

N.B.— (i) Parts I-III and IV(A) of the Gazette No. 1,911 of 17.04.2015 were not published.

(ii) The list of Registrars of Births, Marriages and Deaths at the the end of 31.12.2014 has been published in Part VI of this Gazette in English Language only

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The Gazette of the Democratic Socialist Republic of Sri Lanka

අංක 1,912 – 2015 අප්‍රේල් මස 24 වැනි සිකුරාදා – 2015.04.24

No. 1,912 – FRIDAY, APRIL 24, 2015

(Published by Authority)

PART I : SECTION (I) – GENERAL

(Separate paging is given to each language of every Part in order that it may be filed separately)

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Note.— Economic Service Charge (Amendment) Bill and Finance Bill were published as supplements to the Part II of the *Gazette of the Democratic Socialist Republic of Sri Lanka* of March 27th, 2015.

IMPORTANT NOTICE REGARDING ACCEPTANCE OF NOTICES FOR PUBLICATION IN THE WEEKLY “GAZETTE”

ATTENTION is drawn to the Notification appearing in the 1st week of every month, regarding the latest dates and times of acceptance of Notices for publication in the weekly *Gazettes*, at the end of every weekly *Gazette* of Democratic Socialist Republic of Sri Lanka.

All notices to be published in the weekly *Gazettes* shall close at 12.00 noon of each Friday, two weeks before the date of publication. All Government Departments, Corporations, Boards, etc. are hereby advised that Notifications fixing closing dates and times of applications in respect of Post-Vacancies, Examinations, Tender Notices and dates and times of Auction Sales, etc. should be prepared by giving adequate time both from the date of despatch of notices to Govt. Press and from the date of publication, thereby enabling those interested in the contents of such notices to actively and positively participate please note that inquiries and complaints made in respect of corrections pertaining to notification will not be entertained after **three months** from the date of publication.

All notices to be published in the weekly *Gazettes* should reach Government Press two weeks before the date of publication *i.e.* notices for publication in the weekly *Gazette* of 15th May, 2015 should reach Government Press on or before 12.00 noon on 30th April, 2015.

Electronic Transactions Act, No. 19 of 2006 - Section 9

“Where any Act or Enactment provides that any proclamation, rule, regulation, order, by-law, notification or other matter shall be published in the *Gazette*, then such requirement shall be deemed to have been satisfied if such rule, regulation, order, by-law, notification or other matter is published in an electronic form of the *Gazette*.”

W. A. A. G. FONSEKA,
Government Printer Acting.

Department of Govt. Printing,
Colombo 08,
22nd January, 2015.

This Gazette can be downloaded from www.documents.gov.lk



Appointments, &c. by the President

No. 85 of 2015

MOD/DEF/10/03/PRO/5.

SRI LANKA AIR FORCE

Promotions approved by His Excellency the President

THE undermentioned Officers are promoted to the rank of Substantive Air Vice Marshal on the dates stated against their names.

Temporary Air Vice Marshal - LOKUGAN HEWAGE AJANTHA SILVA (01382) Tech/Eng - 01.01.2015;

Temporary Air Vice Marshal - CHANDANA PRABATH WELIKALA (01396) Admin - 01.01.2015;

By His Excellency's Command,

GOTABAYA RAJAPAKSA, RWP RSP psc,
Secretary,
Ministry of Defence and Urban Development.

28th November, 2014,
Colombo.

04-728

No. 86 of 2015

MOD/DEF/10/03/PRO/IT.

SRI LANKA AIR FORCE

Promotions approved by His Excellency the President

THE undermentioned Officers are promoted to the rank of Temporary Squadron Leader with effect from the date stated against their names.

Flight Lieutenant - ABAYASINGHE ARACHCHIGE MADAWA PRASANNA KUMARA ABAYASINGHE - (02398) Log - 16.09.14;

Flight Lieutenant - GODAKUMBURE GEDARA NIHAL CHANDRAJITH GODAKUMBURA - (02599) AFC - 01.01.15;

Flight Lieutenant - SURAJ CHINTHAKA MADUWALA - (02606) Admin - 01.01.15;

Flight Lieutenant - HETTIARACHCHIGE DON TUSARA NUWAN SURANGA - (02401) Log - 01.01.15;

Flight Lieutenant - KONDASINHA RAJAKARUNA RAJAMANTHREELAGE NISHANTHA PUSHPAKUMARA - (02558) T/Eng - 01.01.15;

Flight Lieutenant - UDITHA ISHARA ADDARA PATHIRANA - (02573) Ad/Regt - 01.01.15;

Flight Lieutenant - WEERASINGHE ARACHCHIGE SURESH RANGANA WEERASINGHE - (02616) Ad/Regt - 06.01.15;

Flight Lieutenant - MANAMPELI MAHAPATABADIRALALAGE SURANGA NAMAL COORAY WANIGARATHNA - (02617) Ad/Regt - 06.01.15;

Flight Lieutenant - RANGANA VINODH JAYASINGHE - (02663) GD/P - 06.01.15;

Flight Lieutenant - WEEBEDDE ADHIKARAM MUDIYANSELAGE BUDDHI NANDANA BANDARA WEEBEDDA - (02664) GD/P - 06.01.15;

Flight Lieutenant - ISHAN SAMEERA BANDARA THIBBOTUMUNUWE - (02665) GD/P - 06.01.15;

Flight Lieutenant - DON LAKSHITHA COLOMBAGE - (02666) GD/P - 06.01.15;

Flight Lieutenant - WADDUWAGE UPUL PUSHPA KUMARA PERERA - (02601) AFC - 14.01.15;

Flight Lieutenant - HETTIARACHCHIGE SUGATH IROSHAN ABEYWARDANA - (02965) AFC - 22.03.15;

Flight Lieutenant - SUDESH CHAMARA WANIGASINGHE - (02944) E/Eng - 23.03.15;

Flight Lieutenant - UDUWARAGE DON MANJULA PUSHPAKUMARA - (02946) E/Eng - 23.03.15;

Flight Lieutenant - HAPU ARACHCHILLAGE MENOKA JAYAMALI HAPUARACHCHI - (02947) AFC - 23.03.15;

Flight Lieutenant - THELLAMBURA HETTI ARACHCHIGE LAHIRU HASANTHA HETTIARACHCHI - (02949) AFC - 23.03.15;

Flight Lieutenant - UDAGE MUDIYANSELAGE SUDATH BANDARA ARIYARATHNA - (02950) AFC - 23.03.15;

Flight Lieutenant - DISSANAYAKE MUDIYANSELAGE ERANDA DANUSHKA GUNARATHNA - (02945) E/Eng - 23.04.15;

By His Excellency's Command,

GOTABAYA RAJAPAKSA, RWP RSP psc,
Secretary,
Ministry of Defence and Urban Development.

Colombo,
05th December, 2014.

04-727

Government Notifications

My No. : RG/NB/11/2/21/2015/පිටු/සැ.

NOTICE UNDER THE LAND REGISTERS RECONSTRUCTED FOLIO ORDINANCE (CAP.120)

I, hereby give notice under Section 04 of the Land Registers reconstructed Folio Ordinance (Cap. 120) that Condominium Property Register Folios, particulars of which appear in Column 1 of the Schedule hereto, affecting the Condominium Property described in Column 2, there of which have been found to be missing or torn, have been reconstructed in full in provisional folios and relate to the connected deeds, particulars of which are shown in Column 3 of the said Schedule.

2. The provisional folio will be opened for inspection by any person or persons interested there in at the Office of the Registrar of Lands, Horana, 24.04.2015 to 08.05.2015 between the hours of 10.00 a. m. to 3.00 p. m. on all working days.

