

GEARING UP FOR THE TIMES AHEAD

ANNUAL REPORT

2013



CA



THE INSTITUTE OF
CHARTERED ACCOUNTANTS
OF SRI LANKA

GEARING UP FOR THE TIMES AHEAD

ANNUAL REPORT

2013

About The Institute →

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. It comes under the purview of the Ministry of Co-operative and Internal Trade.

The Institute is the authority for promulgating accounting and auditing standards of Sri Lanka. The Institute has a student population in excess of 44,000 and a member population of approximately 4,400. It is one of the largest tertiary education providers in Sri Lanka.

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

Contents →

Preamble

About This Report - 04
Vision, Mission, Objectives and Core Values - 06
Highlights of the Year - 08

Messages

President's Message - 11
Secretary/CEO's Message - 15

Business Model

Operating Environment - 19
Operational Structure - 22
Our Strategy - 23
Our Key Stakeholders - 24
The Two Aspects of Value Creation - 26

Review of the Year

Deriving Value - 29
Delivering Value - 37

Stewardship

Past Presidents - 51
The Council - 52
Management Team - 54
Governance - 56
Report of the Governance and Audit Committee - 65
Risk Management - 67

Financial Reports and The Auditor's Report

Responsibility Statement of the Secretary/Chief Executive Officer and the Head of Finance - 73
Auditor's Report - 74
Statement of Comprehensive Income - 75

Statement of Financial Position - 76
Statement of Changes in Funds and Reserves - 78
Cash Flow Statement - 79
Notes to the Financial Statements - 81

F B Lander Prize Fund - 109
Cyril E Begbie Memorial Prize Fund - 110

Annexes

Summary of Financials - 112
Appreciation - 115
Regional Knowledge Centres - 116
Corporate Information - 116

GEARING UP FOR THE TIMES AHEAD

We need to remain relevant and stay ahead of times.

In an increasingly complex and rapidly changing world, sustainable value creation has become a key concern of businesses. More so in a post-global financial crisis environment that still reverberates across the world. As organisations grapple with new business models and regulatory as well as voluntary codes of conduct, reporting too will change to keep pace with the rising demands of stakeholders who are increasingly savvy, concerned and vocal.

As a result, times ahead are going to be promising but challenging; interesting but uncertain; eventful but demanding...

CA Sri Lanka is very much alive to these developments and has been gearing itself up to integrate its offering with the expectations of the 'world'. In this Annual Report 2013, you will find an integrated account of our performance during the year... and plans for the years ahead.

Rationale

Readers will observe that our annual reporting for financial year 2013 adopts a different format. In fact, it is an integrated report.

Integrated reporting is a relatively new approach 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. Such an approach provides greater context for performance measurement, clarifies how financial and non-financial information fits into our operations, and helps embed integrated thinking into our decision making process.

Evolution

The concept of producing an annual report that bridges the traditional divide between financial reporting and sustainability reporting has been evolutionary, and gained momentum globally soon after the turn of the century. A noteworthy initiative in this regard was the International Integrated Reporting Framework released in December 2013 by the International Integrated Reporting Council (IIRC), after a series of global stakeholder consultations. We too were involved in the consultation process.

Uptake

Many progressive companies around the world have migrated to integrated reporting. Corporates in Sri Lanka too are no exception, with a few having reported their value creation story in the context of financial and non-financial capital formation even before the term integrated reporting was coined.

Commencing with this Annual Report 2013 we have chosen integrated reporting as our annual corporate reporting norm.

Concepts

As communicating about how an organisation creates value over time lies at the core of integrated reporting, our reporting too reflects this objective, while drawing on some underlying concepts and principles. In short, it is an integrated account that 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.

The concept of capital is broader in scope in integrated reporting and goes beyond the traditional focus on financial capital. It is discussed in greater detail under the Two Aspects of Value Creation on page 26, followed by a discussion on Deriving and Delivering Value starting on page 29. We believe such an approach helps us to communicate more effectively to our members and other stakeholders what CA Sri Lanka is and how it operates.

In preparing this integrated report we have - where applicable - drawn on concepts, principles and guidance given in the following:

The International Integrated Reporting Framework (December 2013)
[www.theiirc.org]

The Smart Integrated Reporting Methodology™ (September 2013)
[www.smart.lk]

Reporting

Following the preamble and messages from the President and the Secretary/CEO, we begin our review with a discussion on our business model. Our business 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, duly supported by concepts that were discussed earlier. We then discuss stewardship and move on to financial reports that provide the details. The rest are caught up in Annexes and our website. We trust you will enjoy the read.

Compliance

The CA Sri Lanka Annual Report 2013 covers the 12-month period 1st January to 31st December 2013, and is consistent with our usual annual reporting cycle.

Integrated reporting in Sri Lanka is voluntary, and in doing so we have not compromised on the quality or quantity of disclosures. Rather, they have been enhanced and made more relevant.

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.

Queries

We welcome your comments or questions 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.com

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

CORE VALUES

Integrity + Wisdom + Innovation + Service

Highlights of the Year →

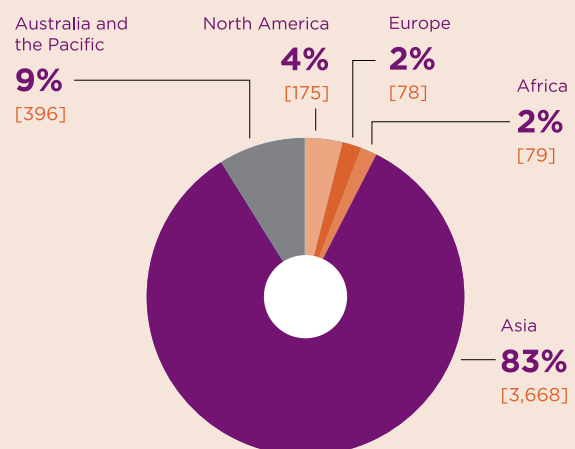
→ Highlights of the Year - 08

- President's Message - 11
- Secretary/CEO's Message - 15
- Business Model - 18
- Review of the Year - 28
- Stewardship - 50
- Financial Reports - 72
- Annexes - 111

For the Year ended 31st December	2013	2012	Growth %
Members:			
No. of members	4,396	4,165	6
Ratio of resident and non-resident members (%)	78 : 22	77 : 23	
Ratio of practicing and non-practising members (%)	14 : 86	15 : 85	
Membership retention rate (%)	99.7	95.0	
No. of new admissions	244	213	15
Income from members (Rs. '000)	119,662	99,184	21
Students:			
No. of Students	44,007	38,877	13
Studentship renewal rate (%)	83.3	82.3	
No. of new enrolments	12,008	8,122	49
Income from Students (Rs. '000)	450,956	335,445	34
Value of scholarships (Rs. '000)	5,387	6,292	(14)
Financial Performance:			
Total Income (Rs. '000)	655,937	520,731	26
Surplus (Rs. '000)	104,084	101,758	2
Total Assets (Rs. '000)	1,049,084	1,021,506	3
Other:			
No. of applications for Annual Report Awards	126	124	2

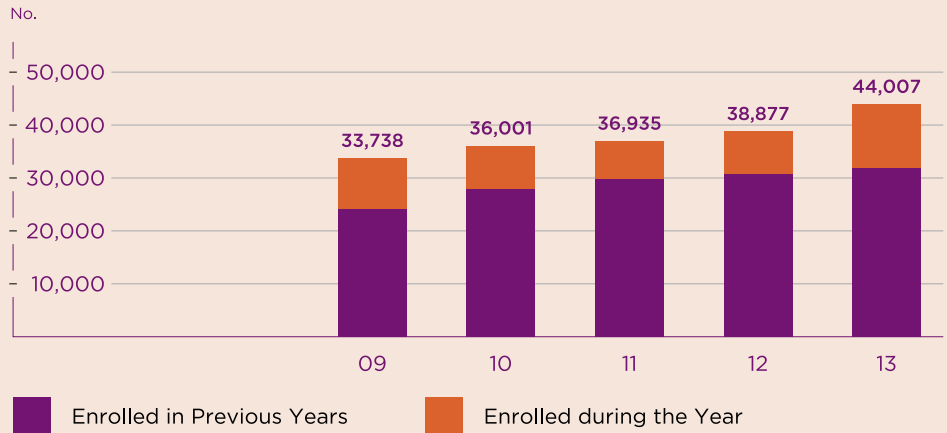
Geographical Distribution of Members

While 78% of the member population of the Institute is serving in Sri Lanka in various capacities, the non-resident members are spread across around the world.



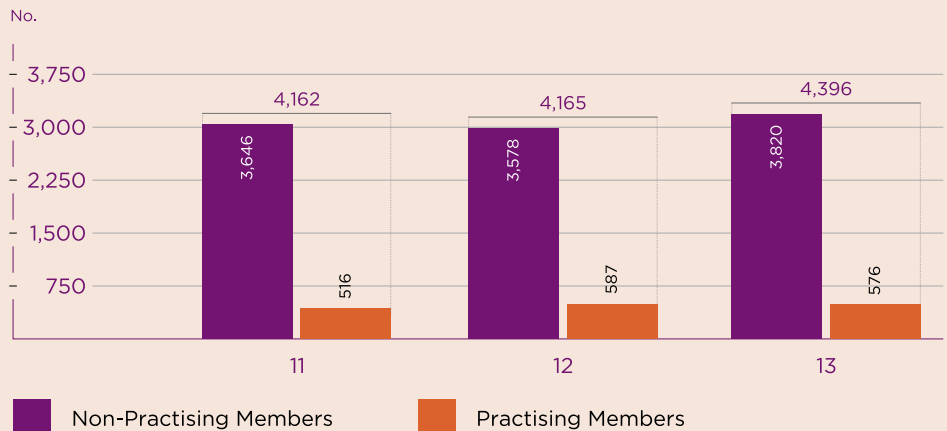
Student Population Growth

Total student population crossed 44,000 as at 31st December 2013 with the record number of new enrolments of 12,008 during the year.



Membership Growth

Total member population reached approximately 4,400 as at 31st December 2013 with the admission of 244 new members during the year.



Other Highlights/Events

- The 34th National Conference held in October on the theme 'Innovate to Grow' with a record 1,189 participants
- 49th Annual Report Awards ceremony held in December on the theme 'Path of Excellence to the Highway of Success' with a record 126 applicants from 23 sectors
- The Annual Meeting of the Asian-Oceanian Standard-Setters Group (AOSSG) held in November with representatives from 26 regional bodies and the participation of the Chairman of the International Accounting Standards Board (IASB) and the Chairman of AOSSG
- CA Sri Lanka and CPA Australia signed a Mutual Recognition Agreement (MRA) in October enabling reciprocal arrangements and promoting closer cooperation to further enhance the accounting profession
- Signed Memoranda of Understanding (MOU) with the University of Kelaniya and the University of Jaffna for developing and promoting the accounting education and the profession



The world is changing fast. So are the needs of business and society. We need to constantly scan the environment for opportunities and risks and align our qualification as well as the knowledge, skills and services of our members accordingly to remain relevant and competitive.

We are an institute of repute with a proud heritage spanning over half a century. Our members hold leading positions in the public and private sectors, both locally and globally. CA Sri Lanka is an active member of several international and regional professional bodies. These are strong testaments of our achievements and the calibre of our members.

But, there is no room for complacency. The world is changing; so are the needs of businesses. We need to constantly scan the environment for opportunities and risks and align our business model accordingly to remain relevant and competitive.

Change, the Eternal Constant

We are one of the largest tertiary education providers in Sri Lanka outside the university system. With an unprecedented 12,000 plus new student registrations in 2013, our student population has swelled to over 44,000 persons, the lifeblood of the Institute in the years ahead.

To keep abreast with the changing times we revise our syllabus regularly. In 2013, we undertook a comprehensive review of our existing curriculum and launched the new 'Curriculum 2015' a few days ago. The new curriculum is designed to impart the required knowledge, skills and personal qualities required of a new breed of Chartered Accountant who will partner the businesses of tomorrow through financial leadership.

An Integrated View

We have adopted an integrated approach to corporate reporting with this Annual Report 2013. It demonstrates our commitment to integrated thinking and reporting in the context of sustainable value creation across economic, social and environmental aspects. During the year, we established an 'Integrated Reporting Task Force' to study and develop guidelines. Going forward, we will be actively involved in spearheading this initiative, and encouraging organisations to adopt integrated reporting as their corporate reporting norm. We have also included integrated reporting as a knowledge component in our new 'Curriculum 2015'.

Strengthening the Platform

A hallmark of our Chartered Accountant qualification is the mandatory training a student has to undergo, which rounds off the knowledge and hard skills acquired with soft skills and personal development. As part of 'Curriculum 2015' we set our standards on practical training in accordance with the IFAC International Education Standards.

At present, we have over 600 training organisations from both the public and private sectors that have come on-board as training partners. Recognition of trainee partners and a training partners conference is underway.

We set up the Association of Public Finance Accountants of Sri Lanka in the latter part of the year 2012. This has opened a new avenue of opportunity for public sector accountants and auditors to enhance their professional standards and standing in the country. There was an overwhelming response to this initiative with over 700 public sector accountants registering with the Association.

CA Sri Lanka signed a Mutual Recognition Agreement (MRA) with CPA Australia during the year. CPA Australia is one of the world's largest, highly recognised and respected accounting bodies, with over 144,000 members across 127 countries. This was in addition to the existing MRA with ICAEW. MRAs facilitate appropriately qualified members to seek membership in the counterpart body, and encourage closer collaboration and co-operation between the two parties.

We are a degree awarding body recognised by the University Grants Commission of Sri Lanka. Our BSc (Applied Accounting) Degree programme offered through our School of Accounting and Business saw an initial intake of 23 students in 2013. The Faculty of Taxation promotes specialisation in the subject, leading to the Chartered Tax Advisor professional qualification awarded by CA Sri Lanka. We offer MBA degrees as well through our Business School, which is affiliated with the University of Southern Queensland, Australia.

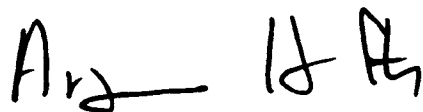
Future Ready

We took a giant stride in financial reporting by seeking convergence of national standards with the International Financial Reporting Standards. This has enabled us to harmonise financial reporting with over 100 countries that have already adopted the same.

Going forward, we see a facilitating role in the proposed consolidation of the financial services sector in the country. We will also continue to build institutional capacity internally and externally in selected areas. Initiatives include the ongoing audit quality assurance project and the proposed introduction of the qualification for the financial and accounting outsourcing industry in the year ahead.

In Conclusion

As we conclude another successful year, I wish to thank all those who supported us on our journey. I am deeply grateful to my fellow members of The Council and Committee members who held office during the year under review, Mr. Aruna Alwis, Secretary/CEO and all staff members, members and students of CA Sri Lanka, our business partners worldwide and the Ministry of Co-operatives and Internal Trade. In turn, I am confident that CA Sri Lanka will continue to deliver on its mandate and take the profession to its next level of excellence in the years ahead.



Arjuna Herath
President

31st March 2014
Colombo





The new Curriculum 2015 will take the student through three progressively higher levels with exit options and employment prospects at each of the two earlier levels, but with the added flexibility of rejoining and studying further to reach the next level.

Year 2013 was a landmark year for us. Our student registrations reached an all time high, reflecting the growing demand for the CA Sri Lanka qualification. It is also a measure of the effectiveness of our membership drive and the relevance of the profession.

Membership Drive

Increasing our membership was a key area of focus during the year. Recognising that a growing student base is what will fuel this drive we worked on several initiatives focused on four key areas: *Awareness Creation* - promotional activities were conducted in schools targeting both students and teachers alike through seminars, career fairs, sponsorship of exhibitions and the like. A process of registering teaching colleges leading up to accrediting tuition providers was formalised during the year and a list of the accredited tuition providers has been posted on the Institute's website for ease of access by students.

Learning

The revamping of the existing CA Curriculum was commenced following a comprehensive industry study and stakeholder engagement process. The new Curriculum 2015 will take the student through three progressively higher levels with exit options and employment prospects at each of the two earlier levels, but with the added flexibility of rejoining and studying further to reach the next level. New approaches to learning were introduced through the adoption of technology, with good use of multimedia learning guides, webinars and online access to study materials. Likewise, a new 'Practical Business English Course' was introduced in 2013 for junior level finance executives in addition to the ongoing programme on communication skills.

Training

The first phase of migrating training record books online was successfully completed. A new practical training scheme compatible with international standards was drawn up for roll out with the launch of Curriculum 2015.

Examinations

The examination process was improved by focusing on three areas: enhancing governance, improving transparency and ensuring sustainability. Overall, we expect to see an improvement in the pass rate and student retention rate, and above all producing a higher calibre accountant ready for the times. In response to requests from expatriate working students we conducted our first examination outside Sri Lanka during the year in Qatar. Given the success, we will consider expanding the coverage in time to come.

Enhancing Member Services

Several measures were implemented to add value to our members as well. Our online offering was enhanced to include subscription payments. We increased the number and topics of CPD programmes while also affording more networking

events during the year, including access to a new members' lounge. Our official magazine was relaunched as 'Abacus' with new features. In addition to the existing mutual recognition agreement (MRA) with ICAEW we signed a new MRA with CPA Australia. These create new opportunities for members of both institutes, particularly for our members who choose to migrate.

A new class of Certified Business Accountants was launched during the year for the benefit of members who complete all intermediate level examinations along with three years of relevant practical experience. The competency and service levels of our staff were enhanced through performance appraisal and regular training and development, including a continuation of the 5S Housekeeping System introduced in 2012. The new building opened in December 2012 has created a better and conducive working environment for our staff, thereby increasing their efficiency and effectiveness.

Partnerships

CA Sri Lanka entered into a Memorandum of Understanding (MOU) with the University of Kelaniya and the University of Jaffna during the year. We already have an MOU with the University of Sri Jayewardenepura. These partnerships aim to promote collaboration and the sharing of knowledge and resources. We continued to work closely with several other local organisations such as the Securities and Exchange Commission of Sri Lanka, the Inland Revenue Department, the Ministry of Co-operatives and Internal Trade and the Central Bank of Sri Lanka. Our donor agencies and lead sponsors continued to support us through sponsorships. Internationally we strengthened our links with professional bodies through memberships and participation in seminars and discussions.

Going Forward

As we look forward to another eventful year, enhancing our service levels and gearing up for Curriculum 2015 will be key areas of focus internally. In conclusion, I sincerely thank Mr. Arjuna Herath, President, Mr. Sujeewa Rajapakse, immediate Past President, the Council and Committee members for the guidance and support extended. A special appreciation goes out to all our staff members for their dedication and commitment, and our members and students for their continued patronage.



Aruna Alwis
Secretary/Chief Executive Officer

31st March 2014
Colombo



BUSINESS MODEL

Creating and preserving value over time for the mutual benefit of the Institute and its stakeholders is a core element of our business model.

Operating Environment - 19

Operational Structure - 22

Our Strategy - 23

Our Key Stakeholders - 24

The Two Aspects of Value Creation - 26

This is a scan of our operating environment across four factors - political, economic, social and technological - to identify opportunities as well as risks, and our responses. Additional details are discussed further in the relevant sections that follow.

Political and Regulatory Environment

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) was incorporated by an Act of Parliament in 1959 as the sole authority in promulgating accounting and auditing standards in the country. It comes under the purview of the Ministry of Cooperatives and Internal Trade, with eight out of the 16 members of the Council being nominated by the Ministry.

Thus, the unique role played by CA Sri Lanka and the nature of its founding lead to a degree of association with and influence by the Government of Sri Lanka. On regulatory aspects, we share strong links with the Central Bank of Sri Lanka (CBSL), Securities and Exchange Commission (SEC) and the Sri Lanka Accounting and Auditing Standards Monitoring Board. We also liaise with CBSL and the Department of Inland Revenue on technical matters.

As a measure of accountability, the audited financial statements of CA Sri Lanka are published in the Government Gazette. CA Sri Lanka receives an annual government grant appropriation from the Treasury, channelled through the budget of the line Ministry. Income from student and member related activities is by far the largest source of revenue, supplemented by interest income and surpluses from ancillary activities.

Economic Environment

CA Sri Lanka is one of the largest and oldest professional institutions in the country with an active student base of 44,007 and a total professional membership of 4,396. CA Sri Lanka together with its sister institute, the Association of Accounting Technicians (AAT), forms the largest tertiary education provider outside the local university system.

In line with the Government's economic vision based on a five-hub strategy - with 'knowledge' being one of them - the 'business' of education is being progressively deregulated. Thus, we now witness a multitude of new entrants, with many affiliated to foreign degree and diploma awarding bodies. We welcome such competition as it provides greater choice of career options for students; while it raises the bar on the quality of education all round.

On the upside, the market for education is growing. The establishment of peace has opened vast opportunities for education service providers in the North and the East of the country. We too seized the opportunity and have set up Regional Knowledge Centres in Jaffna and Kalmunai to complement five others in Anuradhapura, Kandy, Kurunegala, Matara and Ratnapura.

Process delays and disruptions in the local university system made professional qualifications more attractive to students, particularly in the past when options were limited. Nevertheless, even with a large choice of foreign degrees being offered locally with the added prospects of working abroad, a professional qualification is still prized by those pursuing an accountancy career. Going further, we are taking steps to make the CA Sri Lanka qualification 'international'. Through mutual agreements signed between the parties, The Institute of Chartered Accountants of England and Wales and the CPA Australia recognise our members as being suitable to obtain membership in their respective bodies.

