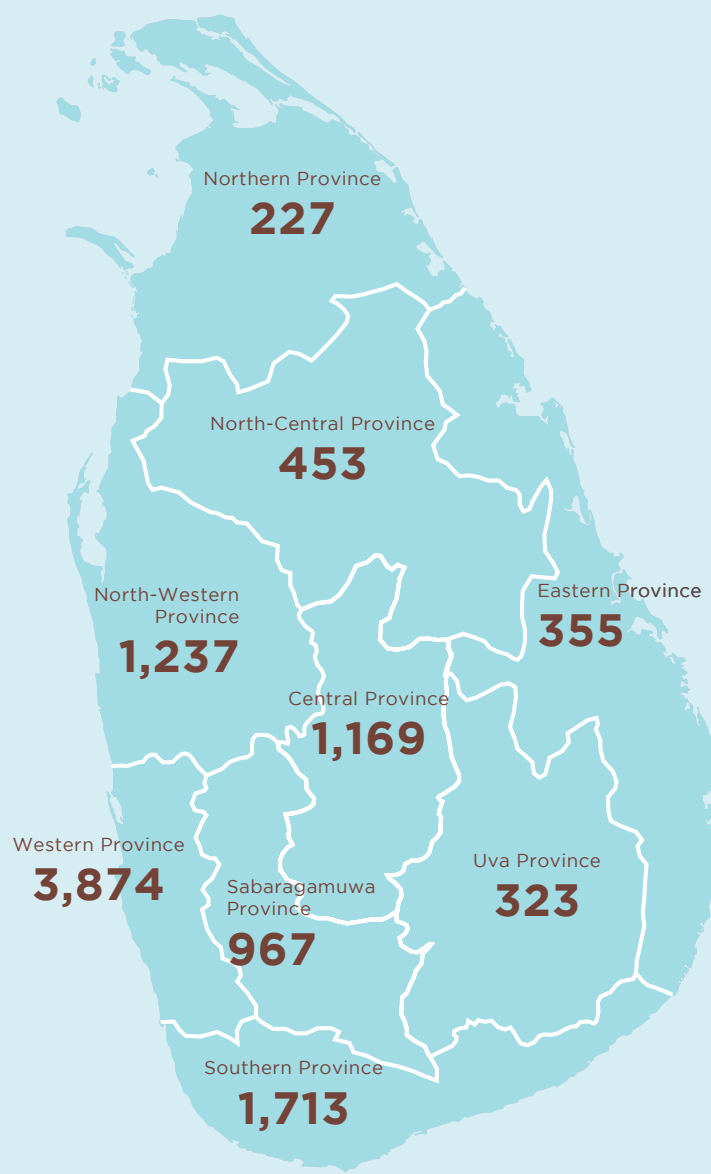
CA Sri Lanka has to compete with other tertiary institutions for the cream of the GCE (A/L) students. The new curriculum should go a long way to convince the best that Chartered Accountancy is indeed the best option for them in terms of tertiary education. The fact that over 10,000 new students were registered in the year under review demonstrates the esteem in which the younger generation holds the Chartered Accountancy qualification.

The International Federation of Accountants (IFAC) also recognised the CA Sri Lanka professional qualification curriculum 2015 as an illustrative example of 'Implementation of Learning Outcomes Approach' for its member bodies. By this, the Institute was also able to contribute to the development of implementation guidance for IFAC member bodies.

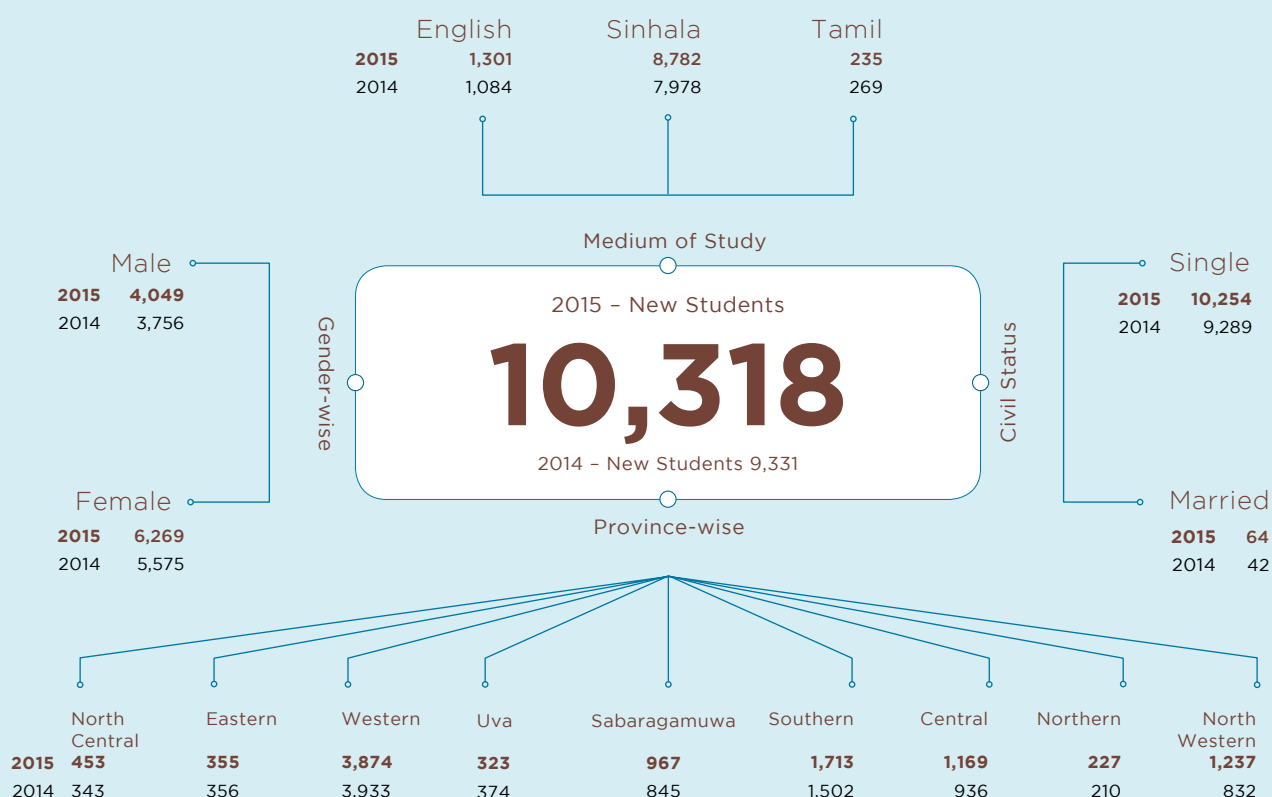
To further add value to the new curriculum and enhance study support to CA students, CA Sri Lanka also tied up with United Kingdom's BPP Learning Media to publish the study materials of Curriculum 2015, thus providing students of CA Sri Lanka with high quality study materials. These study materials will further enhance the appeal that CA Sri Lanka has among prospective students. During the year under review, CA Sri Lanka published fifty-five (55) study materials under the Curriculum 2015.

To supplement the new syllabus with world class study support, 11 workshops were conducted, for 540 students who sat for the Corporate and Contemporary Issues module, while two orientation sessions focusing on the new curriculum, along with learning, teaching and assessment methodology were conducted. Further, exam focused seminar sessions on learning, teaching and assessment methodology on the new curriculum were also conducted for Business Level students.

Provincial Analysis of New Student Intake - 2015



Analysis of New Student Intake – 2015



To expand opportunities for students, CA Sri Lanka is constantly striving to expand its network of partners in teaching and training. In 2015, two additional teaching colleges began to offer the CA Sri Lanka programme, bringing the total number of registered teaching colleges that offer the programme to 17. In addition, 58 new approved training partners were recognised, including 36 partners from the non-audit sector.

The CA Sri Lanka examination process has been developed with three focus areas in mind: enhancing good governance, improving transparency and maintaining sustainability. The Institute also conducted, students' supportive revision classes for Corporate Level during 2015. The respective video of each lecture session was uploaded to the CA Sri Lanka website.

Category	2015	2014
ACA Enrolment	470	381
CAB Certificates	476	1,241
Approval of Training Organisations		
- Public Practice Executive Level	13	8
- Public Practice Business & Corporate Level	9	3
- Non-Public Practice Executive Level	24	25
- Non-Public Practice Business & Corporate Level	12	27
Assessment of Trainees	1,350	919
New Training Agreements Registered	3,838	3,626

470 students were qualified as Associate Chartered Accountants (ACA) during the year under review, while a total of 544 new members were conferred the ACA status at the 2015 Annual Convocation, which comprised students who qualified during the period of September 2014 to August 2015.

To complement the enhanced and current theoretical knowledge introduced by the new curriculum, the revised practical training scheme that was introduced in tandem with Curriculum 2015 was implemented during the year. The training scheme focuses in the goal of enabling aspiring Chartered Accountants to demonstrate that they have gained the technical competence, professional skills and professional values, ethics and attitudes necessary for performing the role of a professional accountant.

Assessment of trainees was further strengthened with continuous assessments to review the performance and to provide feedback to training supervisors for required developments. To achieve this objective, a total of 1,350 trainees were assessed during the year under review in comparison to the 919 trainees in 2014.

In 2015, 3,838 students were enrolled as trainees for the Executive, Business and Corporate levels. In 2015, a total of 476 certificates were issued for students who completed requirements of Knowledge, Skill and Personal Pillars (Practical Training) at the Executive Level. A certificate awards ceremony was held for partly qualified students and for prize winners of CA examinations in recognition of their achievement during the year.

During the year, the Tamil medium suggested solutions (answers) were uploaded to support the students who study in the Tamil medium. In view of the fact that there are a large number of students who are working overseas the Institute strives to provide whatever possible facilities to assist them. An examination centre was set up in the Maldives in 2015, while the Institute continued to conduct examinations in Qatar.

The Certified Business Accountant (CBA) qualification caters specially to the needs of the SME sector for highly skilled accounting personnel. They can also fill mid-level positions in larger organisations, while maintaining the highest standards with the technical knowledge and practical experience they possess. The members of the CBA faculty also have the option of progressing towards becoming fully-fledged Chartered Accountants.

Information technology skills are a vital part of any finance professional's toolkit today. Mindful of this, the Institute regularly conducts programmes to inculcate and strengthen such skills among its members and students.

During the year under review, CA Sri Lanka conducted compulsory IT training courses for students at Executive, Business and Corporate level to enhance their strategic IT skills and provide hands on experience to work on entry level accounting application to a widely used ERP System.

Further, the online learning management system was launched to provide a flexible learning approach for executive level students so that they could learn at times and locations convenient to them.

The IT Training Division also conducted workshops on MS Excel – Master Course for Accounting Professionals for over 100 Professionals. Another IT programme conducted was the Diploma in Information Systems, Security Controls and Audit, an annual diploma which helps enhance the knowledge and skills of students and professionals for planning and performing various types of assurance in the areas of governance, risk management, security, controls and compliance in the domain of IT by using relevant standards, frameworks and best practices.

Coming to more advanced aspects of IT, during the year under review, the CA Sri Lanka IT Faculty organised several programmes to help uplift the knowledge of information technology among students and members. The programmes were conducted by well-versed experts and covered a range of very relevant subjects which IT finance professionals should be conversant with. Among the programmes conducted were, the workshop on Demystifying Enterprise Resource Planning, Insight into Enterprise Resource Planning Implementation, Managing the Office while on the Run, Success in the Cloud Managing the Risks to Secure the Benefits and How Can the Finance Industry Leverage from Google cloud platform among many others.



The Annual Budget Seminar was held under the patronage of Hon. Ravi Karunanayake, Minister of Finance.

In January 2015, the Faculty of Taxation published the 'CA Sri Lanka Guide to Income Tax Law' which was of immense help to members as well as students. To give further assistance to professionals and students in seeking information and guiding principles on contemporary tax issues, the Faculty followed this up with seven Tax Seminars which would keep the members and business community abreast of the changes to regulations. The annual budget seminar which was held in November 2015, was graced by Hon. Ravi Karunanayake, Minister of Finance.

During the year under review, the School of Taxation, which comes under the Faculty of Taxation, conducted several tax courses including the CTA course. In 2015, a total of 30 CTA students graduated, while another 82 participants were continuing the programme, which is offered at 3 levels. To cater to the needs of the taxpaying corporates and other interested parties, 4 taxation workshops were conducted.



The 20th Tax Oration was held under the patronage of Hon. Shri Palaniappan Chidambaram, former Minister of Finance and Home Affairs of India.

In October 2015, the 20th Annual Tax Oration was held on 'Challenges Faced by Emerging Economies in Revenue Collection' presented by Hon. Shri Palaniappan Chidambaram, former Minister of Finance and Home Affairs of India. The session had a very encouraging attendance.

The Faculty of Taxation also conducted a felicitation ceremony for the newly appointed Commissioner General of Inland Revenue, Mrs. Kalyani Dahanayake in April 2015 which was attended by many tax professionals in the country.

CA Sri Lanka does not take a narrow view of its function as only catering to the needs of students, members, the business community and the financial function in the country. Taking a triple bottom line perspective it extends activities to a wider circle beyond its immediate stakeholders. A large number of programmes were conducted during 2015 for secondary school students from whom the future generation of students and members will be drawn.

Category	2015	2014
L A Weerasinghe Scholarships	50	36
Merit Strategic Level Scholarships	36	30
Members Sponsorship Scholarships	10	12
Advance Level Top Ten	10	10
Advance Level Commerce District 1st	10	19
National Conference Scholarship	10	–

As part of fulfilling the Institute's social responsibilities, CA Sri Lanka awards scholarships through the CA foundation, to students who do not come from privileged backgrounds but who aspire to enter the portals of the Chartered Accountancy profession. Under the L A Weerasinghe Scholarship Scheme, 50 students who had successfully passed the GCE A/L Commerce Stream with 3 'A' passes, or had obtained a minimum Z-Score of 1.20 in the Science and Mathematics streams and whose family income is below Rs. 300,000/- per annum, were assisted. By transferring funds from the national conference, a further 10 scholarships were awarded under the same criteria.

Scholarships were also granted to the island-wide 10 best performers in the arts, mathematics, bio-science and commerce streams as well as those who secured the first place in each district in the commerce streams. CA Sri Lanka also offered scholarships for Business Level trainees whose family income is below Rs. 300,000/- per annum, and have completed the CAB 11/Executive Exam and have commenced or intend to commence Business Level Training.



Winners of the CA Sri Lanka Business Plan Competition which was conducted among schools in the Colombo District.

Initiatives were also conducted to assist school students in non-financial ways. An important innovation was the inaugural business plan competition in March 2015, for GCE Advanced Level students from the Commerce Stream, with eight leading schools participating in the competition. The competition inculcated the importance of preparing a business plan in the minds of future accountants and business leaders.

As another initiative towards mentoring the younger generation, CA Sri Lanka in its capacity as both a tertiary education provider and a professional body, conducted a series of programmes during the year under review for the benefit of the student population across the country. Accordingly, career guidance programmes were held in many schools, while the Institute also sponsored the 'Commerce Day' of a significant number of schools in the country. In addition to the career guidance sessions, seminars were also organised where Advanced Level Commerce Stream students were educated on Accounting Standards, Investment Decisions and Economics.



School Children from Galle District visited the Brandix Apparel Solution factory to learn about lean management as part of the Tea with a Champion programme organised by CA Sri Lanka.

The 'Tea with a Champion' event gave a different face to the student-centred activities. Where Advanced Level students were given an opportunity to meet and interact with a CA Sri Lanka member who has attained a leading position in industry and share their aspirational goals with them. This programme has been praised by teachers as giving an insight to students as to how the CA qualification has helped senior Chartered Accountants to climb the corporate ladder. The 2015 event was held at the Brandix Factory in Koggala where students from 10 leading schools in Galle gained insights into lean management, a subject included in the GCE A/L curriculum.

CA Sri Lanka also continued with the '*Sisunena*' programme which imparts knowledge to GCE (A/L) students on various subjects. This programme helps put students in a psychological frame of mind to face the examination with more

confidence. The Institute also conducted seminars for the benefit of students sitting for the Ordinary Level Examinations, where they were given the opportunity to broaden their knowledge on GCE O/L Commerce subjects.

In addition to its Chartered Accountancy programme, and related programmes at different levels, the Institute also offers a degree programme, the BSc. in Applied Accounting. This qualification has the primary aim of affording students and professionals from other disciplines with the opportunity to obtain a specialised academic qualification in accounting. The course has attracted a substantial number of students to date, including foreign students who have opted to follow this degree due to its contemporary and up to date course content. The student intake has reached a cumulative total of 250 within two years of commencing the course. The degree has been endorsed by the University Grants Commission, La Trobe University, CPA Australia and the Association of Chartered Certified Accountants, UK. Students have the option to transfer to La Trobe University mid-way during the course. Completion of the degree carries exemptions for seven modules of the ACCA curriculum. As part of the curriculum students from the first intake of the course are currently serving internships in leading companies giving them practical exposure in addition to their academic knowledge.

The Business School which was established with the aim of enhancing the professional standards of both members as well as students and professionals from the non-accounting stream, continued with its mission of delivering high quality programmes during the year under review for the benefit of members and the corporate society.

During the year 2015, a total of 100 students followed the Postgraduate Diploma in Business and Finance, while 50 students followed the Executive Diploma in Business and Accounting.



CA Sri Lanka Business School Convocation was held under the patronage of Professor Talal Yusaf, Executive Director (USQ International Development) of the University of Southern Queensland and Mr. Rajendra Theagarajah, CEO of NDB Bank.

The MBA programme of the University of Southern Queensland has gained acceptance among the local business and financial community. An increased number of professionals registered in 2015 to follow the programme.

The annual convocation of the Business School in December 2015, was graced by Professor Talal Yusaf, Executive Director (USQ International and Development) and Mr. Rajendra Theagarajah, CEO of NDB Bank. 112 students graduated.

Executive education, seminars and workshops are part and parcel of the profile of the CA Business School, which is a leading executive education provider in the country, training the country's senior management including CEOs, CFOs, Directors and Heads of Finance, among others. During the year under review, the Business School continued to partner with the world's best organisations.

The Institute launched the 'Chartered Public Finance Accountant (CPFA)' qualification in collaboration with the Chartered Institute of Public Finance and Accountancy (CIPFA), London, in February 2015, in the presence of Hon. Ravi Karunanayake, Minister of Finance and Finance Ministry Secretary Dr. R H S Samarathunge.

The curriculum, study materials and other relevant documents were obtained from CIPFA (London), to be localised in accordance with the Sri Lankan context. Subsequent to the launch of the qualification, the Business Level Examination was conducted in December 2015, where 18 candidates appeared for the examination.



CA Sri Lanka President Mr. Arjuna Herath presents the 'Certified Finance and Accounting Specialist' (CFAS) syllabus booklet to Deputy Minister Hon. Dr. Harsha de Silva.

CA Sri Lanka launched, the Certified Finance and Accounting Specialist (CFAS) qualification in order to cater to the Financial Accounting Outsourcing Industry, will help Sri Lanka become the most sought after outsourcing destination in the world. It aims to create finance and accounting professionals with the right knowledge, attributes and skills required for the FAO industry. The qualification is in association with the Sri Lanka Association for Software and Services Companies (SLASSCOM) and the Information and Communication Technology Agency (ICTA).

During the year under review, a new initiative was launched aimed at grooming new entrants to the profession to realise their dreams. The inaugural mentoring programme 'Nurturing Aspirations' was kicked off where 100 chartered accountants were mentored by 10 distinguished corporate leaders. The programme was organised with the aim of helping newly-qualified Chartered Accountants to realise their potential. They were given the rare opportunity to listen and learn from senior chartered accountants, who have successfully climbed the corporate ladder and have attained senior positions across leading companies in the country.

During the year under review, the Members Guide Book was launched in both print and online versions, to help members have a greater understanding of their role, publicise the various services the Institute offers along with important contact points, give guidance on how to apply for FCA and progress professionally among other important areas including Continuing Professional Development (CPD) related matters which is imperative for the progression of members of CA Sri Lanka.