3. Any person desirous of lodging any objection against any entry included in a provisional folio or against any of the particulars contained in any such entry and any person desiring to make a claim for the insertion of any entry or of any particulars alleged to have been improperly omitted from any entry must do so, by an objection or claim in writing addressed to the undersigned which must be sent under registered cover and must reach the Office of the Registrar General not later than 15.05.2015. The matter in respect of which the objection or claim is made must be clearly and fully set out in the objection or claim, and the objection or claim must be accompanied by all documentary evidence relies upon the support of it.

SCHEDULE

<i>Particulars of Damaged Folios of the Land Registers</i>	<i>Particulars of Land</i>	<i>Particulars of Deeds Registered</i>
Folio No. 106 of volume 82 of Division K of the Land Registry, Horana in Kaluthara District.	All that divided and defined Unit C in Plan No. 699 made by M. D. A. Goonathilaka, Licensed Surveyor of the land called “Maragahahena” situated at Godigamuwa in Kumbuke Pattu of Raigam Korale in the District of Kalutara, Western Province bounded on the, <i>North-east by</i> : Handunpodi Eladeniya of Don David; <i>South-east by</i> : Portion of this land of Don David; <i>South-west by</i> : Reservation for a road; <i>North-west by</i> : Lot B of this land <i>Extent</i> : 03A., 00R., 00P.	1. Deed of Transfer No. 17439 written and attested by H. D. C. Gunasekara, Notary Public on 18.01.1945.

E. M. GUNASEKARA,
Registrar General.

Registrar General's Department,
No. 234/A3,
Denzil Kobbekaduwa Mawatha,
Battaramulla.

My No. : RG/NB/11/2/17/2015/පිටු/සැ.

NOTICE UNDER THE LAND REGISTERS RECONSTRUCTED FOLIO ORDINANCE (CAP. 120)

I, hereby give notice under Section 04 of the Land Registers reconstructed Folio Ordinance (Cap. 120) that Land Register Folios, particulars of which appear in Column 1 of the Schedule hereto, affecting the lands described in Column 2, there of which have been found to be missing or torn, have been reconstructed in full in provisional folios and relate to the connected deeds, particulars of which are shown in Column 3 of the said Schedule.

2. The provisional folio will be opened for inspection by any person or persons interested there in at the Office of the Registrar of Lands, Attanagalla, 24.04.2015 to 01.05.2015 between the hours of 10.00 a. m. to 3.00 p. m. on all working days.

3. Any person desirous of lodging any objection against any entry included in a provisional folio or against any of the particulars contained in any such entry and any person desiring to make a claim for the insertion of any entry or of any particulars alleged to have been improperly omitted from any entry must do so, by an objection or claim in writing addressed to the undersigned which must be sent under registered cover and must reach the Office of the Registrar General not later than 08.05.2015. The matter in respect of which the objection or claim is made must be clearly and fully set out in the objection or claim, and the objection or claim must be accompanied by all documentary evidence relies upon the support of it.

SCHEDULE

<i>Particulars of Damaged Folios of the Land Registers</i>	<i>Particulars of Land</i>	<i>Particulars of Deeds Registered</i>
Folio No. 36 of volume 222 of Division F of the Land Registry, Attanagalla in Gampaha District.	All that divided and defined allotment of land marked Lot 03 depicted in Plan No. 308 dated 18.09.1992 made by P. Jayakody, Licensed Surveyor of the land called Koongahawatta situated at Nittambuwa in Udugaha Pattu of Siyane Korale in the District of Gampaha, Western Province bounded on the, <i>North-east by</i> : Lot 02; <i>South-east by</i> : High Road to Kandy; <i>South-west by</i> : Land of D. A. Piyadasa; <i>North-west by</i> : Land of S. K. D. Premasinghe <i>Extent</i> : 00A., 00R., 12.122P.	1. Mortgage Bond No. 18011 written and attested by R. M. N. W. Rajakaruna Notary Public on 16.12.1999. 2. Mortgage Bond No. 20416 written and attested by R. M. N. W. Rajakaruna, Notary Public on 08.08.2002.
Folio No. 228 of volume 222 of Division F of the Land Registry, Attanagalla in Gampaha District.	do.	1. Mortgage Bond No. 21141 written and attested by R. M. N. W. Rajakaruna Notary Public on 20.10.2003. 2. Mortgage Bond No. 21376 written and attested by R. M. N. W. Rajakaruna, Notary Public on 29.01.2004.
Folio No. 244 of volume 222 of Division F of the Land Registry, Attanagalla in Gampaha District.	do.	1. Mortgage Bond No. 5248 written and attested by P. N. Ekanayake, Notary Public on 27.12.2005. 2. Mortgage Bond No. 5958 written and attested by P. N. Ekanayake, Notary Public on 22.02.2007.

<i>Particulars of Damaged Folios of the Land Registers</i>	<i>Particulars of Land</i>	<i>Particulars of Deeds Registered</i>
Folio No. 256 of volume 222 of Division F of the Land Registry, Attanagalla in Gampaha District.	<p>All that divided and defined allotment of land marked Lot 03 depicted in Plan No. 308 dated 18.09.1992 made by P. Jayakody, Licensed Surveyor of the land called Koongahawatta situated at Nittambuwa in Udugaha Pattu of Siyane Korale in the District of Gampaha, Western Province bounded on the,</p> <p><i>North-east by</i> : Lot 02; <i>South-east by</i> : High Road to Kandy; <i>South-west by</i> : Land of D. A. Piyadasa; <i>North-west by</i> : Land of S. K. D. Premasinghe <i>Extent</i> : 00A., 00R., 12.122P.</p>	<p>1. Mortgage Bond No. 6786 written and attested by P. N. Ekanayake, Notary Public on 30.04.2008.</p>
Registrar General's Department, No. 234/A3, Denzil Kobbekaduwa Mawatha, Battaramulla.		E. M. GUNASEKARA, Registrar General.
04-805		

**MINISTRY OF PUBLIC ADMINISTRATION; LOCAL
GOVERNMENT AND DEMOCRATIC GOVERNANCE**

date in terms of and under the Section 2 of Minutes on Pensions is hereby repealed.

Repeal of *Gazette* Notification for declaring Posts as Pensionable posts

Secretary,
Ministry of Public Administration,
Local Government and Democratic Governance.

THE notification made by me under Part I and Section of (1) of General *Gazette* Notification No. 1741 of 13th January, 2012 to declare the posts of permanent staff of the Human Rights Commission declared by Part II of *Gazette* Notification of Democratic Socialist Republic of Sri Lanka of 23rd August, 1996 having established by Human Rights Commission of Sri Lanka Act, No. 21 of 1996 as pensionable with effect from the said

04th April, 2014,
Ministry of Public Administration,
Local Government and Democratic Governance,
Independence Square,
Colombo 07.

04-720

Revenue and Expenditure Returns

THE REPORT OF THE AUDITOR

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

Report on the Financial Statements

I, have audited the accompanying financial statements of The Institute of Chartered Accounts of Sri Lanka, (“the Institute”), which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income, statement of funds and reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. I have also audited the statements of financial position of F B Lander Prize Fund and Cyril E.Begbie Memorial Prize Fund as at 31st December. 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility,

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

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

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

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Institute, F B Lander Prize Fund and Cyril E. Begbie Memorial Prize Fund as at December 31, 2014, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

S.M.N.L.SENANAYAKE,
Chartered Accountant.