To remain competitive, we need to be relevant. Following an exhaustive process of research and stakeholder consultations during 2013, we just introduced a new syllabus that will be effective from March 2015. The new syllabus is structured around three progressively higher levels of competency, ending with the coveted Chartered Accountant qualification. Such a structure gives the student an option to exit even after completing either the first or second level, and still be employable at an appropriate entry point in the job market.

Social Environment

We see significant changes taking place in the social and demographic sphere.

Along with globalisation, fluency in the English language has become a deciding factor to progress in a career. While issues arising from historical decisions on language policy in education are being progressively addressed at a national level and also at CA Sri Lanka, there is a pent up demand for foreign qualifications which students pursue as an opportunity to hone their language skills, acquire cutting edge technical competencies and broaden their employment horizons.

We also see with some scepticism a belief that the number of qualifications acquired is an indicator of one's achievement. With little thought paid to actual competency, this chase for collecting qualifications has lured students away from educational options that are gradual and well-paced to match ones maturity and competency levels.

We are alive to these changes and the challenges they pose. As discussed previously we have completely revamped our curriculum effective 2015, which, along with the international affiliations we are working on, will enhance the relevance and recognition of our CA qualification that will also serve as a springboard for further career and educational advancement.

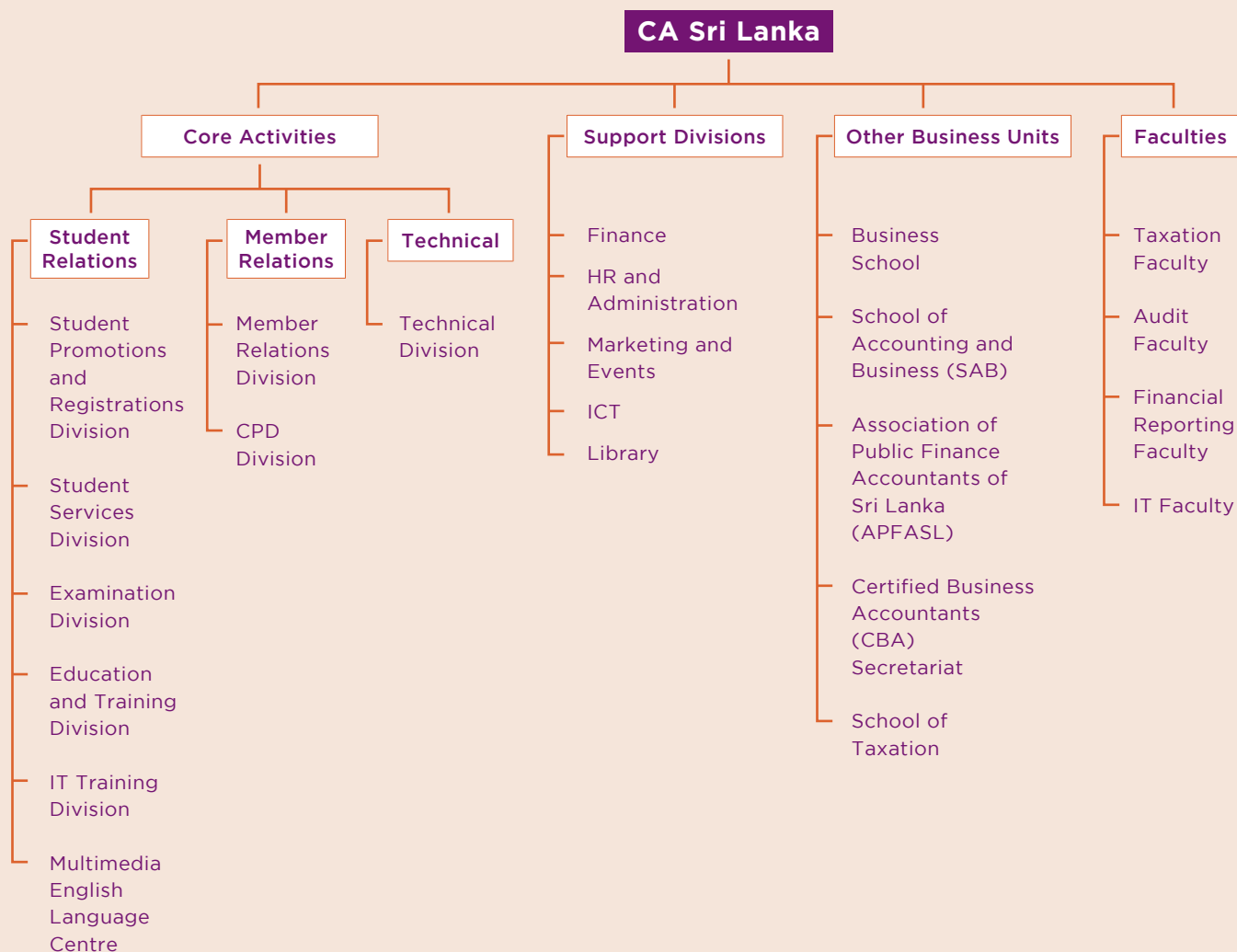
Technological Environment

Technology has unleashed a knowledge revolution. It has also revolutionised how this knowledge is shared. We embrace technology for the convenience of stakeholders - particularly students and members, while also achieving greater internal efficiency. For example, our services such as membership subscriptions, examination payments, release of results, access to study material etc. are all offered online. Webinars was another landmark innovation we introduced during the year, which enabled students from all parts of the country to participate in a series of live programmes. We commenced offering the proceedings of the National Conference via a live webcast feed in 2012 to those who could not be physically accommodated for the conference due to the unprecedented numbers of participants and also for the benefit of those who are overseas. This facility attracted over 100 registrations for the 34th National Conference held from 24th to 26th October 2013.

The approach to accountancy education too is changing. It is moving towards producing people who can apply knowledge and partner their organisations through financial leadership, rather than being mere silos of knowledge. Accordingly, we too have adopted techniques such as open book examinations and computer based assessments in evaluating the performance of students.

To guide students, we have gone beyond the mere publication of a curriculum. Examination procedures are now more transparent with outlines of objectives and learning outcomes, as well as the assessment criteria. In line with the new syllabus, training requirements too will change and be aligned with the competency based approach of the IFAC International Education Standards.

Operational Structure



Goals

Our overarching goal is to be a relevant organisation in the field of financial accountancy. This goal has four components:

- Offer valued lifelong relevance to members
- Lead professional change
- Develop business leaders of tomorrow
- Ensure CA Sri Lanka is fit for the future

To remain relevant we take into account the risks and opportunities in our operating environment (discussed on pages 19 to 21). These lead us to focus areas and the identification of strategic priorities that drive performance.

Strategic Priorities

Our ten most important priorities, based on our assessment of the operating environment, stakeholder expectations, and CA Sri Lanka's mandate are summarised below:

Aspect	Focus	Strategic Priority
Membership	Relationship building	Build strong and enduring relationships with all classes of members
	Service quality	Develop a service level that is periodically benchmarked against competitors
	Delivering value	Provide value added services including regular updates to help members keep abreast of new developments in the profession
	Students	Update the syllabus and examination techniques regularly based on local and global trends, while also improving the English language and IT skills of students
	Marketing	Uplift the image of CA Sri Lanka and its membership to make the CA qualification the most sought after professional qualification amongst stakeholders
Profession	Leadership	Take a proactive role in leading development and change in the profession
	Recognition	Maintain and develop strong links with the best in the world in our profession
Business Model	Brand value	Promote the CA Sri Lanka brand values through a planned strategy and ensure all activities are in line with the holistic strategy while ensuring a positive image among all connected stakeholders
	Governance	Revise the internal governance structure and procedures to make it more current, relevant and effective for decision-making
	Revenue	Explore new revenue streams based on value added services and ancillary ventures to complement subscription income

Who They Are

Our stakeholders are persons or organisations who may be significantly affected by our activities; and in turn, whose actions may affect our ability to perform successfully. Hence, we need to identify which ones are important to us, understand why we are important to them, and tailor our business model accordingly to create value over time for our mutual benefit.

In this context the key stakeholders of CA Sri Lanka comprise our students, members, Government, business partners, employees and the society and environment in which we operate. As we will discuss later in this report, they represent our main external stores of value, or external capital.

Their Importance to Us

Students

Students are our pipeline of new members - the lifeblood that will guide the destiny of CA Sri Lanka in the longer term. Attracting new students, moulding them to become high calibre Chartered Accountants and retaining them is thus a key strategic priority for a membership organisation such as ours where students and members are the primary customers.

Members

Our members are our brand ambassadors. Their performance and recognition in Sri Lanka and abroad strengthen the brand value of our profession and the Institution. We strive to retain members by supporting their careers through continuous professional development (CPD), and in turn access this vast pool of knowledge and experience whenever required.

Government

CA Sri Lanka was established by Act of Parliament No. 23 of 1959. It comes under the purview of the Ministry of Co-operatives and Internal Trade. As per the provisions of the Act, the Minister appoints eight council members. CA Sri Lanka receives an annual recurrent grant from the Government.

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.

Business Partners

By maintaining close links with academia and accounting bodies we further the advancement of knowledge and intellectual capital for mutual benefit. We deliver technical and management expertise to our business ventures that are also focused on education, and in turn derive financial value that helps to broaden our revenue stream.

Our stature in the profession and the long-standing relationships that we have built with local and international donor agencies enables us to be identified to deliver professional services, which in turn help us to build technical capacity internally and externally.

Employees

The quality of our employees is critical for the success of a membership organisation such as ours. The lifetime value of a member is several times greater than the value of a series of single transactions from one-time customers. In this era of social networking, it takes only little effort to make a status update to seriously damage an organisation's reputation. Functionally, our employees serve in the areas of finance, human resources and administration, marketing and events, ICT and information and documentation/library. They are thus trained and developed not only on the technical skills necessary for their jobs, but also on the core behaviours expected of customer-facing employees.

Society and Environment

We empathise with local communities and conduct our business in an environmentally responsible manner. To attract and retain high calibre students who may otherwise drop out we provide scholarships for deserving cases. We support volunteerism and CSR initiatives. We do see the importance of, and hence adopt, sound environmental practices, particularly in areas such as electricity and paper usage.

Maintaining reputational stability lies at the core of our profession. By upholding the highest ethical and professional standards in all what we and our members do, we raise public awareness, trust and confidence in our profession and the Institution. In turn, such brand awareness complements our membership drive.

Our Importance to Them

Our importance to stakeholders is determined by the value we create for them over the short, medium and long term. The value we so deliver is spread over time and may take several forms, such as financial or non-financial, tangible or intangible, direct or indirect. They are largely the results and outcomes of our relationships and activities, which are discussed in the context of 'Delivering Value' commencing on page 37.

The concept of duality goes beyond double entry book-keeping and accounts, with parallels found in mathematics, philosophy and the sciences. Our approach to value creation too has a dual aspect, as the ability of CA Sri Lanka to create sustainable value for itself is interrelated with the value it creates for its stakeholders.

Value Creation

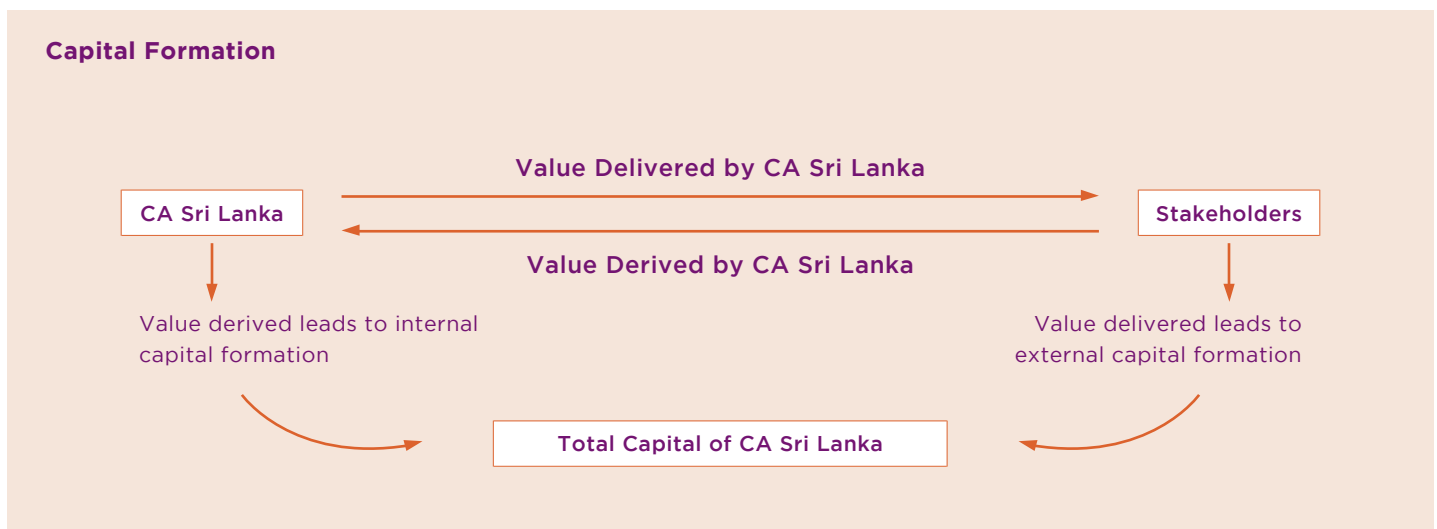
CA Sri Lanka delivers value to its stakeholders in the context of its key objectives and the socio-economic environment in which it operates. These relationships with the stakeholders are nurtured and developed over a period of time as they are of value to us. As stores of value, they constitute our stakeholder capital and are external to CA Sri Lanka, the key components being students, members, Government, business partners, employees and the society and environment in which we operate.

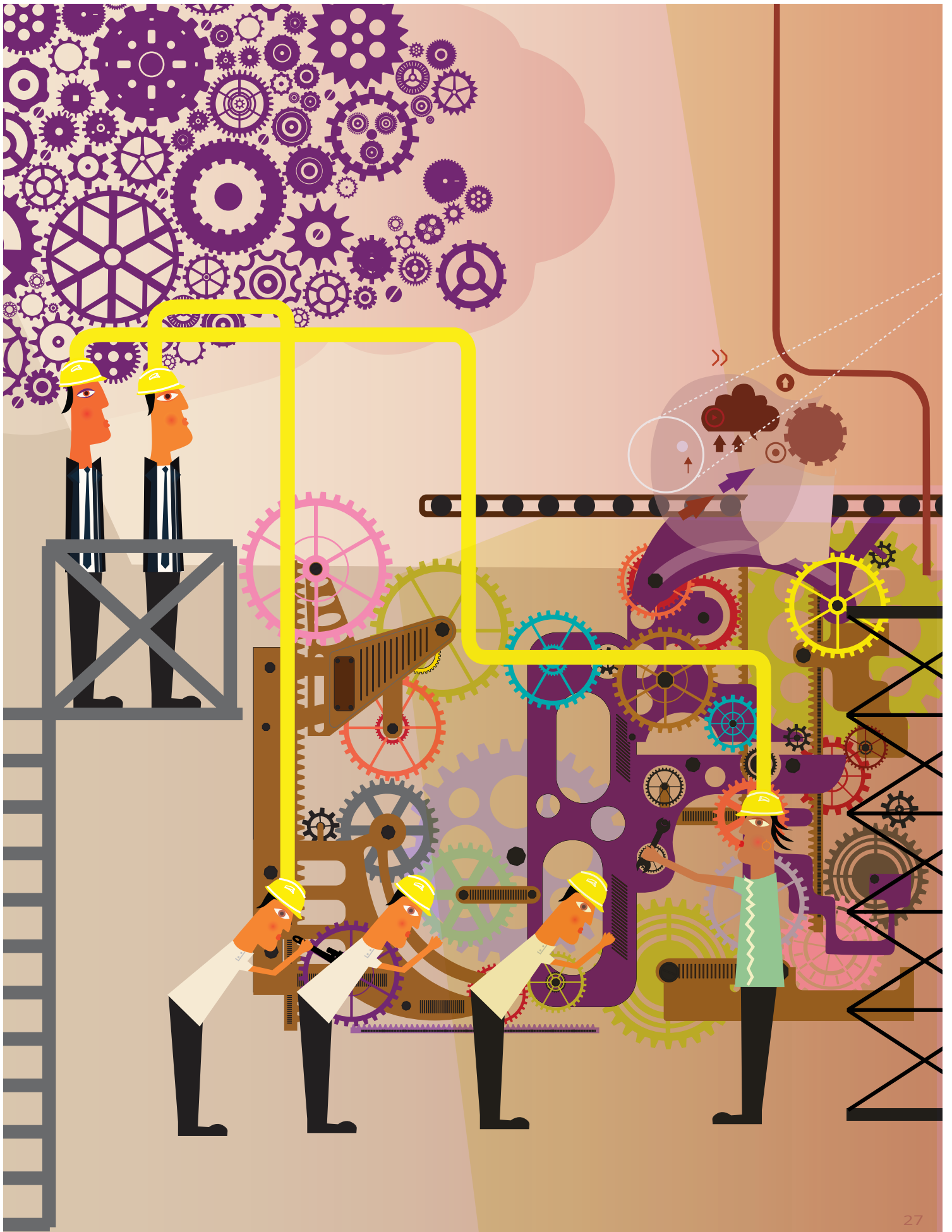
In turn we derive value through the dynamic interaction between the external capital and our own internal capital for our own survival and growth over the short, medium and long term. The capital internal to CA Sri Lanka comprises financial capital and institutional capital. The latter includes integrity and ethics, accumulated knowledge and expertise, propensity to innovate, service quality, brand value and the like.

Capital Formation

Value creation is a dynamic process and the various forms of capital are in a state of flux with flows taking place among them all the time. CA Sri Lanka has access to and makes use of these forms of capital in creating value for itself (deriving value) and its stakeholders (delivering value) through its business model.

We will next review our performance during the year and next steps in this context.





REVIEW OF THE YEAR

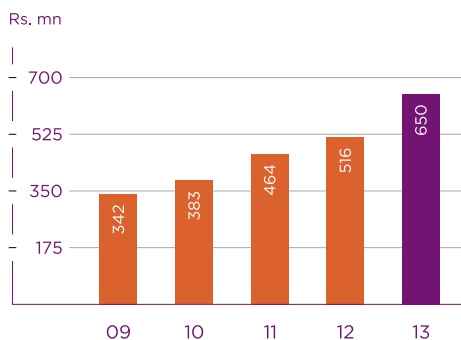
This chapter reviews the duality of the value creation process of the Institute, namely, deriving and delivering value that leads to internal and external capital formation.

Deriving Value - 29

Delivering Value - 37

Highlights of the Year - 08
 President's Message - 11
 Secretary/CEO's Message - 15
 Business Model - 18
Review of the Year - 28 ←
 Stewardship - 50
 Financial Reports - 72
 Annexes - 111

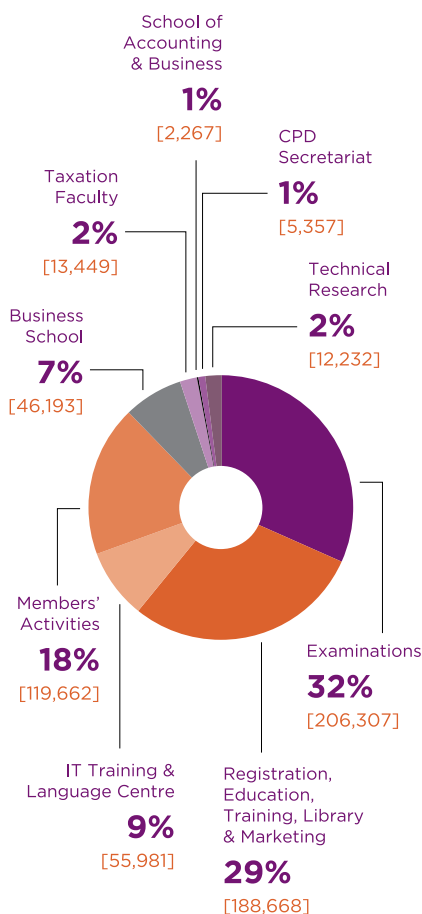
Total Income



As a result of the increase in students and members and activities in relation to them, total income increased from Rs. 516 mn in 2012 to Rs. 650 mn in 2013, a growth of 26%.

Composition of Income

% and Rs. '000



Internal Capital Formation - The value created by CA Sri Lanka for itself through its activities and relationships lead to the formation of capital that is internal to the Institute. Our internal capital comprises financial capital and institutional capital, which are discussed below.

Financial Capital

- Rs. 1,049 mn total assets (2012 - Rs. 1,021 mn)
- Rs. 685 mn accumulated fund and reserves (2012 - Rs. 580 mn)
- Rs. 104 mn total comprehensive income (2012 - Rs. 102 mn)
- Rs. 105 mn surplus for the year (2012 - Rs. 102 mn)
- Rs. 327 mn held-to-maturity financial assets (2012 - Rs. 247 mn)

Income from Core Activities

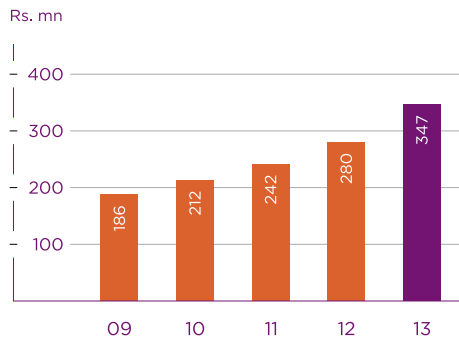
CA Sri Lanka achieved a surplus of Rs. 104.1 mn in the year 2013 (2012 - Rs. 101.7 mn).