The 29th International CA Students' Conference organised by the CA Students Society was held on 8th of April 2015 at the Kingsbury Hotel, Colombo. More than 700 CA students participated in the conference, including those from SAFA countries (India, Pakistan and Bangladesh). The conference aimed at giving students a broader exposure, beyond the scope of their formal curriculum and focused on various issues and vital aspects relating to current business and economic environments. The conference was themed as 'Train, Ignite, Inspire' – carving a path for the CA Students to visualise, seek and work towards sustainable development, while improving as an individual to meet the demands of the competitive corporate world ahead.

During the year under review, the CA Students Society which was formed in 1981 and represents the interests of the students of CA Sri Lanka conducted various programmes for the benefit of the student population, such as a blood donation campaign, religious and sports events and colours night.

The society also organised the *Vesak Bhakthi* Gee Ceremony, the *Ifthar* Ceremony, the *Nava-Rathri* Ceremony and the Christmas Carol Service in an effort to promote unity among all communities who made up the society. The society also organised 11 annual sports events during 2015 for the benefit of the employees of member firms.



CA Student, Mr. Arosha De Silva was adjudged the 1st runner-up in the best speaker category at the International CA Students' Conference held in Indore, India.

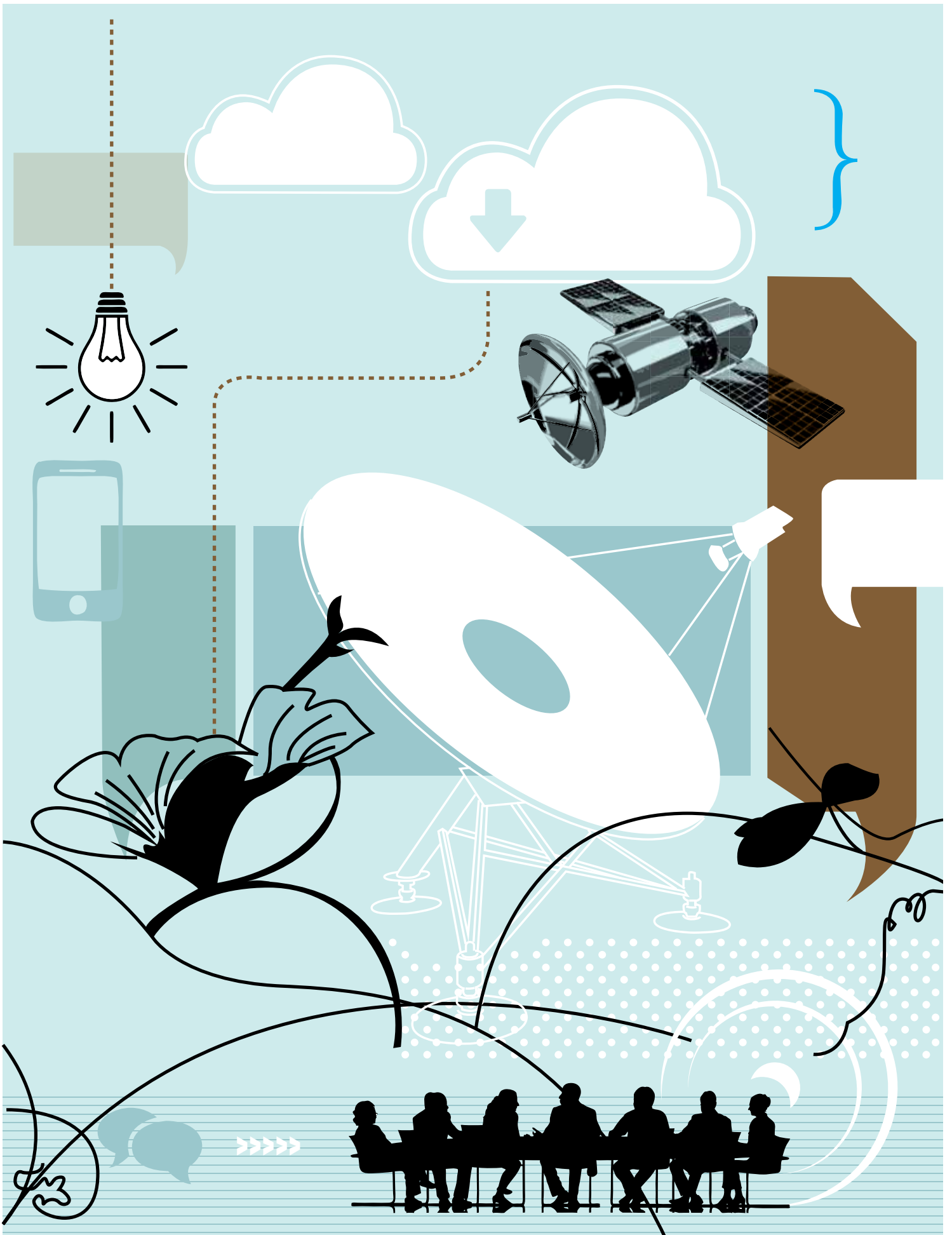
During the year under review, CA Sri Lanka also arranged a student exchange programme with India and Pakistan. At the ICA India CA Students International Conference held in Indore, India, 12 CA Sri Lanka students participated. CA student Arosha De Silva, was adjudged the 1st runner-up among 24 other speakers. The student exchange programme with ICA Pakistan also saw the participation of eight CA Sri Lanka students.

Accounting and financial skills alone do not suffice for the Chartered Accountant of today; they also need to be well-rounded professionals. Communication skills play a vital part for any professional who aspires to rise to a senior position. The CA Sri Lanka Students Gavel Club which is an important platform allowing CA students to improve their communication and leadership skills, was instrumental in producing three students who gained recognition as competent communicators by Toastmasters International after having completed the required number of speech projects.

Geographical Distribution of Members as at 31st December 2015



Country	No. of Members	Country	No. of Members	Country	No. of Members
1. Sri Lanka	4,142	14. Singapore	9	27. Ghana	2
2. Australia	259	15. Cayman Islands	9	28. Bangladesh	2
3. Canada	69	16. Fiji	9	29. Vanuatu	2
4. United Arab Emirates	53	17. Oman	7	30. Vietnam	2
5. Botswana	46	18. Maldives	6	31. Switzerland	2
6. United State of America	46	19. Bermuda	5	32. Nigeria	2
7. Qatar	43	20. Papua New Guinea	5	33. Japan	2
8. United Kingdom	42	21. Ireland	4	34. Barbados	1
9. New Zealand	24	22. Malaysia	4	35. India	1
10. Saudi Arabia	23	23. Channel Islands	3	36. South Africa	1
11. Bahrain	15	24. Jamaica	3	37. Zimbabwe	1
12. Kuwait	14	25. Hong Kong	3	38. Malawi	1
13. Zambia	12	26. Bahamas	2	Total	4,876



Leadership Through Ideas and Influence →



IFAC President Ms. Olivia Kirtley and CFO Mr. Russel Guthrie being welcomed to the Institute in July 2015.

Over its 56 years of existence, CA Sri Lanka has come to be respected among its peers both regional and international as an Institution which has made vast strides in the accountancy world and remains current in the light of evolving local and global needs. During the year under review, the Institute maintained and expanded the role it is playing in global and regional bodies. CA Sri Lanka also undertook a number of initiatives to develop the accounting and auditing profession in South Asian countries.

The Institute has been a member of the International Federation of Accountants (IFAC), the global organisation for accountancy comprising 2.5 million accountants in public practice, education, Government service, industry and commerce across 130 countries, since 1978. CA Sri Lanka members continued to serve on several IFAC committees and on independent standard setting boards. They have shared their expertise and provided insights which have been valued by their peers in the profession regionally and globally. In an effort to further enhance CA Sri Lanka relations with the international organisations, IFAC President Ms. Olivia Kirtley and CFO Mr. Russel Guthrie were in Sri Lanka in July on the invitation of the Institute.

To recount some of the contributions made, Mr. Sujeewa Mudalige, served in the International Accounting Education Standards Board (IAESB) from 2013-2015, while Mr. Reyaz Mihular continued to be a member of the International Ethics Standards Board for Accountants (IESBA) from 2015 till 2016.

Mr. Arjuna Herath continued to serve in the Professional Accountancy Organisation (PAO) Development Committee, during the year under review and will continue till 2018, with Mr. Nishan Fernando serving in the International Accounting Education Standards Board Consultative Advisory Group (IAESB CAG) in 2015.

Further, leveraging on its position as the sole authority to promulgate accounting and auditing standards in the country, CA Sri Lanka maintains a close relationship with the International Accounting Standards Board (IASB). Mr. Reyaz Mihular, Past President of CA Sri Lanka, serves as a member of the IFRS Advisory Council.

In the Asia-Pacific region also, CA Sri Lanka members continue to contribute and play a leading role in the regional accounting bodies. CA Sri Lanka member and Past President Mr. Sujeewa Mudalige was the President of the Confederation of Asian and Pacific Accountants (CAPA), which represents national professional accounting organisations in the Asia-Pacific region. Mr. Arjuna Herath was President of the South Asian Federation of Accountants (SAFA) and Mr. Aruna Alwis, Secretary/Chief Executive Officer of CA Sri Lanka served as the Executive Secretary to SAFA in 2015. SAFA, the apex body of SAARC is a forum of professional accountancy bodies in the SAARC region.

Further, CA Sri Lanka members continued to chair several SAFA committees, including the Committee on Accounting and Auditing Standards, chaired by Mr. Reyaz Mihular and the Committee for Improvement in Transparency, Accountability and Governance chaired by Mr. Lasantha Wickremasinghe. A significant number of other members continued to be represented in the SAFA Board and several committees.

CA Sri Lanka also continues to maintain and expand its network out of Sri Lanka. Two overseas chapters, in the United Arab Emirates (UAE) and Kuwait were established in the year under review.

The CA Sri Lanka chapters endeavour to make a national contribution beyond the confines of the accountancy profession by helping position Sri Lanka in the world arena by facilitating trade and investments between Sri Lanka and the respective countries the chapters are established in. In the meantime they also function as the central point for overseas members of CA Sri Lanka to enhance their professional competencies through various CPD programmes.



CA Sri Lanka facilitated the setting up of a professional accountancy body in Bhutan.

During the year under review, CA Sri Lanka was also instrumental in providing assistance to set up a professional accountancy body in Bhutan. Further, CA Sri Lanka also conducted a comprehensive five-day training programme on International Financial Reporting Standards (IFRSs) to facilitate the implementation of IFRS/BAS in Bhutan for the benefit of corporates, public interest entities and professionals in Bhutan. An experienced panel of resource persons from Sri Lanka contributed to these activities.

In 2015, CA Sri Lanka also signed a Memorandum of Understanding (MoU) with the Auditor General's (AG) Office of Maldives to strengthen and develop the accounting and auditing profession of that country. The agreement provided a pathway for CA Sri Lanka and the AG Office in Maldives to work towards establishing, developing and strengthening their relationships to facilitate developing the accounting profession in both countries, while adhering to the principles of the International Federation of Accountants (IFAC) and that of the International Organisation of Supreme Audit Institutions (INTOSAI). Under this programme of co-operation with the Maldives, CA Sri Lanka provided technical assistance to the Auditor General's Office particularly regarding International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA). CA Sri Lanka is also engaged in a bilateral experience sharing initiative with Bangladesh and Nepal. These initiatives demonstrate the contribution the Institute is making towards improving the quality of financial reporting and transparency in the South Asian region.



Chief Guest, His Excellency Y K Sinha, Indian High Commissioner to Sri Lanka delivering his speech at the 36th National Conference of CA Sri Lanka.

The National Conference of Chartered Accountants is one of the most high profile events in the business and financial events calendar of the country. In addition to members of the Institute, it attracts business leaders and other high profile participants who play an important role in shaping the business and financial landscape in the country.

During the year under review, the Institute organised its 36th conference from 4th to 6th of November 2015, which was inaugurated by His Excellency Y K Sinha, Indian High Commissioner to Sri Lanka, in the presence of the country's corporate, professional and administrative elite. Participants included top business leaders, Government officials, diplomats, renowned accounting and finance professionals and foreign panelists.

The keynote speech was delivered by Prof. Rajendra Srivastava, LKCSB Chair in Marketing Strategy and International Business at Singapore Management University and Dean – Designate of the Indian School of Business (Hyderabad and Mohali). The main theme of the conference was 'Collaborate to Compete'; it also set an all-time record for attendance with over 1,500 delegates having registered for the conference, which included two days of technical sessions.

In addition to the technical sessions there were a line of high profile local and foreign speakers, including Dr. Howard Nicholas, Mr. John Davie, Mr. F R Singhvi, Mr. Nathan Sivagananathan and Mr. Unmesh Pawar, who enlightened participants including business leaders. Their presentations centred around a very topical subject – opening up organisations to a world of opportunities by building collaborative business models that integrate the resources, knowledge and ideas across companies to produce greater synergic results.

The live webcast feed of the conference proceedings also attracted another 120 registrations from chartered accountants both in Sri Lanka and overseas.



Prof. Rajendra Srivastava delivering the keynote address at the 36th National Conference of CA Sri Lanka.

Another salient feature of the conference in 2015 was the launch of the Mobile App, enabling participants to share their knowledge and interact with the speakers and panelists among others. The Mobile App also offered a host of other services including access to the member directory, technical sessions of the conference, various notifications on activities happening at the Institute as well as a photo gallery.

Every year, CA Sri Lanka pays tribute to distinguished members of the profession in appreciation of the invaluable service they have made to the profession, society and country. In 2015 too, this tradition continued, with CA Sri Lanka paying tribute to eminent Chartered Accountant, Mr. James Mather by honouring him with the Lifetime Achievement Award for 2015 in recognition of the exemplary contribution made by him towards the profession, the business world and society.

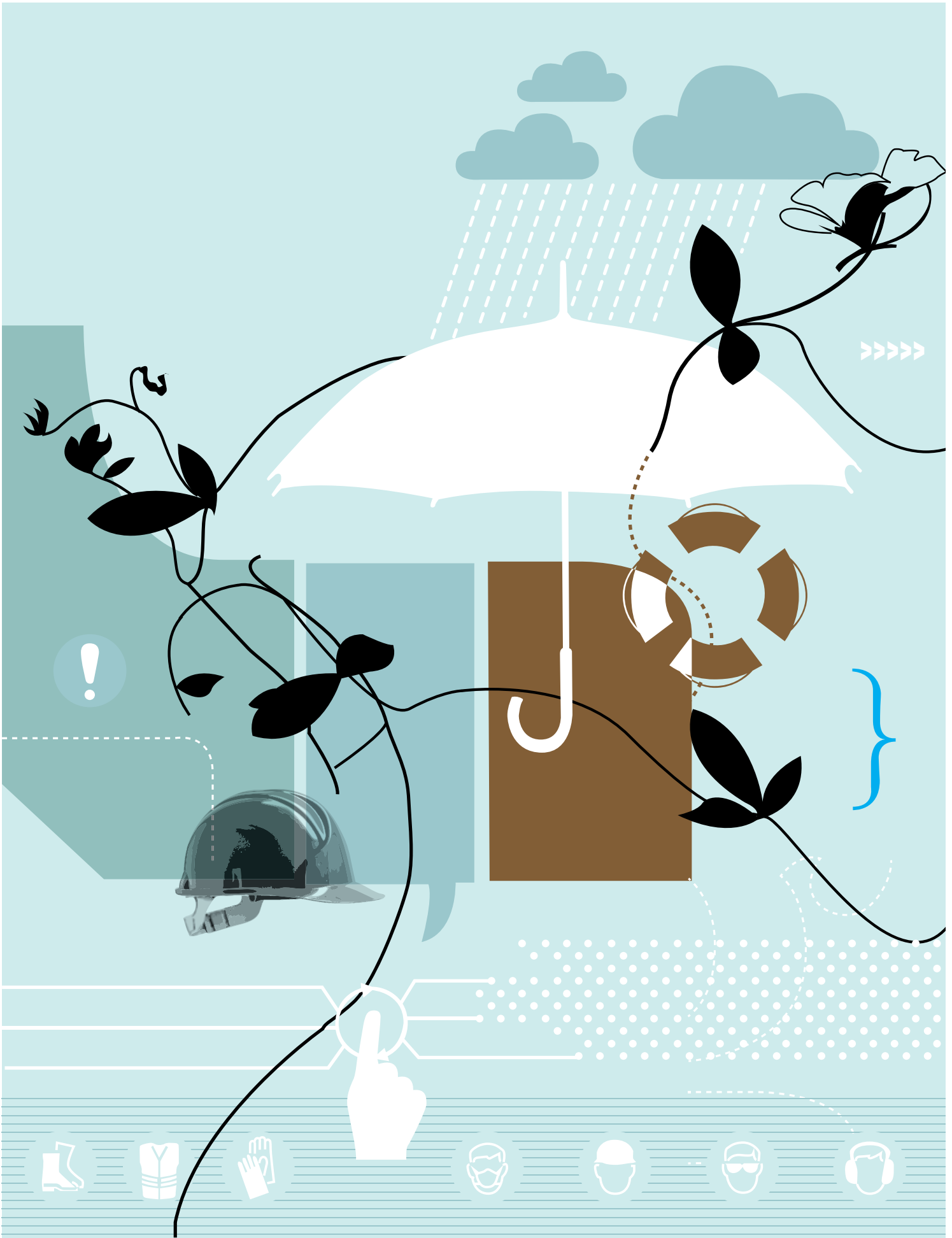


IFAC Chief Financial Officer Mr. Russell Guthrie delivers his speech at the CA Sri Lanka Strategy Summit.

Further, in the same year, CA Sri Lanka also paid tribute to another three distinguished chartered accountants; Mr. B R L Fernando, Mr. Fred Puvimanasinghe and Prof. M W Wickramarachchi, by inducting them to the CA Sri Lanka Hall of Fame for the year 2015, in recognition of their significant contribution made towards the development of the accounting profession, the business world and society.

In the year under review, the CA Sri Lanka Business School also organised a strategy summit, the first of its kind in the country, where seven internationally renowned speakers participated; David Avrin, Greg Bernarda, Jeroen De Flander, Vusi Thembekwayo, Andrew Grant, Dr. Amith Kapoor and Ravi Fernando. It was a tribute to the prestige of the Institute that it was able to host such a distinguished group of speakers on one platform. Held on 28th and 29th July 2015 at the Mount Lavinia Hotel, the event attracted over 300 high profile business leaders, including international participants.

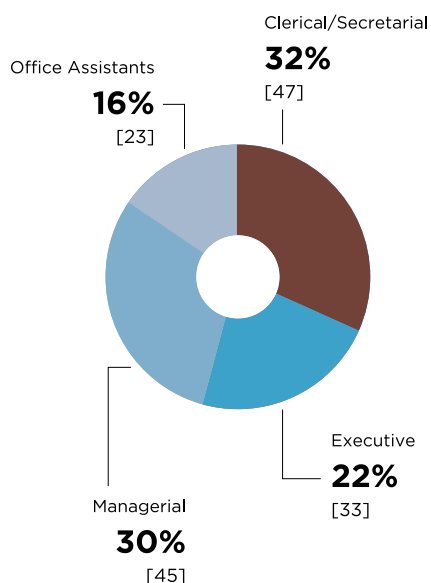
The speakers shared their insights on business strategy for emerging economies, while also focusing on innovation of business strategy and how firms could execute those innovative strategies in competitive environments in emerging markets. The Strategy Summit helped show the path to corporate leaders and high profile professionals on how to close the gap between visionary goals and executed results.