01st April, 2015,
Colombo.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2014 Rs. '000	2013 Rs. '000
Direct income	3	762,773	653,545
Direct expenditure	3	(352,095)	(309,054)
Contribution before employee costs and overheads		410,678	344,491
Other income			
Other operating income	4	3,729	5,672
Operating income		414,407	350,163
Overhead expenses			
Employee costs	5	(181,012)	(158,481)
Maintenance of premises	6	(55,098)	(39,988)
Depreciation and amortization	7	(51,021)	(44,898)
Other expenses	8	(37,355)	(32,533)
Total overhead expenses		(324,486)	(275,900)
Net operating income		89,921	74,263
Grants - Reimbursement of expenses and depreciation	21	24,077	50,599
Grants - Total expenditure	21	(23,034)	(48,333)
Transfer to designated funds	20	(9,977)	(9,121)
Transfer to restricted funds	21	(6,959)	(1,891)
Transfer to endowment funds	22	(162)	(236)
		(16,055)	(8,982)
Finance income	9	37,642	41,681

	Note	2014 Rs. '000	2013 Rs. '000
Surplus for the year before tax		111,508	106,962
Income tax	26	(7,406)	(1,923)
Surplus for the year after tax		104,102	105,039
Other comprehensive income			
Fair value changes on available for sale investments		(272)	-
Defined benefit plan actuarial gain / (loss)	24	683	(955)
Total comprehensive income		104,513	104,084

The accounting policies and notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT

	Note	31.12.2014 Rs. '000	31.12.2013 Rs. '000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	629,183	585,753
Intangible assets	11	43,117	15,945
Library books	12	1,377	953
Loans and advances to staff	13	14,310	14,365
Held to maturity financial assets	14	165,001	-
Available for sale financial assets	15	39,916	-
Total non-current assets		892,904	617,016
CURRENT ASSETS			
Inventories	16	16,167	24,200
Trade and other receivables	17	46,661	26,064
Loans and advances to staff	13	2,721	4,345
Held to maturity financial assets	14	100,935	348,146
Non current assets held for sale		-	141
Cash and cash equivalents	18	101,022	30,362
Total current assets		267,506	433,258
TOTAL ASSETS		1,160,410	1,050,274
FUNDS AND LIABILITIES			
ACCUMULATED FUND AND RESERVES			
Accumulated fund		765,712	660,927
Reserves	19	23,728	24,000
Total accumulated fund and reserves		789,440	684,927
FUNDS AND GRANTS			
Designated funds	20	26,929	23,913
Restricted funds and grants	21	60,319	36,009
Endowment funds	22	2,053	1,609

	Note	31.12.2014 Rs. '000	31.12.2013 Rs. '000
Total funds and grants		89,301	61,531
NON-CURRENT LIABILITIES			
Long term borrowings	23	829	-
Retirement benefit obligation	24	24,441	23,018
Total non-current liabilities		25,270	23,018
CURRENT LIABILITIES			
Trade and other payables	25	88,578	64,597
Short term borrowings	23	896	-
Income tax liability	26	5,017	-
Receipts in advance	27	142,126	197,156
Bank overdraft	18	19,782	19,045
Total current liabilities		256,399	280,798
TOTAL FUNDS AND LIABILITIES		1,160,410	1,050,274

The accounting policies and notes form an integral part of these financial statements.

These financial statements have been prepared and presented in compliance with Sri Lanka Accounting Standards (SLFRSs & 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 WICKRAMASINGHE
Vice President

01st April, 2015,
Colombo.

STATEMENT OF CHANGES IN FUNDS AND RESERVES

	Accumulated fund Rs. '000	Capital reserve Rs. '000	Available for sale reserve Rs. '000	Total Rs. '000
Balance as at 1st January 2013	556,843	24,000	-	580,843
Surplus for the year	105,039	-	-	105,039
Actuarial gain/ (loss) on defined benefit obligation	(955)	-	-	(955)
Balance as at 31st December 2013	660,927	24,000	-	684,927
Balance as at 1st January 2014	660,927	24,000	-	684,927
Surplus for the year	104,102	-	-	104,102
Actuarial gain/ (loss) on defined benefit obligation	683	-	-	683
Fair value changes on available for sale investments	-	-	(272)	(272)
Balance as at 31st December 2014	765,712	24,000	(272)	789,440

The accounting policies and notes form an integral part of these financial statements.

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER**

	2014	2013
	Rs.'000	Rs.'000
Cash flow from operating activities		
Excess of income over expenditure	111,508	106,962
Adjustments for ;		
Depreciation on property, plant and equipment including amortisation of intangible assets and library books	55,236	54,753
Amortisation of capital grant	(2,755)	(9,264)
Provision for defined benefit plan	5,025	4,521
SLAASMB grant	(2,500)	(2,500)
World Bank grant	(16,510)	(37,401)
GIZ Project grant	(617)	(834)
Government grant	(600)	(600)
ICTA/SLASSCOM grant	(1,095)	-
(Profit)/loss on disposal of property, plant and equipment	(1,097)	(323)
Donation of fixed assets	-	116
Finance income	(37,642)	(41,681)
Operating surplus before working capital changes	108,953	73,749
(Increase) / decrease in inventory	8,033	1,416
(Increase) / decrease in trade and other receivables	(20,597)	6,901
Increase / (decrease) in receipts in advance	(55,030)	40,174
Increase / (decrease) in trade and other payables	23,981	(93,762)
	65,340	28,478
Tax paid	(2,389)	(1,923)
Gratuity paid	(2,919)	(2,655)
Net cash inflow from operating activities	60,032	23,900
Cash flows from investing activities		
Acquisition of property, plant and equipment and library books	(92,669)	(50,564)
Acquisition of intangible assets	(33,672)	(8,175)
Loans and advances given to staff	1,679	(2,690)
Investment in held to maturity financial assets	(128,311)	(383,907)
Maturity proceeds received from held to maturity financial assets	210,908	302,958
Investment in available for sale financial assets	(40,575)	-
Proceeds on disposal of property, plant and equipment	1,317	325
Finance income received	37,642	41,681
Net cash (outflow) from investing activities	(43,681)	(100,372)
Cash flows from / (used in) financing activities		
Grant	41,150	19,216
Borrowings	1,725	-
Net receipts of funds	10,697	6,461
Net cash inflow from financing activities	53,572	25,677
Net increase / (decrease) in cash and cash equivalents	69,923	(50,795)
Cash and cash equivalents at the beginning of the year	11,317	62,112
Cash and cash equivalents at the end of the year	81,240	11,317

The accounting policies and notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

1.1 Legal and domicile form

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

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

1.2 Date of authorisation for issue

The financial statements were authorised for issue by the Council on 1st April 2015.

1.3 Principal activities and nature of operations

- Act as the sole authority for promulgating accounting and auditing standards in Sri Lanka.
- Enrolment of students and conducting of examinations in relation to finance.
- Adoption and implementation of code of ethics and best practices.
- Conducting of technical awareness campaigns in the form of seminars, workshops and events to ensure continuous professional development of the members.
- Regulation and supervision of student education and training.
- Making representations to government and other relevant authorities on matters of public interest relating to the business community.

1.4 Financial period

The financial period of the institute represents twelve months period from 1st January, 2014 to 31st December, 2014.

2. Summary of significant accounting policies

2.1 General accounting policies

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

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

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

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

2.2 Basis of preparation of financial statements

2.2.1 Statement of compliance

These financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in funds and reserves, statement of cash flows and notes to the financial statements. These statements have been prepared in accordance with the Sri Lanka accounting Standards.

2.2.2 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.

2.2.3 Comparative information

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

Where necessary, comparative figures have been re-arranged to conform to the current year's presentation. Following items have been re-classified during the year;

- Note 3 : Direct income has been re-classified based on the nature of the sources of income, instead of the divisional approach
- Notes 20-22: Scholarship funds, prize funds, specific funds and grants were re-classified in to designated funds, restricted funds and endowment funds.
- Notes 20-22: Contributions and allocation of interest income to the funds are re-classified and appropriated in the statement of Comprehensive Income.
- Note 26: Withholding Tax deductions on interest income previously disclosed under interest income has been re-classified under income tax on the face of the income statement.

2.2.4 Functional and presentation currency

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

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

2.2.5 Translation of foreign currency transactions

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

2.2.6 Significant accounting estimates and judgments

The preparation and presentation of financial statements in conformity with LKASs/SLFRSs, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgments used.

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

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

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

Considering all factors required under SLFRS 10 "Consolidated Financial Statement" for consolidation of financial statements, the management determined that there is no requirement for consolidation.