Income recorded a 25.9% growth from Rs. 516 mn to Rs. 650 mn. A 23.7% growth from Rs. 280 mn to Rs. 346.7 mn was achieved in contribution before employee cost compared to 2012. Overall, all divisions fared well in 2013 which were reflected in their divisional performance indicators. The overall direct expenses of CA Sri Lanka too increased by 28.5% from Rs. 236 mn to Rs. 303 mn, in line with the expansion of activities and emphasis placed on quality improvement.

Income from student related activities shows a significant growth during the year due to a record number of students registering at the 2013 intake.

Approximately 80% of the income is derived from the three main activities, viz. members' activities, examinations and registration, education & training. The Institute is currently making a conscious effort to diversify its sources of income by focusing on other business units and activities.

Contribution before Employee Costs and Overheads

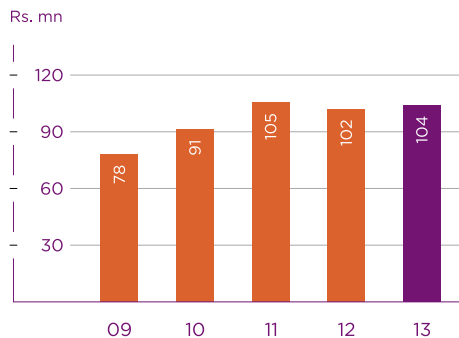


Reflecting the growth in income from students' and members' activities, contribution before employee costs and overheads grew by a significant 23.9% to Rs. 347 mn from Rs. 280 mn in 2012.

The School of Accounting and Business

The inaugural batch of the BSc (Applied Accounting) degree programme commenced its academic sessions in June 2013, completing its first semester in November 2013. The programme provides students the opportunity to obtain an academic qualification while pursuing a professional qualification and vice-versa. The official launch of the programme was in March 2013 and the promotional expenses that followed during the inaugural year amount to a significant portion of our direct expenses. Even though the contribution in the year under review suffered due to the above reason, the promotional effort has helped immensely in creating awareness of the degree programme, which in turn will strengthen the future revenue stream.

Total Comprehensive Income



Total comprehensive income recorded a marginal growth of 2% over the year from Rs. 102 mn in 2012 to Rs. 104 mn.

IFRS Adoption

The Technical Division carried out a series of seminars, workshops and training programmes free of charge, to increase the awareness and adoption of IFRS in the country, with funding from a World Bank grant. Hence, we see a decline in income as well as a corresponding decline in direct expenses of the Technical Division during the year.

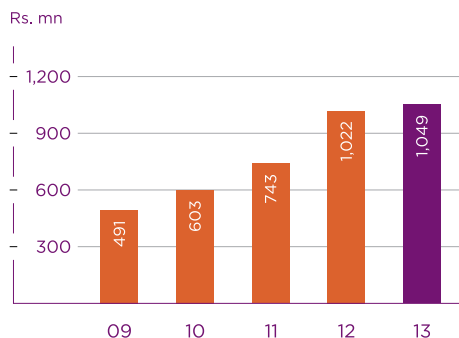
Financial Performance

The net operating income declined slightly by 4.1% due to increased overhead expenses during the year. The new building, opened in December 2012, resulted in increased demand for electricity and other utilities. Thus, expenses relating to maintenance of premises increased by 84%, coupled with an additional depreciation charge.

Finance income grew by 18% due to an increase in held-to-maturity investments and as a result of obtaining competitive interest rates.

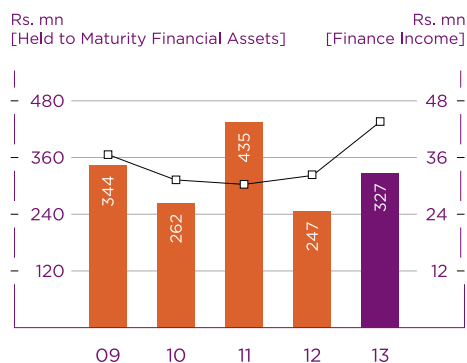
Despite the increased overhead cost, a 2.3% increase in the total comprehensive income was achieved through increase in income and the contribution from students' and members' activities.

Total Assets



Total assets grew from Rs. 1,021 mn in 2012 to Rs. 1,049 mn as at 31st December 2013 primarily due to growth in held to maturity financial assets consequent to the growth in the Accumulated Fund which was partly set off by depreciation of the new building and due to change in the depreciation method.

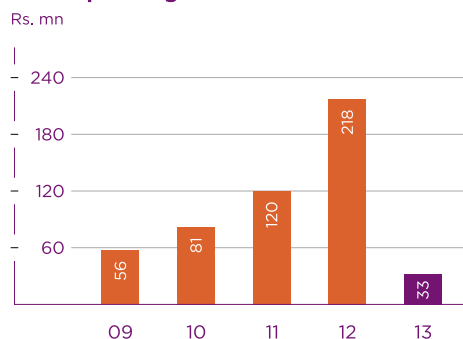
Held to Maturity Financial Assets and Finance Income



■ Held to Maturity Financial Assets
 -□- Finance Income

Finance Income increased by 18% due to the increase in held to maturity financial assets and efficient management of funds.

Net Cash Inflow/(Outflow) from Operating Activities



Due to a substantial decrease in trade & other payables as opposed to a substantial increase thereof in 2012, net cash inflow from operating activities decreased from Rs. 218 in 2012 to Rs. 33 mn during the year.

Value of property, plant & equipment decreased from Rs. 583 mn to Rs. 551 mn due to the first-time depreciation of the new building and the change in the depreciation method from reducing balance method to straight-line method. Capital work-in-progress increased by Rs. 34.6 mn due to the refurbishment work of existing two storied building and the corporate area.

As expected, payments made to building contractors were lower than in 2012. Consequently, the held-to-maturity financial assets increased to Rs. 326 mn from Rs. 246 mn. Trade and other payables also decreased to Rs. 64.5 mn from Rs. 157.9 mn with the settlement of financial commitments relating to new building.

As at the reporting date, there were receipts in advance of Rs. 196 mn (an increase of 25.7% over the previous year) which reflects positively on the demand for services rendered by CA Sri Lanka.

Out of the USD 500,000 grant received from the World Bank in 2012 for the project on enhancing the quality assurance of financial reporting and auditing standards in the private and public sectors, Rs. 37.4 mn remained unutilised during the year to carry out the balance activities, namely:

	Rs. mn
Implementing an audit quality assurance programme	14.6
Programme to assist and educate Small & Medium Sized Practices	1.3
Programme to increase adoption of IFRS	12.2
Programme to strengthen public sector financial management	9.3

Institutional Capital

- Being the sole authority in formulating accounting and auditing standards in the country gives CA Sri Lanka a unique recognition over its peers
- CA Sri Lanka President's ex-officio position on the Boards of the Securities and Exchange Commission of Sri Lanka, Sri Lanka Accounting and Auditing Standards Monitoring Board, National Institute of Business Management, Postgraduate Institute of Management, Certified Management Accountants strengthens the relevance of the profession
- Appointment of eight members to the governing council of the Association of Accounting Technicians also reinforces the relevance of the profession
- MOUs and reciprocal arrangements with universities and other professional bodies strengthen the recognition of the CA qualification
- CA Sri Lanka has fostered a strong, positive relationship with media over the years that has resulted in unprecedented visibility in both print and electronic media
- The new building, with its modern architecture has also boosted the new outlook that we are trying to create in the eyes of the public
- Regional leaderships in CAPA and SAFA as key office bearers demonstrate the recognition accorded to CA Sri Lanka

Integrity: Upholding Standards in the Public Interest

Ethics and integrity are crucial components in our profession. They cut across all our processes and practices and lie at the very heart of what we do. CA Sri Lanka strives to embody this value within its membership and indeed the accounting profession in Sri Lanka, setting an example and holding those within the profession accountable. This includes CA Sri Lanka's consistent work towards maintaining standardised audits, ensuring quality assurance and standards, being a guardian of the profession to maintain these said standards, and upholding corporate governance.

In addition, as the link between the governing bodies in the accounting profession and practitioners, CA Sri Lanka keeps members updated with the latest developments in the profession. This is mainly achieved through periodic as well as ad hoc publications and seminars that inform members and other stakeholders. We benchmark our standards regularly and play an important role in ensuring that they are on par with international best practices.

During the year, the Institute facilitated Government's efforts to strengthen accounting and financial management functions of the Government institutions. Specific initiatives in this regard included the implementation of treasury circulars on accrual based accounting system, introduction of new coding system for reporting of fixed assets, transition to accrual based accounting system of Government ministries and departments, introduction of assets management and the Sri Lanka Public Sector Accounting Standards targeting chief accountants, internal auditors and other professionals involved in the preparation and presentation of financial statements in Government ministries and departments including municipal councils and urban councils in the Western province and conducting awareness programmes.

CA Sri Lanka and the Institute of Chartered Accountants in England and Wales (ICAEW) worked on a joint project, funded by the World Bank, to strengthen the oversight and regulation of the audit function, which was launched in February 2013. This joint working project aimed to ensure that Sri Lanka Standards on Quality Control 1 (SLSQC-1), a standard dealing with the quality control of firms performing audits and reviews of financial statements and other assurance and related services engagements, which came into force on 1st January 2013, is correctly implemented.

The adoption of SLSQC-1, which looks at a firm's leadership, ethical requirements, client acceptance and continuance, human resources, engagement performance and monitoring, is part of the country's adoption of ISAs and move towards improving audit quality.

The Institute also conducted a programme to assist and educate Small & Medium-Sized Practices as one of the major components of work under the World Bank funded activities. During the year 2013, the Small & Medium-Sized Entities Audit Manual, consisting of three volumes; Volume 1 - Core Concepts; Volume 2 - Practical Guidance; Volume 3 - Small and Medium-Sized Entity Audit Templates (SMET) was developed. This publication is designed to assist practitioners in the implementation of the Sri Lanka Auditing Standards (SLAuSs) on the audit of Small & Medium-Sized Entities.



Minister of Higher Education, Hon. S B Dissanayake, Chief Guest at the launching ceremony of the BSc (Applied Accounting) Degree programme

Wisdom: Excellence in Education and Professional Development

With accumulated knowledge and wide experience comes wisdom. Providing exemplary educational programmes as well as market relevant qualifications have always been a primary focus of CA Sri Lanka. In this context, we continue to better our product and service offerings from year to year, delivering on the principle of being the 'Best of the Best'.

The inaugural batch of the BSc (Applied Accounting) Degree programme commenced its academic sessions in June 2013 and completed its first semester in November 2013.

The BSc (Applied Accounting) is a Degree programme approved by the University Grants Commission (UGC) of Sri Lanka; it is designed to produce employable graduates with the required skills, competencies and industry knowledge to fulfil a successful accounting career. Upon completion, the student will gain an extensive knowledge and the required skills in accounting practices, as this is the only degree programme in Sri Lanka that enables students to gain knowledge in the field of 'Applied Accounting'.

Activities targeting students include student exchange programmes within South Asian countries, student seminars, specialised IT and Soft Skills training, curriculum revision project and practical training.

Innovation: Leadership through Ideas and Influence

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

We maintain international recognition and brand value by providing leadership and direction for professional change. We are modernising our governance structure to stay abreast of changes at the international level, while continuing our drive to build relationships with both internal and external stakeholders, its membership and affiliates across the globe.



The Chief Guest at the 34th National Conference of Chartered Accountants, Mr. R C Bhargava, Chairman of Maruti Suzuki India and the Keynote Speaker, Hon. Ruth Richardson, Former Finance Minister of New Zealand being welcomed

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

Working with government and private sector stakeholders, CA Sri Lanka pioneered the publication of good corporate governance principles and practices in Sri Lanka, and continues to be the watchdog for society as a whole in this space. A highlight for the year under review was the formation of the Association of Public Finance Accountants of Sri Lanka (APFASL).

The 34th National Conference of Chartered Accountants was held on the theme 'Innovate to Grow' which gave Chartered Accountants a fresh perspective on how they can spearhead the drive to achieve further development through innovation with overwhelming participation of 1,189 accounting professionals including business leaders who steer organisations across Sri Lanka and overseas.

Near Field Communication (NFC) enabled new membership identity cards for 2013-2017 were issued to the members at the inaugural ceremony of the National Conference.

As a value added service, CA Sri Lanka commenced publishing available job opportunities through its 'Job Bank' in its website.

Our Annual Report competition - now in its 50th year - continues to be a much awaited event in the country's corporate calendar. It serves to raise the bar on the quality annual reporting while acknowledging our leadership position in advocacy in this space. A special recognition award for excellence in integrated reporting was introduced for the first time in 2013.

Service: Delivering Dynamic and Proactive Service

Services extended to students and members are an integral part of our key stakeholder relations. Our modern and spacious building complex opened in December 2012 has greatly helped in enhancing the level of service offered.

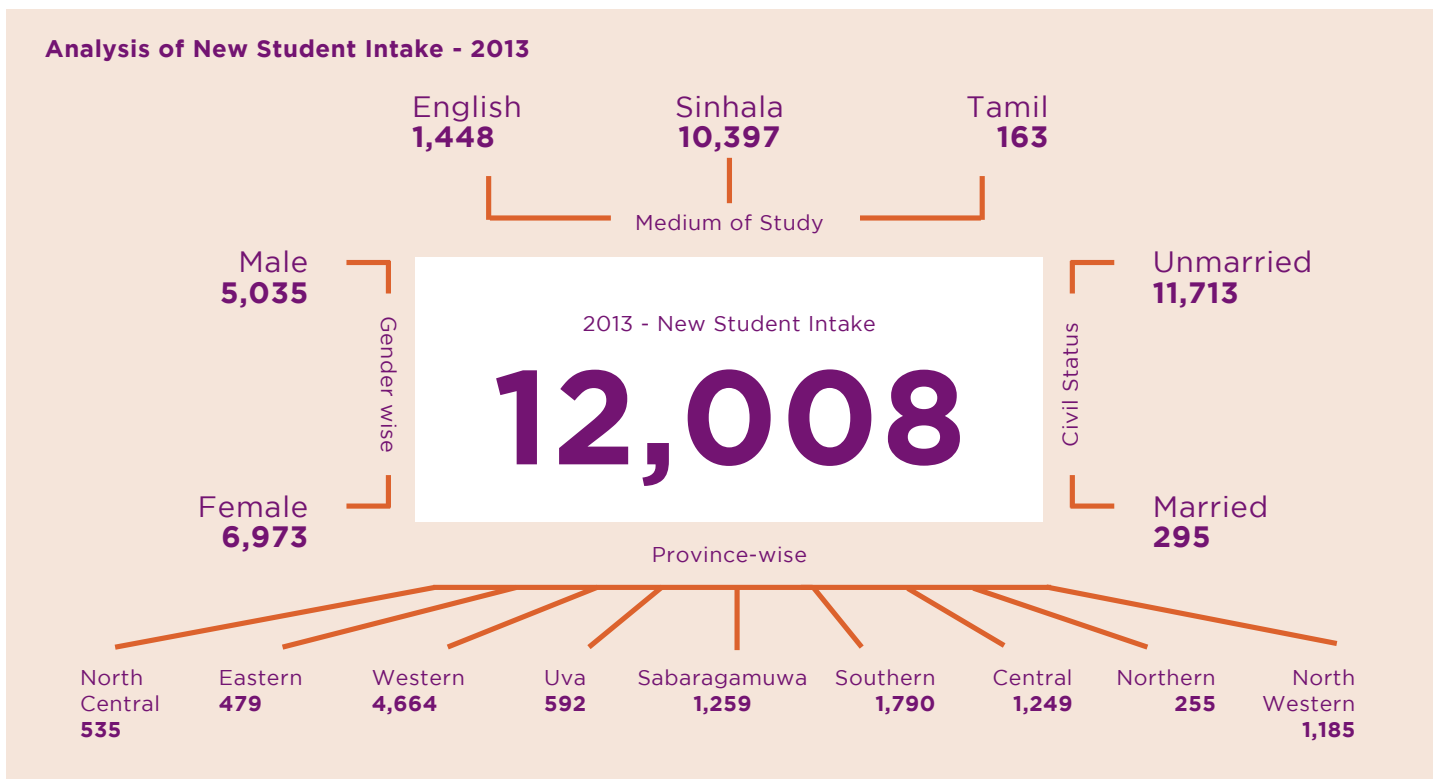
There has been continuous improvement in areas such as Member Services, Continuing Professional Development (CPD), Overseas Chapters, Certified Business Accountants and the Young Chartered Accountants' Forum. Meanwhile support was provided for activities through the Students Society, ICASL Toastmasters Club and the Students Gavel Club.

The Institute has also launched a variety of Online Services through the Corporate Website for Members and Students to easily obtain services from anywhere, anytime via any device. The key Online Services include student and member renewals, student and member profile update facility, event registration and payment facility, member job bank, facility to view transaction history including outstanding invoices, IT training registration, exam results, library services etc.

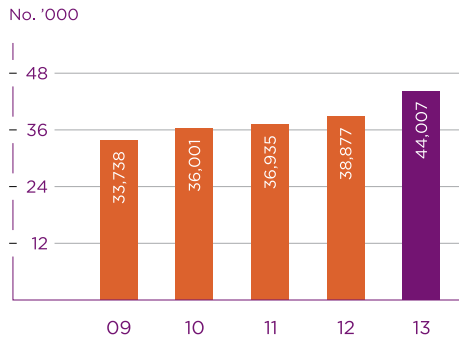
External Capital Formation - The value created by CA Sri Lanka for stakeholders through its relationships and activities lead to the formation of capital external to the Institute. Although we may not own the various forms of external capital, we do make use of them together with our own internal capital in driving our operations. We will now discuss this process in the context of our key stakeholders, namely, students, members, Government, business partners, employees and society and environment.

Student Capital

- 12,008 new students enrolled (2012 - 8,122)
- 44,007 students presently on roll, a 13% increase over the 38,877 students in 2012
- 61% of students enrolled in 2013 were from outside the Western Province (2012 - 64%), while 58% were females (2012 - 57%)
- Curriculum 2015 was officially launched on 25th March 2014
- 3,480 active training agreements (2012 - 3,293) comprising 2,505 from the public practice sector (audit) and 975 from non-public practice sector (non-audit)
- 945 certificates were issued comprising 686 Certificates in Accounting and Business 259 of Intermediate Certificate of Diploma in Accounting and Business (2012 - 798)



Student Growth



Highest ever new student registrations of 12,008 were recorded during the year under review, leading to a net growth in the total student population of 13.2%.

Engagement

Our student relations include promotion and registration services, examinations, education and training, IT training and English language proficiency. Engagement also occurs via email, our website and telephone. In addition we support informal interactions through several societies such as the Student Society, CA Sri Lanka Toastmasters Club and the Students Gavel Club.

Promotion

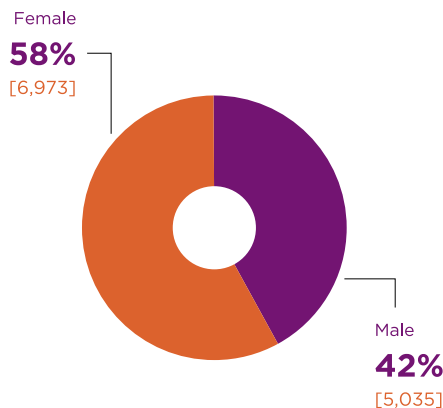
Promotional activities during the year included career guidance seminars, career fairs, sponsorship of commerce day activities in major schools and participation in and sponsorship of exhibitions. In particular, we launched two seminar series 'Sisunena' and 'Gurunena' targeting students and teachers in the commerce stream of schools across the country.

Examinations

The examination process was significantly improved by focusing on three areas - enhancing governance, improving transparency and ensuring sustainability. Steps have been taken for faster release of results to provide adequate time for students to prepare for the next exam. 'Suggested solutions' and examiners' comments are published for greater transparency. Guidance on how to answer questions on a case study was also published. Mock exams for self-evaluation, webinars, training workshops for paper setters and examiners were initiated. Catering to our students working overseas, we conducted our first exam outside the country, starting with Qatar. Counselling and coaching sessions were conducted and question wise marks were provided to unsuccessful candidates to identify weaker areas. We organised suggested answer sharing session with lecturers before commencing the paper marking to improve the transparency. We believe these initiatives will have a positive impact on the students and also improve the current pass rate.

Gender-wise Analysis of Students

% and No.



Curriculum 2015

To deliver high quality and relevant education and training that meet current and future competencies that employers expect from the Chartered Accountants, we executed a curriculum revision project during the year. Following exhaustive research and stakeholder consultations a new curriculum - focused on knowledge, skills and personal development - was prepared during the year and officially launched on 25th March 2014.