Delivering Dynamic and Proactive Service →

Staff Composition

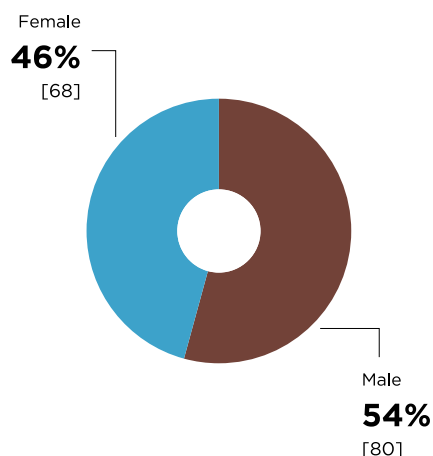
% and No.



As at 31st December 2015

Gender-wise Analysis of Staff

% and No.



As at 31st December 2015

As the national accounting body in Sri Lanka, CA Sri Lanka is always conscious of the vital role it plays in the business, financial and regulatory landscape of the country. We are today in an era of rapid business, financial, technological and regulatory changes. It is necessary that in this volatile climate we not only update our portfolio of services to keep up with changes but that we also proactively foresee the changes that are in the offing.

The changes impact not only the curriculum of our courses and the CPD we provide to our members but also the entire gamut of services we provide to our wider range of stakeholders. In a challenging national and global economic environment the collective efforts of a wide range of legislators, policy makers, business leaders and professionals are needed to overcome the obstacles we face.

A new innovation that was launched in 2015 was the SLFRS service desk. The help desk was instituted to assist financial professionals (including practitioners), academia and other stakeholders to resolve any issues they face in implementing Sri Lanka Accounting Standards. It will enable all stakeholders to rapidly obtain information on the latest standards, clarify any issues on the implementation of the standards and any other business concerns. Members of CA Sri Lanka, CIMA, ACCA, CMA, AAT or a Certified Business Accountant (CBA) can obtain membership with the Financial Reporting Faculty and avail this facility.

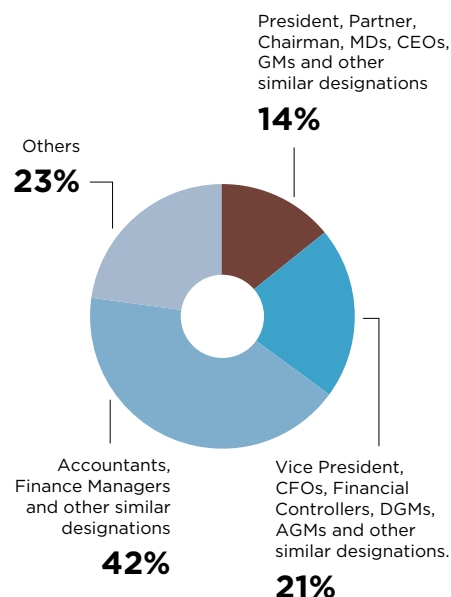
Information Technology is an area where change is rapid and unremitting. It is therefore imperative that all providers and users of IT services remain current with regard to the state of technology and possible applications.

The initiatives the Institute undertook in 2015 to upgrade its IT services included the following:

- Online Learning Management System for IT Training and SLFRS Courses
- Project kick-off for implementing a New Core Information System to improve the quality of services to all stakeholders of the Institute
- Corporate Mobile App for Members to enable easier and faster access to Institute services
- Online CPD System for Members to manage CPD Online
- Introducing Mobitel mCash and HNB Visa/Master Payment Gateway as new payment mode for online services
- Integration of off-line payments such as payments to CA Cashier and Bank of Ceylon with online services
- CA Sri Lanka email accounts for members and students
- Implementing Internet Kiosks and extending Core System Access to CA Branches
- Webinars through CA Website

The webinar portal will enable students to bridge their knowledge gaps while affording them the opportunity to follow workshops and seminars in the comfort of their homes without being physically present at the venue of the event.

Designation-wise Analysis of Members



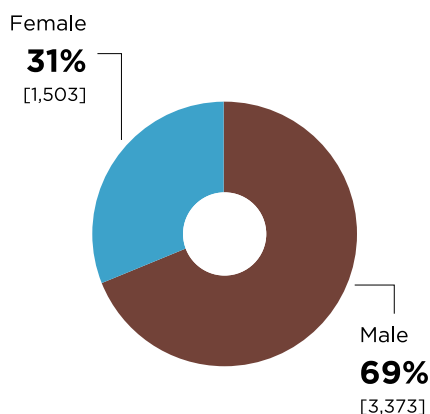
As a central unit, the Student Services division continued to provide information and support services to students relating to course registrations, training and examinations. The division also handled Student Scholarship-related transactions and maintenance of its records. In order to further strengthen the service standards, the Institute held preliminary discussions in conceptualising new student service counters under the 'one-stop service desk' concept. In another major innovation towards improving the services it provides to students, the Institute also inaugurated a call centre. Designed as a 'one-stop service desk' the call centre accepts and attends to student-related voice call inquiries through a single contact point. The initiative also encapsulates other value adding features such as CRM reports, customer satisfaction surveys, callback abandoned calls, among other facilities.

The CA Job Bank was added to the official Facebook Page, providing instant access to both students and members on the latest job opportunities at leading companies, both in Sri Lanka and abroad.

The CA Sri Lanka Library which contributes towards grooming well-rounded professionals in the field of accounting, especially by way of supplementary reading material continued to offer a web-based online Library System (AOLS) for the benefit of students and members. During the year under review, the CA Sri Lanka Library recorded 12,230 transactions; the highest number of transactions during the past five years.

Gender-wise Analysis of Members

% and No.



One of the most important services the Institute offers to its members is the publication of the 'Abacus' magazine. This publication includes attractive content including articles on diverse topics, event reviews and interviews of eminent business leaders and corporates discussing key issues in the business world. The magazine is popular among the many private and public sector organisations.

As part of fulfilling their responsibilities to the community, the Member Relations Committee organised a corporate social responsibility project which was to paint the walls of the Children's Ward in the Maharagama Cancer Hospital. The funds were partially borne by the Institute and many self-contributions were also made by the Members of the Institute.

To enhance the personal benefits members gain from their institutional membership there were also promotional tie ups with organisations such as with HNB Life Assurance and HNB Card Centre, where special rates and seasonal loyalty programmes were offered to the CA Membership.

The Member social networking events are organised by the Institute to create the relaxed, informal atmosphere for the members to enjoy fellowship with their fellow members, colleagues, and friends and to give an excellent opportunity for the accounting fraternity to network and interact. There were two key such events during the year under review. 'PINK CADILLAC', Chartered Accountants Dinner Dance 2015 and 'Members Cricket Fiesta 2015', a day and night encounter which attracted many members along with their families.

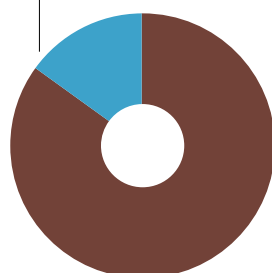
Residency Analysis of Members

% and No.

Non-Resident

15%

[734]



Resident

85%

[4,142]

Communication and leadership skills are today a vital part of any professional's skill set. With this in mind, a host of activities were conducted by the Members' Benevolent Society (MBS), the Young Chartered Accountants' Forum (YCAF) and the ICASL Toastmasters Club, for their respective audiences. The ICASL Toastmasters Club achieved the status of President Distinguished Toastmasters Club which is the highest recognition given by Toastmasters International, during the year under review. The CA Toastmasters Club also organised various events including, a guest lecture session and the Members' Colours Night in 2015. MBS organised two guest lectures, a members' day's outing among other events for members and their families.

The Young Chartered Accountants Forum organised the 'The YCAF Fresher's Eve' an annual event for the new members, along with several monthly knowledge forums in order to provide a platform for young Chartered Accountants to develop their leadership and entrepreneurial skills.

Analysis of Members

Residency	ACA-FCA	Gender	Total	Male	Female
Non-Resident	ACA	F	128	–	128
		M	330	330	–
	ACA Total		458	330	128
	FCA	F	29	–	29
		M	247	247	–
	FCA Total		276	247	29
Non-Resident Total		734	577	157	
Resident	ACA	F	1,117	–	1,117
		M	1,916	1,916	–
	ACA Total		3,033	1,916	1,117
	FCA	F	229	–	229
		M	880	880	–
	FCA Total		1,109	880	229
Total		4,142	2,796	1,346	
Grand Total		4,876	3,373	1,503	

STEWARDSHIP

This chapter explains the governance structure, manner of compliance with the applicable rules and regulations and management of risk at The Institute of Chartered Accountants of Sri Lanka.

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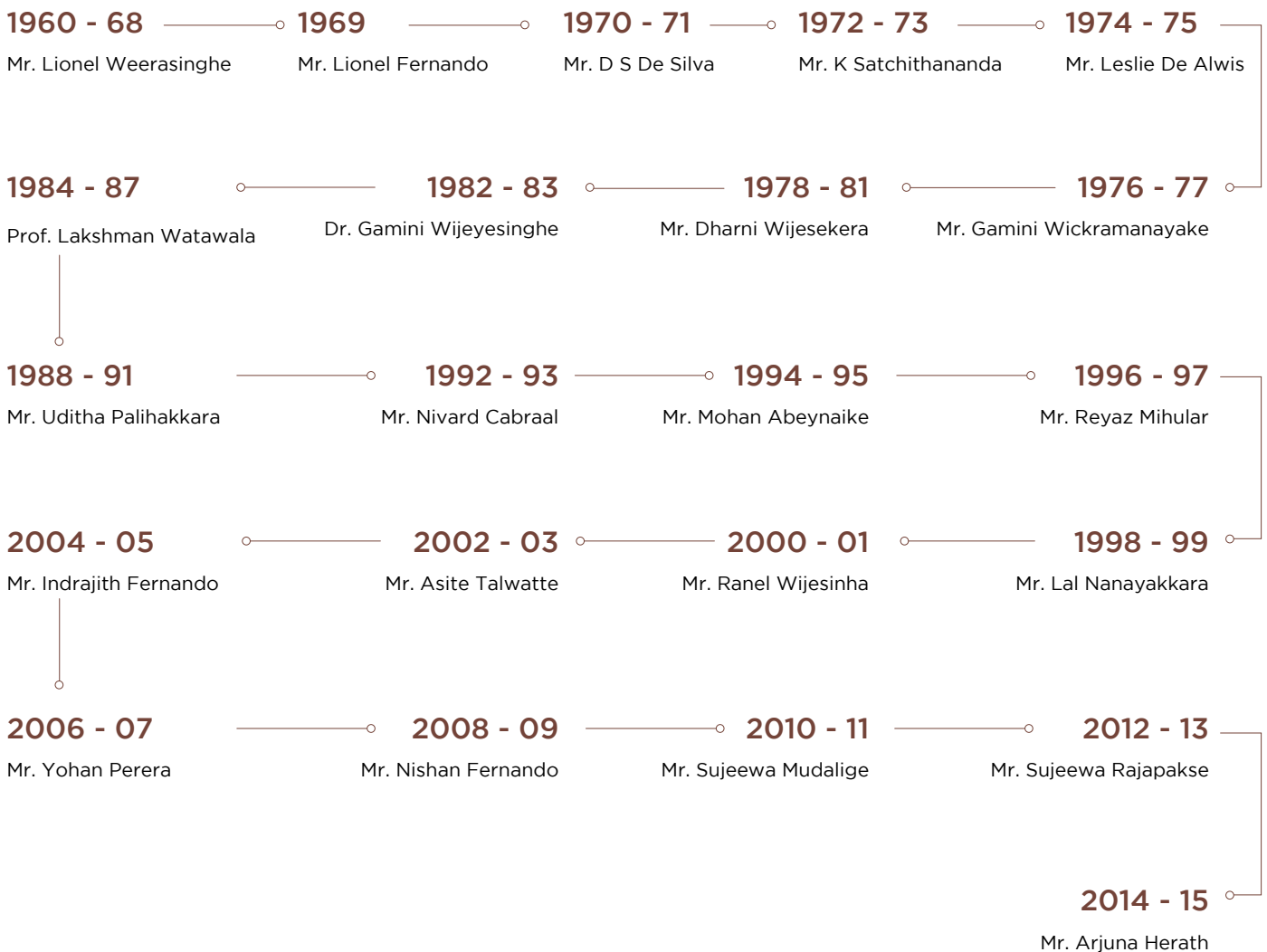
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Report of the Governance and Audit Committee - **72**

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Past Presidents →



The Council 2016/2017 →



Mr. Lasantha Wickremasinghe
FCA, FMAAT

President

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

Member of the Board of Directors
of South Asian Federation of
Accountants (SAFA), Chairman of
the Committee for Improvement
in Transparency, Accountability
and Governance, Member of
the committee for International
Relations and Member of the
committee to Govern the Virtual
Knowledge and Training Centre
of SAFA, Member of the Board
of Directors of Confederation of
Asia Pacific Accountants (CAPA),
Technical Advisor to the Deputy
Chairperson of the SMP committee
of the International Federation of
Accountants (IFAC), Commission
Member of the Securities and
Exchange Commission of Sri Lanka
(SEC), Member of the Board of
Directors of Sri Lanka Accounting
and Auditing Standards Monitoring
Board (SLAASMB), Member of the
Board of Directors of Postgraduate
Institute of Management (PIM),
Member of the Audit and
Management committee of the
Sri Lanka Institute of Advanced
Technological Education (SLIATE)
and Board Member to the *Api*
Wenuwen Api Fund.



Mr. Jagath Chandana Perera
FCA, BSc. (Bus. Admin.) Sp.,
CFE (USA)

Vice-President

Partner, KPMG Sri Lanka and Maldives
Member of the Professional Ethics
and Independence committee
and Member of Small & Medium
Practices committee of South
Asian Federation of Accountants
(SAFA), Member of the Public Sector
Financial Management committee
of the Confederation of Asia Pacific
Accountants (CAPA) and Director of
Sri Lanka Accounting and Auditing
Standards Monitoring Board
(SLAASMB).



Mr. Arjuna Herath
FCA, MBA,
MA (Financial Economics), BSc.
Immediate Past President

Partner and Head of Advisory
Services at Ernst & Young –
Sri Lanka and Maldives

Member of the Professional
Accountancy Organisation
Development committee of
the International Federation of
Accountants (IFAC) and Member
of the Professional Accountancy
Organisation Development
committee of the Confederation of
Asia Pacific Accountants (CAPA).



Mr. Nishantha Kapila Atukorala
FCA, ACMA

Partner Kreston MNS & Co.



Mr. V Kanagasabapathy
FCA, MPA (Harvard), CPFA (UK),
FCMA, FPFA, FMAAT

Advisor to the Board, Hotel Developers
Lanka PLC.

Member of the SAFA committee
on Governmental and Public Sector
Enterprises Accounting.



Ms. Coralie Pietersz
FCA, MBA, BSc. (Hons)
Finance Director, Finlays
Colombo PLC.



Mr. S M S Sanjaya Bandara

FCA, MBA (Colombo),
 BSc. (Accy) Sp. (Sri J'Pura)
 Partner of B R De Silva & Co.
 Member of committee on Quality
 Control of South Asian Federation of
 Accountants (SAFA).



Mr. N R Gajendran

FCA, FCMA
 Partner Gajma & Co.
 Member of the committee on
 Harmonisation of Fiscal and
 Tariff Regimes in SAFA Region.



Mr. Thivanka Jayasinghe

ACA, ACMA (UK), FMAAT
 Partner, PricewaterhouseCoopers



Mr. Manil Jayasinghe

FCA, FCMA (UK), CPFA (UK)
 Partner, Ernst & Young
 Member of the International
 Accountancy Education Standards
 Boards of the International
 Federation of Accountants (IFAC)
 and Member of the Task Force to
 implement Basel-II Report in SAARC
 Countries of South Asian Federation
 of Accountants (SAFA).



Mr. Heshana Kuruppu

FCA, MBA (Banking & Finance) PIM,
 MA (Financial Economics) (Col), BSc.
 (Accy) Sp. 1st Class (Sri J'Pura), ACMA
 General Manager – Special Projects,
 MAS Capital (Pvt) Ltd.
 Member of the committee on
 Professional Accountants in Business
 of South Asian Federation of
 Accountants (SAFA).



Mr. Laknath Peiris

FCA, Attorney-at-Law,
 Passed Finalist CIMA (UK)
 Managing Partner, PLC Law
 Chambers.
 Board Member of Sri Lanka
 Accounting and Auditing Standards
 Monitoring Board (SLAASMB).



Mr. Dulitha Perera

FCA, FCMA
 Partner, KPMG
 Treasurer of the Organisation
 of Professional Associations
 of Sri Lanka (OPA).



Mr. Asoka Pieris

ACA, FCMA (UK), CGMA
 Chief Executive Officer,
 Singer Group in Sri Lanka.



Mr. Tishan Subasinghe

FCA, MBA (Finance) (Col),
 CISA-USA, CPFA (UK), ACMA
 Partner, BDO Partners.
 Member of the committee on NPOs
 and Co-operative Sector of South
 Asian Federation of Accountants
 (SAFA).



Mr. Gamini Wijesinghe

FCA, MA (Econ), BSc. (Pub.Ad) (Sp.)
 Auditor General, Auditor General's
 Department.



Mr. Aruna Alwis

MBA, MBcs, Dip. in Bus. Admin.
 Secretary/Chief Executive Officer

Management Team →

Secretary's Division

Mr. Aruna Alwis

MBA, MBCS, Dip. in Bus. Admin.

Secretary/
Chief Executive Officer

HR

Ms. Wasana Liyanage

BSc (Bus. Admin) - USJP,
PQHRM (IPM)
Deputy Manager –
HR & Council Affairs

Legal Officer

Ms. Nipuni Fernando

Attorney-at-Law,
LLB, LLM
Legal Officer

Administration and Events

Thushara Yasarathna

BSc. Applied Sciences
(Sp.) Hons.
Manager – Administration

Mr. Nishantha Pushpakumara

BSS (Sp.)
Deputy Manager Events

Association of Public Finance Accountants of Sri Lanka

Mr. K L Perera

FCA, B.Com. (Sp.), CPFA
(UK), B. Com (Sp.)
Consultant - Public Sector

Mr. Susantha Kumara

BBA (Sp.), ACA
Manager – Technical,
(APFASL)

Business School and CPD

Ms. Nabeeha Siddique

MBA (UK),
BA (Hons.) (UK)
Deputy Manager –
Business School

Mr. Jehan Ranil de Silva

B.A. (Hons.), Sund
Deputy Manager – CPD

Education, Training and Examination

Mr. Harsha Gunasena

FCA, MBA (PIM - USJP)
Director Education,
Examinations and
Training

Education Division

Ms. Dilini Jayasinghe

B.B. Mgt. (Finance)
Special (1st Class Hons.)
ACMA (UK), CGMA,
AAT (Sri Lanka)
Manager – Education

Ms. Lakmini Perera

BSc. (Hons) in
Computing (2nd Class
Upper) - Staffordshire
University (UK) MBA -
Cardiff Met (UK)
Deputy Manager –
Education

Training Division

Ms. Nimanthi Gamage

ACA, BSc Business
Administration (Special)
2nd Class Upper
Manager - Training

Ms. Kalani Ariyaratne

BA (Kelaniya)
Social Statistics (Sp.)
1st Class Hons.
Deputy Manager - Training

Examinations Division Examinations - Technical

Mr. W W G Dayananda

FCA, MBA, HNDA,
HNDC, FPFA
Consultant – Examinations

Ms. Nadeeshani Dissanayake

BSc. Accounting Sp.
(1st Class) (USJP), FCA,
ACMA, CPA (Aus.)
Manager – Examinations
(Technical)

Ms. Yashodha Kulawardena

MBA (Finance), BSc.
(Acc. Sp.) - USJP,
Advanced Diploma in
MA (CIMA)
Deputy Manager –
Examinations (Technical)

Ms. Harini Vimukthi Mahanama

B. Com. (Sp.)(USJP),
ACA
Deputy Manager –
Examinations (Technical)

Examinations - Operations

Mr. Thusitha Liyanagamage

MBA (UK), BSc. Edu. Sp.
(2nd Class Upper) (India),
DAE Sp. (Ruhuna), HDE
(Aquinas), MIM (SL)
Manager – Examinations

Mr. J A Geeth Maduranga

MBA (IT) (UoM),
BSc. (MIS) - Hons.
(UCD Ireland), MBCS,
MCSSL, HDCBIS(NIBM),
DCSD(NIBM)
Deputy Manager –
IT (Examinations)

Finance Division

Ms. Dinushini Keppetigoda

ACA, BSc.
Accounting Sp.
(1st Class)
Head of Finance

Ms. Janani Danansuriya

B. Bus. (Acc. Mgt.) - (Aus.),
MP Acc., CPA (Aus.)
Accountant

Mr. H D S Priyantha

MSc (Econ)
Asst. Accountant

Ms. Bagya Godage

PGDM, MAAT, CBA
Asst. Accountant

ICT Division

Mr. Gayan Wickramasinghe

BSc. (Eng.) - UoM,
 MBA (India), MBCS - UK,
 MIET - UK, MCSSL (SL)
 Chief Information Officer

Mr. Roshan Ruvendra

BSc. (Phy. Sc.) - UoC
 Manager - IT

Mr. Nirosha Illangasinghe

BSc. (IT) - SLLIT, MCSE
 (Security/Messaging)
 System & Database
 Administrator

IT Training Division

Mr. Asanka Weerasooriya

BSc. (Stat. & Com. Sc.) -
 Sp., MSc (IT) - UOC
 Deputy Manager - IT
 Training

IT Faculty

Ms. Mahika Basnayake

BSc. (IT) Sp. Hons. -
 SLIIT, Member of CSSL
 Deputy Manager - IT
 Faculty

Library

Mr. Sarath Kumara

MSSc. (Lib. Sc.), BA
 (Hons.) Sp., Chartered
 Librarian, ASLLA
 Librarian

Brand and Corporate Communications Division

Mr. Lasantha Amarakoon
 B.Com. (Mktg.) Sp. -
 USJP, MCIM, Dip. M - UK,
 P.G. Dip. M - UK, MBS
 (Merit)

Head of Brand

Ms. Munza Mushtaq

Dip. (Journalism and
 Mass Com.)