(b) Defined benefit plans

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

(c) Impairment of non-financial assets

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU).

(d) Economic useful life of the assets

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

Buildings of the Institute 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 on a 30 year lease ending on 23rd February, 2037. However the cost of the building is depreciated over a period of 50 years, as the management is confident that the lease will be renewed after its expiration.

(e) Changes in accounting estimates and judgments

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

2.2.7 Materiality and aggregation

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

2.3 Assets and the bases of their valuation

2.3.1 Property, plant and equipment

(a) Recognition and measurement

(i) Property, plant and equipment

All items of property, plant and 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 and equipment are required to be replaced at intervals, the entity derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

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

(ii) Land on operating lease

Leases, where the lessor effectively retains substantially all the risks and rewards of an asset under the leased term are classified as operating leases.

Lease payments (excluding cost of service such as insurance and maintenance) paid in advance under operating leases are recognized as an expense in the statement of comprehensive income over the period of lease on a straight line basis.

(b) Cost

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

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. When significant parts of

property, plant and equipment are required to be replaced at intervals, the Institute recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

(c) Subsequent expenditure

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

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

(d) Depreciation

i. Property, plant and equipment

Depreciation on property, plant and equipment acquired or purchased through restricted funds is charged to the statement of comprehensive income on the straight line basis in order to write off the cost of such assets over their estimated useful lives.

<i>Asset category</i>	<i>Useful life</i>
Building	5-50 years
Furniture and equipment	5- 10 years
Plant and machinery	5-10 years
Motor vehicles	10 years
Computers	5 years

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

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

ii. Library books

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

(e) Restoration costs

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance is recognized as an expense when incurred.

(f) De-recognition

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

2.3.2 Work-in-progress

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

2.3.3 Intangible assets

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

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method

for an intangible asset with a finite useful life are reviewed at least at each financial reporting year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriated and treated as accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income, in the expense category consistent with the nature of the intangible asset. Amortization commences when the assets are available for use.

Gains and losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the assets are derecognized.

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

Intangible assets are amortised on the following bases;

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

2.3.4 Inventories

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

The inventories of the Institute include Study Pack and Study Material, Publications, Stationery and consumables.

2.3.5 Impairment of non-financial assets

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

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

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

2.3.6 Financial assets

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

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

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

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

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

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

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

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.

Financial assets at fair value through profit and loss are classified as current assets, with any resultant gains or losses recognized in finance costs in the statement of comprehensive income.

The fair value of listed securities is their quoted bid price at the reporting date. Financial income consists principally of interest and net realized and unrealized gains on changes in fair value. Interest income is recognized on an accruals basis, taking into account the effective yield of the asset.

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

(b) Loans and receivables

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

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

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

(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 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 reserve 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.

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

2.3.7 De-recognition of financial assets

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

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

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

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

2.3.8 Impairment of financial assets

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

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

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

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

2.3.9 Non-current assets held for sale

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

2.3.10 Cash and cash equivalents

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

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

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

2.4 Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date. All known liabilities have been accounted for in preparing these financial statements.

2.4.1 Financial liabilities

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

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

2.4.2 Provisions

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

2.4.2.1 Employee benefits

(a) Provision for retiring gratuity

The Institute has adopted the benefit plan as required under the Payment of Gratuity Act, No. 12 of 1983 for all eligible employees. The benefit plan is not externally funded. However the surplus funds invested by the Institute in financial instruments are available and adequate to meet such obligations.

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

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

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

(b) *Defined contribution plans*

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

Employees' Provident Fund (EPF)

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

Employees' Trust Fund (ETF)

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

2.4.3 *Taxation*

(a) *Income tax*

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

(b) *Other taxes*

The Institute being an educational service provider, no provision has been made in respect of other taxes.

(c) *Deferred taxation*

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

2.5 *Accounting for the receipt and utilisation of funds, grants and reserves*

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

2.5.1 *Unrestricted funds*

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

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

Designated funds / reserves

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

Funds

<i>Name of the designated funds</i>	<i>Purpose of the project/funds</i>
Faculty of Taxation Fund	Development of the tax profession
Faculty of Auditing Fund	Development of the auditing profession
Publication Fund	Development of publications

<i>Name of the designated funds</i>	<i>Purpose of the project/funds</i>
Urgent Issues Task Force Fund	Interpretation of accounting issues
<i>Needy students' scholarship fund</i> * LA Weerasinghe Memorial Scholarship Fund	Help deserving and promising CA Sri Lanka students
<i>Merit Scholarship Funds</i> * General fund * CA Sri Lanka scholarship fund	Help deserving and promising students who have shown exceptional performance at CA Sri Lanka examinations and undergoing strategic/Business level training.

Reserve

<i>Name of the restricted Projects / Funds</i>	<i>Purpose of the project/funds</i>
Capital reserve	Funds reserved for upgrading of building

2.5.2 Restricted funds

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

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

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

<i>Name of the restricted projects/ funds</i>	<i>Purpose of the project/funds</i>
Needy students'scholarship funds * CA Sri Lanka UK Members' Scholarship Fund * Dalton Wijeyeratne Memorial Scholarship Fund * Prof. Y.A.D.S. Samararatunga Memorial Fund * Prof. Kodagoda Memorial Fund * Members' Scholarship Fund * PricewaterhouseCoopers Scholarship Fund	Help deserving and promising students to realize their future ambition of becoming a Chartered Accountant
Merit scholarship funds * Pelwatta Sugar Industries Ltd Fund * Ernst & Young Scholarship Fund * Miss. Inoka Gunaratne Memorial Fund	Help deserving and promising students Institute administrates the scholarships granted to Ernst & Young trainees Help deserving and promising students
Best Annual Report Competition Fund * Deshabandu Albert Page * Late Mr.Cyril Gardiner * Hayleys PLC	Sponsorship for the Annual Report Awards
Grants * World Bank Grant – IRQUE projects * World Bank Grant - Strengthening the Institute of Chartered Accountants of Sri Lanka * Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) Grant	Capacity building project Implementing an audit quality assurance programme, programme to assist and educate SMPs, Programme to increase adoption of IFRSs, programme to strengthen the public sector financial management. Promulgating accounting & auditing standard

<i>Name of the restricted projects/ funds</i>	<i>Purpose of the project/funds</i>
* PricewaterhouseCoopers grant – HRIS (HR system)	Provided the HRIS developed by Pricewaterhouse Coopers as a free grant to the Institute
* GIZ Grant- SMEs development project	Carryout initiatives for the development of SMEs
Other Restricted funds	
* Association of Public Financial Accountants of Sri Lanka- (APFASL)	Association of Public Financial Accountants of Sri Lanka (APFASL) has been set up jointly with the Institute of Public Finance and Development Accountancy (IPFDA) and the Institute during the year 2012, with the prime objective of enhancing the capacity of Public sector financial management professionals. Since both parties have equally contributed to achieve a common objective, a restricted fund has been established for the same
* Annual Report Award	The aim of this project is to encourage excellence in the presentation of information in annual reports. The Chartered Accountants' Annual Report Awards is a prestigious event which recognises and honours those organisations that have achieved excellence in annual reporting –presenting a true and fair view of the year's activities. Awards are presented to winners annually at the awards ceremony.

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

2.5.3 *Endowment funds*

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

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

<i>Name of the endowment projects/ funds</i>	<i>Purpose of the project/fund</i>
<i>Prize funds</i>	Awarding subject prizes and merit prizes for the best performance of each examination

The institute policies regarding the endowment funds are -

(i) *Investment policy:*

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

(ii) *Withdrawal policy:*

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

(iii) *Fund usage policy:*

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

2.5.4 *Grants and subsidies*

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

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

2.6 *Statement of comprehensive income*

(a) *Direct income*

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

(i) *Subscriptions and annual renewal fees:*

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

Annual renewal fees from training partners and teaching colleges are recognised as revenue at the time of receipt of the payment. The renewal year runs from 01st January to 31st December.