Curriculum 2015, which becomes effective from 2015, incorporates flexibility and employability through three progressively higher levels of competency. Hence, one may opt to enter the job market at Executive Level (level 1) or Business Level (level 2) before reaching the top - a fully fledged Chartered Accountant.

Complementing the Curriculum 2015, we will be launching the study materials in 2014.

Learning Resources

The library, an important resource centre actively used by over 20,000 students and members, maintains a wide selection of books, exam-related study materials and an e-learning section. Internal library functions are fully computerised, including online search facilities.

Multimedia learning guides were published for selected subjects during the year.

Practical Training

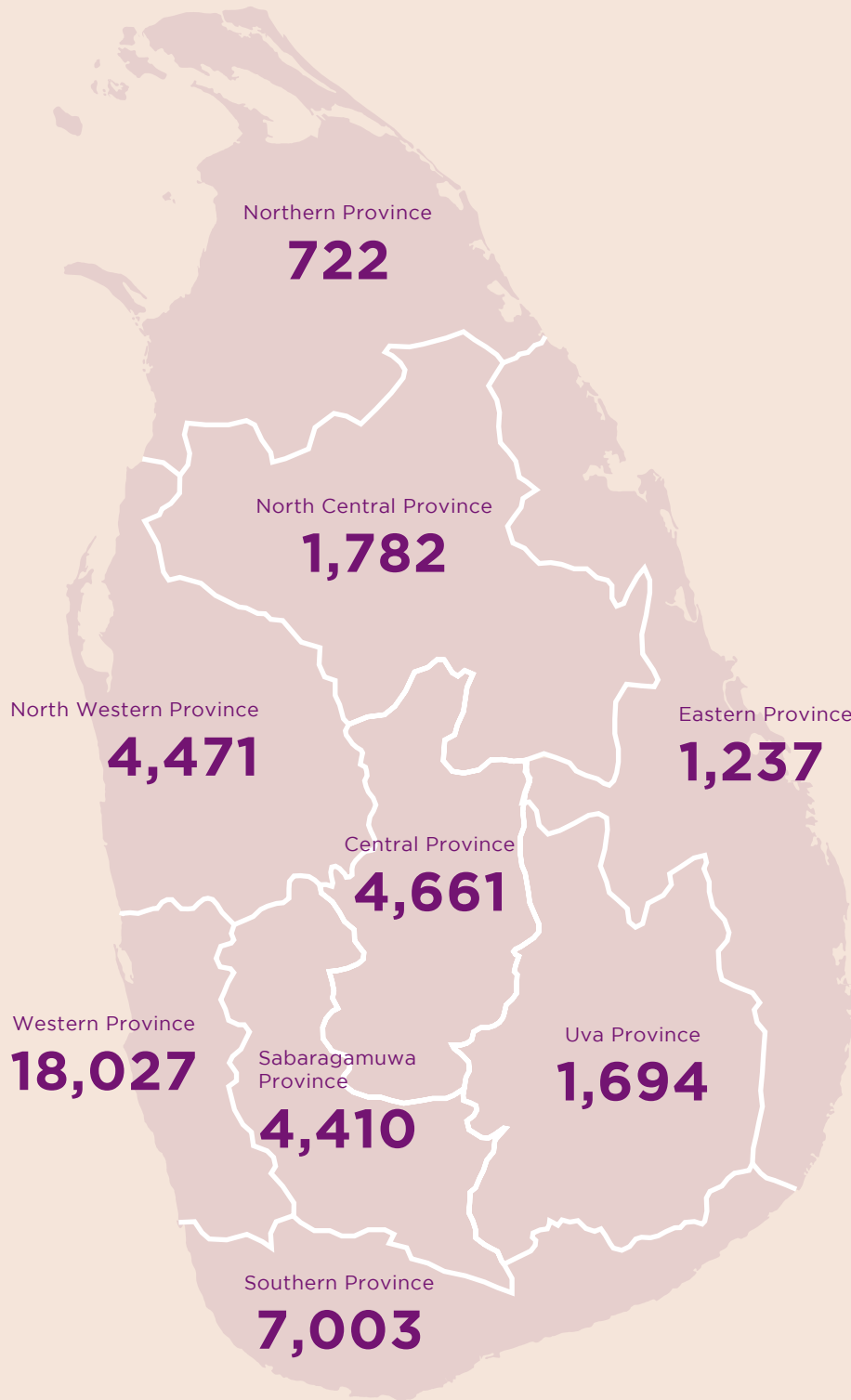
Training record books were migrated online as a first phase, and we plan to make system fully operational in 2014. In parallel, a new practical training scheme was developed in line with the International Education Standards to be rolled out when the new curriculum 2015 becomes effective.

Developing Soft Skills

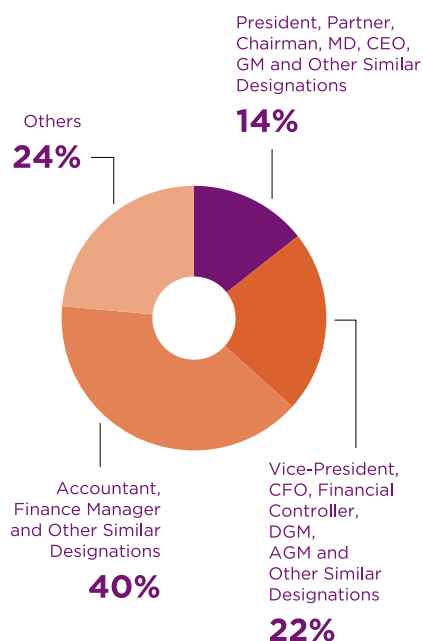
The Multimedia English Language Centre, set up in 2007, continued to enhance the communication skills of strategic level students. The Centre also enrolls CA students, members and finance executives from other organisations for the much acclaimed Cambridge Financial English Programme conducted in collaboration with the University of Cambridge (ESOL) and the British Council, Colombo.

In addition, a Practical Business English Course was introduced in 2013 targeting school leavers and junior level finance executives, and an inaugural CA Sri Lanka Best Speaker Contest for the student population was conducted in collaboration with the CA Sri Lanka Toastmasters Club and the Students Gavel Club.

Province-wise Analysis of Total Active Students - 2013



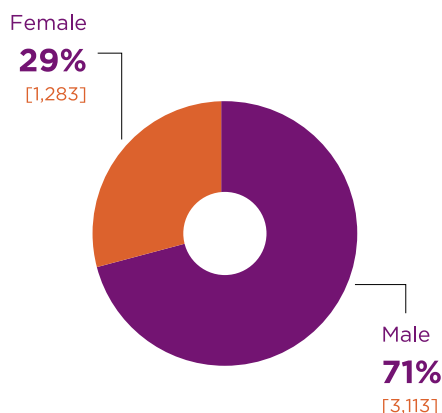
Designation-wise Analysis of Members



It is noteworthy that a substantial proportion of the members of the Institute are serving at the decision making levels of both the Government and corporate sectors.

Gender-wise Analysis of Members

% and No.



Member Capital

- 244 new members enrolled (2012 - 213)
- 4,396 members presently on roll, a 5.5% increase over the 4,165 members in 2012
- 99.7% member retention rate (2012 - 95.0%)

Engagement

Members are formally engaged through the Members Division and Technical Division. The former focuses on member services that include networking and affiliations between Chapters and Sub Groups, conducting seminars, annual convocation and publications. The Technical Division works towards keeping members up-to-date with the latest developments in the profession globally and advocating change within relevant government and regulatory agencies.

In addition we encourage engagement and networking through societies such as the Young Chartered Accountants' Forum and the Practising Chartered Accountants' Forum.

Continuous Professional Development

Employers recognise the value of our qualification, and in turn members enjoy superior employment and career opportunities. But it does not stop there. During the year, we conducted 18 CPD events for members to remain current and relevant, which covered aspects such as skills, values, ethics and attitude, and the competencies to remain current.

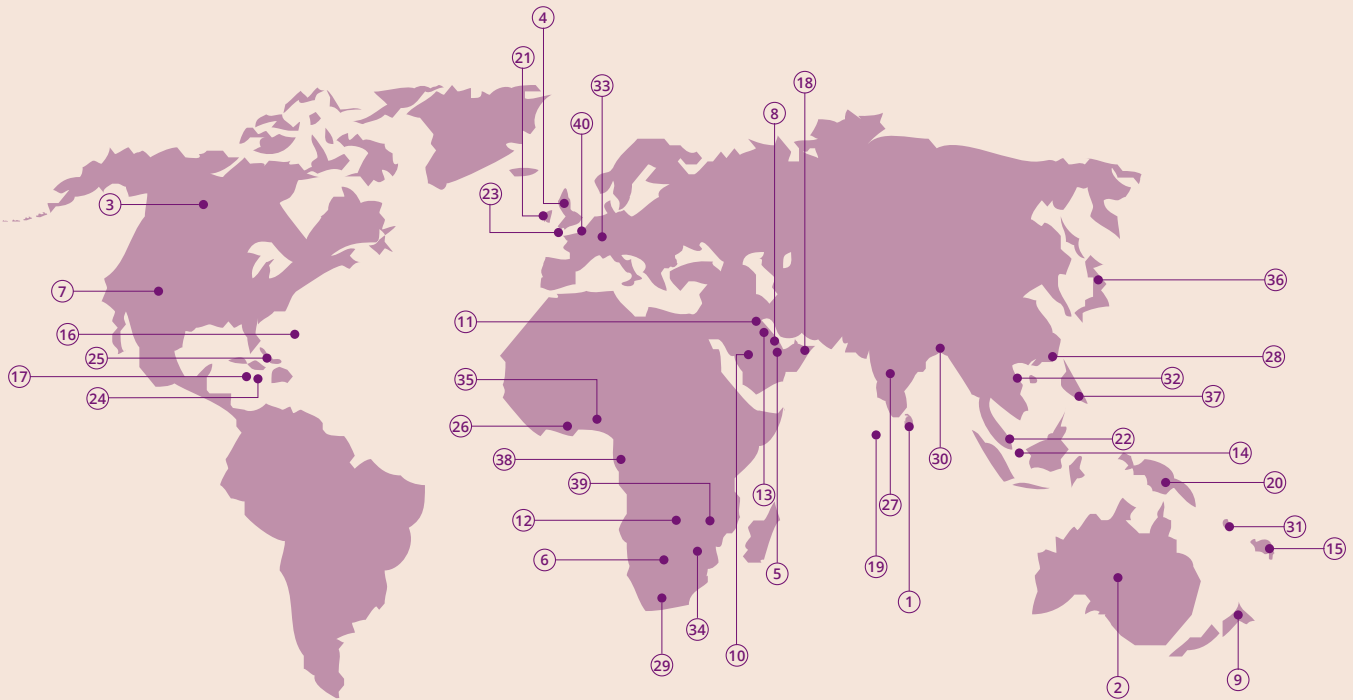
Certified Business Accountants

A new class of Certified Business Accountants (CBA) was launched during the year. The CBA recognition is granted to those who have completed all intermediate level examinations along with three years of practical experience as stipulated by the CA Sri Lanka curriculum. CBAs are recognised by the government, regulators and the corporate world in Sri Lanka as middle level accountants, who also enjoy prospects of working abroad.

Analysis of Members

Residency	ACA-FCA	Gender	Total	Male	Female
Non-Resident	ACA	F	188		188
		M	449	449	
	ACA Total		637		
	FCA	F	43		43
		M	255	255	
FCA Total		298			
Total			935		
Resident	ACA	F	881		881
		M	1,617	1,617	
	ACA Total		2,498		
	FCA	F	171		171
		M	792	792	
FCA Total		963			
Total			3,461		
Grand Total			4,396	3,113	1,283

Worldwide Members' Dispersion



Country	No. of Members	Country	No. of Members	Country	No. of Members
1. Sri Lanka	3,461	15. Fiji	12	29. South Africa	2
2. Australia	341	16. Bermuda	10	30. Bangladesh	2
3. Canada	86	17. Cayman Islands	10	31. Vanuatu	2
4. United Kingdom	74	18. Oman	9	32. Vietnam	2
5. United Arab Emirates	60	19. Maldives	7	33. Switzerland	1
6. Botswana	53	20. Papua New Guinea	7	34. Zimbabwe	1
7. United States of America	51	21. Ireland	5	35. Nigeria	1
8. Qatar	48	22. Malaysia	4	36. Japan	1
9. New Zealand	34	23. Channel Islands	3	37. Philippines	1
10. Saudi Arabia	27	24. Jamaica	3	38. Gabon	1
11. Kuwait	19	25. Bahamas	3	39. Malawi	1
12. Zambia	17	26. Ghana	3	40. The Netherlands	1
13. Bahrain	17	27. India	2		
14. Singapore	12	28. Hong Kong	2		



The annual convocation ceremony was held in October 2013 under the aegis of Hon. Johnston Fernando, Minister of Cooperatives and Internal Trade



Mr. Ajith Nivard Cabraal Governor of the Central Bank, Chief Guest at the inauguration of the 5th Annual Meeting of AOSSG with the Chairman - AOSSG Mr. Clement Chan and the outgoing President CA Sri Lanka Mr. Sujeewa Rajapakse

Government

- An MOU with the SEC to introduce an accreditation programme for Directors
- Published the second volume of the Sri Lanka Public Sector Accounting Standards

By virtue of our founding and mandate we provide advocacy and advisory services to government agencies and regulators in framing policies, rules and regulations. In particular, we engaged with the Ministry of Cooperatives and Internal Trade (our line Ministry), Central Bank of Sri Lanka, Securities and Exchange Commission of Sri Lanka (SEC), Department of Inland Revenue and the Sri Lanka Accounting and Auditing Standards Monitoring Board on technical and regulatory matters as and when needed.

CA Sri Lanka with the participation of the Ministry of Finance & Planning published the second volume of the Sri Lanka Public Sector Accounting Standards. This contains six accounting standards, bringing the total to ten standards following the inaugural volume which was published in November 2009. We also developed the necessary training materials, conducted a training of trainers programme and formulated a plan for implementation.

Complementing this, we entered into an MOU with SEC to introduce an accreditation programme mainly for the Directors of listed companies to acquaint them with the required knowledge and improve skills on corporate governance, financial reporting and regulatory aspects in order to effectively manage the affairs of the companies for and on behalf of stakeholders.

Business Partner Capital

- Mutual recognition arrangement with ICAEW and CPA Australia
- Partnerships with international and regional professional bodies including IFAC, IASB, CAPA, SAFA and AOSSG
- MOUs with three local universities for resource and knowledge sharing
- 5 business units focused on business studies, accounting and taxation
- Partnerships with lead sponsors and donor agencies including World Bank, ADB and GIZ

Professional Bodies

We maintain strong links with international and regional professional bodies such as the International Federation of Accountants (IFAC), International Accounting Standards Board (IASB), the Confederation of Asian and Pacific Accountants (CAPA), South Asian Federation of Accountants (SAFA) and Asian Oceanian Standard Setters Group (AOSSG). The annual meeting of AOSSG was hosted by CA Sri Lanka in Colombo in November 2013. These links and relationships are regularly strengthened through consultations and participation in meetings and seminars.



Signing of an MOU with the University of Kelaniya for developing and promoting the accounting education and the profession

Mr. Sujeewa Mudalige served as the Vice-President and Board Member of CAPA and became its President from November 2013. Mr. Arjuna Herath served SAFA in the capacity of a Board Member in 2013 and will become its Vice-President in 2014 and President in 2015. Accordingly, CA Sri Lanka will be taking over the regional leadership in 2015 as Presidents of both SAFA and CAPA will be from the Institute.

Universities

CA Sri Lanka signed MOUs with the University of Kelaniya and University of Jaffna during the year, bringing the total to three, including the existing MOU with the University of Sri Jayewardenepura. The primary objectives of these MOUs are to share resources and knowledge.



Signing of an MOU with the University of Jaffna for developing and promoting the accounting education and the profession

Other Institutions

CA Sri Lanka signed an MOU with the Institute of Personnel Management in December 2013 for sharing resources and knowledge.

International Recognition

CA Sri Lanka entered into a mutual recognition arrangement with CPA Australia during the year. This milestone, in addition to the existing arrangement with ICAEW, further strengthened the global recognition of our qualification.

Training Partners

Eight firms at Certificate level and five at Strategic level were recognised as approved training partners in the public practice sector. Additionally, 41 and 33 non-public practice sector training partners were recognised for the Certificate and Strategic levels respectively. The total number of approved training partners stood at 314 and 328 for the two levels respectively by end 2013.



Signing of the Mutual Recognition Agreement between CA Sri Lanka and CPA Australia

Business Units

Our commercial ventures, namely, the CA Business School, School of Accounting and Business, Association of Public Financial Accountants of Sri Lanka, Certified Business Accountants Secretariat and the School of Taxation draw on a different set of relationships and expectations.

The CA Business School offers the Master of Business Administration and the Master of Project Management in affiliation with the University of Southern Queensland, Australia since 2002. It also offers Postgraduate Diploma in Business and Finance and Executive Diploma in Business and Accounting.

The School of Accounting and Business, set up in 2013, is a degree awarding body approved by the University Grants Commission of Sri Lanka. It conducts the BSc (Applied Accounting) programme, leading to two progressive levels,

Highlights of the Year - 08
 President's Message - 11
 Secretary/CEO's Message - 15
 Business Model - 18
Review of the Year - 28 ←
 Stewardship - 50
 Financial Reports - 72
 Annexes - 111



Participants at a CA Sri Lanka - INSEAD Global Strategic Management programme in Colombo

a General degree or Special degree depending on the number of modules covered. The School functions under the Council of CA Sri Lanka with a separate Board of Management and Board of Studies.

The Association of Public Financial Accountants of Sri Lanka, established in 2012, aims to enhance the professional skills and expertise of accountants, auditors and assessors working in the public sector. Key activities during the year were focused on publishing the second volume of the Public Sector Accounting Standards, developing training material on the Sri Lanka Public Sector Accounting Standards, training of trainers, formulating a plan to implement the standards in public sector institutions and conducting awareness creation programmes.



Treasury Secretary, Dr. P B Jayasundera addressing the Annual Budget Seminar

The Certified Business Accountants Secretariat provides ancillary services for the new class of Certified Business Accountants that was launched in 2013.

The Faculty of Taxation guides the School of Taxation, which moulds resourceful tax professionals by conducting several tax courses, especially, Chartered Tax Advisor Course.

Registration of Teaching Colleges

CA Sri Lanka teaching colleges registration ceremony was held in June 2013 with the objective of further strengthening the ties shared between the Institute and the teaching colleges for a more beneficial future for our students, which will also ensure our nation is strengthened with a skilled and professionally qualified workforce.



Registration of Teaching Colleges that conduct classes for the Chartered Accountancy qualification

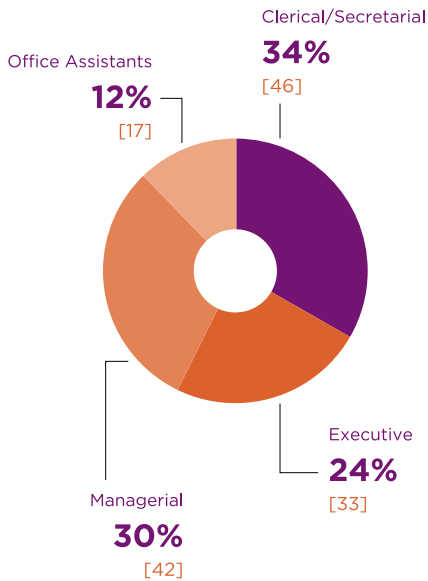
Lead Sponsors

CA Sri Lanka wishes to gratefully acknowledge the contribution made by various sponsors for its initiatives during the year. The following were the lead sponsors during the year under review.

- Aitken Spence PLC
- Cargills (Ceylon) PLC
- CT Holdings PLC
- Hatton National Bank PLC
- John Keells Holdings PLC
- Sri Lanka Telecom PLC
- Sri Lanka Insurance Corporation Ltd.

Staff Composition

% and No.



Despite the growth of the Institute in terms of stature, member and student population and activities, the Institute managed to keep its structure lean with total staff growing by a mere 6 members during the year from 132 to 138.

Employee Capital

- 138 employees (2012 - 132)
- 82% retention rate (2012 - 89%)

Service that Counts

Ours is a close knit team that provides the critical back office support to achieve our goals. As a membership organisation driven by internal customers comprising members and students, we strive to deliver the best in service quality through friendly and courteous services, fast response time and ease of access.

Our challenge is to build on what we already have. Thus staff training, customer orientation and continuous improvement are some of the key ingredients for success.

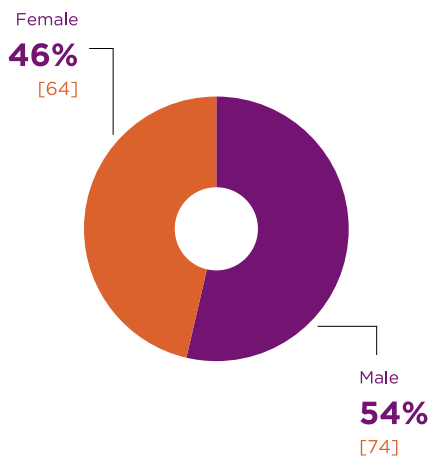
The 5S Approach

We further developed on the 5S Housekeeping System launched in 2012 with the active participation of staff drawn from various divisions. The focus is on organising the work place for efficiency and effectiveness. A participatory decision-making process is adopted through dialogue about standardisation, which builds understanding among employees of how they should do the work.