Manager - Content
 Development

Member Relations

Mr. Senaka Abeyakoon

Dip. M (UK), MCIM (UK),
 MBA (Aus.),
 Director - Member
 Relations

Multimedia English Language Centre

Ms. Achala Kodikara

MA (UK), PGDE, BA, Dip.
 TESOL (UK), Dip. (TESL)
 Manager - Multimedia
 English Language
 Centre (MELC)

School of Accounting and Business

Dr. T B Andarawewa

BBA (Vid), MPA (PIM),
 PG. Dip. in Local Govt.
 & Devolution of Powers
 (UoC), PG Dip. in
 Educational Resources
 and Development, ITI -
 Sydney Australia, Doctor
 of Management (RUSL).
 Director - School of
 Accounting and Business

Mr. S N W M Wijerathna Banda

MBA (HRM) - PIM, MEd -
 UoP, B.Com. Sp. (Hons.)
 - UoP, PGDE - UoP,
 Dip. in Counselling and
 Guidance (SLFI)
 Registrar - School of
 Accounting and Business

Ms. Jenita Foenander

EDBA - UoC, H.Dip
 (Intl. Relations) - BCIS
 Manager Marketing
 (School of Accounting
 and Business)

School of Taxation

Ms. Nandani Abrew

BSc. (Public Finance &
 Taxation 2nd Class)
 Manager - Taxation

Ms. Gayathrie Seneviratne

LLB, BSc., MBA,
 Associate Member IPM,
 Member CPM
 Manager - School of
 Taxation

Student Services and Promotions

Ms. Sujeewa Munidasa

Dip. in IT
 Manager - Student
 Services and Promotions

Mr. Aruna Dayananda

MCIM, Chartered
 Marketer
 Deputy Manager -
 Student Promotions

Ms. Indunil Pathirana

Ad.Dip. in Training
 (City & Guilds), Dip. in IT,
 CCHRM
 Deputy Manager -
 Student Services

Technical Division

Upendra Wijesingha

FCA, ACMA (UK), ACMA,
 ACCA, ACPM, CGMA,
 BSc. Accountancy - USJP
 Head of Technical

Ms. Nilangi Dilrukshi

BSc. (Acc.) - Sp.
 (1st Class), ACA
 Manager - Technical

Ms. Sayumya Madhubashini

BSc. (Acc.) - Sp., ACA
 Manager - Technical

Ms. Chamila Nadeeshani Peiris

BSc. (Fin.) - Sp. Hons.
 ACA, ACMA (UK), CGMA,
 AAT Passed Finalist
 Manager - Technical

Mr. Manoj Munasinghe

BSc. (Ope. & Tech
 Mgmt.) - Sp., ACA, ACMA
 Manager - Technical

Mr. Chatumin Gunaratne

ACA, BSc. (Acc.) Sp.
 (1st Class)
 Manager - Technical

Ms. Diluka Pathirana

ACA, BSc. (Fin.) - Sp.
 Manager - Technical

Ms. Prabodha Daulagala

BBM (1st Class)
 International Liaison
 Officer

Governance →

Act of Incorporation

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

As a result, the provisions relating to the governance of the Institute are primarily contained in the said Act as amended by Act No. 16 of 1964, Act No. 34 of 1975 and Act No. 15 of 1998. They contain detailed provisions relating to the Council, Elections, President, Vice-President, Secretary, Members, Students, Staff, Auditors, Accounts and Annual Meeting. In addition, there are several laws and regulations, manuals, guides and policy documents that are relevant for the governance of the Institute as detailed in the Section on Other Relevant Laws and Regulations.

Commitment to Good Governance

As much as the Institute encourages corporates to practice good governance through the 'Code of Best Practice on Corporate Governance' issued jointly with the Securities and Exchange Commission of Sri Lanka (SEC), the Institute mandates its own members to act in accordance with the highest ethical standards of honesty and integrity as per the Code of Ethics. The Institute is aware of the importance of upholding the virtues of good governance practices in the conduct of its own operations and is committed to doing so and has developed various structures, processes, mechanisms and modalities to achieve this objective which are further enhanced and developed on an ongoing basis as complexities of operations and the environment increase.

The Council

The Act contains detailed provisions relating to the formation of a council, its constitution, provisions relating to the President and the Vice-President, term of office of members of its Council, its general powers and duties, appointment of other officers and power to make regulations.

As per the provisions of the Act, the Council consists of a President, a Vice-President and fourteen other members; eight of whom are appointed by the Minister under whose purview the Institute is gazetted while the other eight including President and Vice-President are elected by the members of the Institute. With effect from January 2015, the Institute comes under the purview of his Excellency the President of the Democratic Socialist Republic of Sri Lanka. The Council provides strategic direction to the Institute and deliberates and approves long-term and short-term strategies, strategic plan, policies and initiatives and recommendations proposed by various committees formed to assist the Council. The Council also approves the annual budgets, financial statements and major capital expenditure on the recommendation of the Operational Review Committee. Elections are conducted every two years in accordance with pre-set rules and regulations for the purpose of electing the Vice-President and six council members. As per the provisions relating to the President, the Vice-President becomes the President for the next term at the completion of his tenor of vice-presidency.

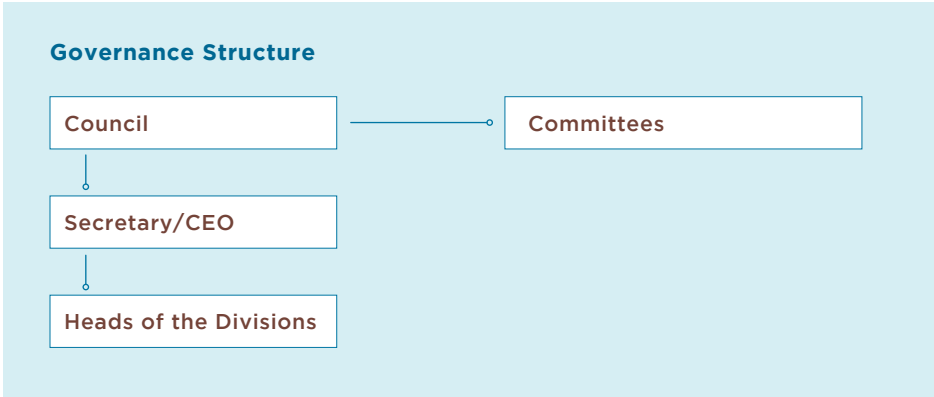
The provisions relating to the election of the Council members and nominations of the Minister enable the Institute to ensure diversity in the composition of the Council, helping it to earn the trust and confidence of all stakeholders and deliver on the objectives stated in the Act of Incorporation and thereby progressively steer the Institute to even higher standards. The term of office of members of the Council is limited to two years. (The names and profiles of the Council members who are currently holding office are given on pages 58 and 59 and the names and attendance of Council members who held office in 2014/15 are given on page 69). Accordingly, the Council governs the Institute as per the general powers conferred on it by the provisions of the Act No. 23 of 1959 as subsequently amended, in the discharge of its duties. In the process, it has laid solid foundations for the management and oversight of the affairs of the Institute.

While the Council has the overall responsibility for control and management of the Institute, it has delegated certain powers and duties to its committees, Secretary/CEO and management staff to manage the day-to-day operations and implementation of strategy and policy initiatives. Management staff led by the Secretary/CEO collaborates with the Council in its efforts to realise the mission of the Institute. The Council periodically reviews the KPIs of the management in order to assess their performance.

A four year strategic plan covering the period 2016 to 2019 incorporating the direction and strategic priorities of the Institute is being developed.

The Governance Structure

The governance structure of the Institute as at 31st December 2015 is depicted in the following diagram:



The Committees – 2014/15

As permitted by the provisions of the Act, there are statutory committees and committees appointed by the Council comprising Council members as well as Non-Council members of the Institute to deal with specified subjects, and rules for regulating the proceedings of such committees have been laid down.

Ethics Committee

'Ethics Committee is responsible for reporting to the Council whether a Prima Facie Case of Professional Misconduct has been made against a member based on a complaint received'

Statutory Committees

The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 has empowered the Institute to promulgate and adopt Sri Lanka Accounting Standards and Sri Lanka Auditing Standards in the country. Accordingly, the Institute has appointed two committees, viz. 'Statutory Accounting Standards Committee' and 'Statutory Auditing Standards Committee' to assist the Council in the development of Sri Lanka Accounting Standards and Sri Lanka Auditing Standards. These committees carry out their duties under the guidance provided by the Act. The observance of the Accounting and the Auditing standards are mandatory for Specified Business Enterprises (SBEs) in Sri Lanka.

Governance and Audit Committee

The Governance and Audit Committee has been established for the purpose of assisting the Council in fulfilling its oversight responsibilities regarding the integrity of the financial statements, risk management, internal control and compliance with legal and regulatory requirements, make recommendations regarding appointment of Internal and External Auditors, review of External Auditor's performance and independence and internal audit function.

Operational Review Committee (ORC)

ORC is the Executive Committee which has been appointed by the Council to deliberate and advise the Council on operations, finance and investment activities and process improvements of the Institute and provides oversight to these activities. ORC is chaired by the Vice-President of the Institute. ORC deliberates the annual budget of the Institute which consists of Statement of Comprehensive Income, capital expenditure budget, Statement of Financial Position and the Statement of Cash Flow and makes recommendations to the Council. ORC deliberates and approves the event budgets submitted through the respective committees and reviews the actual income and expenditure statements of the events, monthly financial statements, procurements for the month, new investments for the month and investment portfolio at the end of the period. ORC also makes recommendations to council on the annual fee revision, signatories and signatory limits to bank accounts, opening up of new bank accounts and closing bank accounts, approves the monthly and annual financial statements and other important policy decisions. Investment Committee approves short-term and long-term investments in the capacity of a Sub-committee to the ORC.

Remuneration Committee

On behalf of the Council, the Remuneration Committee comprises the President, Vice-President and a Council member. Remuneration Committee reviews annual performance of the Secretary/CEO, management and the other staff against the objectives and key performance indicators set out in the business plan and agreed upon at the beginning of each year and recommends to the Council the revision of remuneration to the staff.

Premises and Physical Infrastructure Improvement Committee

The infrastructure developments of the Institute has become very significant in the recent past with the construction of the new building and refurbishment to remaining parts of the old building. As a result, the Council appointed the Premises and Physical Infrastructure Improvement Committee to advise the Council and make recommendations on the new construction projects, additions and alterations to the buildings, improvements to the infrastructure facilities and maintenance of the premises. The total project cost and cost escalations are submitted to the Council for approval through the Committee. The Committee also approves the progress bills based on the consultants' certification followed by the independent consultants' confirmation.

Other Committees

The rest of the committees are appointed by the Council for a term of two years. These committees attend to specific subjects assigned to them as per the Terms of Reference approved by the Council at the beginning of the term. Generally, Heads of Departments and management staff serve as secretaries in most of these committees. All important committee decisions are reported to the Council for approval, ratification or information by way of the Council papers. All the Council papers require the approval of the respective Committee Chairman to ensure that the Committee is in agreement and that the contents are in order. In the absence of a particular committee, Secretary/CEO directly submits the Council papers. Financial implications of matters contained in the Council papers require approval of the Operational Review Committee. Head of Finance is required to check and indicate the adequacy of budget allocations. The Council meetings take place on a monthly basis and in addition, special Council meetings are called for whenever there are urgent matters to attend to. In turn, Council/committee decisions and corresponding minutes relating to the matters coming under the purview of these committees provide guidance/instructions to the Secretary/CEO and the Management staff in the execution of the envisaged strategic direction.

The total number of members serving in the committees' amount to over 300. These members serve free of charge in the capacity of honorary members sharing their knowledge and experience in the process of formulation and implementation of the strategy, providing policy directions and support executing the operations, to achieve the Institute's objectives while delivering value to all its stakeholders extended up to the general public. Therefore, the wider membership has a significant influence on what the Institute does and its direction.

Committees of the Institute – 2015

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

Committee	Chairman	Alternate Chairman	Secretary
Governance Committees			
Professional Conduct (Ethics) Committee	Reyaz Mihular	Arjuna Herath	Aruna Alwis
Governance and Audit Committee	Nirmal Fernando	-	Lalith Fernando
Remuneration Committee	Arjuna Herath	Lasantha Wickremasinghe	Aruna Alwis
Statutory Committees			
Statutory Accounting Standards Committee	Sujeewa Mudalige	Manil Jayesinghe	Uendra Wijesinghe
Statutory Auditing Standards Committee	Sujeewa Rajapakse	Suren Rajakarier	Ruwini Subasinghe
Operational Support			
Operational Review Committee	Lasantha Wickremasinghe	Jagath Perera	Dinushini Keppetigoda
Public Sector Accounting Standards Committee	V Kanagasabapathy	W P C Wickramaratne	K L Perera
Students Training and Development Committee	Manil Jayesinghe	Sanjaya Bandara	Nimanthi Gamage
Brand Development and Corporate Communications Committee	Shantha Kurumbalapitiya	Coralie Pietersz	Lasantha Amarakoon
Member Relations Committee	Sanjaya Bandara	S Munaweera	Senaka Abeyakoon
Student Promotions and Student Services Committee	T Dharmarajah	-	Sujeewa Munidasa
Examinations Committee	Jagath Perera	Channa Manoharan	Thusitha Liyanagamage
Business School Committee	Sujeewa Rajapakse	Anura Perera	Seroshi Nandasiri
Taxation Committee	Denzil Rodrigo	Hiranthi Ratnayake	Nandani Abrew
Association of Public Finance Accountants of Sri Lanka	V Kanagasabapathy	W P C Wickramaratne	K L Perera
Urban Schools and Non-Commerce Stream Student Promotions Committee	Coralie Pietersz	Dulitha Perera	Sujeewa Munidasa
CPD Committee	Channa Manoharan	Nanda Bandara	Seroshi Nandasiri
Professional Accountants in Business Committee	Nandika Buddhipala	Heshana Kuruppu	Hiranthi Wijetunge
Corporate Governance Committee	Asite Talwatte (Co-Chairman)	Sujeewa Mudalige (Co-Chairman)	Hiranthi Wijetunge

Committee	Chairman	Alternate Chairman	Secretary
Risk Committee	Nanda Bandara	-	Aruna Alwis
Library and Journal Committee	Shan Shanmunganathan	Thivanka Jayasinghe	Sarath Kumara/ Senaka Abeyakoon
Premises and Physical Infrastructure Improvement Committee	Lucile Wijewardena	-	Thushara Yasarathna
ICT and Process Improvement Committee	Priyanka Jayathillake	Sanjeewa Bandaranayake	Gayan Wickramasinghe
Education and Curriculum Development Committee	Manil Jayasinghe	Sanjaya Bandara	Dilini Jayasinghe
Exemptions and Reciprocal Arrangements Committee	Nishan Fernando	-	Dilini Jayasinghe
CA Foundation	B R L Fernando	Asoka Jayasinghe	Nimanthi Gamage

Events Committees

National Conference Committee	Heshana Kuruppu	Ruwan Perera	Wayomi Gunathilaka
Conference Committee – Technical	Nandika Buddhipala	Anura Perera	Prabodha Daulagala
Annual Report Awards Committee	Tishan Subasinghe	Anoji De Silva	Ruvini Subasinghe
Lifetime Achievement and Hall of Fame Committee	Mohan Abeynaike	-	Aruna Alwis

Task Forces

Strategic Planning Implementation and Review Committee	Arjuna Herath	Lasantha Wickremasinghe	Aruna Alwis
Building Committee	Lasantha Wickremasinghe	-	Thushara Yasarathna
Quality Assurance Board	Tissa Bandaranayake	Deva Rodrigo	Nadeeshani Peiris
Review of CA Sri Lanka Act	Lal Nanayakkara	Naomal Goonewardena	Hiranthi Wijetunge
Steering Committee on World Bank Project	Arjuna Herath	Lasantha Wickremasinghe	K L Perera
BPO Task Force	Channa Manoharan	Aruna Perera	Seroshi Nandasiri
Sustainability and Integrated Reporting Task Force	Asite Talwatte	Suresh Gooneratne	Ruvini Subasinghe
SMP Capacity Building Task Force	Jagath Perera	-	Nilangi Dilrukshi
Financial Reporting Standards Implementation and Interpretation Committee	Nishan Fernando	-	Saumya Madhubashini

Committee	Chairman	Alternate Chairman	Secretary
SLFRS Education Committee	Sanath Fernando	Kapila Atukorala	Nilangi Dilrukshi
ICT Project Steering Committee	Lasantha Wickremasinghe	Priyanka Jayathilake	Gayan Wickramasinghe
Board of Management – School of Accounting and Business	Ganaka Amarasinghe	-	S N W M Wijerathna Banda
Board of Studies – School of Accounting and Business	Dr. T B Andarawewa	-	S N W M Wijerathna Banda
Annual Report Task Force	Tishan Subasinghe	-	Dinushini Keppetigoda

Faculties

Taxation Faculty	Duminda Hulangamuwa	Shamila Jayasekera	Nandani Abrew
Audit Faculty	Yohan Perera	Manil Jayasinghe	Ruvini Subasinghe
Project Steering Committee for Core Information System	Lasantha Wickremasinghe	Priyanka Jayathilake	Gayan Wickramasinghe
Financial Reporting Faculty	Nilanthi Sivapragasam	Manil Jayasinghe	Hiranthi Wijetunge
IT Faculty	Channa Manoharan	Ashen Jayasekera	Mahika Basnayake
Certified Business Accountants Committee	J M U B Jayasekera	Dammika Nanayakkara	Senaka Abeyakoon

Other Societies and Associations of the Institute

Name of the Associations/Society	President	Vice-President	Secretary/Treasurer
Practicing Chartered Accountants Forum	I B Dickson Jayasinghe	Gamini Uduwara Arachchi	V Sivagurunathan
Members' Benevolent Society	Chandrasiri Kalupahana	W D L Dushmantha/ Benette Gamalath	Amani Ranaweera
Young Chartered Accountants' Forum	Dulitha Perera	Vindya Cooray	Sachiru Dayananda
Toastmasters Club	Leela Weerasuriya	Jayantha Herath	Geetha Jayawardena
Student Society	Prashan Muthugala	Ashaff M.S.M	Jayashan Grero
Students Gavel Club	Prasad Dilrukshana	Dhananjaya Gamlath	Gayan Thanula

Secretary/Chief Executive Officer

The Council has appointed a Secretary/CEO for the Institute. He is responsible to effectively and efficiently manage the Institute on behalf of the Council and implementing the strategy and policy initiatives approved by the Council.