(ii) *Examinations Fees:*

Fees on examinations are recognised as revenue at generation of admission,

(iii) *Income from supply of educational materials:*

Supplies of educational materials are recognised as revenue at the time of dispatch or sale,

(iv) *Income from courses :*

Incomes from other courses are recognised as revenue based on periodic basis,

(v) *Income from seminar/workshops*

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

(vi) *Certificates fees:*

Issuance of certificates for the first time is recognised as revenue after receiving the Council approval,

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

(vii) *Arrears, penalties and fines:*

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

(viii) *Fee from training agreement:*

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

(ix) *Enrolment fees*

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

(x) *Sponsorships and contributions:*

Sponsorships for member/student related activities are recognised on acknowledgement,

(xi) *Income from rendering services*

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

(b) *Other income*

(i) *Income from hire of halls :*

Income from hire of halls is recognised on accrual basis,

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

Net gains and losses on the disposal of property, plant and equipment is recognised in the statement of comprehensive income after deducting from the proceeds on disposal, the carrying value of the item disposed of and any related

selling expenses. In the case of any revalued asset, any balance remaining in the revaluation reserve account is transferred to the statement of comprehensive income.

(iii) Any other income not specified under above categories is recognised on an accrual basis.

(c) Restricted contributions/revenue

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

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

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

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

(i) Contributions/ donation for specific projects

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

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

(ii) Government grant

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

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

(iii). Funds received for specific purpose

Funds are recognized in the statement of comprehensive income up to the extent that the institute disburse the scholarship for the agreed purpose.

(d) Finance income:

Interest income is recognised on accrual basis using Effective Interest Rate Method (EIR) according to LKAS 39.

2.6.1 Expenditure recognition

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

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

(a) *Project expenses*

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

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

(b) *Operational expense*

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

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

(c) *Finance expense*

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

2.7 *Statement of cash flows*

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

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

2.8 *Capital commitment and contingencies*

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

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

2.9 *Events after the reporting period*

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

2.10 *Standards issued but not yet effective*

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

<i>Accounting standard</i>	<i>Name of the standard</i>	<i>Effective date</i>
SLFRS 9	Financial instruments classification and measurement	01st January, 2018
SLFRS 15	Revenue from contracts with customers	01st January, 2016

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2014

2013

FOR THE YEAR ENDED 31ST DECEMBER

NOTE 3 - DIRECT INCOME AND DIRECT EXPENDITURE

	<i>Direct Income Rs. '000</i>	<i>(Direct Expenses) Rs. '000</i>	<i>Contribution Rs. '000</i>	<i>Direct Income Rs. '000</i>	<i>(Direct Expenses) Rs. '000</i>	<i>Contribution Rs. '000</i>
Educational activities	631,160	(268,323)	362,837	558,729	(238,879)	319,850
Member development and related activities	73,337	(38,011)	35,326	60,746	(41,344)	19,402
Development of financial reporting and assurance standards	51,740	(40,645)	11,095	25,686	(22,154)	3,532
Development of Public Finance Accountants and reporting	6,536	(5,116)	1,420	8,384	(6,677)	1,707
Total	<u>762,773</u>	<u>(352,095)</u>	<u>410,678</u>	<u>653,545</u>	<u>(309,054)</u>	<u>344,491</u>

FOR THE YEAR ENDED 31ST DECEMBER

2014
Rs. '0002013
Rs. '000

NOTE 4 - OTHER OPERATING INCOME

Profit on sale of publications	401	991
Gain on disposal of property, plant and equipment	1,097	323
Gain on disposal of available for sale financial assets	261	-
Income from hire of halls	992	2,901
Miscellaneous income	978	1,457
Total other operating income	<u>3,729</u>	<u>5,672</u>

NOTE 5 - EMPLOYEE COSTS

Salaries and wages	158,589	137,760
Defined contribution plan cost		
- Employees' Provident Fund	14,498	13,500
- Employees' Trust Fund	2,900	2,700
Defined benefit plan cost	5,025	4,521
Total Employee Cost	<u>181,012</u>	<u>158,481</u>

No. of employees as at year end

149

138

FOR

THE YEAR ENDED 31st DECEMBER

2014
Rs. '0002013
Rs. '000

NOTE 6 - MAINTENANCE OF PREMISES

Building maintenance and utility	37,035	39,988
Renovations related expenditure	18,063	-
Total maintenance of premises	<u>55,098</u>	<u>39,988</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 7 - DEPRECIATION AND AMORTISATION

Depreciation for the year	47,732	45,903
Amortisation of library books	1,004	1,338
Amortisation of intangible assets	6,500	7,512
	55,236	54,753
Amortization of capital grant	(2,755)	(9,264)
Depreciation charged to direct expenditure on educational activities	(1,460)	(591)
Total depreciation and amortisation	51,021	44,898

NOTE 8 - OTHER EXPENSES

Communication expenses	27,425	19,050
Travelling expenses	2,700	1,952
Bank charges and commissions	2,267	1,266
Professional fees	1,452	1,941
Auditor's remuneration		
Audit fees and expenses	300	275
Non-audit fee and expenses	120	-
Legal fees	1,053	2,986
Stationery and sundry expenses	2,038	5,063
Total other expenses	37,355	32,533

NOTE 9 - FINANCE INCOME

Interest income on financial assets	2,427	1,518
Interest income on initial acquisition of loan	453	-
Interest income on held-to-maturity financial assets	32,561	36,763
	35,441	38,281
Interest income on loans and receivables	2,201	3,400
Total Finance income	37,642	41,681

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Cost or valuation

	<i>Buildings</i>	<i>Furniture</i>	<i>Plant and machinery</i>	<i>Motor Vehicles</i>	<i>Computers</i>	<i>Capital work-in-progress</i>	<i>Total</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
Balance as at 1st January 2014	431,226	75,402	96,508	12,121	63,794	34,671	713,722
Additions	68,585	21,775	27,442	-	8,064	76,947	202,813
Capitalised during the year	-	-	-	-	-	(111,572)	(111,572)
Disposals	-	(2,723)	(1,581)	-	(4,622)	-	(8,926)
Balance as at 31st December 2014	499,811	94,454	122,369	12,121	67,236	46	796,037

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Accumulated depreciation

	<i>Buildings</i>	<i>Furniture</i>	<i>Plant and machinery</i>	<i>Motor Vehicles</i>	<i>Computers</i>	<i>Capital work-in-progress</i>	<i>Total</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
Balance as at 1st January 2014	26,090	27,185	19,071	7,601	48,022	-	127,969
Depreciation charge for the year	14,903	7,696	19,101	1,128	4,904	-	47,732
Disposals	-	(2,644)	(1,581)	-	(4,622)	-	(8,847)
Balance as at 31st December 2014	40,993	32,237	36,591	8,729	48,304	-	166,854
Carrying Amounts							
As at 31st December 2014	458,818	62,217	85,778	3,392	18,932	46	629,183
As at 31st December 2013	405,136	48,217	77,437	4,520	15,772	34,671	585,753

10.1 Buildings are situated on 2 blocks of land obtained on lease from the Government of Sri Lanka.

10.2 The cost of fully depreciated assets as of 31-12-2014 amounted to Rs. 72.6mn. (2013: 58.7mn)

10.3 The fair value of the above buildings which are carried at cost is as follows. These buildings were revalued as of 13th March 2013 by Mr.Sunil Fernando. FRICS, IRRV, FIV (S.L), MIV (R.S.A.)