Implementation of the 5S Housekeeping System has led to marked improvements in service delivery and productivity, duly supported by the new work environment - the completion of CA Sri Lanka's modern building complex in December 2012. Equally important, such achievements serve to boost staff morale, promote engagement and support a culture that is home grown.

Gender-wise Analysis of Staff

% and No.



Social and Environmental Capital

- Corporate social responsibility initiatives
- Helping businesses to succeed through financial leadership

Corporate Social Responsibility

Our engagement with local communities is primarily through the Member and Student Service Committee and the Student Society. During the year, we provided financial support to the Rehabilitation Centre for the Communication Impaired and donated furniture to four disadvantaged schools.

We also provide scholarships and sponsorships for deserving students, and recognise outstanding members for their contribution to society through the CA Sri Lanka Lifetime Achievement Award. The total number of scholarship beneficiaries increased from 54 to 78 during the year.

Guardian of Accounting Standards

The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 has empowered CA Sri Lanka to promulgate and adopt Sri Lanka Accounting Standards and Sri Lanka Auditing Standards in the country. The application of the said Standards is mandatory for Specified Business Enterprises in Sri Lanka. The Act provides for the necessary powers to the 'Statutory Accounting Standards Committee' and 'Statutory Auditing Standards Committee' in assisting the Council of CA Sri Lanka in the development of these Standards.

There are two main faculties under the purview of the Technical Division, namely the Audit Faculty and Financial Reporting Faculty. The Audit Faculty is a forum for serving the necessities of the auditing sector and promoting best practices in the profession. The Audit Faculty annually conducts seminars and workshops on Sri Lanka Auditing Standards and related pronouncements in order to keep the practitioners up-to-date on the contemporary changes.

We released a bound volume of the Sri Lanka Accounting Standards 2013 during the year which incorporates all the revised Accounting Standards that have been adopted as per 2012 'Consolidated without early adoption' edition of the International Financial Reporting Standards bound volume. We also conducted training programmes to increase the adoption of IFRS.



The Governor of the Central Bank of Sri Lanka, Mr. Ajith Nivard Cabraal delivered the 18th Annual Tax Oration



CA Sri Lanka and German Development Cooperation (GIZ) signed an agreement for the development of Small and Medium Enterprises

In addition, SLFRS - 10 'Consolidated Financial Statements', SLFRS - 11 'Joint Arrangements', SLFRS - 12 'Disclosure of Interests in Other Entities' and SLFRS - 13 'Fair Value Measurement' were uploaded to the CA Sri Lanka website with the latest amendments in the international context which is in line with the IFRS 2013 bound volume. These Standards would be effective in the Sri Lankan context with effect from 1st January 2014.

Disseminating Knowledge

Several initiatives were undertaken during the year to share knowledge and provoke discussion with members, students, government, business community and the general public:

- Round table discussions on recently issued Exposure Drafts by the IASB
- A CEO's forum on Financial Reporting for Capital Markets - Advantages of a Universal Financial Language
- A round table discussion on adopting integrated reporting, followed by a seminar and CFO forum on the subject
- A series of seminars on tax, as well as the 18th Annual Tax Oration on the theme Harmonising Fiscal and Monetary Policies to deliver Stability and Growth
- Workshop and seminar on the new Sri Lanka Accounting Standards
- Workshops and seminars on auditing standards and other pronouncements

Institutional Strengthening

CA Sri Lanka and ICAEW are working jointly on a World Bank assisted project to enhance the quality of financial reporting and auditing in the private and public sectors of the country. This project, which commenced in 2013, has four components, namely:

- Implementing an audit quality assurance programme
- Programme to assist and educate small and medium-sized practices
- Programme to increase the adoption of IFRS
- Programme to strengthen public sector financial management

CA Sri Lanka also entered into an agreement with GIZ (German donor agency) to develop and strengthen Small and Medium-sized Entities and Small and Medium-sized Practices in the country. Regional seminars on Accounting Standards for SMEs were conducted during the year, while guidance notes, application guidance and practice notes on SLFRS for SMEs will be published shortly.

Highlights of the Year - 08
 President's Message - 11
 Secretary/CEO's Message - 15
 Business Model - 18
Review of the Year - 28 ←
 Stewardship - 50
 Financial Reports - 72
 Annexes - 111



Launch of the revised Code of Best Practice on Corporate Governance together with the Securities and Exchange Commission of Sri Lanka

Corporate Governance Review

During the year, CA Sri Lanka jointly with the Securities and Exchange Commission of Sri Lanka (SEC) formally launched the revised Code of Best Practice on Corporate Governance 2013. This follows from our earlier work in drafting the guidelines on Corporate Governance applicable to companies listed on the Colombo Stock Exchange.

The Code was developed with the coordinated efforts of a pool of experts representing industry practice and regulatory bodies such as SEC, Colombo Stock Exchange, Central Bank of Sri Lanka, Sri Lanka Accounting and Auditing Standards Monitoring Board and the Insurance Board of Sri Lanka. The revised Code took into consideration the relevant developments in best practices worldwide and emerging matters specific to Sri Lanka.



Commercial Bank of Ceylon PLC receiving the Cyril Gardiner Memorial Trophy for Overall Excellence in Annual Financial Reporting at the prestigious 49th Annual Report Awards ceremony

Raising the Bar on Corporate Reporting

The Annual Report Competition organised by CA Sri Lanka is one of the most keenly contested corporate events in the country. Since its inception in 1964, the competition continues to raise the benchmark in promoting transparency and accountability in annual reporting. A record 126 entries were received for the 2013 competition, that climaxed with a colourful awards ceremony in December 2013.

STEWARDSHIP

This chapter explains the governance structure of the Institute, extent of compliance with applicable laws and regulations and its approach to managing risks.

Past Presidents - **51**

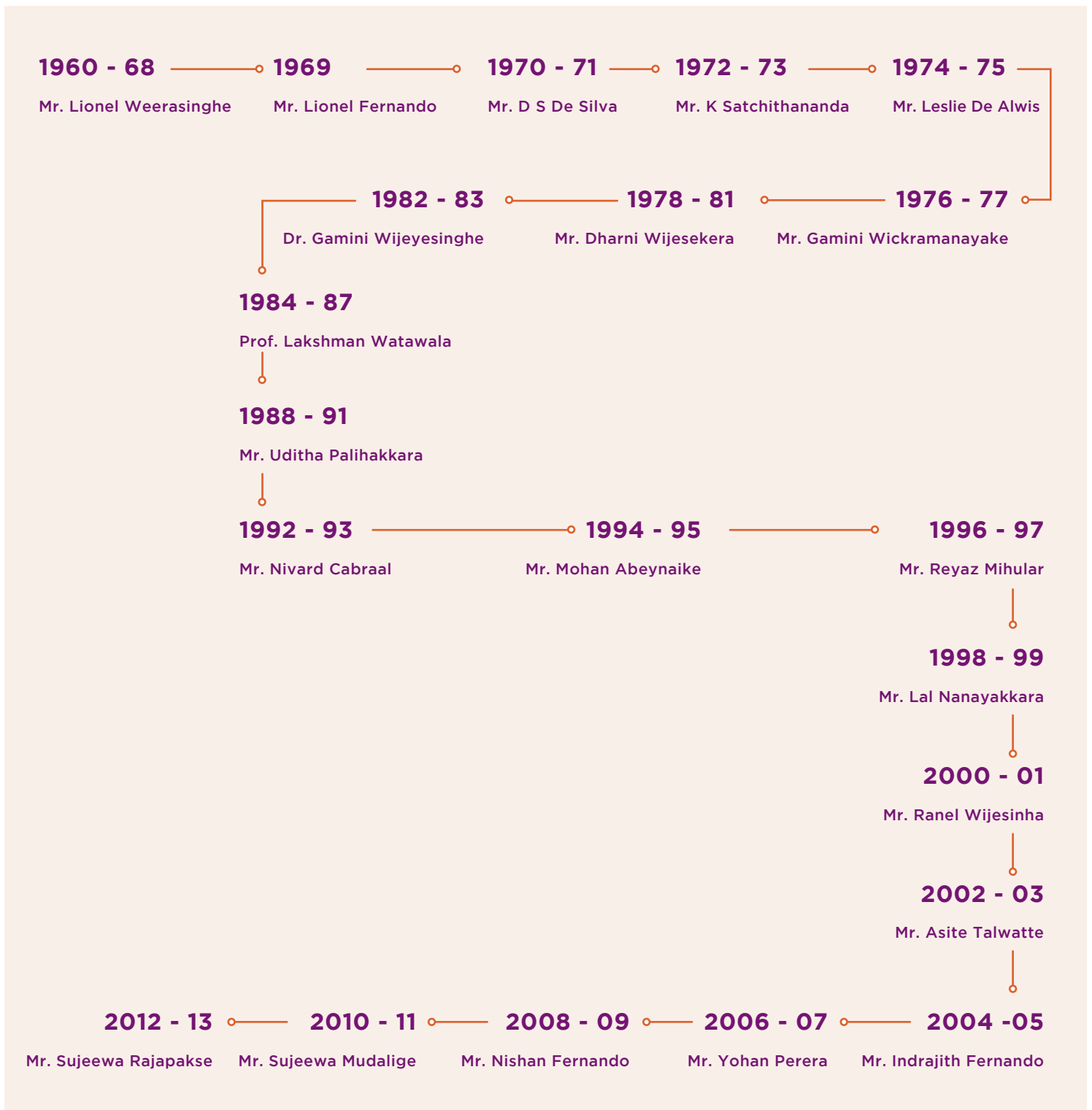
The Council - **52**

Management Team - **54**

Governance - **56**

Report of the Governance and Audit Committee - **65**

Risk Management - **67**





Mr. Arjuna Herath
 FCA, BSc, MA in Financial Economics,
 MBA
 President

Partner and Head of Advisory Services at Ernst & Young

Member of the Board of Directors of Sri Lanka Accounting and Auditing Standards Monitoring Board and Postgraduate Institute of Management (PIM). Commissioner of the Securities and Exchange Commission (SEC). Vice-President of the South Asian Federation of Accountants and Member of the Board of Directors of Confederation of Asia Pacific Accountants (CAPA). Member of the Professional Accountancy Organisation Development Committee of the International Federation of Accountants (IFAC).

Mr. Lasantha Wickremasinghe
 FCA, FMAAT
 Vice-President

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

Chairman of Committee for Improvements in Transparency, Accountability and Governance (ITAG), SAFA Committee 2013.

Mr. Sujeewa Rajapakse
 FCA, MBA
 Immediate Past President

Managing Partner of BDO Partners, Chartered Accountants, Board Member of Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB), the Securities and Exchange Commission (SEC), the Postgraduate Institute of Management (PIM) and the National Institute of Business Management (NIBM)., Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka, Technical Advisor for Confederation of Asian Pacific Accountants (CAPA) and South Asian Federation of Accountants (SAFA) (2013) and currently serves on the Board of Directors of National Development Bank, Asian Alliance Insurance PLC, Haycarb PLC and Dipped Products PLC. Member of the National Pay Commission.

Mr. Sanjaya Bandara
 FCA, MBA (Colombo), BSc (Accy.) Sp.

Partner of B R De Silva & Co.



Mr. Channa Manoharan
 FCA, FCMA

Advisory Leader/Chief Operating Officer, PricewaterhouseCoopers

Mr. Dhammika Nanayakkara
 ACA, FCMA, CFSA, MSc (Finance)
 American University Washington
 D.C., BSc (Sp)

Superintendent/Registrar of Public Debt, Central Bank of Sri Lanka

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

Partner, KPMG, Chartered Accountants

Ms. Coralie Pietersz
 FCA

Finance Director, Finlays Colombo PLC



Mr. T Dharmarajah
 FCA, BSc, FMAAT, DA

Partner of Amarasekera & Co.,
 Chartered Accountants

Member of Council - University of
 Sri Jayewardenepura

Mr. Manil Jayasinghe
 FCA, FCMA

Partner of Ernst & Young

Served in the Committee on
 Education, Training and CPD
 (SAFA) 2013

Mr. Shantha Kurumbalapitiya
 FCA, FCMA, CGMA

Group Chief Financial Officer,
 Rockland Distilleries (Pvt) Ltd.

Mr. Heshana Kuruppu
 FCA, BSc (Accy.) Sp Hons, MBA,
 MFE, ASCMA

General Manager, Trischel Fabric
 (Pvt) Ltd., MAS Holdings



Mr. H A S Samaraweera
 FCA, BCom (Sp.), ACMA,
 CCAF-FCVI

Auditor General, Auditor
 General's Department

Mr. Shan Shanmuganathan
 FCA, FCMA

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

Mr. Tishan Subasinghe
 FCA, MBA (Finance) (Col.),
 CISA-USA, ACMA

Technical and Human Capital
 Development Partner, BDO
 Partners

Mr. Lucille Wijewardena
 FCA, MBA

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

Mr. Aruna Alwis
 Dip. in Bus. Admin. MBCS,
 MBA

Secretary/Chief Executive
 Officer

Secretary's Division

Aruna Alwis

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

Raaj de Silva

FCMA, ACA, CGMA
 Chief Operating Officer -
 Education, Examination
 and Technical (Resigned
 on 31st March 2014)

Administration

Thushara Yasarathna

BSc Applied Sciences
 (Sp.) Hons.
 Deputy Manager -
 Administration

**Association of Public
 Finance Accountants
 of Sri Lanka**

K L Perera

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

Business School

**Ms. Nilukshi
 Thambimuttu**

ACA, ACMA (UK),
 CMA (Aus.), CGMA,
 MBA (PIM USJ)
 Head of Business School

Nuwan Dishan

ACIM, Cert. CPDCIM,
 Dip. Marketing
 Deputy Manager - CPD

Ms. Nabeeha Siddique

BA (Hons.) (UK) MBA
 (UK)
 Deputy Manager -
 Business School

**Education and
 Training**

Ms. Nilushi Dissanayake

ACA, BSc Accounting
 (Sp.) Hons.
 Head of Education and
 Training (Resigned on
 28th February 2014)

Ms. Nimanthi Gamage

ACA, BSc Business
 Administration (Special)
 Manager - Training

Ms. Kalani Ariyaratne

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

Ms. Dilini Jayasinghe

B.B. MGT (Finance)
 Special (1st Class Hons.)
 CIMA Passed Finalist, AAT
 (Sri Lanka)

Examinations Division

W W G Dayananda

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

Thusitha Liyanagamage

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

**Ms. Nadeeshani
 Dissanayake**

BSc Accounting. Sp.
 (1st class), ACA, ACMA,
 CPA (Aus.)
 Manager - Examinations -
 Technical

J A Geeth Maduranga

MBA in IT (Moratuwa),
 BSc (Honors) in MIS
 (UCD Ireland), MBCS,
 MCSSL
 Deputy Manager - IT
 (Examinations)

**Ms. Yashodha
 Kulawardena**

BSc Accounting Special
 (USJP), MBA (Finance),
 Advanced Diploma in MA
 (CIMA)
 Deputy Manager -
 Examinations - Technical

Finance Division

**Ms. Dinushini
 Keppetigoda**

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

Ms. Janani Danansuriya

B. Busi. (Acc. Mgt.)
 MP Acc., CPA (Aus.)
 Accountant

HR

Ms. Wasana Liyanage

BSc (Business
 Administration) - USJ,
 PQHRM (IPM)
 Deputy Manager -
 HR & Council Affairs

ICT Division

Gayan Wickramasinghe

BSc Engineering (UoM),
 MBA (India), MBCS (UK),
 MIET (UK), MCSSL (SL)
 Chief Information Officer

Roshan Ruvendra

BSc, Physical Science
 (UoC)
 Manager - IT

Salindra Irugalbandara

BIT, MCSA
 System and Database
 Administrator

IT Training Division

Ajith Samaratunga

BSc in Computing and Information Systems, PGDBM (Uni. Wayamba), Advanced Diploma in Marketing (CIM-UK), Certificate IV in Work Place Assessment (Aus.), QMS Lead Auditor ISO 9001:2008
Manager - IT Training

Library

Sarath Kumara

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

Marketing Division

Lasantha Amarakoon

B.Com. (Marketing) Sp., MCIM, Dip. in MK (UK), P.G. Dip. in MKT (UK), MBS (Merit)
Head of Brands

Ms. Wayomi Gunathilaka

B.B. (Mgt.) Mktg. Spc. (Hons.), CIMA passed finalist
Manager - Brand and Corporate Communication

Rehan Abeysinghe

Deputy Manager - Events

Ms. Munza Mushtaq

Dip. in Journalism and Mass Com.
Creative Editor

Member Relations

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), Doctor of Management (RUSL).
Director - School of Accounting and Business

S N W M Wijerathna Banda

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

School of Taxation

Ms. Nandani Abrew

BSc (Pub Finance & Taxation 2nd Class)
Manager - Taxation

Student Services & Promotions

Ms. Sujeewa Munidasa

Dip. in IT
Manager - Student Services and Promotions

Ms. Maria Rajendram

Adv. Dip. Psychology (UK) BSc (Hons.) Psychology (UK)
Deputy Manager - Student Services

Technical Division

Upendra Wijesingha

FCA, ACMA (UK), ACMA, ACCA, ACIM, ACPM, CGMA, Bsc Accountancy
Head of Technical

Ms. Hiranthi Wijetunge

BSc Accounting Sp. (1st class), ACA
Manager - Technical

Ms. Chaturani Jayanetti

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

Ms. Navini Peiris

ACA, ACMA, SAT
Manager - Technical

Ms. Nilangi Dilrukshi

BSc Accounting Sp. (1st class), ACA
Manager - Technical

Ms. Prabodha Daulagala

BBM (1st Class) (Bachelor of Business Management)
International Liaison Officer

Act of Incorporation

The Institute of Chartered Accountants of Sri Lanka was established by an Act of Parliament 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 of Chartered Accountants of Sri Lanka are primarily contained in the said Act, viz. Act No. 23 of 1959 as amended by Act. No. 16 of 1964, Act No. 34 of 1975 and Act No. 15 of 1998. It contains 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.

Commitment to Good Governance

As much as The Institute of Chartered Accountants of Sri Lanka encourages corporates to practice good governance through the 'Code of Best Practice on Corporate Governance' issued jointly with the Securities & Exchange Commission (SEC) of Sri Lanka and 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 cognisant of the importance of upholding the virtues of good governance practices in the conduct of its own operations and is committed to doing so.

The Council

As the apex governance body, the Council is responsible for the overall governance of the Institute. 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 of the Ministry of Co-operative and Internal Trade while the other six are elected by the members of the Institute. The provisions relating to the election of Council members enable The Institute of Chartered Accountants of Sri Lanka 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 levels. 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 52 & 53 and the names and attendance of Council members who held office in 2012/2013 are given in page 61). The Act has given wide-ranging powers to the Council enabling it to provide strategic direction to the Institute. Accordingly, the Council governs the Institute as per the general powers conferred on it by the provisions of 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 and management staff to manage the day-to-day operations and implementation of strategy and policy initiatives. In 2010, the Council approved a four-year Business plan covering the period 2010 to 2014 incorporating the direction and strategic priorities of the Institute.

The Governance Structure

The governance structure of the Institute as at 31st December 2013 is depicted in the following diagram:



The Committees - 2012/2013

As permitted by the provisions of the Act, the Council has appointed the following committees comprising of Council members as well as Non-Council members of the Institute to deal with specified subjects and has laid down rules for regulating the proceedings of these committees.