Attendance at Council Meetings

Given below is the Council members' attendance as based on their mandate at the Council meetings held during 2015:

Name	No. of meetings	
	Attended	Mandate
1. Arjuna Herath	17	20
2. Lasantha Wickremasinghe	20	20
3. Sujeewa Rajapakse	14	20
4. Sanjaya Bandara	13	20
5. T Dharmarajah	16	20
6. Manil Jayesinghe	11	20
7. Shantha Kurumbalapitiya	4	20
8. Heshana Kuruppu	17	20
9. Coralie Pietersz	17	20
10. Channa Manoharan	12	20
11. Dhammika Nanayakkara	0	20
12. Jagath Chandana Perera	18	20
13. H A S Samaraweera	Resigned in November 2014	
14. Shan Shanmuganathan	16	20
15. Tishan Subasinghe	16	20
16. W L P Wijewardena	12	20

Transparency, Maintaining Independence and Avoiding Conflict of Interest

The Council and Committee members maintain certain norms and standards to be transparent and independent in performing their role. It has been the practice of the Council and Committee members to excuse from the Examinations Committee if a dependent was sitting for CA Sri Lanka examinations.

The Ethics Committee too observes such practices when a committee member has a conflict of interest.

The Council and Operational Review Committee members declare the conflict of interest, if any, beforehand and abstain from participating in discussions and deliberations in making decisions on financial matters.

All related party transactions are disclosed in the Notes to the financial statements.

Other Relevant Laws and Regulations

Apart from the provisions of the Act No. 23 of 1959 as subsequently amended, the Institute has complied with all laws and regulations which are applicable and relevant in the governance of the Institute including labour laws such as the Shop and Office Act, tax laws and regulations promulgated by the Minister.

In addition, there are internally developed and Council approved manuals and policies covering major functions such as HR, Finance & Administration and Procurement to guide their day-to-day operations.

Financial Statements

The Institute's financial statements are prepared in accordance with the currently applicable Sri Lanka Accounting Standards. These financial statements are submitted to the Council on a monthly basis through the Operational Review Committee which is in charge of all financial and administrative affairs of the Institute. The external audit on financial statements is conducted in accordance with the applicable Auditing Standards. Governance and Audit Committee reviews the audited annual financial statements before they are submitted to the Council for approval and publication. The Institute has set up a committee titled 'Annual Report Task Force' to look into the presentation and disclosures of the Annual Report.

The Institute submitted its financial statements for the year ended 31st December 2014 to the Sri Lanka Accounting and Auditing Standards Monitoring Board for the first time for a voluntary review.

Relationships with International Bodies

International Federation of Accountants (IFAC) is the global organisation for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. It comprises 175 members and associates in 130 countries and jurisdictions, representing approximately 2.5 million accountants in public practice, education, Government service, industry and commerce. The Institute holds full membership of IFAC.

The Institute maintains a close relationship with the International Accounting Standards Board (IASB). IASB provides technical assistance in standard-setting activities and has granted permission to use International Accounting Standards and International Financial Reporting Standards in the development of our own standards and to reproduce them wherever necessary.

The Confederation of Asian and Pacific Accountants (CAPA) represent national professional accounting organisations in the Asia-Pacific Region. Today, CAPA has a membership of 31 Accounting organisations in 24 jurisdictions. CAPA is by far the largest regional accounting organisation and its geographical area spans half the globe. The Institute holds full membership of CAPA.

South Asian Federation of Accountants (SAFA), an apex body of SAARC is a forum of professional accountancy bodies in the SAARC Region and is committed to positioning, maintaining and developing the profession in its member countries and ensuring its continued eminence in the world of accountancy; in the public interest and towards broader economic development of the region. The Institute is a founding member of SAFA.

Disclosures

This Annual Report contains disclosures relating to the following in the pages marked:

- Profiles of the members of the Council (pages 58 and 59)
- Profiles of the management staff (pages 60 and 61)
- Related party transactions (page 128)
- President's Message and Secretary/CEO's Message (pages 10 to 17)
- Statement of Responsibility of the Management (page 79)
- The Report of the Auditor (page 80)
- Report of Governance and Audit Committee (page 72)

External and Internal Audits

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

The quarterly internal audits have been outsourced to a firm of Chartered Accountants. Internal Audit Reports are tabled and discussed at the Governance and Audit Committee meetings, and minutes and matters of importance are reported to the Council. The internal audit plan is deliberated and agreed by the Governance and Audit Committee at the beginning of each financial year.

Risk Management

In order to protect the Institute's reputation and to manage the risks it is exposed to in its journey to achieve the objectives, the Institute has set up a risk management framework that continues to evolve. These risk management efforts complement the Institute's governance framework. The risk management framework is given on pages 74 to 76.

Preparation of Financial Statements

The financial statements of the Institute have been prepared in accordance with the Sri Lanka Accounting Standards issued by the Institute. The financial statements are certified by the Head of Finance and are approved by the Council and signed by the President and Vice-President.

Periodic Reporting Requirements

A number of periodic reporting requirements as detailed below further strengthen the good governance of the Institute.

Monthly and quarterly financial statements are presented to the Council through the Operational Review Committee. At the earliest possible opportunity, the financial statements for the preceding year are published in the Government Gazette. Copies of the financial statements are also furnished to the subject Minister and each member of the Institute. Quarterly Internal Audit Reports are submitted to the Governance and Audit Committee. Minutes and observations of the Governance and Audit Committee are submitted to the Council on a regular basis.

Report of the Governance and Audit Committee →

The Governance and Audit Committee is formally constituted as a Sub-committee of the Council, to which it is accountable and consists of five independent, non-council members appointed by the Council. The Governance and Audit Committee complements the Council's attempts to permeate good governance practices.

The Governance and Audit Committee has the following primary objectives:

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

Compliance with Financial Reporting

The Institute has complied with the Sri Lanka Accounting Standards. The Governance and Audit Committee considered the quarterly and annual financial statements and reviewed the Annual Report including the financial statements prior to publication. The review included:

- Appropriateness and changes in accounting policies.
- Significant estimates and judgment made by the management.
- Compliance with relevant Accounting Standards and applicable regulatory requirements.
- Adequacy of impairment provision against assets.
- Issues arising from the internal and external audit.

Risk Management

The Governance and Audit Committee meets the Internal Auditor on a quarterly basis and reviews their findings in order to identify effectiveness of internal controls and risks attached to different areas of operation of the Institute.

Compliance with Laws and Regulations

The Governance and Audit Committee reviewed the reports submitted by the management and Internal Auditor on the state of compliance with applicable laws and regulations and settlement of statutory payments.

Internal Controls

The Committee is satisfied that an effective system of internal controls is in place to provide reasonable assurance on safeguarding of the Institute's assets and reliability of financial statements. Effectiveness of the Institute's system of internal controls is evaluated through reports provided by management, Internal Auditor and External Auditor.

Internal Auditor

The internal audit is outsourced to Messrs SJMS Associates, a firm of Chartered Accountants. The Internal Auditor directly submitted their findings to the Governance and Audit Committee quarterly and their reports were made available to the External Auditor. The Governance and Audit Committee observations and matters of importance were reported to the Council.

The Governance and Audit Committee monitors and reviews:

1. The coverage of the annual audit plan.
2. The follow-up action taken on the recommendation of the Internal Auditors.
3. The internal audit programmes and results of the internal audit process.
4. Effectiveness of the internal audit functions.

External Auditor

The Governance and Audit Committee makes the necessary recommendations to the Council with regard to the appointment of the External Auditor based on a predefined policy with set of criteria. The Governance and Audit Committee reviewed the independence and objectivity of the External Auditor Mr. Lalith Senanayake, Chartered Accountant. The Governance and Audit Committee met with the External Auditor to review the annual audit plan and financial statements during the annual audit and also discussed his findings.

Meetings of Governance and Audit Committee

Nine Governance and Audit Committee meetings were held during the year ended 31st December 2015 which satisfied the required forum of three committee members including the Chairman. The Internal Auditor attended the meetings quarterly.

Governance and Audit Committee Members	Meetings attended/ meetings eligible
1. Mr. Nirmal Fernando – Chairman	9 out of 9
2. Mr. Lalith Fernando	4 out of 9
3. Mr. Nishan Fernando	7 out of 9
4. Mr. Nanda Bandara	5 out of 9
5. Mr. T Someswaran	6 out of 9

Conclusion

The Governance and Audit Committee is satisfied that the effectiveness of the structure of the Institute and the implementation of the Institute's accounting policies and operational controls provide reasonable assurance that the affairs of the Institute are managed in accordance with policies and that the Institute's assets are properly accounted for and adequately safeguarded.



Nirmal Fernando

Chairman – Governance and Audit Committee

15th March 2016

Colombo

Risk Management →

Introduction to Risk Management Process at the Institute

Risk management is a central part of the Institute strategic management process with the goal of achieving sustainable growth.

The Institute believes that risk management should be a continuous and developing process which runs throughout the Institute strategy and the implementation of that strategy. Understanding the potential upside and downside risks increases the probability of success, and reduces both the probability of failure and the uncertainty of achieving the Institute's overall objectives.

Risk Definition

Risk can be defined as the combination of the probability of an event and its consequences. In all types of undertaking, there is the potential for events and consequences that constitute opportunities for benefit (upside) or threats to success (downside).

It can be further explained as the probability of loss or damage to the property and/or reputation that could arise from the occurrence of an event due to internal or external factors. While most of the risks could be avoided/managed through pre-emptive action, proper management thereof may also have an upside.

CA Sri Lanka faces a multitude of risks when conducting its 'business' with a view to realising its Vision, Mission and Objectives while upholding its Core Values. The Institute is also cognisant of the fact that the risks, if well managed, will have an upside potential too.

Types of risks faced by the Institute have been categorised into three categories:

1. Reputational Risk
2. Operational Risk
3. Financial Risk

Risk Management Measures

Tabulated below is a summary of the broader categories of risks that the Institute is exposed to along with the specific risk elements coming under each of those broader risks and the risk management measures in place.

Reputation

	Risk element	Implication	Mitigating measures
R.1	Curriculum becoming irrelevant	<ul style="list-style-type: none"> Negative impact on employability of new members Decrease in demand for the qualifications Lack of new products being introduced and existing products not being upgraded 	<ul style="list-style-type: none"> Revising and reviewing the curriculum every 5 years. Fulfilling IFA, IES requirements and achieve competency in areas defined. Ongoing monitoring and continuous improvements to the CA Sri Lanka curriculum and other learning programmes Accreditation of syllabus by global bodies Close monitoring by council and committees Periodic market research on the demand and acceptance of the qualification
R.2	Poor conduct of members	<ul style="list-style-type: none"> Loss of brand reputation Loss of market share Poor employability of members 	<ul style="list-style-type: none"> Code of Conduct and Ethics and Ethics Committee Monitoring CPD compliance CPD seminars and Accounting and Auditing Standards seminar series focusing on new developments in the field of accounting Audit Quality Assurance (AQA) programmes and AQA reviews Audit tool kit, training programmes and workshops

Operational

	Risk element	Implication	Mitigating measures
O.1	Student experience	<ul style="list-style-type: none"> Failure to meet student expectations Failure to provide the range and structure of courses that meet the expectations of student/poor product offering Failure to meet teaching quality and standard of facilities up to the expectations of the students 	<ul style="list-style-type: none"> Customer satisfaction surveys Ongoing monitoring and continuous improvements to the curriculum and services Monitoring of the strategic plan and supervised by the council Improved communication with schools, colleges and industry Monitoring and supervision of the operation by the committees and management Continuous review of student service functions Establishment of a call centre Review of the quality of teaching and infrastructure of teaching colleges by Education Committee Registration of teaching colleges towards accreditation
O.2	Substandard exam delivery standards	<ul style="list-style-type: none"> Failure to meet exam delivery standards Inaccurate assessment of student performance at examination 	<ul style="list-style-type: none"> Closely monitoring of operations by the Examination Committee Clearly laid down operational procedures and internal controls for conducting examinations System and physical access controls Post-exam reviews with students and lecturers Policies and procedures manual Regular training for paper setters and examiners

Operational

	Risk element	Implication	Mitigating measures
O.3	Substandard HR practices	<ul style="list-style-type: none"> • Failure to attract staff of good calibre and standing • Failure to develop and retain high quality staff • Failure to adhere to employment legislation and standards of good practice • Risk of dependency on key managerial persons 	<ul style="list-style-type: none"> • Periodic review of remuneration packages • Periodic appraisal process • Review of unfilled positions • Monitoring staff turnover rates • Review of exit interview reports • Review of working environment • Regular review of policies and procedures • Monitoring and timely payment of statutory levies
O.4	Instability of IT systems	<ul style="list-style-type: none"> • Disruption to IT systems • Disruption to teaching and/or support services. • Failure to provide accurate and complete information (operational and student /member management) • Disruption to support services • Damage to reputation 	<ul style="list-style-type: none"> • ICT Committee supervision • IT disaster recovery plan in place and regularly tested • Audit Reports on IT security • Regular penetration audits • Regular review of current and future requirements

Financial

	Risk element	Implication	Mitigating measures
F.1	Weak financial management and internal controls	<ul style="list-style-type: none"> • Failure to meet financial liabilities • Failure to achieve financial targets • Fraud and theft • Exceptional increase in expenditure 	<ul style="list-style-type: none"> • Diversify sources of income to decrease reliance on any one source • Strategic plan • Budgeting controls • Operational Review Committee supervision • System of internal controls • Internal audit/External audit

FINANCIAL REPORTS

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

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Statement of Responsibility of the Management →

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

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

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

All significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with our external auditors and the governance and audit committee.

We confirm that, to the best of our knowledge, the financial statements and other financial information included in this annual report, fairly present in all material respects the financial position, results of operations and cash flows of the Institute as of, and for, the periods presented in this annual report.

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

The financial statements were audited by Mr. S M N L Senanayake, FCA, BSc. (Pub.Ad), Dip. (Mgt.Stu).



M A L A Alwis
Secretary/Chief Executive Officer



K C Dinushini
Head of Finance



Lasantha Wickremasinghe
President



Jagath Perera
Vice-President

The Report of the Auditor →

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, ("the Institute"), which comprise the statement of financial position as at 31st December 2015, and the statement of comprehensive income, statement of changes in funds and reserves and, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. 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 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

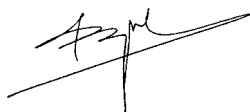
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Institute, F B Lander Prize Fund and Cyril E Begbie Memorial Prize Fund as at 31st December 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.



S M N L Senanayake
 Chartered Accountant

Colombo

15th March 2016

Statement of Financial Position →

As at	Notes	31.12.2015 Rs. '000	31.12.2014 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	3	585,640	629,183
Intangible assets	4	65,100	43,117
Library books	5	1,510	1,377
Loans and advances to staff	6	17,723	14,310
Held-to-maturity financial assets	7	272,522	165,001
Available-for-sale financial assets	8	36,778	39,916
Total non-current assets		979,273	892,904
Current assets			
Inventories	9	28,448	16,167
Receivables	10	68,562	46,661
Loans and advances to staff	6	7,842	2,721
Held-to-maturity financial assets	7	82,748	100,935
Cash and cash equivalents	11	125,024	101,022
Total current assets		312,624	267,506
Total assets		1,291,897	1,160,410
Funds and liabilities			
Accumulated fund and reserves			
Accumulated fund		859,465	765,712
Reserves	12	21,151	23,728
Total accumulated fund and reserves		880,616	789,440
Funds and grants			
Designated funds	13	27,935	26,929
Restricted funds and grants	14	49,010	60,319
Endowment funds	15	1,990	2,053
Total funds and grants		78,935	89,301

As at	Notes	31.12.2015 Rs. '000	31.12.2014 Rs. '000
Non-current liabilities			
Borrowings	16	–	829
Retirement benefit obligation	17	27,808	24,441
Total non-current liabilities		27,808	25,270
Current liabilities			
Payables	18	89,770	88,578
Borrowings	16	1,582	896
Income tax liability	19	3,856	5,017
Receipts in advance	20	183,770	142,126
Bank overdrafts	11	25,560	19,782
Total current liabilities		304,538	256,399
Total funds and liabilities		1,291,897	1,160,410

The accounting policies and notes on pages 87 to 131 form an integral part of these financial statements.

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



K C Dinushini
 Head of Finance



Aruna Alwis
 Secretary/Chief Executive Officer

Signed for and on behalf of the Council.



Lasantha Wickremasinghe
 President



Jagath Perera
 Vice-President

Colombo
 15th March 2016

Statement of Comprehensive Income →

For the year ended 31st December	Notes	2015 Rs. '000	2014 Rs. '000
Income	21	760,460	760,890
Expenditure	21	(360,617)	(351,735)
Net income before employee costs and overheads		399,843	409,155
Other income			
Other operating income	22	7,373	3,369
Operating income		407,216	412,524
Overhead expenses			
Employee costs	23	(196,004)	(181,012)
Maintenance of premises	24	(36,146)	(55,098)
Depreciation and amortisation	25	(67,531)	(51,021)
Other expenses	26	(36,178)	(37,355)
Total overhead expenses		(335,859)	(324,486)
Net operating income		71,357	88,038
Grants and other restricted funds	14	20,969	24,437
Related expenditure of grants	14	(17,480)	(23,034)
Contribution to designated funds	13	(9,949)	(9,977)
Contribution to restricted funds and grants	14	(3,619)	(7,319)
Contribution to endowment funds	15	(151)	(162)
		(10,230)	(16,055)
Finance income	27	38,395	39,957
Finance cost	28	(326)	–
Surplus for the year before tax		99,196	111,940
Income tax	29	(3,317)	(7,838)
Surplus for the year after tax		95,879	104,102
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Fair value changes on available-for-sale investments		(2,577)	(272)
Items that will not be reclassified subsequently to profit or loss			
Defined benefit plan actuarial (loss)/gain	17.1	(2,126)	683
Total comprehensive income		91,176	104,513

The accounting policies and notes on pages 87 to 131 form an integral part of these financial statements.

Statement of Changes in Funds and Reserves →

	Accumulated fund	Capital reserve	Available-for-sale reserve	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st January 2014	660,927	24,000	–	684,927
Surplus for the year after tax	104,102	–	–	104,102
Actuarial gain/(loss) on defined benefit obligation	683	–	–	683
Fair value changes on available-for-sale investments	–	–	(272)	(272)
Balance as at 31st December 2014	765,712	24,000	(272)	789,440
Balance as at 1st January 2015	765,712	24,000	(272)	789,440
Surplus for the year after tax	95,879	–	–	95,879
Actuarial gain/(loss) on defined benefit obligation	(2,126)	–	–	(2,126)
Fair value changes on available-for-sale investments	–	–	(2,577)	(2,577)
Balance as at 31st December 2015	859,465	24,000	(2,849)	880,616

The accounting policies and notes on pages 87 to 131 form an integral part of these financial statements.