<i>Description of the asset</i>	<i>Fair value for accounting purpose</i>
	<i>Rs. Mn</i>
Multi storied building -Newly constructed	434
Old building and Auditorium	147

NOTE 11 - INTANGIBLE ASSETS

Cost

	<i>Software</i>	<i>Software licences</i>	<i>Study material development</i>	<i>Work-in-progress - Projects</i>	<i>Total</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
Balance as at 1st January 2014	14,646	3,484	5,707	6,523	30,360
Additions	3,048	154	10,164	29,549	42,915
Capitalised during the year	-	-	-	(9,243)	(9,243)
Balance as at 31st December 2014	17,694	3,638	15,871	26,829	64,032

Amortization

	<i>Software</i>	<i>Software licences</i>	<i>Study material development</i>	<i>Work-in-progress - Projects</i>	<i>Total</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
Balance as at 1st January 2014	9,426	1,129	3,860	-	14,415

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	<i>Software</i>	<i>Software</i>	<i>Study material</i>	<i>Work-in-</i>	<i>Total</i>
	<i>licences</i>	<i>development</i>	<i>progress -</i>	<i>Projects</i>	
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
Amortization for the year	3,484	713	2,303	-	6,500
Balance as at 31st December 2014	12,910	1,842	6,163	-	20,915

Carrying Amounts

As at 31st December 2014	-	4,784	1,796	9,708	26,829	43,117
As at 31st December 2013	-	5,220	2,355	1,847	6,523	15,945

AS AT				<i>31.12.2014</i>	<i>31.12.2013</i>
				<i>Rs. '000</i>	<i>Rs. '000</i>

NOTE 12 - LIBRARY BOOKS

Balance at the beginning of the year	953	642
Additions	1,428	1,274
Amortization	(1,004)	(963)
Balance at the end of the year	1,377	953

AS AT	<i>31.12.2014</i>	<i>31.12.2013</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>

NOTE 13 - LOANS AND ADVANCES TO STAFF

Receivable within one year	2,721	4,345
Receivable after one year	14,310	14,365
Total	17,031	18,710

NOTE 14 - HELD TO MATURITY FINANCIAL ASSETS

Maturity within one year	100,935	348,146
Maturity in more than one year	165,001	-
Total	265,936	348,146

NOTE 15 - AVAILABLE FOR SALE FINANCIAL ASSETS

Treasury bonds	39,916	-
	39,916	-

NOTE 16 - INVENTORIES

Study packs and study materials	4,082	13,966
Publications	6,998	5,973
Stationery, consumables and others	5,087	4,261
Total	16,167	24,200

NOTE 17 - TRADE AND OTHER RECEIVABLES

Receivables	37,621	20,341
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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

AS AT	31.12.2014 Rs. '000	31.12.2013 Rs. '000
Deposits and prepayments	4,560	4,993
Advances	4,480	730
Total	46,661	26,064

NOTE 18 - CASH AND CASH EQUIVALENTS

Favourable balances

Re-purchase agreements	60,000	18,000
Cash at banks	40,612	12,255
Cash in hand	410	107
Total	101,022	30,362

Unfavourable balances

Bank overdrafts	(19,782)	(19,045)
Total cash and cash equivalents for the purpose of statement of cash flows	81,240	11,317

NOTE 19 - RESERVES

Capital reserve	24,000	24,000
Available for sale reserve	(272)	-
Total	23,728	24,000

Capital reserve represents funds reserved for upgrading of buildings.

NOTE 20 - DESIGNATED FUNDS

	Balance at 01.01.2014 Rs. '000	Contribution from the institute Rs. '000	Donations received Rs. '000	(Transfers to income account, Rs. '000	Balance as at 31.12.2014 Rs. '000	Balance as at 31.12.2013 Rs. '000
20.1 Capital balances - designated scholarship funds						
L A Weerasinghe memorial scholarship fund	7,241	-	-	-	7,241	7,241
Merit scholarship fund	6,043	-	-	-	6,043	6,043
CA Sri Lanka scholarship funds	-	1,500	-	-	1,500	-
	13,284	1,500	-	-	14,784	13,284
	Balance at 01.01.2014 Rs. '000	Contribution from the institute Rs. '000	Donations received Rs. '000	Payments Rs. '000	Balance as at 31.12.2014 Rs. '000	Balance as at 31.12.2013 Rs. '000
20.2 Income balances - designated scholarship funds						
L A Weerasinghe memorial scholarship fund	3,586	2,702	41	(1,859)	4,470	3,586
Merit scholarship fund	4,095	2,811	-	(2,843)	4,063	4,095
CA Sri Lanka scholarship funds	1,346	2,830	-	(2,300)	1,876	1,346
	9,027	8,343	41	(7,002)	10,409	9,027

	<i>Balance 01.01.2014</i>	<i>Contribution from the institute</i>	<i>Donations received</i>	<i>Payments</i>	<i>Balance as at 31.12.2014</i>	<i>Balance as at 31.12.2013</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
20.3 Capital balances - other designated funds						
Faculty of Taxation fund	489	41	-	-	530	489
Faculty of Auditing fund	472	39	-	-	511	472
Publication fund	306	26	-	-	332	306
Urgent Issues Task Force fund	335	28	-	-	363	335
	<u>1,602</u>	<u>134</u>	<u>-</u>	<u>-</u>	<u>1,736</u>	<u>1,602</u>
Total designated funds	<u>23,913</u>	<u>9,977</u>	<u>41</u>	<u>(7,002)</u>	<u>26,929</u>	<u>23,913</u>

The direct cost of Rs.120,213/- for administering the Merit Scholarship scheme was charged to educational activities. (Note 03)

NOTE 21 - RESTRICTED FUNDS AND GRANTS

		<i>Balance as at 01.01.2014</i>	<i>Grants received</i>	<i>(Reimbursements/ Amortization)</i>	<i>Balance as at 31.12.2014</i>	<i>Balance as at 31.12.2013</i>
		<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
21.1 Grants						
World Bank grant - IRQUE project	21.1.1	7,112	-	(2,318)	4,794	7,112
World Bank grant - Strengthening the Institute of Chartered Accountants of Sri Lanka	21.1.2	1,394	26,112	(16,607)	10,899	1,394
PricewaterhouseCoopers grant	21.1.3	1,360	-	(340)	1,020	1,360
Ernst & Young SME grant	21.1.4	-	1,300	-	1,300	-
GIZ Project grant	21.1.5	424	1,258	(617)	1,065	424
GIZ Grant	21.1.6	-	2,842	-	2,842	-
ICTA/SLASSCOM grant	21.1.7	-	6,538	(1,095)	5,443	-
		<u>10,290</u>	<u>38,050</u>	<u>(20,977)</u>	<u>27,363</u>	<u>10,290</u>
Revenue grants						
Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) grant	21.1.8	-	2,500	(2,500)	-	-
Government grant	21.1.9	-	600	(600)	-	-
Total grants		<u>10,290</u>	<u>41,150</u>	<u>(24,077)</u>	<u>27,363</u>	<u>10,290</u>

Grants - Total expenditure

World Bank grant - Strengthening the Institute of Chartered Accountants of Sri Lanka	16,607	37,489
World Bank grant - IRQUE project	2,318	8,836
PricewaterhouseCoopers grant	340	340
GIZ Project grant	2,672	1,668
ICTA/SLASSCOM grant	1,097	-
	<u>23,034</u>	<u>48,333</u>

21.1.1 - WORLD BANK GRANT - IRQUE PROJECT

	<i>Balance as at 01.01.2014 Rs. '000</i>	<i>Grants received Rs. '000</i>	<i>(Reimbursements) Rs. '000</i>	<i>Balance as at 31.12.2014 Rs. '000</i>	<i>Balance as at 31.12.2013 Rs. '000</i>
Furniture and equipment	2,218	-	(815)	1,403	2,218
Motor coach	4,519	-	(1,128)	3,391	4,519
Library software	375	-	(375)	-	375
Total	<u>7,112</u>	<u>-</u>	<u>(2,318)</u>	<u>4,794</u>	<u>7,112</u>

Amortisation of grants consists of amortisation of property, plant and equipment related grant amounting to Rs. 1,943,441 (Note 10) and amortisation of grant relating to library software amounting to Rs. 375,000 (Note 12)

21.1.2 *World Bank Grant:* Strengthening the Institute of Chartered Accountants of Sri Lanka: Following activities have been carried out under the World bank project on strengthening the Institute of Chartered Accountants of Sri Lanka. Amortisation charge of Rs.97,611/- corresponding to the depreciation charge of two laptops and the screen has been charged to component 3 - Program to increase adoption of IFRSs.