The individual committees set up under each of the broader categories of committees referred to in the above diagram are as follows:

Committee	Chairman	Alternate Chairman	Secretary
Governance Committees			
Governance & Audit Committee	Nirmal Fernando	-	Lalith Fernando
Statutory Committees			
Statutory Accounting Standards Committee	Nishan Fernando	Sujeewa Mudalige	Upendra Wijesinghe
Statutory Auditing Standards Committee	Yohan Perera	Sujeewa Rajapakse	Upendra Wijesinghe
Operational Support			
Operational Review Committee (Finance & Admin/Infrastructure/IT/Library)	Arjuna Herath	N R Gajendran	Dinushini Keppetigoda
Professional Conduct (Ethics) Committee	Reyaz Mihular	Sujeewa Rajapakse	Aruna Alwis
Public Sector Accounting Standards Committee	V Kanagasabapathy	H A S Samaraweera	K L Perera
Student Training & Development Committee	T Dharmarajah	Sanjaya Bandara	Nilushi Dissanayake
Brand Development, Corporate Communications & Student Promotions Committee	Mukhlis Ismail	Shantha Kurumbalapitiya	Lasantha Amarakoon
Member & Student Services Committee	Channa Manoharan	Chamara Bandara	Senaka Abeyakoon
Examinations Committee	Jagath Perera	Lasantha Wickremasinghe	Thusitha Liyanagamage
Business School	Yohan Perera	Anura Perera	Nilukshi Thambimuttu
Taxation Committee	Denzil Rodrigo	-	Nandani Abrew
Association of Public Finance Accountants of Sri Lanka	V Kanagasabapathy	H A S Samaraweera	K L Perera
Certified Business Accountants Committee	J M U B Jayasekera		Senaka Abeyakoon

Committee	Chairman	Alternate Chairman	Secretary
Events Committees			
National Conference Committee	Lasantha Wickremasinghe	Heshana Kuruppu	Wayomi Gunathilaka
Conference Technical Committee	Dulitha Perera	Nandika Buddhipala	Janani Seyone/Prabodha Daulagala
Annual Report Awards Committee	Tishan Subasinghe	N R Gajendran	Navini Pieris/Lasantha Amarakoon
Lifetime Achievement & Hall of Fame Committee	Lal Nanayakkara	Sujeewa Mudalige	Aruna Alwis
Task Forces			
Strategic Planning Implementation and Review Committee	Sujeewa Rajapakse	Arjuna Herath	Aruna Alwis
Corporate Governance Committee	Asite Talwatte	Sujeewa Mudalige	Hiranthi Wijetunga
Education, Curriculum Review & Development Committee	Manil Jayasinghe	Sanjaya Bandara	Nilushi Dissanayake
Quality Assurance Board	Tissa Bandaranayake	Deva Rodrigo	Navini Pieris
Review of The Institute of Chartered Accountants of Sri Lanka Act	Lal Nanayakkara	Neomal Gunawardena	Hiranthi Wijetunga
Building Project	Arjuna Herath	Shan Shanmuganathan	Sanjaya Senaratne/ Thushara Yasarithna
Exemptions and Reciprocal Arrangements Task Force	Nishan Fernando	-	Nilushi Dissanayake
Steering Committee on World Bank Project	Sujeewa Rajapakse	-	K L Perera
BPO Task Force	Arjuna Herath	-	Nilukshi Thambimuttu
Financial Reporting Standards Implementation and Interpretation Committee	Nishan Fernando	-	Chathurani Jayanetti
Integrated Reporting Task Force	Tishan Subasinghe	-	Chathurani Jayanetti
Faculties			
Taxation Faculty	N R Gajendran	-	Nandani Abrew
Audit Faculty	Asite Talwatte	Lal Nanayakkara	Chathurani Jayanetti
Financial Reporting Faculty	Coralie Pietersz	Mano Rajakarier	Hiranthi Wijetunge
IT Faculty	Channa Manoharan	Ashen Jayasekera	Gayan Wickremasinghe/ Ajith Samarathunga

Other Societies and Associations of The Institute of Chartered Accountants of Sri Lanka

Other Societies and Associations	President	Vice-President	Treasurer
Young Chartered Accountants Forum of Sri Lanka	Amila Sugathapala	Tishan Subasinghe	Jagath Perera
Practicing Chartered Accountants Forum of Sri Lanka	I B D Jayasinghe	Yohan Perera	V Sivagurunathan
Benevolent Society	S Munaweera	P A Nandasiri	M Thiyagaraja
Student Society	Tharindu Rajapakse	Rangana Pieris	Ravith Gunewardhane
CA Sri Lanka Toastmasters Club	Hiranthi Ratnayake	Keerthi Delwatta	Nihal de Silva

Secretary/Chief Executive Officer

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

On behalf of the Council, the Remuneration Committee which comprises the President, Vice-President and the immediate past president reviews annual performance of the Secretary/CEO and the management against the objectives and key performance indicators agreed as set out in the business plan.

Attendance at Council Meetings

Council members' attendance against their mandate to attend at each of the Council meetings held during 2013 is given below:

Name	No. of Meetings	
	Attended	Mandate
1. Mr. Sujeewa Rajapakse (President)	16	19
2. Mr. Arjuna Herath (Vice-President)	16	19
3. Mr. Sujeewa Mudalige (Immediate Past President)	13	19
4. Mr. Sanjaya Bandara	17	19
5. Mr. T Dharmarajah	14	19
6. Mr. N R Gajendran	16	19
7. Mr. J M U B Jayasekera	15	19
8. Mr. Shantha Kurumbalapitiya	09	19
9. Mr. Heshana Kuruppu	15	19
10. Mr. Channa Manoharan	09	19
11. Mr. Jagath Perera	17	19
12. Mr. H A S Samaraweera	07	19
13. Mr. Shan Shanmuganathan	10	19
14. Mr. V Sivagnanasothy	08	19
15. Mr. Lasantha Wickremasinghe	16	19
16. Mr. Lucille Wijewardena	07	19

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 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 laws and regulations which are applicable and relevant in the governance of the Institute.

The Institute of Chartered Accountants of Sri Lanka follows all applicable labour laws including the Shop and Office Act. The Institute's financial statements are prepared in accordance with the currently applicable SLFRSs and the external audit is conducted in accordance with the applicable Auditing Standards.

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 is comprised of 179 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 of Chartered Accountants of Sri Lanka holds full membership of IFAC.

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

The Institute of Chartered Accountants of Sri Lanka 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) represents 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 of Chartered Accountants of Sri Lanka 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 broad economic development of the region. Several SAFA committees are chaired by members of The Institute of Chartered Accountants of Sri Lanka.

Disclosures

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

- Profiles of the members of the Council (pages 52 and 53)
- Profiles of the management staff (pages 54 and 55)
- Related party transactions (page 106)

Governance & Audit Committee

Set up with specific terms of reference and members appointed by the Council, the Governance & Audit Committee complements the Council's attempts to permeate good governance practices. The Governance & 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.

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 Audit Committee. It has been customary for the Institute to change the External Auditor once in every two years. The audit plan is deliberated and agreed by the Audit Committee at the beginning of each financial year.

The quarterly internal audits have been outsourced to a firm of Chartered Accountants. Internal Audit Reports are tabled and discussed at the Audit Committee meetings and minutes and matters of importance are reported to the Council. The internal audit plan is deliberated and agreed by the Audit Committee at the beginning of each finance 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 too complement the Institute's governance framework. The risk management framework is given on pages 67 to 71.

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. 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 Minister of the Ministry of Co-operatives and Internal Trade and each member of the Institute. Quarterly Internal Audit Reports are submitted to the Audit Committee. Audit Committee minutes and observations are reported to the Council on a regular basis.

The Governance and Audit Committee is formally constituted as a Sub-committee of the council, to which it is accountable and consists of eight members appointed by the council.

The Governance and Audit Committee has written terms of reference which deal with its authority and duties. It 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 controls and compliance with legal and regulatory requirements, make recommendations regarding appointment of internal and external auditors, review of external auditor's performance & independence and internal audit function.

Compliance with Financial Reporting

The Institute has complied with the Sri Lanka Accounting Standards.

The 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 audit committee meets the internal auditors 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 auditors 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 auditors and external auditor.

Internal Auditors

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

The Governance and Audit Committee monitors and reviews:

- The coverage of the annual audit plan.
- The follow-up action taken on the recommendation of the Internal Auditors.
- The internal audit programmes and results of the internal audit process.
- Effectiveness of the internal audit function.

Independent Auditors


The audit committee reviewed the independence and objectivity of the External Auditor Mr. L D A Jayasinghe, Chartered Accountant. The Governance and Audit Committee has met with the external auditor to review the annual audit plan and financial statements during the annual audit and also discuss his findings. .

Meetings of Governance and Audit Committee

Six audit committee meetings were held during the year ended 31st December 2013 which satisfied the required quorum of three committee members including the Chairman. The internal auditors attended the meeting quarterly.

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.



N Fernando
Chairman - Audit Committee
Colombo
31st March 2014

Introduction

Risk is 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 Core Values. The Institute is also cognisant of the fact that the risks, if well managed, will have an upside potential too. As a result, it is imperative that the Institute has a system in place to identify all such risks, assess their significance and take appropriate measures to mitigate such risks. The Council has the overall responsibility for overseeing the management of risks within the Institute.

Role of the Council on Risk Management

It is the role of the Council to -

- Set the tone of and culture for risk management within the Institute
- Approve major decisions affecting the Institute's risk profile or exposure
- Periodically review the approach to risk management and make necessary improvements

The management team supports the Council by implementing the policies, procedures and risk management measures approved by the Council and by reporting the progress to the Council through periodic reports.

Types of Risks Faced

The main risks that the Institute is exposed to are as follows:

- Strategic risk
- Reputation risk
- Student experience related risks
- Employee related risks
- Premises and assets related risks
- Financial risks
- Information and IT - related risks
- Organisational risks

Risk Mitigation Measures

- Risk management policy - As a measure of good governance and as part of the system of internal control, arrangements are being made to develop a formal risk management policy.
- Organisational structure and stature of the senior management team.
- System of internal control - Encompasses a number of elements to facilitate an effective and efficient operation, enabling the Institute to respond to a variety of operational and financial risks. Among other things, the system covers such aspects as policies and procedures, periodic reporting, planning and budgeting, Audit Committee and other management committees, external audit, internal audit and use of independent consultants whenever necessary.
- Code of Ethics and periodic updating.
- Periodic communications with stakeholders.
- Periodic revision of the syllabus to match the demands of the dynamic workplaces.
- Availing technical support of organisations such as IFAC and IASB etc. for adopting latest best practice and standards relating to the profession.
- Adherence to various compliance requirements arising from the Act of Incorporation and Regulations of the Institute of Chartered Accountants of Sri Lanka and other applicable rules and regulations.
- Insurance - CA Sri Lanka has taken adequate insurance cover from reputed insurance companies against the risks where the potential impact of an adverse event is high and/or uncontrollable. Accordingly, damages to physical assets by natural disasters and fire have been covered through insurance. Governance and Audit Committee periodically assess safeguards in place in relation to the physical assets and the Operational Review Committee reviews the adequacy of the insurance cover.
- Exit interviews with key management staff.
- Periodic market research on the demand and acceptance of the qualification.

Risk Management Measures

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

Strategic		
	Risk Element	Mitigating Measures
S1	S 1-1 Loss of relevance of the qualification	• Ongoing monitoring and continuous improvements to the curriculum
	S 1-2 Loss of market share for the qualification	• Periodic market research on the demand and acceptance of the qualification
	S 1-3 Failure to maximise benefits from positive publicity	• Monitoring of student recruitment numbers and growth rates
	S 1-4 Failure to meet member and student expectations	• Brand management • Monitoring of membership growth • Customer satisfaction surveys • Monitoring of the business plan and oversight by the council
Reputation		
	Risk Element	Mitigating Measures
R1	R 1-1 Failure to actively manage positive and negative publicity	• Monitoring and review of media coverage • Oversight by Examination Committee
	R 1-2 Lost opportunities/students due to tarnished reputation	• Clearly laid down operational procedures and internal controls for conducting examinations
	R 1-3 Failure to meet exam delivery standards	• System and physical access controls
	R 1-4 Professionalism and behaviour of members	• Open complaints and appeals process • Code of Ethics/Ethics Committee

Student Experience

	Risk Element	Mitigating Measures
SE 1	SE1-1 Failure to provide the range and structure of courses that meet the expectations of student/poor product offering	<ul style="list-style-type: none"> • Ongoing monitoring and continuous improvements to the curriculum • Improved communication with schools, colleges and industry • Monitoring and oversight of the operation by the committees and management • Continuous review of student service function
	SE1-2 Failure to attract sufficient number of students leading to reduction in income	
SE 2	SE2-1 Failure to meet teaching quality and standard of facilities up to the expectations of the students	
SE 3	SE3-1 Inaccurate assessment of student performance at examinations	<ul style="list-style-type: none"> • Policies and procedures manual • Training for staff involved in assessment process • Post-exam reviews with students and lecturers • Regular training for paper setters and examiners

Employees

	Risk Element	Mitigating Measures	
E 1	E1-1 Failure to attract staff of good calibre and standing	<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 	
	E1-2 Failure to develop and retain high quality staff		
E 2	E2-1 Failure to adhere to employment legislation and standards of good practice		<ul style="list-style-type: none"> • Regular review of policies and procedures • Monitoring and timely payment of statutory levies
	E2-2 Risk of dependency on key managerial persons		<ul style="list-style-type: none"> • Maintain Health and Safety standards

Premises and Assets		
	Risk Element	Mitigating Measures
PA 1	PA 1-1	Poor use of existing space restricts the ability to conduct new courses and events
	PA 1-2	Failure to expand and offer suitable courses
PA 2	PA 2-1	Potential liabilities attached to property
	PA 2-2	Public liability
PA 3	PA 3 -1	Loss of movable assets and inability of the Institute to function properly

- Regular review of space utilisation
- Review of complaints by staff and students about buildings and resources
- Regular review and monitoring of the building and the assets by experts
- Appropriate insurance cover
- Regular maintenance
- 24-hour security and CCTV surveillance
- Insurance

Financial Issues		
	Risk Element	Mitigating Measures
FI 1	FI 1-1	Drop in income and failure to meet financial liabilities
	FI 1-2	Failure to achieve financial targets
FI 2	FI 2-1	Fraud and theft

- Diversify sources of income to decrease reliance on any one source
- Business plan
- Budgetary controls
- Operational Review Committee oversight
- System of internal control
- Internal audit/External audit

Information and IT		
	Risk Element	Mitigating Measures
IN 1	IN 1-1	Disruptions to IT systems
	IN 1-2	Disruption to teaching and/or support services
IN 2	IN 2-1	Failure to provide accurate and complete information (operational and student/member management)
	IN 2-2	Disruption to support services
	IN 2-3	Damage to reputation

- IT committee oversight
- IT disaster recovery plan in place and regularly tested
 - Audit reports on IT security
 - Regular penetration audits
- Process and Infrastructure Committee oversight
- Regular review of current and future requirements

FINANCIAL REPORTS

The financial statements presented in this chapter have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka.

Responsibility Statement of the Secretary/
Chief Executive Officer and the Head of Finance - **73**

Auditor's Report - **74**

Statement of Comprehensive Income - **75**

Statement of Financial Position - **76**

Statement of Changes in Funds and Reserves - **78**

Cash Flow Statement - **79**

Notes to the Financial Statements - **81**

F B Lander Prize Fund - **109**

Cyril E Begbie Memorial Prize Fund - **110**

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

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

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

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

We confirm that, to the best of our knowledge, the financial statements and other financial information which are 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. L D Asoka Jayasinghe, FCA, FCMASL, FMAAT.



Aruna Alwis
Secretary/Chief Executive Officer



K C Dinushini
Head of Finance

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

Report on the Financial Statements

I have audited the accompanying financial statements of The Institute of Chartered Accountants of Sri Lanka ("Institute"), which comprise the statement of financial position as at 31st December 2013 and the related statement of comprehensive income, changes in funds and reserves and the cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as exhibited on the pages 81 to 108 I have also audited the statement of financial positions of F B Lander Prize Fund and Cyril E Begbie Memorial Prize Fund as at 31st December 2013.

Council's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

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

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

Opinion

In my opinion, so far as appears from my examination, the Institute, F B Lander Prize Fund and Cyril E Begbie Memorial Prize Fund maintained proper accounting records for the year ended 31st December 2013 and the financial statements give a true and fair view of the state of affairs of the Institute of Chartered Accountants of Sri Lanka, F B Lander Prize Fund and Cyril E Begbie Memorial Prize Fund as at 31st December 2013 and the results of their operations and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.



L D A Jayasinghe
Chartered Accountant
Colombo.
31st March 2014

For the Year ended 31st December	Notes	2013 Rs. '000	2012 (Restated) Rs. '000
Income from students' & members' activities	2	650,116	516,207
Direct expenditure on students' & members' activities	2	(303,389)	(236,008)
Contribution before employee costs and overheads		346,727	280,199
Other Income			
Other operating income	3	5,821	4,524
Operating income		352,548	284,723
Overhead Expenses			
Employee costs	4	(158,481)	(135,348)
Communication expenses		(19,050)	(16,856)
Maintenance of premises	5	(42,581)	(23,095)
Audit fees		(275)	(250)
Depreciation & amortisation	9.1	(44,898)	(13,250)
Financial assistance to students		(8,926)	(8,499)
Other expenses	6	(10,615)	(16,748)
Total overhead expenses		(284,826)	(214,046)
Net operating income		67,722	70,677
Government grant		600	363
World Bank grant - received	26.1	37,489	-
World Bank grant - expenses paid	26.1	(37,489)	-
Finance income	7	36,717	31,232
Finance expenses	7	-	(265)
Surplus for the year		105,039	102,007
Other Comprehensive Income			
Defined benefit plan actuarial gain/(loss)	27.1	(955)	(249)
Total comprehensive income		104,084	101,758

The accounting policies and notes on pages 81 to 108 form an integral part of these financial statements.

As at 31st December	Notes	2013 Rs. '000	2012 (Restated) Rs. '000
Assets			
Non-Current Assets			
Property, plant & equipment	8	551,082	582,625
Capital-work-in progress - buildings		34,671	-
Educational material	9	1,328	1,392
Intangible assets	10	9,047	11,081
Loans and advances to staff		14,365	11,675
Association of Public Finance Accountants of Sri Lanka		21,809	20,102
Work-in-progress - projects	11	6,523	3,826
Total non-current assets		638,825	630,701
Current Assets			
Inventories	12	24,200	25,616
Trade & other receivables	13	24,098	26,463
Deposits, prepayments & advances		4,993	9,835
Held to maturity financial assets	14	326,572	246,930
Non-current assets held for sale	8.3	141	-
Cash and cash equivalents	15	30,255	81,961
Total current assets		410,259	390,805
Total assets		1,049,084	1,021,506
Funds & Liabilities			
Accumulated Fund & Reserves			
Accumulated fund		660,927	556,843
Capital reserve		24,000	24,000
Total funds		684,927	580,843
Specific Funds			
Faculty of Taxation fund	16	489	437
Faculty of Auditing fund	17	472	422
Publications fund	18	306	273
Urgent Issues Task Force fund	19	335	299
Needy Students' Scholarship funds	20	8,362	8,266
Merit Scholarship funds	21	7,157	6,500
Prize funds	22	1,422	1,397
Income balances - scholarships and prize funds	23	9,823	6,107
Best Annual Report Competition fund	24	1,066	977
Association of Public Finance Accountants of Sri Lanka fund		21,809	20,102
Total specific funds		51,241	44,780

As at 31st December	Notes	2013 Rs. '000	2012 (Restated) Rs. '000
Grants			
World Bank grant - IRQUE project	25	7,112	15,948
Other grants	26	3,178	25,725
Total grants		10,290	41,673
Total specific funds & grants		61,531	86,453
Non-Current Liabilities			
Retirement benefit obligation	27	23,018	20,197
Total non-current liabilities		23,018	20,197
Current Liabilities			
Trade & other payables	28	64,520	157,953
Receipts in advance		196,043	155,869
Bank overdrafts	29	19,045	20,191
Total current liabilities		279,608	334,013
Total funds & liabilities		1,049,084	1,021,506

The accounting policies and notes on pages 81 to 108 form an integral part of these financial statements.

These financial statements have been prepared in compliance with Sri Lanka Accounting Standard (SLFRSs and LKASs) 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.



Arjuna Herath
President



Lasantha Wickremasinghe
Vice-President

Financial Reports → Statement of Changes in Funds and Reserves →

Highlights of the Year - 08
President's Message - 11
Secretary/CEO's Message - 15
Business Model - 18
Review of the Year - 28
Stewardship - 50
→ Financial Reports - 72
Annexes - 111

	Accumulated Fund Rs. '000	Capital Reserve Rs. '000	Specific Funds Rs. '000	Total Rs. '000
Balance as at 1st January 2012, as previously reported	465,085	24,000	21,480	510,565
Surplus for the year, as restated	102,007	-	-	102,007
Increase/(decrease) in specific funds	-	-	23,300	23,300
Contribution to Association of Public Finance Accountants of Sri Lanka Fund	(10,000)	-	-	(10,000)
Actuarial gain/(loss) on defined benefit obligation	(249)	-	-	(249)
Restated balance as at 31st December 2012	556,843	24,000	44,780	625,623
Balance as at 1st January 2013	556,843	24,000	44,780	625,623
Surplus for the year	105,039	-	-	105,039
Increase/(decrease) in specific funds	-	-	6,461	6,461
Actuarial gain/(loss) on defined benefit obligation	(955)	-	-	(955)
Balance as at 31st December 2013	660,927	24,000	51,241	736,168

Capital reserve represents funds reserved for upgrading of buildings.

The accounting policies and notes on pages 81 to 108 form an integral part of these financial statements.

For the Year ended 31st December	Notes	2013 Rs. '000	2012 (Restated) Rs. '000
Cash Flow from Operating Activities			
Excess of income over expenditure		105,039	102,007
Adjustments for;			
Depreciation on property, plant & equipment including amortisation of intangible assets and educational material	9.1	54,753	18,986
Amortisation of capital grant	9.1	(9,264)	(5,331)
Provision for defined benefit plan	27.1	4,521	3,862
SLAASMB grant	26	(2,500)	(2,500)
World Bank grant	26	(37,401)	(277)
GIZ Project grant	26	(834)	-
Government grant		(600)	(363)
(Profit)/loss on disposal of property, plant & equipment	3.6	(323)	82
Donation of fixed assets	6	116	-
Finance income	7	(39,758)	(33,433)
Donation to CA Sri Lanka Scholarship funds		6,500	6,500
APFASL interest expenses	7	-	265
Operating surplus before working capital changes		80,249	89,798
(Increase)/decrease in inventory	12	1,416	(9,248)
(Increase)/decrease in trade & other receivables	13	2,365	1,341
(Increase)/decrease in deposits & prepayments		4,842	(6,925)
Increase/(decrease) in receipts in advance		40,174	33,754
Increase/(decrease) in trade & other payables*	28	(93,433)	110,704
		35,613	219,424
Gratuity paid	27	(2,655)	(1,540)
Interest paid	7	-	(265)
Net cash inflow from operating activities		32,958	217,619

*Rectification of the cost of the buildings - Note 30.