Statement of Cash Flows →

For the year ended 31st December	Notes	2015 Rs. '000	2014 Rs. '000
Cash flow from operating activities			
Surplus for the year before tax		99,196	111,940
Adjustments for –			
Depreciation and amortisation	25	71,395	55,236
Reimbursements and amortisation of restricted funds and grants	14	(20,969)	(24,437)
Contribution to designated funds	13	9,949	9,977
Contribution to restricted funds and grants	14	3,619	7,319
Contribution to endowment funds	15	151	162
Provision for defined benefit plan	17	4,966	5,025
(Profit)/loss on disposal of property, plant and equipment	22	–	(1,097)
(Profit)/loss on disposal of available-for-sale financial assets	22	–	(261)
Amortisation of pre-paid staff cost	23	1,683	1,550
Market rate adjustment to interest free loan	28	326	–
Finance income	27	(38,395)	(39,957)
Operating surplus before working capital changes		131,921	125,457
(Increase)/decrease in inventory	9	(12,281)	8,033
(Increase)/decrease in receivables	10	(21,901)	(20,597)
(Increase)/decrease in loans and advances to staff	6	(8,534)	1,679
Increase/(decrease) in payables	18	1,192	23,981
Increase/(decrease) in receipts in advance	20	41,644	(55,030)
Cash generated from operations		132,041	83,523
Tax paid	19	(4,478)	(2,821)
Gratuity paid	17	(3,725)	(2,919)
Net cash inflow from operating activities		123,838	77,783

For the year ended 31st December	Notes	2015 Rs. '000	2014 Rs. '000
Cash flows from/(used in) investing activities			
Acquisition of property, plant and equipment and library books	3, 5	(11,526)	(92,669)
Acquisition of intangible assets	4	(38,442)	(33,672)
Investment in held-to-maturity financial assets	7	(170,749)	(96,201)
Investment in available-for-sale financial assets	8	–	(55,000)
Maturity proceeds received from held-to-maturity financial assets		95,750	185,750
Maturity proceeds received from available-for-sale financial assets		–	15,261
Proceeds on disposal of property, plant and equipment		–	1,317
Finance income received		22,938	30,427
Net cash flow from/(used in) investing activities		(102,029)	(44,787)
Cash flows from/(used in) financing activities			
Donations received to designated funds	13	34	41
Receipts to restricted funds and grants	14	6,176	42,560
Donations received to endowment funds	15	145	417
Payments made from designated funds	13	(8,977)	(7,002)
Payments made from restricted funds	14	(135)	(1,132)
Payments made from endowment funds	15	(359)	(135)
Proceeds received/(settlements made) on borrowings	16, 28	(469)	2,178
Net cash inflow from/(used in) financing activities		(3,585)	36,927
Net increase/(decrease) in cash and cash equivalents		18,224	69,923
Cash and cash equivalents at the beginning of the year		81,240	11,317
Cash and cash equivalents at the end of the year	11	99,464	81,240

The accounting policies and notes on pages 87 to 131 form an integral part of these financial statements.

Notes to the Financial Statements →

1. Reporting entity

1.1 Legal and domicile form

The Institute of Chartered Accountants of Sri Lanka (the Institute) is a statutory body incorporated by Act of Parliament No. 23 of 1959 (The Act) and domiciled in Sri Lanka, situated at 30A, Malalasekara Mawatha, Colombo 7.

The Act provides for the establishment of the Institute of Chartered Accountants of Sri Lanka and of a Council of the Institute, which shall be responsible for the management of its affairs for the issue of Sri Lanka Accounting and Sri Lanka Auditing Standards and for the registration and control of and the maintenance of professional standards and discipline by members of the Institute and for matters connected with or incidental to the matters aforesaid.

1.2 Date of authorisation for issue

The financial statements were authorised for issue by the Council on 15th March 2016.

1.3 Principal activities and nature of operations

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

1.4 Financial period

The financial period of the Institute represents a twelve month period from 1st January 2015 to 31st December 2015.

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

The Institute has accounted for the APFASL as the public sector wing (Division) of the Institute with a restricted fund equivalent to initial contribution by both parties [Institute of Public Finance Development Accountancy (IPFDA) and the Institute] and subsequent surpluses made by APFASL.

1.6 Basis of preparation of financial statements

1.6.1 Statement of compliance

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

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

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

1.6.2 Basis of measurement

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

1.6.3 Comparative information

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

Where necessary, comparative figures have been rearranged to conform to the current year's presentation. Following items have been reclassified during the year:

- **Notes 21 & 22:** An amount of Rs. 360,000/- which had been classified under other operating income has been reclassified under reimbursement from Association of Public Finance Accountants of Sri Lanka Fund.
- **Notes 21 & 27:** Interest earned by the Association of Public Finance Accountants of Sri Lanka, which had been classified under income amounting to Rs. 1,883,000/- has been reclassified under finance income.

1.6.4 Materiality and aggregation

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

1.6.5 Functional and presentation currency

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

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

1.7 Significant accounting estimates and judgments

The preparation and presentation of financial statements in conformity with Sri Lanka Accounting Standards, 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

(a) Association of Accounting Technicians of Sri Lanka (AAT)

Considering all factors required under SLFRS 10 'consolidated financial statements' for consolidation of financial statements, the management determined that there is no requirement for consolidation.

(b) Defined benefit plans

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

(c) Contingent liability

Buildings of the Institute were situated on 2 blocks of land obtained on lease from the Government of Sri Lanka. Cabinet approval has been granted to provide the plots of land where the head office premises of the Institute is situated as a free grant. Legitimation of the free grant is subject to settlement of an arrears which has been computed using a different basis. The management of the Institute is of the opinion that the additional lease rental of Rs. 34 mn is not payable as the basis on which it had been computed has no merit.

(d) Economic useful life of the assets

The useful economic value of the asset is determined by the management based on their best estimate and expert advice is obtained where it is not practicable to do so.

The cost of the building is depreciated over a period of 50 years, considering the cabinet approval granted to provide the plots of land where the head office premises of the Institute is situated as a free grant.

(e) Changes in accounting estimates and judgments

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

2. Summary of significant accounting policies

2.1 Assets and the bases of their valuation

2.1.1 Property, plant and equipment

(a) Recognition and measurement

(i) Property, plant and equipment

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Institute and the cost of the asset can be measured reliably. All items of property, plant and equipment are initially recorded at cost. Subsequently it will be measured at cost less accumulated depreciation and any impairment losses. Significant components of an asset are identified and depreciated separately.

(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.

All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

(c) Subsequent 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 the recognition criteria are met.

(d) Depreciation

(i) Property, plant and equipment

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

The estimated useful lives of assets are as follows:

Asset category	Useful life
Building	5-50 years
Furniture	5-10 years
Plant and Machinery	5-10 years
Motor Vehicles	10 years
Computers	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.

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

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

(ii) Library books

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

(e) Derecognition

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

2.1.2 Capital work-in-progress

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

2.1.3 Intangible assets

(a) Recognition and measurement

An intangible asset is recognised if it is probable that future economic benefits associated with the assets will flow to the Institute and the cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. Following the initial recognition, where the cost model is applied, assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Cost of development of study materials under the new syllabus has been capitalised on the basis that the economic benefits would flow to the Institute during the effective period of the new syllabus.

(b) Amortisation

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial reporting year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriated and treated as accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income, in the expense category consistent with the nature of the intangible asset. Amortisation commences when the assets are available for use.

Intangible assets are amortised on the following bases:

- a. Computer software is amortised over a period of 5 years on straight-line basis.
- b. Cost of development of study materials is amortised over a period of 5 years on straight-line basis from the effective date of the new curriculum.

(c) Derecognition

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the assets are derecognised.

2.1.4 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.

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

2.1.5 Impairment of non-financial assets

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

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

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

2.1.6 Financial assets – Initial recognition and measurement

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.

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, loans and other receivables and trade and other receivables.

(a) 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.

Initially, loans and receivables are recognised on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the organisation becomes a party to the contractual provisions of the instrument. Loans and receivables are stated at their cost net of an allowance on outstanding amounts to cover the risk of non-payment.

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

(b) 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 fixed deposits and government securities have been classified under HTM investments.

(c) Available-for-sale financial assets

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 reserve in funds and reserves. Interest income on available-for-sale financial assets 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.

Investments in government securities have been classified under available-for-sale.

2.1.7 Derecognition of financial assets

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

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

When the Institute has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Institute's continuing involvement in it.

In that case, the Institute also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Institute has retained.

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

2.1.8 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.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset or assets (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty or default in interest or principal payments, the probability that they will enter bankruptcy or any financial reorganisation and when observable data indicate that there is a measurable decrease in future cash flows, such as change in arrears or economic conditions that correlate with defaults. If any indication exists, the asset's recoverable amount is estimated.

An impairment loss is then recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.1.9 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through a disposal rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, these assets are remeasured in accordance with SLFRS 5 – 'Non-current assets held for sale'. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

2.1.10 Cash and cash equivalents

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

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

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

2.2 Liabilities and provisions

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.

2.2.1 Financial liabilities

Subsequent to initial recognition, interest-bearing loans are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the loan on an effective interest basis.

Interest-free loans are recorded at fair value on initial recognition, which is the present value of the expected future cash flows, discounted using a market-related rate. The difference between the cost and the fair value of these loans on initial recognition has been recognised immediately as interest income while the corresponding unamortised interest expenditure recognised in statement of financial position has been amortised over the period of the loan.

2.2.2 Provisions

A provision is recognised in the statement of financial position when the Institute has a legal or constructive obligation as a result of a past event, it is probable that an outflow of assets will be required to settle the obligation and the obligation can be measured reliably. For certain operational claims reported as provisions, it is not practical to disclose detailed information on their corresponding nature and uncertainties. If the effect is material, provisions are determined by discounting the expected future cash flow so as to reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.2.2.1 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 not externally funded. However, the surplus funds invested by the Institute in financial instruments are available and adequate to meet such obligations.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of long-term government bonds or high quality corporate bonds. Past service costs are recognised immediately in expenditure, unless the changes to the defined benefit plans are conditional on the employees remaining in services for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

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 provision for retirement gratuity is determined by a qualified actuary using the projected unit credit method. This item is stated under Non-current liabilities in the statement of financial position. Actuarial gains and losses are recognised as income or expense in other comprehensive income during the financial year in which it arises.

(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.

Employees' Provident Fund (EPF)

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

Employees' Trust Fund (ETF)

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

2.2.3 Taxation

(a) Income tax

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.

(b) Other taxes

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

(c) 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.

2.2.4 Translation of foreign currency transactions

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

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

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

2.3.1 Unrestricted funds

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

Contributions and donations received from the general public are recognised in the statement of comprehensive income on a cash basis where there are no terms of references.

Designated funds/reserves

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

Funds

Name of the designated fund	Purpose
Faculty of Taxation Fund	Development of the tax profession
Faculty of Auditing Fund	Development of the auditing profession
Publication Fund	Development of publications
Urgent Issues Task Force Fund	Interpretation of accounting issues
Needy Students' Scholarship Fund	
• L A Weerasinghe Memorial Needy Scholarship Fund	Help deserving and promising CA Sri Lanka students
Merit Scholarship Funds	
• General Fund	Help deserving and promising students who have shown exceptional performance at CA Sri Lanka examinations and undergoing business level training.
• CA Sri Lanka Scholarship Funds	

Reserve

Name of the reserve	Purpose
Capital Reserve	Funds reserved for upgrading of building

2.3.2 Restricted funds

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

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

The Institute has accounted the following funds and grants as restricted funds and the purposes for such funds/grants are elaborated as follows:

Name of the restricted project/fund	Purpose
Needy Students’ Scholarship Funds	
• CA Sri Lanka UK Members’ Scholarship Fund	Help deserving and promising students to realise their future ambition of becoming a Chartered Accountant
• Dalton Wijeyeratne Memorial Scholarship Fund	
• Prof. Y A D S Samaratunga Memorial Fund	
• Prof. Kodagoda Memorial Fund	
• Members’ Scholarship Fund	
• PricewaterhouseCoopers Scholarship Fund	
• Mr. Sanjaya Bandara Scholarship Fund	
Merit Scholarship Funds	
• Pelwatta Sugar Industries Ltd Fund	Help deserving and promising students
• Ernst & Young Scholarship Fund	Institute administers the scholarships granted to Ernst & Young trainees
• Miss. Inoka Gunaratne Memorial Fund	Help deserving and promising students

Name of the restricted project/fund	Purpose
Grants	
• World Bank Grant – IRQUE Project	Capacity building project
• World Bank Grant – Strengthening the Institute of Chartered Accountants of Sri Lanka	Implementing an audit quality assurance programme, programme to assist and educate SMPs, programme to increase adoption of IFRSs, programme to strengthen the public sector financial management
• Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) Grant	Promulgating accounting and auditing standards
• PricewaterhouseCoopers Grant – Human Resources Information System	Provided the HRIS developed by PricewaterhouseCoopers as a free grant to the Institute
• GIZ Grant - SMEs Development Project	Carry-out initiatives for the development of SMEs
• Ernst & Young SME grant	Provide training on audit tool kit for small and medium practices
• GIZ Project grant	Develop and strengthen the skills and capacities of small and medium-sized entities and small and medium-sized practices in the country
• ICTA/SLASSCOM grant	Development of the Business Process Outsourcing Service Professional Qualification
• GIZ grant for SMPs	Development of business tools for small and medium-sized practices in the country
Other Restricted Funds	
• Association of Public Finance Accountants of Sri Lanka – (APFASL)	Association of Public Finance Accountants of Sri Lanka (APFASL) has been set up jointly with the Institute of Public Finance and Development Accountancy (IPFDA) and the Institute during the year 2012, with the prime objective of enhancing the capacity of public sector financial management professionals. Since both parties have equally contributed to achieve a common objective, a restricted fund has been established for the same

Name of the restricted project/fund	Purpose
Best Annual Report Competition Fund	
<ul style="list-style-type: none"> • Deshabandu Albert Page • Late Mr. Cyril Gardiner • Hayleys PLC 	<p>Sponsorship for the Annual Report Awards. The aim of this project is to encourage excellence in the presentation of information in annual reports. The Chartered Accountants' Annual Report Awards is a prestigious event which recognises and honours those organisations that have achieved excellence in annual reporting – presenting a true and fair view of the year's activities. Awards are presented to winners annually at the awards ceremony.</p>

Management is of the view that all terms and conditions pertaining to the above funds have been complied with.

2.3.3 Endowment funds

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

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

Name of the endowment project/fund	Purpose
Prize Funds	Awarding subject prizes and merit prizes for the best performance of each examination.

The institute policies regarding the endowment funds are;

(i) Investment policy:

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

(ii) Withdrawal policy:

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

(iii) Fund usage policy:

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

2.3.4 Grants and subsidies

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

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

2.4 Statement of comprehensive income

2.4.1 Income recognition

(a) Income

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

(i) Subscriptions and annual renewal fees:

The subscription year for members, students and Certified Business Accountants runs from 1st January to 31st December. Only the subscriptions that are attributable to the current financial year are recognised as income. Fees and subscription payments that relate to future periods are shown in the statement of financial position as fees received in advance under current liabilities.

Annual renewal fees from training partners and teaching colleges are recognised as income at the time of receipt of the payment. The renewal year runs from 1st January to 31st December.

(ii) Examinations fees:

Fees on examinations are recognised as income at generation of admission.

(iii) Income from supply of educational materials:

Supplies of educational materials are recognised as income at the time of dispatch or sale.

(iv) Income from courses:

Incomes from other courses are recognised as income based on periodic basis.

(v) Income from seminar/workshops:

Seminars, workshops, conference and continuous professional development (CPD) activities are recognised upon conducting the event.

(vi) Certificates fees:

Issuance of certificates for the first time is recognised as income after receiving the Council approval.

Renewals of certificates are recognised at the time of issuing the renewed certificates.

(vii) Arrears, penalties and fines:

Arrears, penalties and fines in connection with the payments received after the due date are recognised on cash basis.

(viii) Fee from training agreement:

Training agreement fees are recognised at the time of registration for practical training.

(ix) Enrolment fees:

Fees received in connection with the enrolment to CA membership, fellow membership, practicing member, certified business accountant, training partners and teaching colleges are recognised after receiving the Council approval and payment due on of such applications.

(x) Sponsorships and contributions:

Sponsorships for member/student-related activities are recognised on acknowledgement.

(xi) Income from rendering services:

Revenues earned on rendering services are recognised in the accounting period in which the services were rendered.

(b) Other income

(i) Income from hire of halls:

Income from hire of halls is recognised on accrual basis.

(ii) Gain/Loss from sale of property, plant and equipment:

Net gains and losses on the disposal of property, plant and equipment is recognised in the statement of comprehensive income after deducting from the proceeds on disposal, the carrying value of the item disposed of and any related selling expenses. In the case of any revalued asset, any balance remaining in the revaluation reserve account is transferred to the statement of comprehensive income.

(iii) Other Income:

Any other income not specified under above categories is recognised on accrual basis.

(c) Restricted contributions/income

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

Income realised from restricted funds is recognised in the statement of comprehensive income only when there is certainty that all conditions for receipt of the funds have been complied with and the relevant expenditure that it is expected to compensate has been incurred and charged to the statement of comprehensive income.

On receiving any restricted contributions, the contribution is credited to the restricted fund account in the statement of financial position and debited to the bank account. Thereafter, on a systematic basis, an amount equivalent to that which has been spent on agreed 'restricted' activities during the period, is taken to income, by debiting the restricted fund account in the statement of financial position and crediting restricted income account. Unutilised funds are carried forward as such in the statement of financial position.

Any surplus remaining in a restricted fund on conclusion of project or planned activities are transferred as unrestricted income unless it is prohibited by a condition attached to it or the obligation exist to revert back to the fund providers.

(i) Contributions/donation for specific projects

A contribution/grant for specific projects is not recognised as an incoming resource, until there is reasonable assurance that the contribution will be received, and where relevant that the Institute has or will comply with the condition(s) attached to it and those funds are recognised in the statement of comprehensive income up to the extent that the Institute has performed the agreed project.

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

(ii) Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Grants that compensate the Institute for expenses incurred are recognised as income in the statement of comprehensive income in the same period in which the expenses are recognised.

(iii) Funds received for specific purpose

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

(d) Finance income:

Interest income is recognised on accrual basis using effective interest rate method (EIR) according to LKAS 39.

2.4.2 Expenditure recognition

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

Institute has adopted the 'Function of Expense' method to present fairly the elements of the Institute's activities in its statement of comprehensive income.

(a) Project expenses

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

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

(b) Operational expense

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

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

(c) Finance expense

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

2.5 Statement of cash flows

The statement of cash flows has been prepared in accordance with LKAS 7.

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

2.6 Capital commitments and contingencies

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

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

2.7 Events after the reporting period

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

2.8 Standards issued but not yet effective

Standards issued but not effective up to the date of issuance of the Institute's annual 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.

Accounting standard	Name of the standard	Effective date
SLFRS 9	Financial instruments classification and measurement	1st January 2018
SLFRS 15	Revenue from contracts with customers	1st January 2018

2.9 Overview of projects

2.9.1 World Bank Grant: Strengthening The Institute of Chartered Accountants of Sri Lanka

Country, project location	Sri Lanka
Project title	Strengthening The Institute of Chartered Accountants of Sri Lanka The programme was categorised under four components; <ul style="list-style-type: none"> • Implementing an Audit Quality Assurance Programme • Programme to assist and educate Small and Medium-Sized Practices (SMPs) • Programme to increase adoption of International Financial Reporting Standards (IFRS) • Programme to strengthen Public Sector Financial Management
Length of the project phase	Commencement: April 2012 April 2012 to 22nd March 2015
Main fund provider	World Bank grant channelled through the bank's Institutional Development Fund (IDF)

The objective of this project

In recognition of the significant role that the accounting profession plays in supporting the economic advancements of Sri Lanka, the World Bank extended a grant of US \$ 500,000 in April 2012 towards developing the core technical activities of CA Sri Lanka, including improving compliance with financial reporting, auditing and quality control standards in the corporate and public sector. The capacity building within the financial reporting and auditing community ensured transparency and accountability in financial reporting, while the objectives collectively aimed at achieving one of CA Sri Lanka's key goals of serving society with the highest levels of integrity and competence.