	<i>2014 Rs. '000</i>	<i>2013 Rs. '000</i>
Component 1 : Implementing an audit quality assurance program	7,165	14,650
Component 2 : Program to assist and educate Small and Medium-sized Practices (SMPs)	4,031	1,322
Component 3 : Program to increase adoption of IFRSs	5,398	12,176
Component 4 : Program to strengthen Public Sector Financial Management	13	9,341
	<u>16,607</u>	<u>37,489</u>

21.1.3 *Price water house Coopers Grant:* This amount represents the HR system worth Rs.1.7mn, received free of charge from Price water house Coopers.

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

21.1.5 *GIZ Project Grant:* This amount represents the grant received from German Agency for International Cooperation to develop and strengthen the skills and capacities of Small and Medium-sized Entities (SMEs) and Small and Medium-sized Practices (SMPs) in the country.

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

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

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

21.1.9 *Government Grant:* A grant of Rs. 600,000 represents the annual recurrent grant received from the Treasury through the The Ministry of cooperatives and internal trade.

	<i>Balance as at 01.01.2014</i>	<i>Contribution from the institute</i>	<i>Donations received</i>	<i>(Reimbursements)</i>	<i>Balance as at 31.12.2014</i>	<i>Balance as at 31.12.2013</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
21.2 Other restricted funds						
Association of Public Finance Accountants of Sri Lanka fund	21,809	1,420	-	-	23,229	21,809
Best annual report competition fund (Note 21.5)	1,066	5,296	-	(33)	6,329	1,066
	<u>22,875</u>	<u>6,716</u>	<u>-</u>	<u>(33)</u>	<u>29,558</u>	<u>22,875</u>

	<i>Balance as at 01.01.2014</i>	<i>Contribution from the institute</i>	<i>Donations received</i>	<i>(Transfers / Payments)</i>	<i>Balance as at 31.12.2014</i>	<i>Balance as at 31.12.2013</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>

**21.3 Capital balances - restricted
scholarship funds**

CA Sri Lanka UK Members' scholarship fund	31	3	-	(2)	32	31
Prof. Y A D S Samaratunga memorial fund	100	-	-	(50)	50	100
Prof. Kodagoda memorial fund	197	-	-	-	197	197
PricewaterhouseCoopers scholarship fund	40	-	-	-	40	40
Ernst & Young scholarship fund	1,018	-	845	(100)	1,763	1,018
Miss. Inoka Gunaratne memorial fund	16	-	-	-	16	16
Pelwatta Sugar Industries Ltd. fund	80	-	-	-	80	80
Members' scholarship fund	747	-	41	(731)	57	747
Dalton Wijeyeratne memorial scholarship fund	6	2	-	-	8	6
	<u>2,235</u>	<u>5</u>	<u>886</u>	<u>(883)</u>	<u>2,243</u>	<u>2,235</u>

	<i>Balance as at 01.01.2014</i>	<i>Contribution from the institute</i>	<i>Donations received</i>	<i>(Payments)</i>	<i>Balance as at 31.12.2014</i>	<i>Balance as at 31.12.2013</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>

**21.4 Income balances - restricted
scholarship funds**

Prof. Y A D S Samaratunga memorial fund	2	6	50	(36)	22	2
Prof. Kodagoda memorial fund	31	18	-	(13)	36	31
PricewaterhouseCoopers scholarship fund	5	4	-	-	9	5
Ernst & Young scholarship fund	121	115	100	(173)	163	121
Miss. Inoka Gunaratne memorial fund	87	7	-	(38)	56	87
Pelwatta Sugar Industries Ltd. fund	360	37	-	-	397	360
Members' scholarship fund	<u>3</u>	<u>51</u>	<u>524</u>	<u>(106)</u>	<u>472</u>	<u>3</u>
	<u>609</u>	<u>238</u>	<u>674</u>	<u>(366)</u>	<u>1,155</u>	<u>609</u>
Total restricted funds	36,009	6,959	39,610	(22,259)	60,319	36,009

21.5 Best annual report competition fund

	<i>Balance as at 01.01.2014</i>	<i>Contribution from the</i>	<i>Donations received</i>	<i>(Reimbursements)</i>	<i>Balance as at 31.12.2014</i>	<i>Balance as at 31.12.2013</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
Deshabandu Albert Page (1992)	679	188	-	(7)	860	679

	<i>Balance 01.01.2014</i>	<i>Contribution from the institute</i>	<i>Donations received</i>	<i>(Reimbursements)</i>	<i>Balance as at 31.12.2014</i>	<i>Balance as at 31.12.2013</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
Late Mr. Cyril Gardiner	136	5,038	-	(19)	5,155	136
Hayleys PLC (1994)	251	70	-	(7)	314	251
Total	<u>1,066</u>	<u>5,296</u>	<u>-</u>	<u>(33)</u>	<u>6,329</u>	<u>1,066</u>

During the year a donation of Rs 5mn was made by Mr. Sanjeev Gardiner to the credit of Late Mr. Cyril Gardiner fund for the awards ceremony and council approved to set aside this amount of Rs. 5mn for the use of advanced technology and future enhancement of the event.

NOTE 22 - ENDOWMENT FUNDS

	<i>Balance as at 01.01.2014</i>	<i>Contribution from the institute</i>	<i>Donations received</i>	<i>(Transfers to income account)</i>	<i>Balance as at 31.12.2014</i>	<i>Balance as at 31.12.2013</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
22.1 Capital balances - prize funds						
CA Sri Lanka President's fund (1992)	25	-	-	-	25	25
B R De Silva memorial fund (1992)	25	-	-	-	25	25
A D B Talwatte fund (1993)	25	-	-	-	25	25
Satchithananda memorial fund (1993)	16	-	-	-	16	16
Kreston MNS fund (1993)	30	-	19	(19)	30	30
Nivard Cabraal fund (1994)	50	-	-	-	50	50
Reyaz Mihular fund (1996)	25	-	-	-	25	25
D R Settinayake memorial fund (1999)	68	-	20	(20)	68	68
ADE de S Wijeyeratne memorial fund (1999)	43	-	200	(200)	43	43
Mohan Abeynaike fund (1999)	25	-	54	(54)	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	-	63	(63)	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	-	20	(20)	51	51
Jayaweera & Co fund (2000)	25	-	41	(41)	25	25
Brito Mutunayagam memorial fund (2003)	129	-	-	-	129	129
Pricewaterhouse Coopers fund (2006)	150	-	-	-	150	150
K G H De Silva Prize fund (2006)	121	-	-	-	121	121
BDO Partners Prize fund (2013)	25	-	-	-	25	25
	<u>1,422</u>	<u>-</u>	<u>417</u>	<u>(417)</u>	<u>1,422</u>	<u>1,422</u>
	<i>Balance as at 01.01.2014</i>	<i>Contribution from the institute</i>	<i>Transfers from Capital Account</i>	<i>(Payments)</i>	<i>Balance as at 31.12.2014</i>	<i>Balance as at 31.12.2013</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
22.2 Income balances - endowment funds						
Prize funds - income balances	187	162	417	(135)	631	187
	<u>187</u>	<u>162</u>	<u>417</u>	<u>(135)</u>	<u>631</u>	<u>187</u>

	<i>Balance 01.01.2014</i>	<i>Contribution from the institute</i>	<i>Transfers from Capital Accounts</i>	<i>(Payments)</i>	<i>Balance as at 31.12.2014</i>	<i>Balance as at 31.12.2013</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
Total endowment funds	<u>1,609</u>	<u>162</u>	<u>834</u>	<u>(552)</u>	<u>2,053</u>	<u>1,609</u>

NOTE 23 - BORROWINGS

	<i>Balance as at 31.12.2014</i>	<i>Balance as at 31.12.2013</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
Payable within one year	896	-
Payable after one year	829	-
	<u>1,725</u>	<u>-</u>

Institute launched the corporate directors' programme as a joint initiative with the Securities Exchange Commission (SEC) during the year, for which the SEC granted an interest free loan payable in four equal payments starting from the second programme.