For the Year ended 31st December	Notes	2013 Rs. '000	2012 (Restated) Rs. '000
Cash Flows from Investing Activities			
Acquisition of property, plant & equipment and educational material	8, 9	(15,893)	(523,131)
Acquisition of intangible assets	10	(2,321)	(5,708)
(Increase)/decrease in loans and advances to staff		(2,690)	(11,675)
(Increase)/decrease in capital work-in-progress		(34,671)	137,232
(Increase)/decrease in work-in-progress - projects	11	(5,854)	(592)
Investment in held to maturity financial assets	14	(382,600)	(968,330)
Maturity proceeds received from held-to-maturity financial assets	14	302,958	1,156,650
Proceeds on disposal of property plant & equipment		325	4
Finance income received	7	39,758	33,433
Net cash (outflow) from investing activities		(100,988)	(182,117)
Cash Flows from/(used in) Financing Activities			
SLAASMB grant & government grant	26	3,100	2,863
World Bank grant	26	14,858	24,302
GIZ Project grant	26	1,258	-
Contribution to Association of Public Finance Accountants of Sri Lanka fund		-	(10,000)
Net receipts of specific funds		(1,746)	(3,302)
Net cash inflow from financing activities		17,470	13,863
Net increase/(decrease) in cash & cash equivalents		(50,560)	49,365
Cash & cash equivalents at the beginning of the year		61,770	12,405
Cash & cash equivalents at the end of the year	15	11,210	61,770

The accounting policies and notes on pages 81 to 108 form an integral part of these financial statements.

1. Significant Accounting Policies

1.1 General Policies

1.1.1 Reporting Entity

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

1.1.2 Date of Authorisation for Issue

The financial statements were authorised for issue by the Council on 31st March 2014.

1.1.3 Principal Activities and Nature of Operations

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

The other principal activities of the Institute are:

- Adoption and implementation of code of ethics and best practices
- Conducting of technical awareness campaigns in the form of seminars, workshops and events to ensure continuous professional development of Institute members
- Enrolment of students and conducting of examinations
- Regulation and supervision of student education and training
- Making representations to Government and other relevant authorities on matters of public interest relating to business community.

1.1.4 Basis of Preparation

a. Statement of Compliance

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

b. Basis of Measurement

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

c. Comparative Information

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

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

During the reporting period the following reclassifications have been made:

- Loss on disposal of fixed assets amounting to Rs. 82,000/- which had been classified under other operating income has been reclassified under other expenses.
- Certain branch expenses amounting to Rs. 168,000/- which had been classified under direct expenditure on students' and members' activities have been reclassified under communication expenses.
- Certain utility payments amounting to Rs. 48,000/- which had been classified under maintenance of premises have been reclassified under direct expenditure on students' and members' activities.

d. Functional and Presentation Currency

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

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

e. Use of Key Estimates and Critical Judgments

The preparation and presentation of financial statements in conformity with SLFRSs and LKASs 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 included in the notes 1.3.1, 8.1 & 8.2 to the financial statements.

1.2 Assets and the Bases of their Valuation

1.2.1 Property, Plant & Equipment

a. Recognition and Measurement

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

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

b. Cost

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

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

Expenditure incurred to replace a component of an item of property, plant & equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only if it is probable that the future economic benefits embodied within the part will flow to the Institute and its cost can be measured reliably.

c. Depreciation

Depreciation is charged to the statement of comprehensive income on the straight-line basis at the following rates per annum in order to write-off the cost of such assets over their estimated useful lives.

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

Building on leasehold land has been depreciated over 50 years based on the estimated useful life time of the building. Though the lease period expires on 23rd February 2037 and it is virtually certain that it will be renewed for another 30 years.

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

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

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

d. Derecognition

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

1.2.2 Work-in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings awaiting capitalisation. Capital work-in-progress would be transferred to the relevant asset category in property, plant & 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 Institute. Capital work-in-progress is stated at cost, including borrowing costs, less any accumulated impairment losses.

1.2.3 Educational Material - IRQUE Project

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

- a. Cost of library books are written-off on the straight-line method over a period of 3 years.
- b. Cost of Multimedia English Learning Centre (MELC) software is written-off on the straight-line method over a period of 4 years.

1.2.4 Intangible Assets

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

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

Curriculum development cost is written-off on the straight-line method over a period of 5 years.

1.2.5 Inventories

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

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

1.2.6 Impairment of Assets

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

1.2.7 Financial Assets

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

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

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

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

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

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

a. Financial Assets at Fair Value through Profit or Loss

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

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

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

b. Loans and Receivables

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

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

c. Held-to-Maturity Investments (HTM)

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

Investments in Government Securities and fixed deposits have been classified under HTM investments.

d. Available-for-Sale Financial Investments

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

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

1.2.7.1 Impairment of Financial Assets

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

1.2.8 Cash and Cash Equivalents

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'.

1.3 Liabilities and Provisions

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

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

1.3.1 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. Provision for gratuity is computed by the Institute taking into account the recommendations of an independent qualified actuaries firm, Actuarial and Management Consultants (Private) Limited. The actuarial valuation was done for the first time in 2010.

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

The cost of retirement gratuity are determined by a qualified actuary using 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 arise.

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

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

Sensitivity Analysis to Salary Escalation Rate

	Present value of defined benefit obligation Rs.
One percentage point increase	22,544,747
One percentage point decrease	23,519,116

Sensitivity Analysis to Discount Rate

	Present value of defined benefit obligation Rs.
One percentage point increase	23,561,273
One percentage point decrease	22,497,260

b. Defined Contribution Plan

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 plan are recognised as an expense in the statement of comprehensive income as and when they are due.

c. Employees' Provident Fund

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

d. Employees' Trust Fund

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

1.3.2 Trade and Other Payables

Trade and other payables are stated at cost.

1.3.3 Taxation

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

1.3.4 Deferred Taxation

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

1.3.5 Capital Commitments and Contingent Liabilities

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

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

1.4 Statement of Comprehensive Income

1.4.1 Revenue Recognition

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

- a. Enrolment fees from members and students are recognised as revenue on receipt. The subscription year runs from 1st January to 31st December. Only those membership fees and subscription payments that are attributable to the current financial year are recognised as revenue. Fees and subscription payments that relate to future periods are shown in the statement of financial position as subscriptions and fees received in advance under current liabilities.
- b. Fees on examinations are recognised as revenue at the time of admission issued (not physical collection) to the candidate.
- c. Supply of educational materials are recognised as revenue at the time of dispatch or sale.
- d. Income from other courses are recognised as revenue based on periodic basis.
- e. Seminars, workshops and continuous professional development (CPD) activities are recognised at the time of registration.
- f. Exemption fees and certificates fees are recognised as revenue at the time of approval by the council.
- g. Arrears, penalties and fines are recognised on receipt.
- h. Training agreement fees are recognised at the time of registration for practical training.
- i. Fees on new registrations levied on practising firms and on enrolment of new members are recognised at the time the council approves of such applications.
- j. Renewal fees of practising certificates are recognised at the time of issuing the certificates.
- k. Interest income is recognised on accrual basis using effective interest rate method (EIR) according to LKAS 39.
- l. Grants related to income are recognised when control of the contribution or right to receive the contribution is confirmed.
- m. Sponsorships of member related activities are recognised on acknowledgement.
- n. Rent income is recognised on accrual basis.
- o. Other income is recognised on accrual basis.

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

1.4.3 Expenditure

- a. Expenses are recognised in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the Institute and in maintaining the capital assets in a state of efficiency has been charged against revenue in arriving at the surplus for the year.
- b. Expenditure on examinations, seminars, courses and other educational and members' activities are recognised in the statement of comprehensive income on the accruals basis.

1.4.4 Finance Expense/Income

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

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

1.5 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.

1.6 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.

1.7 Standards Issued but not yet Effective

Standards issued but not yet 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.

a. SLFRS 9 - Financial Instruments: Classification and Measurement

SLFRS 9 replaces LKAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in LKAS 39. The mandatory effective date of this Standard has been deferred. The adoption of the first phase of SLFRS 9 will have an effect on the classification and measurement of the Institute's financial assets, but will potentially have no impact on classification and measurement of financial liabilities. The Institute will quantify the effect in conjunction with other phases, when issued, to present a comprehensive picture.

b. SLFRS 13 - Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 does not state when an entity is required to use fair value, but rather provides guidance on how to measure fair value under SLFRS when fair value is required or permitted. The Institute is currently assessing the impact that this Standard will have on the financial position and performance. This Standard becomes effective for annual periods beginning on or after 1st January 2014.

1.8 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 the Institute's accounting policies. 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. Income from and Expenditure on Students' and Members' Activities (Excluding Employee Costs)

	2013			2012 (Restated)		
	Direct Income Rs. '000	(Direct Expenses) Rs. '000	Contribution Rs. '000	Direct Income Rs. '000	(Direct Expenses) Rs. '000	Contribution Rs. '000
Examinations	206,307	(87,393)	118,914	156,344	(69,254)	87,090
Registration, Education, Training, Library and Marketing	188,668	(62,039)	126,629	141,839	(53,693)	88,146
IT Training & Language Centre	55,981	(18,211)	37,770	37,262	(15,082)	22,180
Members' activities	119,662	(84,884)	34,778	99,184	(56,828)	42,356
Business school	46,193	(25,170)	21,023	44,459	(19,242)	25,217
Taxation faculty	13,449	(6,941)	6,508	9,814	(5,675)	4,139
School of Accounting & Business	2,267	(7,297)	(5,030)	-	-	-
CPD Secretariat	5,357	(1,886)	3,471	5,638	(2,275)	3,363
Technical research	12,232	(9,568)	2,664	21,667	(13,959)	7,708
Total	650,116	(303,389)	346,727	516,207	(236,008)	280,199

	2013 Rs. '000	2012 (Restated) Rs. '000
3. Other Operating Income		
Profit on sale of diaries	737	666
Profit on sale of publications	197	223
Gain on disposal of property, plant & equipment	323	-
Income from hire of halls	2,901	649
Miscellaneous income	1,663	2,986
Total other operating income	5,821	4,524

4. Employee Costs

Wages and salaries	131,856	112,835
Defined contribution plan cost		
- Employees' Provident Fund	13,500	11,056
- Employees' Trust Fund	2,700	2,211
Defined benefit plan cost	4,521	3,862
Payroll cost	152,577	129,964
Cost of staff loans granted at concessionary rates	376	683
Staff welfare and development	5,528	4,701
Total employee costs	158,481	135,348
Number of employees as at year end	138	132

	2013	2012 (Restated)
	Rs. '000	Rs. '000
5. Maintenance of Premises		
Utility payments	22,309	11,313
Building maintenance cost	14,543	9,063
Equipment maintenance cost	1,527	1,663
Others	4,202	1,056
Total maintenance of premises	42,581	23,095
6. Other Expenses		
Motor vehicle running expenses	677	614
Bank charges and commissions	1,266	890
Loss on disposal of property, plant & equipment	-	82
Professional fees	1,941	1,140
Legal fees	2,986	2,515
General expenses	2,036	1,737
Relocation to AAT and rental charges	1,297	4,738
New building-related expenditure	-	4,816
Donation of fixed assets	116	-
Others	296	216
Total other expenses	10,615	16,748

	2013 Rs. '000	2012 (Restated) Rs. '000
7. Finance Income and Expenses		
Gross Interest Income		
Interest income on financial assets	1,650	2,172
Interest income on held-to-maturity investments	36,763	32,480
	38,413	34,652
WHT deductions*	(1,923)	(1,755)
Notional tax - Repos*	(132)	(174)
Net interest income on investments	36,358	32,723
Interest income on loans and receivables	3,400	710
	39,758	33,433
Transfers to funds	(3,041)	(2,201)
Finance income	36,717	31,232
Finance Expenses		
Interest on contribution to APFASL	-	(265)
Finance expenses	-	(265)

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

8. Property, Plant & Equipment

	Buildings Rs. '000	Elevator Rs. '000	Generator Rs. '000	Furniture Rs. '000	Air Conditioners Rs. '000	Audio Equipment Rs. '000	Motor Vehicles Rs. '000	Computers Rs. '000	Canteen Equipment Rs. '000	Branch Capital Expenses Rs. '000	Head Office Refurbishment Rs. '000	Total Rs.'000
Cost or Valuation												
Balance as at 1st January 2013*	406,296	10,568	34,138	68,748	49,740	3,484	12,121	53,221	1,250	4,330	24,930	668,826
Additions	-	-	-	2,702	-	1,344	-	10,573	-	-	-	14,619
Disposals	-	-	-	(378)	-	-	-	-	-	-	-	(378)
Removal - Non-current assets held for sale	-	-	(1,811)	-	(2,205)	-	-	-	-	-	-	(4,016)
Balance as at 31st December 2013	406,296	10,568	32,327	71,072	47,535	4,828	12,121	63,794	1,250	4,330	24,930	679,051
Accumulated Depreciation												
Balance as at 1st January 2013	11,424	-	4,439	14,682	5,804	1,769	6,473	32,693	413	4,330	4,174	86,201
Depreciation charge for the year	7,897	1,056	3,295	8,433	5,185	804	1,128	15,329	181	-	2,595	45,903
Disposals	-	-	-	(260)	-	-	-	-	-	-	-	(260)
Removal - Non-current assets held for sale	-	-	(1,720)	-	(2,155)	-	-	-	-	-	-	(3,875)
Balance as at 31st December 2013	19,321	1,056	6,014	22,855	8,834	2,573	7,601	48,022	594	4,330	6,769	127,969
Carrying Amounts												
As at 31st December 2012	394,872	10,568	29,699	54,066	43,936	1,715	5,648	20,528	837	-	20,756	582,625
As at 31st December 2013	386,975	9,512	26,313	48,217	38,701	2,255	4,520	15,772	656	-	18,161	551,082

*Rectification of the cost of the buildings - Note 30.

8.1 Buildings are situated on 2 blocks of land obtained on lease from the Government of Sri Lanka on a 99-year lease ending on 31st December, 2060 and the 30-year lease ending on 23rd February, 2037. However, the cost of the building is depreciated over a period of 50 years, as it is virtually certain that it will be renewed for another 30 years.

8.2 Depreciation method was changed during the year from reducing balance method to straight line method which resulted in additional depreciation of Rs. 15.1 mn and the corresponding grant amortisation amounted to Rs. 5.3 mn. Impact to the bottom line is Rs. 9.7 mn.

8.3 Non-current assets held for sale represent the assets abandoned and replaced under alterations and additions to the existing two storied building and auditorium.

9. Educational Material

	Library Books Rs. '000	Library Software Rs. '000	Total Rs. '000
Balance as at 01.01.2013	642	750	1,392
Additions	1,274	-	1,274
Amortisation	(963)	(375)	(1,338)
Balance as at 31.12.2013	953	375	1,328
Balance as at 31.12.2012	642	750	1,392

9.1 Depreciation and Amortisation

As at	31.12.2013 Rs. '000	31.12.2012 (Restated) Rs. '000
Depreciation for the year	45,903	12,001
Amortisation of educational material	1,338	1,893
Amortisation of intangible assets	7,512	5,092
	54,753	18,986
Expenditure directly charged to direct expenditure on students' activities	(591)	(405)
Amortisation of capital grant*	(9,264)	(5,331)
Total depreciation & amortisation	44,898	13,250

*This amount includes the amortisation of capital grants in respect of depreciation charge of fixed assets procured under the World Bank grant which amounts to Rs. 88,444/-.

10. Intangible Assets

	ERP System (Software) Rs. '000	ERP Disaster Recovery System (Software) Rs. '000	Software Licenses Rs. '000	E-voting System (Software) Rs. '000	Curriculum Development Rs. '000	HRIS System (Software) Rs. '000	Total Rs. '000
Balance as at 01.01.2013	3,870	447	731	492	5,541	-	11,081
Additions	1,079	-	2,321	-	-	2,078	5,478
Amortisation	(1,989)	(224)	(697)	(492)	(3,694)	(416)	(7,512)
Balance as at 31.12.2013	2,960	223	2,355	-	1,847	1,662	9,047
Balance as at 31.12.2012	3,870	447	731	492	5,541	-	11,081

11. Work-in-Progress - Projects

	Receipt Module Rs. '000	IPG Modifications Rs. '000	HRIS System Rs. '000	Web Integration Project Rs. '000	Curriculum Development Rs. '000	Total Rs. '000
Balance as at 01.01.2013	1,275	126	2,078	347	-	3,826
Additions	-	151	-	493	5,210	5,854
Capitalised	-	(277)	(2,078)	(802)	-	(3,157)
Balance as at 31.12.2013	1,275	-	-	38	5,210	6,523
Balance as at 31.12.2012	1,275	126	2,078	347	-	3,826

As at	31.12.2013 Rs. '000	31.12.2012 (Restated) Rs. '000
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12. Inventories

Study packs	12,342	13,590
Publications	5,973	5,086
Study materials	1,624	2,682
Stationery	2,262	3,046
Consumables and others	1,999	1,212
Total	24,200	25,616

13. Trade and Other Receivables

Trade receivables	19,753	21,567
Loans and advances to staff	4,345	4,896
Total	24,098	26,463

14. Held-to-Maturity Financial Assets

Fixed deposits	326,572	246,930
Total	326,572	246,930

As at	31.12.2013	31.12.2012 (Restated)
	Rs. '000	Rs. '000
15. Cash and Cash Equivalents		
Repurchase agreements	18,000	53,500
Cash at banks	12,154	28,370
Cash in hand	101	91
Total	30,255	81,961
Unfavourable cash and cash equivalents		
Bank overdrafts (Note 29)	(19,045)	(20,191)
Total cash and cash equivalents for the purpose of cash flow statement	11,210	61,770
16. Faculty of Taxation Fund		
Balance as at 1st January	437	398
Interest for the year	52	39
Balance as at 31st December	489	437
17. Faculty of Auditing Fund		
Balance as at 1st January	422	384
Interest for the year	50	38
Balance as at 31st December	472	422
18. Publications Fund		
Balance as at 1st January	273	249
Interest for the year	33	24
Balance as at 31st December	306	273
19. Urgent Issues Task Force Fund		
Balance as at 1st January	299	272
Interest for the year	36	27
Balance as at 31st December	335	299

20. Needy Students' Scholarship Funds

	Balance as at 01.01.2013 Rs. '000	Receipts Rs. '000	(Transfers/ Payments) Rs. '000	Balance as at 31.12.2013 Rs. '000	Balance as at 31.12.2012 Rs. '000
L A Weerasinghe memorial scholarship fund	7,779	2,100	(2,638)	7,241	7,779
CA Sri Lanka UK members' scholarship fund	113	8	(90)	31	113
Dalton Wijeyeratne memorial scholarship fund	6	-	-	6	6
Prof. Y A D S Samaratunga memorial fund	100	-	-	100	100
Prof. Kodagoda memorial fund	197	24	(24)	197	197
Members' scholarship fund	31	942	(226)	747	31
PricewaterhouseCoopers scholarship fund	40	-	-	40	40
Total	8,266	3,074	(2,978)	8,362	8,266

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

21. Merit Scholarship Funds

	Balance as at 01.01.2013 Rs. '000	Receipts Rs. '000	(Transfers/ Payments) Rs. '000	Balance as at 31.12.2013 Rs. '000	Balance as at 31.12.2012 Rs. '000
General fund	6,043	2,000	(2,000)	6,043	6,043
Specific funds -					
Pelwatta Sugar Industries Ltd. fund	80	-	-	80	80
Ernst & Young scholarship fund	361	657	-	1,018	361
Miss Inoka Gunaratne memorial fund	16	-	-	16	16
CA Sri Lanka scholarship funds	-	2,400	(2,400)	-	-
Total	6,500	5,057	(4,400)	7,157	6,500

Interest received and awards made under these funds have been accounted under Income Balances-Scholarships and Prize Funds (Note 23). The direct cost of Rs. 71,052/- for administering the Merit Scholarship scheme was charged to financial assistance to students.

