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The Gazette of the Democratic Socialist Republic of Sri Lanka
EXTRAORDINARY

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PART I : SECTION (I) — GENERAL

Government Notifications

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Financial Statements for the year ended 31 December 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of the Institute of Chartered Accountants of Sri Lanka

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of The Institute of Chartered Accountants of Sri Lanka (the institute), which comprise the Statement of Financial Position as at December 31, 2024, and the Statement of Comprehensive Income, Statement of Changes in Funds and Reserves, and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. I have also audited the statements of Financial Position of F B Lander Prize Fund and Cyril E Begbie Memorial Price Fund as at 31st December 2024.

In my opinion, so far as appears from my examination, the accompanying financial statements give a true and fair view of the financial position of the Institute, F B Lander Prize Fund and Cyril E Begbie Memorial Price Fund as at December 31, 2024 and financial performance of the institute and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.



Basis for Opinion

"I conducted the audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Institute in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

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

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

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

Responsibilities of Management and those who charged with governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Institute's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

"My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit in accordance with SLAuSs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to prove a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, or fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls.

- Obtaining an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion . My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on Other Legal and Regulatory Requirements

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

Colombo,
27th March, 2025.

Ms. M. K. K. KARUNARATNE,
Chartered Accountant.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Statement of Financial Position

<i>As at 31st December</i>	<i>Note</i>	<i>2024 Rs. '000</i>	<i>2023 Rs. '000</i>
Assets			
Non-current assets			
Property, plant and equipment	3	1,299,753	1,299,598
Intangible assets	4	34,427	32,151
Library books	5	2,903	1,254
Loans to staff	6	21,174	10,527
Financial assets at amortised cost	7	2,313,946	1,831,519
Total non-current assets		3,672,203	3,175,049
Current assets			
Inventories	8	28,160	34,702
Receivables	9	324,961	272,072
Loans and advances to staff	6	1,863	8,133
Financial assets at amortised cost	7	122,852	128,360
Cash and cash equivalents	10	209,663	107,044
Total current assets		687,499	550,311
Total assets		4,359,702	3,725,360
Funds and liabilities			
Accumulated fund and reserves			
Accumulated fund		2,831,845	2,299,652
Government grant		699,000	699,000
OCI reserve		1,580	4,027
Designated reserves		56,868	57,767
Total accumulated fund and reserves		3,589,293	3,060,446
Funds and grants			
Designated funds	11	54,777	50,150
Restricted funds and grants	12	64,614	34,259
Endowment funds	13	2,583	2,081
Total funds and grants		121,974	86,490
Non-current liabilities			
Retirement benefit obligation	14	33,371	29,156
Lease liability	15	17,756	35,808
Total non-current liabilities		51,127	64,964
Current liabilities			
Payables and advances received	16	428,815	387,039
Lease liability	15	18,052	24,070
Income tax payable	17	77,809	23,979
Deferred income		72,632	78,372
Total current liabilities		597,308	513,460
Total liabilities		648,435	578,424
Total funds and liabilities		4,359,702	3,725,360

The accounting policies and notes on pages 9A to 43A form an integral part of these financial statements.

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

<Signed>

Nimanthi Gamage
Head of Finance

<Signed>

Lakmali Priyangika
Secretary/Chief Executive Officer

Signed for and on behalf of the Council.

<Signed>

Heshana Kuruppu
President

<Signed>

Tishan Subasinghe
Vice President

Colombo,
27th March, 2025.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Statement of Comprehensive Income

For the Year Ended 31 December

	Note	2024 Rs. '000	2023 Rs. '000
Income	18	1,446,590	1,018,009
Student Learning and Initial professional development		(368,941)	(318,061)
Member/Professional development		(151,664)	(144,118)
Technical Support Services		(46,232)	(43,139)
Employee costs	19	(389,509)	(322,005)
Maintenance of premises	20	(66,386)	(83,749)
Depreciation and amortisation	21	(76,124)	(70,431)
Other operating expenses	22	(95,006)	(71,450)
Operating income / (loss)		252,728	(34,943)
Other operating income	23	3,828	5,369
Net operating income / (loss)		256,556	(29,574)
Income from grants and other restricted funds	12.1	2,000	4,784
Contribution to designated funds	11.1	(19,167)	(17,294)
Contribution to restricted funds and grants	12.1	(7,653)	(4,199)
Contribution to endowment funds	13	(502)	(511)
		(25,322)	(17,220)
Finance income	24.1	429,542	387,032
Finance cost	24.2	(3,738)	(5,410)
Income over expenditure for the year before tax		657,038	334,827
Income tax expense	25	(124,845)	(54,961)
Income over expenditure for the year after tax		532,193	279,866
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on defined benefit obligation	14.1	(2,447)	(8,580)
Total comprehensive income for the year after tax		529,746	271,286