AS AT

<i>31.12.2014</i>	<i>31.12.2013</i>
<i>Rs. '000</i>	<i>Rs. '000</i>

NOTE 24 - RETIREMENT BENEFIT OBLIGATION

Balance at the beginning of the year	23,018	20,197
Provision made during the year	4,342	5,476
Payments made during the year	(2,919)	(2,655)
Balance at the end of the year	<u>24,441</u>	<u>23,018</u>

NOTE 24.1 - Provision made during the year

Interest cost	2,302	2,020
Current service cost	2,723	2,501
	5,025	4,521
Net actuarial (gain) / loss recognised	(683)	955
Total provision made during the year	<u>4,342</u>	<u>5,476</u>

24.2 Actuarial and Management Consultants (Pvt) Ltd., qualified actuaries carried out an actuarial valuation on the defined benefit plan-gratuity as at 31st December 2014. The assumptions used in determining the cost of retirement benefits are as follows.

	<i>2014</i>	<i>2013</i>
Rate of discount	8% per annum	10% per annum
Rate of Salary Increase	7%	5% - 10%
Retirement Age	55 years	55 years

Sensitivity Analysis to salary escalation rate

	2014	2013
	<i>Increase / (decrease) of defined benefit obligation Rs. 000</i>	<i>Increase / (decrease) of defined benefit obligation Rs. 000</i>
One percentage point increase	623	(474)
One percentage point decrease	(597)	501

Sensitivity Analysis to discount rate

	2014	2013
	<i>Increase / (decrease) of defined benefit Rs. 000</i>	<i>Increase / (decrease) of defined benefit obligation Rs. 000</i>
One percentage point increase	(545)	543
One percentage point decrease	578	(521)

AS AT

31.12.2014
Rs. '00031.12.2013
Rs. '000

NOTE 25 - TRADE AND OTHER PAYABLES

Accrued charges	61,034	57,051
Payables-capital projects	25,318	6,393
Payables on self-study courses & stationery	2,055	851
Miscellaneous payables	171	302
Total	88,578	64,597

NOTE 26 - INCOME TAX LIABILITY

Balance brought forward	-	-
Charge for the year	4,952	1,923
Charge for previous years	2,454	-
Total charge	7,406	1,923
Paid during the year	(2,389)	(1,923)
Balance carried forward	5,017	-

Accounting for withholding tax was changed from cash basis to accrual basis with effect from 2014 due to the investments made in longer term fixed deposits. Had this been accounted for on cash basis withholding tax amount would have been Rs. 2,516,160/-. The effect of change from cash basis to accrual basis resulted in an increase of withholding tax charge for the year by Rs. 2,254,244/-.

NOTE 27 - RECEIPTS IN ADVANCE

Advances received for educational activities	128,281	184,829
Advances received for member subscription and events	13,845	12,327
	142,126	197,156

NOTE 28 - EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

NOTE 29 - CAPITAL COMMITMENTS

Total capital commitment on curriculum project 2015, at the end of the reporting period is Rs.78mn.

NOTE 30 - CONTINGENT LIABILITIES

The Institute has been paying the lease rent as specified by the local authorities. However the lease rent have been recomputed by the local authority and an arrears of Rs. 34 Mn has been claimed in respect of the period 27th April 2007 to 28th April 2015.

As the management of the Institute is confident of receiving a favourable settlement in this regard, the additional lease rent of Rs. 34mn has not been recognized in the Financial Statements.

FOR THE YEAR ENDED 31st DECEMBER

NOTE 31 - RELATED PARTY TRANSACTIONS

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

Payments made during the reporting period

NAME	TRANSACTIONS	2014 Rs. '000	2013 Rs. '000
Mr.T Dharmarajah	Technical activities	69	60
	Educational activities	54	65
	Student registration activities	45	-
Mr. S.M.S.S. Bandara	Educational activities	273	237
	Technical activities	15	10
	Examination activities	202	318
	Lecture fees	223	88
Mr. Heshana Kuruppu	Educational activities	-	71
	Lecture fees	9	45
Mr. Manil Jayasinghe *	Technical activities	13	-
	Examination activities	425	-
Mr. Tishan Subasinghe **	Technical activities	12	-
	Examination activities	37	-

* An amount of Rs.438,500/- which had been paid to Mr. Manil Jayasinghe by the institute in connection with the services rendered during the year was returned to the institute and credited to the Ernst & Young scholarship fund at the request of Mr. Manil Jayasinghe.

** An amount of Rs. 16,000/- which had been paid to Mr. Tishan Subasinghe by the institute in connection with the services rendered during the year was returned to the institute and the same was credited to L.A. Weerasinghe memorial scholarship fund at the request of Mr. Tishan Subasinghe.

Transactions entered in to by the Institute with the audit firms where Council members are key management personnel of those firms.

An amount of Rs.1,283,699/- which had been paid to KPMG, where Mr. Jagath Perera is a key management person and also a member of the Council of the Institute for the outsourcing of the payroll function.

An amount of Rs. 291,360/- has been paid during the year to PricewaterhouseCoopers where Mr.Channa Manoharan is a key management person and also a member of the council of the Institute, in connection with the subsequent modifications and upgradations made to the HRIS.

An amount of Rs.1,300,000 had been received from Ernst & Young as a grant, where Mr.Arjuna Herath and Mr.Manil Jayasinghe are key management personnel and also members of the council of the institute, for the purpose of providing training on Audit tool kit for small and medium practices (SMPs).

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

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

	2014 Rs. '000	2013 Rs. '000
Rent paid to AAT	1,160	1,615
Sponsorships paid to AAT	128	162

NOTE 32 - FINANCIAL RISK MANAGEMENT

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

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

Risk Management Framework

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

1. Credit Risk

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

The fixed deposits are held with the government owned banking Institutions.

Available for sale instruments and repos are held only in government securities

Carrying Value as at 31st December

	2014 Rs. '000	2013 Rs. '000
Held to maturity financial assets	265,936	348,146
Available for sale financial assets	39,916	-
Receivables	46,661	26,064
Repurchase agreements	<u>60,000</u>	<u>18,000</u>
	<u>412,513</u>	<u>392,210</u>

2. Liquidity Risk

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

3. Market Risk

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

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

F.B. LANDER PRIZE FUND

STATEMENT OF FINANCIAL POSITION

AS AT	31.12.2014		31.12.2013	
	Rs.	Rs.	Rs.	Rs.
ASSETS				
Balance at National Savings Bank		641,337		612,557
		641,337		612,557
LIABILITIES				
Capital		13,333		13,333
Income Account				
Balance as at 1st January	599,224		571,742	
Add: Interest for the year	28,780	628,004	27,482	599,224
		641,337		612,557

CYRIL E.BEGBIE MEMORIAL PRIZE FUND

STATEMENT OF FINANCIAL POSITION

AS AT	31.12.2014		31.12.2013	
	Rs.	Rs.	Rs.	Rs.
Balance at National Savings Bank		203,393		194,265
Total		203,393		194,265
LIABILITIES				
Capital		10,000		10,000
Income Account				
Balance as at 1st January	99,265		95,550	
Add: Interest for the year	9,128		8,715	
Less: Prize paid	-		(5,000)	
Balance as at 31st December		108,393		99,265
Creditors - CA Sri Lanka		85,000		85,000
Total		203,393		194,265

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