22. Prize Funds

		Balance as at 01.01.2013 Rs. '000	Donation Received during the Year Rs. '000	(Payments made during the Year) Rs. '000	Balance as at 31.12.2013 Rs. '000	Balance as at 31.12.2012 Rs. '000
CA Sri Lanka President's fund	(1992)	25	-	-	25	25
B R De Silva memorial fund	(1992)	25	-	-	25	25
A D B Talwatte fund	(1993)	25	50	(50)	25	25
Satchithananda memorial fund	(1993)	16	-	-	16	16
Kreston MNS fund	(1993)	30	20	(20)	30	30
Nivard Cabraal fund	(1994)	50	-	-	50	50
Reyaz Mihular fund	(1996)	25	-	-	25	25
D R Settinayake memorial fund	(1999)	68	-	-	68	68
ADE De S Wijeyeratne memorial fund	(1999)	43	-	-	43	43
Mohan Abeynaike fund	(1999)	25	-	-	25	25
KPMG fund	(1999)	113	-	-	113	113
Ernst & Young fund	(1999)	200	-	-	200	200
SJMS Associates fund	(1999)	66	-	-	66	66
Sunil Piyawardena & Co. fund	(1999)	55	-	-	55	55
Jayasinghe & Co. fund	(2000)	30	-	-	30	30
Lal Nanayakkara & Co. fund	(2000)	75	-	-	75	75
G C B Wijeyesinghe 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)	-	65	(40)	25	-
Total		1,397	135	(110)	1,422	1,397

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

23. Income Balances - Scholarship & Prize Funds

	Balance as at 01.01.2013 Rs. '000	Interest Income/ Transfers for the Year Rs. '000	(Awards during the Year) Rs. '000	Balance as at 31.12.2013 Rs. '000	Balance as at 31.12.2012 Rs. '000
Needy Scholarship Funds -					
L A Weerasinghe memorial scholarship fund	2,320	3,278	(2,012)	3,586	2,320
Prof. Y A D S Samaratunga memorial fund	44	14	(56)	2	44
Prof. Kodagoda memorial fund	19	25	(13)	31	19
Members' scholarship fund	126	11	(134)	3	126
PricewaterhouseCoopers scholarship fund	-	5	-	5	-
Merit scholarship funds					
Merit scholarship - general fund	2,571	2,920	(1,396)	4,095	2,571
Pelwatta Sugar Industries Ltd. fund	313	47	-	360	313
Ernst & Young scholarship fund	35	86	-	121	35
Miss. Inoka Gunaratne memorial fund	109	13	(35)	87	109
CA Sri Lanka scholarship funds	430	2,657	(1,741)	1,346	430
Prize funds	140	211	(164)	187	140
Total	6,107	9,267	(5,551)	9,823	6,107

24. Best Annual Report Competition Fund

	Balance as at 01.01.2013 Rs. '000	Receipts Rs. '000	(Transfers/ Payments) Rs. '000	Balance as at 31.12.2013 Rs. '000	Balance as at 31.12.2012 Rs. '000
Deshabandu Albert Page (1992)	612	73	(6)	679	612
Late Mr. Cyril Gardiner	135	16	(15)	136	135
Hayleys PLC (1994)	230	27	(6)	251	230
Total	977	116	(27)	1,066	977

25. World Bank Grant - IRQUE Project

	Balance as at 01.01.2013 Rs. '000	Receipts Rs. '000	(Transfers/ Amortisation) Rs. '000	Balance as at 31.12.2013 Rs. '000	Balance as at 31.12.2012 Rs. '000
Library books	371	-	(371)	-	371
Computers	6,332	-	(6,332)	-	6,332
Other equipment	2,847	-	(629)	2,218	2,847
Motor coach	5,648	-	(1,129)	4,519	5,648
Library software	750	-	(375)	375	750
Total	15,948	-	(8,836)	7,112	15,948

Amortisation of grants consists of amortisation of property, plant & equipment related grant amounting to Rs. 8,088,466/- (Note 8) and amortisation of grant relating to library books and software amounting to Rs. 747,575/- (Note 9).

26. Other Grants

	Balance as at 01.01.2013 Rs. '000	Receipts Rs. '000	(Transfers/ Amortisation) Rs. '000	Balance as at 31.12.2013 Rs. '000	Balance as at 31.12.2012 Rs. '000
World Bank grant	24,025	14,858	(37,489)	1,394	24,025
SLAASMB grant	-	2,500	(2,500)	-	-
PricewaterhouseCoopers grant	1,700	-	(340)	1,360	1,700
GIZ Project grant	-	1,258	(834)	424	-
Total	25,725	18,616	(41,163)	3,178	25,725

26.1 World Bank Grant: Following activities have been carried out under the World Bank Project on strengthening the Institute of Chartered Accountants of Sri Lanka. Amortisation of the grant corresponding to the depreciation charge of two laptops and a screen amounting to Rs. 88,444/- is charged to component 3 - Programme to increase adoption of IFRSs.

	Rs. '000
Component 1: Implementing an audit quality assurance programme	14,650
Component 2: Programme to assist and educate Small and Medium-sized Practices (SMPs)	1,322
Component 3: Programme to increase adoption of IFRSs	12,176
Component 4: Programme to strengthen Public Sector Financial Management	9,341
	37,489

26.2 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.

26.3 PricewaterhouseCoopers Grant: This amount represents the HRIS system worth Rs. 1.7 mn received free of charge from PricewaterhouseCoopers.

26.4 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.

As at	31.12.2013	31.12.2012 (Restated)
	Rs. '000	Rs. '000

27. Retirement Benefit Obligation

Balance at the beginning of the year	20,197	17,626
Provision made during the year	5,476	4,111
Payments made during the year	(2,655)	(1,540)
Balance at the end of the year	23,018	20,197

27.1 Provision Made During the Year

Interest cost	2,020	1,763
Current service costs	2,501	2,099
	4,521	3,862
Net actuarial (gain)/loss recognised immediately	955	249
Total provision made during the year	5,476	4,111

27.2 Actuarial and Management Consultants (Private) Limited, actuaries carried out an actuarial valuation of the defined benefit plan gratuity on 31st December 2013. The assumptions used in determining the cost of retirement benefits are given under notes to the financial statements (1.3.1).

As at	31.12.2013	31.12.2012 (Restated)
	Rs. '000	Rs. '000
28. Trade and Other Payables		
Accrued charges	41,925	43,679
Payables - New building*	6,393	97,620
Staff payables	15,049	12,831
Payables on self-study courses and stationery	850	3,520
Miscellaneous payables	303	303
Total	64,520	157,953

*Rectification of the cost of the buildings - Note 30.

29. Bank Overdrafts

Bank of Ceylon - 2323065	-	1,147
Bank of Ceylon - 2323111	18,643	19,044
Sampath Bank - 4640815	402	-
Total	19,045	20,191

30. Rectification of the Cost of the Buildings*

In the year 2012 the cost of new building had been capitalised based on the draft payment certificate issued by the consultant. Based on subsequent negotiations, the draft payment certificate was reduced by Rs. 8.6 mn. Cost of the buildings has been retrospectively adjusted to the earlier period in accordance with LKAS 8.

	Building	Payables- New Building
Cost of the new building before correction	403,469	106,217
Rectification made during the year	(8,597)	(8,597)
Cost of the new building after correction	394,872	97,620

*Trade & Other Payables - Note 28.

*Property, Plant & Equipment - Note 8.

31. Events Occurring After the Reporting Period

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

32. Capital Commitments

The total capital commitment on alterations and additions to the existing two-storied building and auditorium, at the end of the reporting period is Rs. 92.7 mn.

33. Contingent Liabilities

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

34. 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.

Payments made during the Reporting Period

Name	Transactions	2013 Rs. '000	2012 Rs. '000
Mr. Sujeewa Mudalige	Educational activities	70	218
	Examination activities	275	-
Mr. T Dharmarajah	Technical activities	60	74
	Educational activities	65	177
	Student registration activities	-	75
Mr. S M S S Bandara	Educational activities	237	570
	Technical activities	10	-
	Examination activities	318	-
	Lecture fees	88	-
Mr. Heshana Kuruppu	Educational activities	71	12
	Lecture fees	45	-
Mr. V Sivagnanasothy	Consultancy fees	50	-
Amount due to Related Parties			
Mr. Sujeewa Mudalige	Educational activities	-	123
Mr. S M S S Bandara	Educational activities	-	70

Transactions Engaged in by the Institute with the Audit Firms where Council Members have Influence over Decision-making

During the Reporting period the Institute had paid Rs. 489,461/- to KPMG, where Mr. Jagath Perera is a key management personnel and also a member of the Council of the Institute for the outsourcing of the payroll function.

PricewaterhouseCoopers, where Mr. Sujeewa Mudalige and Mr. Channa S Manoharan are key management personnel and also members of the Council of the Institute had provided a HRIS system worth Rs. 1.7 mn to the Institute free of charge. Rs. 87,000/- had been paid for the modifications made to the HRIS system during the Reporting period.

The Institute has entered into an agreement with Ernst & Young, where Mr. Arjuna Herath is a key management personnel and also a member of the Council of the Institute to develop a customised audit tool kit for Small and Medium Practices (SMPs). The selection of the firm was made through a competitive bidding process. The amount paid for this service during the reporting period is Rs. 1,298,080/-.

Financial Risk Management

Overview

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

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

1. Credit Risk

Credit risk arises principally from cash and cash equivalents, held-to-maturity investments and trade receivables.

1. Held-to-Maturity Investments

The Institute limits its exposure to credit risk by investing in fixed deposits, Government debt securities and repos with Government banks.

2. Trade Receivable

In relation to students' activities, the Institute reduces its exposure by receiving the consideration in advance.

CA Sri Lanka has no significant concentration of credit risk, in relation to members with exposure spread over a large number of members.

Institute reviews the trade receivables balance on a regular basis and undertakes an exercise to remove students and members from the receivables ledger and the respective register for non-payment of annual fees and subscriptions.

Carrying Value as at 31st December

	2013	2012 (Restated)
	Rs. '000	Rs. '000
Held-to-maturity investment - Fixed deposits with Government banks	326,572	246,930
Trade & other receivables	24,098	26,463
Cash and cash equivalents	30,255	81,961
	380,925	355,354

2. Liquidity Risk

Liquidity risk arises from the Institute management of working capital. It is the risk that the Institute will encounter difficulty in meeting its financial obligations as they fall due under normal and stressed conditions. The Institute manages its liquidity risk by ensuring that it has adequate banking facilities and by performing cash flow forecasting on a regular basis.

The Institute receives the majority of its income as subscriptions at the start of the calendar year, or as exam fees, relating to two exam sessions each year. Cash not required for short-term operating purposes is invested to maximise return with an acceptable level of risk.

The Maturity Analysis of Financial Liabilities

	Carrying Value	Current		Non-Current	
		Up to 1 Year	Up to 2 Years	Up to 5 Years	Over 5 Years
As at 31st December 2013					
Bank overdraft*	19,045	19,045	-	-	-
Trade payable	64,520	64,520	-	-	-
	83,565	83,565	-	-	-

	Carrying Value	Current		Non-Current	
		Up to 1 Year	Up to 2 Years	Up to 5 Years	Over 5 Years
As at 31st December 2012					
Bank overdraft*	20,191	20,191	-	-	-
Trade payable	157,953	151,696	6,257	-	-
	178,144	171,887	6,257	-	-

*This is only a book overdraft.

3. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Institute's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

3.1 Interest Rate Risk

Interest rate risk mainly arises as a result of Institute having interest sensitive assets, which are directly impacted by changes in interest rates. The Institute's investments are maintained in a mix of fixed and variable interest rate instruments and periodically reviewed by the Investment Committee in order to take timely action to mitigate possible adverse impact due to volatility of the interest rates.

3.2 Capital

The Institute considers its capital to be its accumulated fund and its other reserves. Council's financial objective is to generate a targeted operating position, to build and maintain reserves at a sustainable level, taking into account the various competitive risks. The Institute also aims to achieve additional long-term growth in reserves through the active management of the investment portfolio.

Highlights of the Year - 08
 President's Message - 11
 Secretary/CEO's Message - 15
 Business Model - 18
 Review of the Year - 28
 Stewardship - 50
Financial Reports - 72 ←
 Annexes - 111

Statement of Financial Position

As at	31.12.2013		31.12.2012	
	Rs.	Rs.	Rs.	Rs.
Assets				
Balance at National Savings Bank		612,557		585,075
		612,557		585,075
Liabilities				
Capital		13,333		13,333
Income Account				
Balance as at 1st January		571,742		545,912
Write Off of 50 Shares- Hill School Co. Ltd.		-		(500)
Add: Interest for the year		27,482	599,224	26,330
		612,557		585,075

Statement of Financial Position

As at	31.12.2013		31.12.2012	
	Rs.	Rs.	Rs.	Rs.
Assets				
Balance at National Savings Bank		194,265		185,550
Total		194,265		185,550
Liabilities				
Capital		10,000		10,000
Income Account				
Balance as at 1st January		95,550		87,200
Add: Interest for the year		8,715		8,350
Less: Prize paid		(5,000)		-
Balance as at 31st December		99,265		95,550
Creditors - CA Sri Lanka		85,000		80,000
Total		194,265		185,550

ANNEXES

Summary of Financials - **112**

Appreciation - **115**

Regional Knowledge Centres - **116**

Corporate Information - **116**

Statements of Comprehensive Income

For the year ended 31st December	2013	2012	2011	2010	2009	2008	2007	2006	2005
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Income from students' and members' activities	650,116	516,207	463,757	383,424	341,891	269,471	221,635	189,917	158,165
Direct expenditure on students' and members' activities	(303,389)	(236,008)	(221,827)	(171,140)	(155,633)	(122,540)	(101,311)	(80,953)	(73,687)
Contribution before employee costs and overheads	346,727	280,199	241,930	212,284	186,258	146,931	120,324	108,964	84,478
Other Income									
Other operating income	5,821	4,524	5,319	2,769	4,324	1,454	515	583	1,024
Operating income	352,548	284,723	247,249	215,053	190,582	148,385	120,839	109,547	85,502
Overhead Expenses									
Employee costs	(158,481)	(135,348)	(113,427)	(110,114)	(92,852)	(84,715)	(82,831)	(81,720)	(68,038)
Communication expenses	(19,050)	(16,856)	(13,144)	(10,227)	(8,727)	(6,894)	(6,846)	(4,723)	(3,164)
Maintenance of premises	(42,581)	(23,095)	(20,525)	(19,826)	(18,287)	(16,844)	(11,437)	(8,973)	(10,247)
Audit fees	(275)	(250)	(120)	(123)	(92)	(92)	(80)	(60)	(40)
Depreciation and amortisation	(44,898)	(13,250)	(10,520)	(7,721)	(4,211)	(5,731)	(5,159)	(4,696)	(4,410)
Financial assistance to students	(8,926)	(8,499)	(3,228)	(2,757)	(5,831)	(1,184)	(519)	(987)	(1,187)
Other expenses	(10,615)	(16,748)	(12,111)	(5,480)	(26,932)	(6,290)	(6,091)	(3,857)	(4,770)
Total overhead expenses	(284,826)	(214,046)	(173,075)	(156,248)	(156,932)	(121,750)	(112,963)	(105,016)	(91,856)
Net operating income	67,722	70,677	74,174	58,805	33,650	26,635	7,876	4,531	(6,354)
Government grant	600	363	350	350	300	300	300	300	300
Finance income	36,717	31,232	30,322	32,111	43,732	35,597	24,291	13,915	9,569
Finance expenses	-	(265)	-	-	-	-	-	-	-
Surplus for the year	105,039	102,007	104,846	91,266	77,682	62,532	32,467	18,746	3,515
Defined benefit plan actuarial gain/(loss)	(955)	(249)	422	-	-	-	-	-	-
Total comprehensive income	104,084	101,758	105,268	91,266	77,682	62,532	32,467	18,746	3,515

Statements of Financial Position

As at 31st December	2013	2012	2011	2010	2009	2008	2007	2006	2005
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets									
Non-Current Assets									
Property, plant & equipment	551,082	582,625	71,893	53,316	61,661	51,921	46,624	39,383	23,396
Capital work-in-progress - buildings	34,671	-	137,232	20,053	-	-	-	-	-
Educational material	1,328	1,392	2,973	6,391	9,315	10,614	7,770	4,357	2,294
Intangible assets	9,047	11,081	10,465	8,512	-	-	-	-	-
Loans and advances to staff	14,365	11,675	-	-	-	-	-	-	-
Association of Public Finance Accountants of Sri Lanka	21,809	20,102	-	-	-	-	-	-	-
Work-in-progress - projects	6,523	3,826	1,534	1,134	-	-	-	-	-
Total non-current assets	638,825	630,701	224,097	89,406	70,976	62,535	54,394	43,740	25,690
Current Assets									
Inventories	24,200	25,616	16,368	17,287	8,615	9,737	9,959	7,188	6,189
Trade and other receivables	24,098	26,463	27,804	26,574	23,149	21,616	18,907	14,539	10,269
Deposits, prepayments and advances	4,993	9,835	2,910	3,841	7,675	5,150	3,610	3,809	1,743
Short-term investments	326,572	246,930	435,250	261,750	344,058	251,667	190,621	154,367	141,716
Non-current assets held for sale	141	-	-	-	-	-	-	-	-
Cash and cash equivalents	30,255	81,961	36,126	204,211	36,537	30,956	14,558	4,704	3,251
Total current assets	410,259	390,805	518,458	513,663	420,034	319,126	237,655	184,607	163,168
Total assets	1,049,084	1,021,506	742,555	603,069	491,010	381,661	292,049	228,347	188,858
Funds and Liabilities									
Accumulated Fund and Reserves									
Accumulated fund	660,927	556,843	465,085	359,817	268,551	190,869	128,337	95,870	77,729
Capital reserve	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Total funds	684,927	580,843	489,085	383,817	292,551	214,869	152,337	119,870	101,729
Specific Funds									
Faculty of Taxation fund	489	437	398	374	344	316	316	316	316
Faculty of Auditing fund	472	422	384	360	333	305	266	241	223
Publications fund	306	273	249	234	216	198	172	156	145
Urgent Issues Task Force fund	335	299	272	242	159	-	-	-	-
Needy Students Scholarship fund	8,362	8,266	8,000	7,946	6,752	6,729	6,754	6,693	6,658
Merit Scholarship funds	7,157	6,500	6,203	6,467	7,405	8,003	7,851	7,833	7,833
Prize funds	1,422	1,397	1,336	1,336	1,541	1,491	1,480	1,209	807
Income balances - scholarships and prize funds	9,823	6,107	3,726	5,170	6,306	3,919	4,856	4,414	3,349
Best Annual Report Competition fund	1,066	977	912	878	828	450	450	450	450
Association of Public Finance Accountants of Sri Lanka fund	21,809	20,102	-	-	-	-	-	-	-
Total specific funds	51,241	44,780	21,480	23,007	23,884	21,411	22,145	21,312	19,781

As at 31st December	2013	2012	2011	2010	2009	2008	2007	2006	2005
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Grants									
World Bank grant - IRQUE project	7,112	15,948	21,279	29,047	35,198	26,012	20,507	16,423	1,837
Other grants	3,178	25,725	-	15	-	-	-	-	-
Treasury grant for standards setting	-	-	-	-	-	133	349	566	783
Tsunami victims relief grant	-	-	-	-	918	918	918	918	1,418
Total grants	10,290	41,673	21,279	29,062	36,116	27,063	21,774	17,907	4,038
Non-Current Liabilities									
Retirement benefit obligation	23,018	20,197	17,626	17,210	19,455	19,079	20,046	19,283	16,831
Current Liabilities									
Trade & other payables	64,520	157,953	47,249	33,484	34,669	23,986	28,142	15,437	8,530
Receipts in advance	196,043	155,869	122,115	99,267	73,017	65,271	41,925	27,994	34,213
Bank overdraft	19,045	20,191	23,721	17,222	11,318	9,982	5,680	6,544	3,736
Total non-current liabilities	279,608	334,013	193,085	149,973	119,004	99,239	75,747	49,975	46,479
Total funds & liabilities	1,049,084	1,021,506	742,555	603,069	491,010	381,661	292,049	228,347	188,858

Cash Flow Statement

For the year ended 31st December	2013	2012	2011	2010	2009	2008	2007	2006	2005
	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	32,958	217,619	119,550	81,014	56,442	45,787	31,229	1,774	8,712
Net cash inflow/(outflow) from investing activities	(100,988)	(182,117)	(295,442)	(4,939)	23,485	14,318	3,945	(10,669)	3,336
Net cash inflow/(outflow) from financing activities	17,470	13,863	1,308	3,387	16,709	13,037	11,798	20,191	8,926
Cash and cash equivalents	11,210	61,770	12,405	204,211	366,527	266,779	196,749	143,777	138,481

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

- Hon. Minister of Co-operatives and Internal Trade
- Secretary and senior staff of the Ministry of Co-operatives and Internal Trade
- Committee members and other members of the Institute
- Staff of the Institute
- Other professional bodies that have lent support during the year
- Institute's lead sponsors and other sponsors
- Resource persons at conferences, seminars, discussion groups and lecturers
- Training partners
- Institute's media sponsors and all the representatives of media
- CA Sri Lanka teaching Colleges
- Government officials
- Service providers

and others who made their contributions during 2013 and are too numerous to mention individually.

By order of the Council



Aruna Alwis
Secretary/Chief Executive Officer

Annexes → Regional Knowledge Centres →

Sabaragamuwa Information Centre

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

North-Western Information Centre

26/1, Kadurugashandiya
Buddhaloka Mawatha
Kurunegala
Tel.: 00(94) 37 2221708
E-Mail: wayamba@casrilanka.com

Northern Information Centre

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

North-Central Information Centre

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

Central Information Centre

42/1/2, A A Dharmasena
Mawatha
Mahaiyawa
Kandy
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E-Mail: kandy@casrilanka.com

Southern Information Centre

268, Sagara Building
Anagarika Dharmapala
Mawatha
Matara
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Eastern Information Centre

26, Amman Kovil Road
Kalmunai
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E-Mail:
kalmunai@casrilanka.com

Annexes → Corporate Information →

Legal Form

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

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Auditor

Mr. L D A Jayasinghe
Chartered Accountant
C/o, Jayasinghe & Co.
94/12, Kirulapone Avenue
Colombo 05

Lawyers

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Bankers

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People's Bank
Sampath Bank PLC
Hatton National Bank PLC



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