2.9.2 Capacity building project – Small and Medium – Sized Entities (SMEs) and Small and Medium – Sized Projects (SMPs)

Country, project location	Sri Lanka
Project title	SME Development
Length of the project phase	Commencement : 1st March 2013 1st March 2013 to 15th September 2015
Main fund provider	German Agency for International Cooperation

The objective of this project

The overall objective of the Programme is to improve and strengthen Sri Lanka's growing SME sector through a range of technical assistance activities. The programme goal is: 'The preconditions for inclusive SME development have improved'. Therefore, the focus is on the preconditions which are necessary to create an enabling environment for inclusive SME development in Sri Lanka. The identified preconditions are:

1. improved access to finance for SMEs
2. improved competitiveness of SMEs through innovation and technology transfer
3. an enabling policy environment

The intended impacts of the programme are generation of employment and income; more equitable, social and regional distribution of economic benefits; improved governance for inclusive and environmentally sustainable growth.

2.9.3 Needy scholarship awarding project

Country, project location	Sri Lanka
Project title	Needy Scholarship awarding project
Length of the project phase	Continuing project
Main fund providers	L A Weerasinghe Memorial Needy Scholarship Fund CA Sri Lanka UK Members' Scholarship Fund Dalton Wijeyeratne Memorial Scholarship Fund Professor Y A D S Samaratunga Memorial Fund Professor Kodagoda Memorial Fund Members' Scholarship Fund PricewaterhouseCoopers Scholarship Fund Mr. Sanjaya Bandara Scholarship Fund

The objective of this project

Help deserving and promising students who are at the beginning of CA to realise their future ambition of becoming a Chartered Accountant.

2.9.4 Merit scholarship awarding project

Country, project location	Sri Lanka
Project title	Merit Scholarship awarding project
Length of the project phase	Continuing project
Main fund providers	CA Sri Lanka Scholarship Funds Pelwatta Sugar Industries Ltd. Ernst & Young Scholarship Fund Miss. Inoka Gunaratne Memorial Fund

The objective of this project

Help deserving and promising students who have shown exceptional performance at CA Sri Lanka examinations and are at the Business level training to realise their future ambition of becoming a Chartered Accountant.

2.9.5 Best annual report competition projects

Country, project location	Sri Lanka
Project title	Best Annual Report Competition
Length of the project phase	Continuing project
Main fund providers	Deshabandu Albert Page Late Mr. Cyril Gardiner Hayleys PLC

The objective of this project

The aim of this project is to encourage excellence in the presentation of information in annual reports. The Chartered Accountants' Annual Report Awards is a prestigious event which recognises and honours those organisations that have achieved excellence in annual reporting – presenting a true and fair view of the year's activities. Awards are presented to winners annually at the awards ceremony.

The categories under which the awards are presented are as follows:

- Overall Awards: Gold, Silver, Bronze
- Sector Awards: Gold, Silver, Bronze
- Corporate Governance Disclosure Award: Gold, Silver, Bronze
- Corporate Social Responsibility Reporting Award: Gold, Silver, Bronze
- Management Commentary Award: Gold, Silver, Bronze
- Integrated Reporting Award: Gold, Silver, Bronze
- Integrated Reporting – Special Award: Best disclosure on business model.
- Integrated Reporting – Special Award: Best disclosure on capital management.

2.9.6 Prize funds

Country, project location	Sri Lanka
Project title	Prize Funds
Length of the project phase	Continuing project
Main fund providers	<ul style="list-style-type: none"> • CA Sri Lanka President's Fund • B R De Silva Memorial Fund • A D B Talwatte Fund • Satchithananda Memorial Fund • Kreston M N S Fund • Nivard Cabraal Fund • Reyaz Mihular Fund • D R Settinayake Memorial Fund • A D E De S Wijeyeratne Memorial Fund • Mohan Abeynaïke Fund • KPMG Fund • Ernst & Young Fund • SJMS Associates Fund • Sunil Piyawardena & Co Fund • Lal Nanayakkara & Co Fund • G C B Wijeyesinghe Memorial Fund • Nihal Hettiarachchi Fund • Jayaweera & Co Fund • Brito Mutunayagam Memorial Fund • PricewaterhouseCoopers Fund • K G H De Silva Prize Fund • BDO Partners Prize Fund • Jayasinghe & Company Fund

The objective of this project

Awarding subject prizes and merit prizes for the best performances.

3. Property, plant and equipment

	Buildings	Furniture	Plant and machinery	Motor vehicles	Computers	Capital work-in-progress	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs.'000
Cost or valuation							
Balance as at 1st January 2015	499,811	94,454	122,369	12,121	67,236	46	796,037
Additions	–	1,936	1,422	161	6,456	–	9,975
Capitalised during the year	–	46	–	–	–	(46)	–
Balance as at 31st December 2015	499,811	96,436	123,791	12,282	73,692	–	806,012
Accumulated depreciation							
Balance as at 1st January 2015	40,993	32,237	36,591	8,729	48,304	–	166,854
Depreciation charge for the year	18,152	8,466	19,503	1,160	6,237	–	53,518
Balance as at 31st December 2015	59,145	40,703	56,094	9,889	54,541	–	220,372
Carrying amounts							
As at 31st December 2015	440,666	55,733	67,697	2,393	19,151	–	585,640
As at 31st December 2014	458,818	62,217	85,778	3,392	18,932	46	629,183

3.1 The cost of fully-depreciated assets as of 31st December 2015 amounted to Rs. 76.9 mn (2014: Rs. 72.6 mn).

4. Intangible assets

	Software	Software licences	Study material development	Work-in-progress – projects	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost					
Balance as at 1st January 2015	17,694	3,638	15,871	26,829	64,032
Additions	362	148	–	37,932	38,442
Capitalised during the year	–	–	62,854	(62,854)	–
Balance as at 31st December 2015	18,056	3,786	78,725	1,907	102,474

	Software Rs. '000	Software licences Rs. '000	Study material development Rs. '000	Work-in- progress- projects Rs. '000	Total Rs. '000
Amortisation					
Balance as at 1st January 2015	12,910	1,842	6,163	–	20,915
Amortisation for the year	1,380	743	14,336	–	16,459
Balance as at 31st December 2015	14,290	2,585	20,499	–	37,374

Carrying amounts

As at 31st December 2015	3,766	1,201	58,226	1,907	65,100
As at 31st December 2014	4,784	1,796	9,708	26,829	43,117

As at	31.12.2015 Rs. '000	31.12.2014 Rs. '000
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5. Library books

Balance at the beginning of the year	1,377	953
Additions	1,551	1,428
Depreciation	(1,418)	(1,004)
Balance at the end of the year	1,510	1,377

6. Loans and advances to staff

Receivable within one year	7,842	2,721
Receivable after one year	17,723	14,310
Total	25,565	17,031

7. Held-to-maturity financial assets

Maturity within one year	82,748	100,935
Maturity after one year	272,522	165,001
Total	355,270	265,936

8. Available-for-sale financial assets

Maturity within one year	–	–
Maturity after one year	36,778	39,916
Total	36,778	39,916

Fair Value Measurement

The institute uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques:

Level 1: quoted (unadjusted) prices in active market for identical assets or liabilities.

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

Level 3: techniques which use inputs that have a significant effect on the recorded fair values that are not based on observable market data.

As at 31st December 2015 the Institute held the following financial assets carried at fair value on the statement of financial position.

Assets measured at fair value	Valuation date	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Available-for-sale financial assets	31.12.2015	–	36,778	–	36,778

As at	31.12.2015 Rs. '000	31.12.2014 Rs. '000
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9. Inventories

Study packs and study materials	17,021	4,082
Publications	6,842	6,998
Stationery, consumables and others	4,585	5,087
Total	28,448	16,167

10. Receivables

Receivables	52,458	37,621
Deposits and prepayments	9,438	4,560
Advances	6,666	4,480
Total	68,562	46,661

11. Cash and cash equivalents

Favourable balances

Re-purchase agreements	90,000	60,000
Cash at banks	34,731	40,612
Cash in hand	293	410
Total	125,024	101,022

Unfavourable balances

Bank overdrafts	(25,560)	(19,782)
Total cash and cash equivalents for the purpose of statement of cash flows	99,464	81,240

As at	31.12.2015 Rs. '000	31.12.2014 Rs. '000
12. Reserves		
Capital reserve	24,000	24,000
Available-for-sale reserve	(2,849)	(272)
Total	21,151	23,728

13. Designated funds

13.1 Summary

	Notes	Balance as at 01.01.2015 Rs. '000	Contribution from the institute Rs. '000	Donations received Rs. '000	(Payments) Rs. '000	Balance as at 31.12.2015 Rs. '000	Balance as at 31.12.2014 Rs. '000
Designated scholarship funds	13.2	25,193	9,821	34	(8,977)	26,071	25,193
Other designated funds	13.3	1,736	128	–	–	1,864	1,736
Total designated funds		26,929	9,949	34	(8,977)	27,935	26,929

13.2 Designated scholarship funds

L A Weerasinghe memorial needy scholarship fund		11,711	2,973	34	(1,852)	12,866	11,711
Merit scholarship fund		10,106	2,544	–	(4,603)	8,047	10,106
CA Sri Lanka scholarship funds		3,376	4,304	–	(2,522)	5,158	3,376
Total designated scholarship funds		25,193	9,821	34	(8,977)	26,071	25,193

	Balance as at 01.01.2015 Rs. '000	Contribution from the institute Rs. '000	Donations received Rs. '000	(Payments) Rs. '000	Balance as at 31.12.2015 Rs. '000	Balance as at 31.12.2014 Rs. '000
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13.3 Other designated funds

Faculty of taxation fund	530	39	–	–	569	530
Faculty of auditing fund	511	38	–	–	549	511
Publication fund	332	24	–	–	356	332
Urgent issues task force fund	363	27	–	–	390	363
Total other designated funds	1,736	128	–	–	1,864	1,736

14. Restricted funds and grants

14.1 Summary

	Notes	Balance as at 01.01.2015 Rs. '000	Contribution from the institute Rs. '000	Grants/ donations received Rs. '000	(Reimbursements/ amortisation) Rs. '000	(Payments) Rs. '000	Balance as at 31.12.2015 Rs. '000	Balance as at 31.12.2014 Rs. '000
Grants	14.2	27,363	816	3,725	(20,580)	–	11,324	27,363
Other restricted funds	14.3	29,558	2,497	–	(389)	–	31,666	29,558
Restricted scholarship funds	14.4	3,398	306	2,451	–	(135)	6,020	3,398
Total restricted funds and grants		60,319	3,619	6,176	(20,969)	(135)	49,010	60,319

	Notes	Balance as at 01.01.2015 Rs. '000	Contribution from the institute Rs. '000	Grants received Rs. '000	(Reimbursements) Rs. '000	(Amortisation) Rs. '000	Balance as at 31.12.2015 Rs. '000	Balance as at 31.12.2014 Rs. '000
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14.2 Grants

World Bank grant – IRQUE Project	14.2.1	4,794	–	–	–	(1,596)	3,198	4,794
World Bank grant – Strengthening The Institute of Chartered Accountants of Sri Lanka	14.2.2	10,899	–	–	(10,533)	(110)	256	10,899
PricewaterhouseCoopers grant	14.2.3	1,020	–	–	–	(340)	680	1,020
Ernst & Young SME grant	14.2.4	1,300	–	–	–	–	1,300	1,300
GlZ Project grant	14.2.5	1,065	–	–	(804)	–	261	1,065
GlZ grant	14.2.6	2,842	816	–	(1,944)	–	1,714	2,842
ICTA/SLASSCOM grant	14.2.7	5,443	–	–	(2,153)	–	3,290	5,443
GlZ grant for SMPs	14.2.8	–	–	625	–	–	625	–
		27,363	816	625	(15,434) *	(2,046) *	11,324	27,363

Revenue grants

Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) grant	14.2.9	–	–	2,500	(2,500)	–	–	–
Government grant	14.2.10	–	–	600	(600)	–	–	–
Total grants		27,363	816	3,725	(18,534)	(2,046)	11,324	27,363

Grants – Total expenditure

World Bank grant – Strengthening The Institute of Chartered Accountants of Sri Lanka							10,643	16,607
World Bank grant – IRQUE Project							1,596	2,318
PricewaterhouseCoopers grant							340	340
GlZ Project grant							804	2,672
GlZ grant							1,944	–
ICTA/SLASSCOM grant							2,153	1,097
Total							17,480 *	23,034

* Grants – Total expenditure of Rs. 17,480,000/- consist of reimbursements amounting to Rs. 15,434,000/- and amortisation amounting to Rs. 2,046,000/-.

	Balance as at 01.01.2015 Rs. '000	Grants received Rs. '000	(Amortisation) Rs. '000	Balance as at 31.12.2015 Rs. '000	Balance as at 31.12.2014 Rs. '000
14.2.1 World Bank grant – IRQUE project					
Furniture and equipment	1,403	–	(468)	935	1,403
Motor coach	3,391	–	(1,128)	2,263	3,391
Total	4,794	–	(1,596)	3,198	4,794

Amortisation of grants consists of amortisation of property, plant and equipment related grants amounting to Rs. 1,595,623/-. (Note 3)

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

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

For the year ended 31st December	2015 Rs. '000	2014 Rs. '000
Component 1: Implementing an audit quality assurance programme	2,420	7,165
Component 2: Programme to assist and educate Small and Medium-sized Practices (SMPs)	1,998	4,031
Component 3: Programme to increase adoption of IFRSs	5,218	5,398
Component 4: Programme to strengthen Public Sector Financial Management	1,007	13
	10,643	16,607

Total expenditure of Rs. 10,643,000 includes Rs. 110,444/- of depreciation charge relating to two laptops and a digital screen.

14.2.3 PricewaterhouseCoopers grant

This amount represents the HR system worth Rs. 1.7 mn, received free of charge from PricewaterhouseCoopers.

14.2.4 Ernst & Young SME grant

This amount represents the grant received from Ernst & Young to provide training on audit tool kit for small and medium practices (SMPs).

14.2.5 GIZ Project grant

This amount represents the grant received from German Agency for International Cooperation to develop and strengthen the skills and capacities of small and medium-sized entities (SMEs) and small and medium-sized practices (SMPs) in the country.

14.2.6 GIZ grant

This amount represents the grant received from German Agency for International Cooperation for the development of the accounting standards for smaller size entities.

14.2.7 ICTA/SLASSCOM grant

This grant has been received from Sri Lanka Association of Software and Services Companies (SLASSCOM) through Information and Communication Technology Agency (ICTA) as a part funding for the development of the Business Process Outsourcing Service Professional Qualification.

14.2.8 GIZ grant for SMPs

This amount represents the grant received from German Agency for International Cooperation for the development of business tools for small and medium-sized practices (SMPs) in the country.

14.2.9 SLAASMB grant

A grant of Rs. 2.5 mn 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.

14.2.10 Government grant

A grant of Rs. 600,000/- represents the annual recurrent grant received from the Treasury through the Ministry of Co-operatives and Internal Trade.

	Balance as at 01.01.2015 Rs. '000	Contribution from the institute Rs. '000	Donations received Rs. '000	(Reimbursements) Rs. '000	Balance as at 31.12.2015 Rs. '000	Balance as at 31.12.2014 Rs. '000
14.3 Other restricted funds						
Association of Public Finance Accountants of Sri Lanka Fund	23,229	2,032	–	(360)	24,901	23,229
Best annual report competition fund (Note 14.3.1)	6,329	465	–	(29)	6,765	6,329
Total other restricted funds	29,558	2,497	–	(389)	31,666	29,558

14.3.1 Best annual report competition fund

Deshabandu Albert Page (1992)	860	63	–	(6)	917	860
Late Mr. Cyril Gardiner	5,155	379	–	(16)	5,518	5,155
Hayleys PLC (1994)	314	23	–	(7)	330	314
Total	6,329	465	–	(29)	6,765	6,329

	Balance as at 01.01.2015 Rs. '000	Contribution from the institute Rs. '000	Donations received Rs. '000	(Payments) Rs. '000	Balance as at 31.12.2015 Rs. '000	Balance as at 31.12.2014 Rs. '000
14.4 Restricted scholarship funds						
CA Sri Lanka UK Members' scholarship fund	32	2	–	–	34	32
Prof. Y A D S Samaratunga memorial fund	72	5	–	–	77	72
Prof. Kodagoda memorial fund	233	17	–	–	250	233
PricewaterhouseCoopers scholarship fund	49	10	165	–	224	49
Ernst & Young scholarship fund	1,926	179	1,061 *	–	3,166	1,926
Miss. Inoka Gunaratne memorial fund	72	5	–	(22)	55	72
Pelwatta Sugar Industries Ltd. fund	477	35	–	–	512	477
Mr. Sanjaya Bandara scholarship fund	–	–	720 **	–	720	–
Members' scholarship fund	529	53	505	(113)	974	529
Dalton Wijeyeratne memorial scholarship fund	8	–	–	–	8	8
Total restricted scholarship funds	3,398	306	2,451	(135)	6,020	3,398

* Includes Rs. 516,000/- paid to Mr. Manil Jayasinghe by the Institute for services rendered by him.

** Rs. 719,750/- paid to Mr. Sanjaya Bandara by the Institute for the services rendered by him.

15. Endowment funds

15.1 Summary

	Notes	Balance as at 01.01.2015 Rs. '000	Contribution from the institute Rs. '000	Donations received Rs. '000	Transfers Rs. '000	(Payments) Rs. '000	Balance as at 31.12.2015 Rs. '000	Balance as at 31.12.2014 Rs. '000
Capital balances – prize funds	15.2	1,422	–	145	(175)	–	1,392	1,422
Income balances – prize funds	15.3	631	151	–	175	(359)	598	631
Total endowment funds		2,053	151	145	–	(359)	1,990	2,053

15.2 Capital balances – prize funds

		Balance as at 01.01.2015 Rs. '000	Contribution from the institute Rs. '000	Donations received Rs. '000	(Transfers to income account) Rs. '000	Balance as at 31.12.2015 Rs. '000	Balance as at 31.12.2014 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
Satchithananda memorial fund	(1993)	16	-	-	-	16	16
Kreston MNS fund	(1993)	30	-	38	(38)	30	30
Nivard Cabraal fund	(1994)	50	-	-	-	50	50
Reyaz Mihular fund	(1996)	25	-	-	-	25	25
D R Settinayake memorial fund	(1999)	68	-	22	(22)	68	68
A D E De S Wijeyeratne memorial fund	(1999)	43	-	-	-	43	43
Mohan Abeynaike fund	(1999)	25	-	75	(75)	25	25
KPMG fund	(1999)	113	-	-	-	113	113
Ernst & Young fund	(1999)	200	-	-	-	200	200
SJMS Associates fund	(1999)	66	-	-	-	66	66
Sunil Piyawardena & Co. fund	(1999)	55	-	10	(10)	55	55
Jayasinghe & Co. fund	(2000)	30	-	-	(30)	-	30
Lal Nanayakkara & Co. fund	(2000)	75	-	-	-	75	75
G C B Wijeyesinghe memorial fund	(2000)	50	-	-	-	50	50
Nihal Hettiarachchi fund	(2000)	51	-	-	-	51	51
Jayaweera & Co. fund	(2000)	25	-	-	-	25	25
Brito Mutunayagam memorial fund	(2003)	129	-	-	-	129	129
PricewaterhouseCoopers fund	(2006)	150	-	-	-	150	150
K G H De Silva Prize fund	(2006)	121	-	-	-	121	121
BDO Partners Prize fund	(2013)	25	-	-	-	25	25
Total		1,422	-	145	(175)	1,392	1,422

	Balance as at 01.01.2015 Rs. '000	Contribution from the institute Rs. '000	Transfers from capital account Rs. '000	(Payments) Rs. '000	Balance as at 31.12.2015 Rs. '000	Balance as at 31.12.2014 Rs. '000
15.3 Income balances – endowment funds						
Prize funds – income balances	631	151	175	(359)	598	631
Total	631	151	175	(359)	598	631

Jayasinghe & Co. Fund was terminated with effect from 01st January 2015 at the request of Mr. Asoka Jayasinghe.

16. Borrowings

	Balance as at 31.12.2015 Rs. '000	Balance as at 31.12.2014 Rs. '000
Payable within one year	1,582	896
Payable after one year	–	829
	1,582	1,725

Institute launched the Corporate Directors' programme as a joint initiative with the Securities and Exchange Commission of Sri Lanka (SEC), for which the SEC granted an interest free loan payable in four equal payments starting from the second programme.

As at	31.12.2015 Rs. '000	31.12.2014 Rs. '000
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17. Retirement benefit obligation

Balance at the beginning of the year	24,441	23,018
Provision made during the year (Note 17.1)	7,092	4,342
Payments made during the year	(3,725)	(2,919)
Balance at the end of the year	27,808	24,441

17.1 Provision made during the year

Interest cost	1,955	2,302
Current service cost	3,011	2,723
	4,966	5,025
Net actuarial (gain)/loss recognised	2,126	(683)
Total provision made during the year	7,092	4,342

17.2 Actuarial and Management Consultants (Pvt) Ltd., qualified actuaries carried out an actuarial valuation on the defined benefit plan gratuity as at 31st December 2015. The assumptions used in determining the cost of retirement benefits are as follows:

	2015	2014
Rate of discount	9.5% per annum	8% per annum
Rate of salary increase	8.5%	7%
Retirement age	55 years	55 years

	2015 Increase/(decrease) of defined benefit obligation Rs. '000	2014 Increase/(decrease) of defined benefit obligation Rs. '000
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Sensitivity analysis to salary escalation rate

One percentage point increase	755	623
One percentage point decrease	(724)	(597)

Sensitivity analysis to discount rate

One percentage point increase	(626)	(545)
One percentage point decrease	664	578

As at	31.12.2015 Rs. '000	31.12.2014 Rs. '000
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18. Payables

Accrued charges	71,843	54,619
Payables – capital projects	9,534	31,733
Amounts due to related parties (Note 18.1)	242	–
Payables on self-study courses and other payables	7,631	2,226
Other tax payables	520	–
Total	89,770	88,578

18.1 Amounts due to related parties

Name	Transactions	2015 Rs. '000	2014 Rs. '000
Mr. S M S S Bandara	Educational activities	167	–
Mr. Heshana Kuruppu	Educational activities	75	–
Total		242	–

As at	31.12.2015 Rs. '000	31.12.2014 Rs. '000
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19. Income tax liability

Balance brought forward	5,017	–
Charge for the year (Note 29)	3,671	3,912
Over provision for previous years	(354)	–
Charge for previous years	–	3,926
Total charge	8,334	7,838
National tax credits	(1,261)	(270)
Paid during the year	(3,217)	(2,551)
Balance carried forward	3,856	5,017

20. Receipts in advance

Advances received for educational activities	166,735	128,281
Advances received for member subscription and events	17,035	13,845
Total	183,770	142,126

21. Income and expenditure (excluding employee costs)

For the year ended 31st December	2015			2014		
	Income	(Expenditure)	Net income/ (expenditure)	Income	(Expenditure)	Net income/ (expenditure)
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Performance by activity						
Learning and professional development	587,549	(242,826)	344,723	584,847	(239,885)	344,962
Continuous professional development and member-related activities	122,014	(80,001)	42,013	109,619	(64,485)	45,134
Financial reporting and assurance standards-related activities	35,747	(30,757)	4,990	51,740	(40,645)	11,095
Library-related activities	415	(2,538)	(2,123)	1,010	(1,964)	(954)
Net sponsorship income	9,509	–	9,509	9,021	–	9,021
Development of public finance	5,226	(4,495)	731	4,653	(4,756)	(103)
Total	760,460	(360,617)	399,843	760,890	(351,735)	409,155

For the year ended 31st December	2015			2014		
	Income	(Expenditure)	Net income/ (expenditure)	Income	(Expenditure)	Net income/ (expenditure)
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Analysis by divisions						
Examinations	205,369	(92,912)	112,457	249,467	(93,958)	155,509
Registration, Education, Training, Library and Marketing	246,448	(73,845)	172,603	188,208	(75,517)	112,691
IT Training and Language Centre	39,700	(17,166)	22,534	51,715	(14,231)	37,484
Members' activities	156,646	(102,819)	53,827	151,881	(85,903)	65,978
Business school	44,957	(21,504)	23,453	54,504	(29,208)	25,296
Taxation faculty	16,929	(10,803)	6,126	17,547	(9,940)	7,607
School of accounting and business	27,753	(24,465)	3,288	15,907	(16,118)	(211)
CPD secretariat	2,164	(1,036)	1,128	1,525	(1,558)	(33)
Technical research	15,268	(11,572)	3,696	25,483	(20,546)	4,937
Association of Public Finance Accountants of Sri Lanka	5,226	(4,495)	731	4,653	(4,756)	(103)
Total	760,460	(360,617)	399,843	760,890	(351,735)	409,155

For the year ended 31st December	2015	2014
	Rs. '000	Rs. '000
22. Other operating income		
Income from hire of halls	6,188	632
Profit on sale of publications	157	401
Gain on disposal of property, plant and equipment	–	1,097
Gain on disposal of available-for-sale financial assets	–	261
Miscellaneous income	1,028	978
Total other operating income	7,373	3,369

23. Employee costs		
Salaries and wages	169,747	157,039
Defined contribution plan cost		
– Employees' Provident Fund	16,340	14,498
– Employees' Trust Fund	3,268	2,900
Defined benefit plan cost	4,966	5,025
Amortisation of pre-paid staff cost	1,683	1,550
Total employee costs	196,004	181,012
No. of employees as at year end	148	149

For the year ended 31st December	2015 Rs. '000	2014 Rs. '000
24. Maintenance of premises		
Building maintenance and utility	35,616	37,035
Renovations-related expenditure	530	18,063
Total maintenance of premises	36,146	55,098
25. Depreciation and amortisation		
Depreciation for the year	53,518	47,732
Depreciation of library books	1,418	1,004
Amortisation of intangible assets	16,459	6,500
	71,395	55,236
Amortisation of capital grant	(2,046)	(2,755)
Depreciation charged to expenditure on learning and professional development	(1,818)	(1,460)
Total depreciation and amortisation	67,531	51,021
26. Other expenses		
Communication expenses	24,781	27,425
Travelling expenses	2,120	2,700
Bank charges and commissions	2,869	2,267
Professional fees	2,205	1,452
Auditor's remuneration		
– Audit fees and expenses	300	300
– Non-audit fees and expenses	–	120
Legal fees	1,902	1,053
Stationery and sundry expenses	2,001	2,038
Total other expenses	36,178	37,355
27. Finance Income		
Interest income on available-for-sale financial assets	3,544	2,097
Interest income on investments in re-purchase agreements	1,296	599
Interest income on held-to-maturity financial assets	30,976	34,607
Interest income on initial acquisition of loans	–	453
	35,816	37,756
Interest income on loans and receivables	2,579	2,201
Total Finance income	38,395	39,957

For the year ended 31st December	2015 Rs. '000	2014 Rs. '000
28. Finance cost		
Market rate adjustment to interest free loan	326	–
Total finance cost	326	–

The institute received an interest free loan from Securities and Exchange Commission and the above amount represent the adjustment for the market interest rate.

For the year ended 31st December	2015 Rs. '000	2014 Rs. '000
29. Income Tax		
Reconciliation between current tax expenses/(reversal) and the accounting surplus/(deficit):		
Surplus for the year before tax	99,196	111,940
Finance income	(38,395)	(39,957)
Surplus not liable for tax (Note 29.1)	60,801	71,983
Finance income	38,395	39,957
Interest income on initial acquisition of loan	–	(453)
Amortisation of pre-paid staff cost	(1,683)	(1,550)
Finance income liable for income tax	36,712	37,954
Taxation at 10%	3,671	3,730
Taxation at 28%	–	182
Current tax provision	3,671	3,912
Over/Under provision in respect of previous years	(354)	3,926
Charge for the year	3,317	7,838

29.1 The amount shown as the charge for the year in respect of tax liability of the Institute is the amount referable to finance income considered on the accrual basis. However, in the income tax returns the interest income liable to withholding tax would be reported on a cash basis, i.e. on the basis taxes are withheld.

30. Events occurring after the reporting period

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

31. Commitments**Capital commitments**

As at	31.12.2015 Rs. '000	31.12.2014 Rs. '000
Authorised but not contracted		
Intangible assets	100,000	78,000
Property, plant and equipment	6,800	-
Total	106,800	78,000

Capital commitments represent the Rs. 100 mn approved by the council for ERP Project and 6.8 mn approved for the solar power system.

32. Contingent liabilities

The Institute has been paying the lease rent as specified by the local authority. However the local authority has re-assessed lease rental payable using a different basis. Under the new basis an arrears of Rs. 34 mn has been requested in respect of the period 27th April 2007 to 28th April 2015.

The management of the Institute is of the opinion that the additional lease rental of Rs. 34 mn is not payable as the basis on which it had been computed has no merit.

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 reporting period, the following members of the Council have been involved in such activities at the request of the Council on behalf of the Institute.

Name	Transactions	2015 Rs. '000	2014 Rs. '000
Council members appointed for the term 2014/15			
Mr. T Dharmarajah	Technical activities	-	69
	Educational activities	337	54
	Student registration activities	25	45
Mr. S M S Bandara*	Educational activities	2,360	273
	Technical activities	146	15
	Examination activities	-	202
	Lecture fees	104	223

Name	Transactions	2015 Rs. '000	2014 Rs. '000
Mr. Heshana Kuruppu	Lecture fees	8	9
	Educational activities	75	–
Mr. Manil Jayesinghe**	Technical activities	13	13
	Examination activities	428	425
	Educational activities	75	–
Mr. Tishan Subasinghe	Technical activities	26	12
	Examination activities	–	37

**An amount of Rs. 719,750/- which had been paid to Mr. S M S S Bandara by the Institute in connection with the services rendered during the year was returned to the Institute and credited to Mr. Sanjaya Bandara scholarship fund at the request of Mr. Sanjaya Bandara.*

***An amount of Rs. 516,000/- which had been paid to Mr. Manil Jayesinghe by the Institute in connection with the services rendered during the year was returned to the Institute and credited to the Ernst & Young scholarship fund at the request of Mr. Manil Jayesinghe.*

Transactions entered into by the Institute with the audit firms where Council members are Key Management Personnel of those firms

An amount of Rs. 1,169,170/- which had been paid to KPMG, where Mr. Jagath Perera is a key management person and also a member of the Council of the Institute for the outsourcing of the payroll function.

An amount of Rs. 186,813/- had been paid during the year to PricewaterhouseCoopers where Mr. Channa Manoharan is a key management person and also a member of the Council of the Institute, in connection with the subsequent modifications and upgradations made to the Human Resources Information System.

However, in making decisions pertaining to above transactions those members have declared their interest and refrained from participating in the decision-making process.

Transactions engaged between CA Sri Lanka and AAT, where CA Sri Lanka appoints 8 Council members out of the 16 of AAT

For the Year ended 31st December	2015 Rs. '000	2014 Rs. '000
Rent paid to AAT	–	1,160
Advertisement in organiser	20	–
Sponsorships paid to AAT	1,250	128

34. Financial risk management

The Institute has exposure to the following risks from its use of financial instruments. These are monitored by the council and operational review committee on a regular basis:

1. Credit risk
2. Liquidity risk
3. Market risk

Risk management framework

The Council has overall responsibilities for the establishment and oversee institute's risk management framework. The Council is supported by the operational review committee in managing all risks affecting the Institute.

34.1 Credit risk

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

To minimise the credit risk, the fixed deposits are held with the Government-owned banking Institutions and Available-for-sale instruments and repurchase agreements are held only in Government Securities.

Carrying value as at 31st December

	2015 Rs. '000	2014 Rs. '000
Held-to-maturity – financial assets	355,270	265,936
Available-for-sale financial assets	36,778	39,916
Receivables	68,562	46,661
Repurchase agreements	90,000	60,000
Total	550,610	412,513

34.2 Liquidity risk

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

Maturity analysis of financial assets and liabilities

Description	On demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	More than 3 years Rs. '000	Total Rs. '000
Financial assets						
Receivables	–	52,458	–	–	–	52,458
Loans and advances to staff	–	2,230	5,612	15,398	2,325	25,565
Held-to-maturity financial assets	–	–	82,748	272,522	–	355,270
Available-for-sale financial assets	–	–	–	–	36,778	36,778
Repurchase agreements	–	90,000	–	–	–	90,000
Cash and cash equivalents	35,024	–	–	–	–	35,024
	35,024	144,688	88,360	287,920	39,103	595,095
Financial liabilities						
Payables	–	(79,716)	(9,534)	–	–	(89,250)
Borrowings	–	(855)	(727)	–	–	(1,582)
Bank overdrafts	(25,560)	–	–	–	–	(25,560)
	(25,560)	(80,571)	(10,261)	–	–	(116,392)
Net financial assets	9,464	64,117	78,099	287,920	39,103	478,703

34.3 Market risk

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

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

F B Lander Prize Fund →

Statement of financial position

As at	31.12.2015		31.12.2014	
	Rs.	Rs.	Rs.	Rs.
Assets				
Balance at National Savings Bank		673,488		641,337
		673,488		641,337
Equity and liabilities				
Capital		13,333		13,333
Income account				
Balance as at 1st January	628,004		599,224	
Add: Interest for the year	32,151	660,155	28,780	628,004
		673,488		641,337

Cyril E Begbie Memorial Prize Fund →

Statement of financial position

As at	31.12.2015		31.12.2014	
	Rs.	Rs.	Rs.	Rs.
Assets				
Balance at National Savings Bank		213,589		203,393
Total		213,589		203,393
Equity and liabilities				
Capital		10,000		10,000
Income account				
Balance as at 1st January		108,393		99,265
Add: Interest for the year		10,196		9,128
Less: Prize paid		(39,000)		–
Balance as at 31st December		79,589		108,393
Creditors – CA Sri Lanka		124,000		85,000
Total		213,589		203,393

ANNEXES

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Ten Year Summary →**Statements of Financial Position**

As at 31st December	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets										
Total non-current assets	979,273	892,904	617,016	630,701	224,097	89,406	70,976	62,535	54,394	43,740
Total current assets	312,624	267,506	433,258	390,805	518,458	513,663	420,034	319,126	237,655	184,607
Total assets	1,291,897	1,160,410	1,050,274	1,021,506	742,555	603,069	491,010	381,661	292,049	228,347
Funds and liabilities										
Total accumulated fund and reserves	880,616	789,440	684,927	580,843	489,085	383,817	292,551	214,869	152,337	119,870
Total funds and grants	78,935	89,301	61,531	86,453	42,759	52,069	60,000	48,474	43,919	39,219
Total non-current liabilities	27,808	25,270	23,018	20,197	17,626	17,210	19,455	19,079	20,046	19,283
Total current liabilities	304,538	256,399	280,798	334,013	193,085	149,973	119,004	99,239	75,747	49,975
Total funds and liabilities	1,291,897	1,160,410	1,050,274	1,021,506	742,555	603,069	491,010	381,661	292,049	228,347

Statements of Comprehensive Income

For the year ended 31st December	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Income	760,460	760,890	653,545	516,207	463,757	383,424	341,891	269,471	221,635	189,917
Expenditure	(360,617)	(351,735)	(309,054)	(238,007)	(225,055)	(173,897)	(161,464)	(123,724)	(101,830)	(81,940)
Net income before employee costs and overheads	399,843	409,155	344,491	278,200	238,702	209,527	180,427	145,747	119,805	107,977
Other operating income	7,373	3,369	5,672	4,524	5,319	2,769	4,324	1,454	515	583
Operating income	407,216	412,524	350,163	282,724	244,021	212,296	184,751	147,201	120,320	108,560
Total overhead expenses	(335,859)	(324,486)	(275,900)	(205,547)	(169,847)	(153,491)	(151,101)	(120,566)	(112,444)	(104,029)
Net operating income	71,357	88,038	74,263	77,177	74,174	58,805	33,650	26,635	7,876	4,531
Finance income	38,395	39,957	41,681	31,232	30,322	32,111	43,732	35,597	24,291	13,915
Finance cost	(326)	–	–	(265)	–	–	–	–	–	–
Surplus for the year after tax	95,879	104,102	105,039	102,007	104,846	91,266	77,682	62,532	32,467	18,746
Fair value changes on available-for-sale investments	(2,126)	683	(955)	(249)	422	–	–	–	–	–
Defined benefit plan actuarial (loss)/gain	(2,577)	(272)	–	–	–	–	–	–	–	–
Total comprehensive income	91,176	104,513	104,084	101,758	105,268	91,266	77,682	62,532	32,467	18,746

Statements of Cash Flows

For the year ended 31st December	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net cash inflow/(outflow) from operating activities	123,838	77,783	23,900	217,619	119,550	81,014	56,442	45,787	31,229	1,774
Net cash inflow/(outflow) from investing activities	(102,029)	(44,787)	(100,372)	(182,117)	(295,442)	(4,939)	23,485	14,318	3,945	(10,669)
Net cash inflow/(outflow) from financing activities	(3,585)	36,927	25,677	13,863	1,308	3,387	16,709	13,037	11,798	20,191
Cash and cash equivalents	99,464	81,240	11,317	61,770	12,405	204,211	366,527	266,779	196,749	143,777

Appreciation →

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

- The President of the Democratic Socialist Republic of Sri Lanka His Excellency Maithripala Sirisena
- Secretary and staff of the Presidential Secretariat
- Regulatory Bodies and Ministries
- Committee members and other members of the Institute
- Staff of the Institute
- Other professional bodies that have extended support during the year
- Institute's lead sponsors and other sponsors
- Resource persons at conferences, seminars, discussion groups and lectures
- Training partners, examiners and marking examiners
- Institute's media sponsors and all representatives of media
- CA Sri Lanka's teaching colleges
- Government officials
- Service providers and others who made various contributions during 2015

By Order of the Council,



Aruna Alwis
Secretary/Chief Executive Officer

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Regional Information Centres →

Central Information Centre

42/1/2, A A Dharmasena
 Mawatha,
 Mahaiyawa,
 Kandy
 Tel.: 00(94) 81 2222933
 E-Mail: kandy@casrilanka.org

Northern Information Centre

Jaffna College Undergraduate
 Department
 464, Hospital Road,
 Jaffna
 Tel.: 00(94) 21 2221947
 E-Mail: jaffna@casrilanka.org

Sabaragamuwa Information Centre

Chamber of Commerce and
 Industries Building
 8/1, Bandaranayake Mawatha,
 Ratnapura
 Tel.: 00(94) 45 2226760
 E-Mail:
 sabaragamuwa@casrilanka.org

Eastern Information Centre

26, Amman Kovil Road,
 Kalmunai
 Tel.: 00(94) 67 2226038
 E-Mail:
 kalmunai@casrilanka.org

North-Central Information Centre

561/39, Preeman Mawatha,
 Anuradhapura
 Tel.: 00(94) 25 2226845
 E-Mail: anuradhapura@casrilanka.org

Southern Information Centre

268, Sagara Building
 Anagarika Dharmapala Mawatha,
 Matara
 Tel.: 00(94) 41 2234800
 E-Mail: matara@casrilanka.org

North-Western Information Centre

15/6, Convent Road,
 Kurunegala
 Tel.: 00(94) 37 2221708
 E-Mail: wayamba@casrilanka.org

Corporate Information →

Legal Form

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

Internal Auditor

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 Colombo 04

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

External Auditor

Mr. S M N L Senanayake
 3rd Floor, De Mel Building,
 No. 103, Chatham Street,
 Colombo 01

Bankers

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

Lead Sponsors →

Aitken Spence PLC
 Cargills (Ceylon) PLC
 Goodhope Asia Holdings Ltd.

Hayleys PLC
 Hatton National Bank PLC
 John Keells Holdings PLC

Sri Lanka Insurance Corporation Ltd.
 Sri Lanka Telecom PLC



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