The accounting policies and notes on pages 9A to 43A form an integral part of these financial statements.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Statement of Changes in Funds and Reserves

For the Year Ended 31 December 2024

	<i>Accumulated Fund Rs. '000</i>	<i>Government Grant Rs. '000</i>	<i>OCI Reserve Rs. '000</i>	<i>Designated Reserves Rs. '000</i>	<i>Total Rs. '000</i>
Balance as at 1 January 2023	2,019,786	699,000	12,607	36,343	2,767,736
Income over expenditure for the year after tax	279,866	-	-	-	279,866
Actuarial loss on defined benefit obligation	-	-	(8,580)	-	(8,580)
Designated funds reclassified as reserves	-	-	-	21,424	21,424
Balance as at 31st December 2023	2,299,652	699,000	4,027	57,767	3,060,446
Balance as at 1 January 2024	2,299,652	699,000	4,027	57,767	3,060,446
Income over expenditure for the year after tax	532,193	-	-	-	532,193
Actuarial loss on defined benefit obligation	-	-	(2,447)	-	(2,447)
Paid during the year	-	-	-	(899)	(899)
Balance as at 31 December 2024	2,831,845	699,000	1,580	56,868	3,589,293

The accounting policies and notes on pages 9A to 43A form an integral part of these financial statements.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Statement of Cash Flows

For the year ended 31 December

	Note	2024 Rs.'000	2023 Rs.'000
Cash flows from operating activities			
Income over expenditure for the year before tax		657,038	334,827
Adjustments for;			
Depreciation and amortisation	5&21	77,389	71,203
Reimbursements and amortisation of restricted funds and grants	12.1	(5,208)	(4,784)
Contribution to designated funds	11.1	19,167	17,294
Contribution to restricted funds and grants	12.1	7,653	4,199
Contribution to endowment funds	13	502	511
Provision for defined benefit plan	14.1	7,741	6,954
Provisions for impairments	9	41,960	-
Profit on disposal of property, plant and equipment	23	(103)	-
Amortisation of prepaid staff cost	19	2,440	(173)
Finance income	24.1	(429,542)	(387,032)
Finance cost	24.2	3,738	5,410
Operating income over expenditure before working capital changes		382,775	48,410
(Increase) / decrease in inventory	8	6,542	13,634
(Increase) / decrease in receivables	9	(94,849)	(36,358)
(Increase) / decrease in loans and advances to staff	6	(4,377)	2,448
Increase / (decrease) in payables and advances received	16	41,776	7,349
Increase / (decrease) in deferred income		(5,740)	26,984
Cash generated from operations		326,127	62,466
Tax paid	17	(71,014)	(47,753)
Gratuity paid	14	(5,973)	(11,452)
Rent paid		(24,117)	(29,442)
Net cash inflow /(used in) from operating activities		225,024	(26,181)
Cash flows from/ (used in) investing activities			
Acquisition of property, plant and equipment and library books	3 & 5	(74,340)	(84,415)
Sales proceeds property, plant and equipment		121	-
Acquisition of intangible assets	4	(11,510)	(7,808)
Investments in financial assets at amortised cost		(483,438)	(349,644)
Maturity proceeds received from financial assets at amortised cost		75,313	124,644
Finance income received		358,079	327,971
Net cash flow from investing activities		(135,775)	10,748
Cash flows from / (used in) financing activities			
Receipts to restricted funds and grants	12.1	34,053	36,053
Payments made from designated funds	11.1	(14,539)	(13,420)
Payments made from restricted funds	12.1	(6,144)	(26,237)
Net cash flow used in financing activities		13,370	(3,604)
Net increase/decrease) in cash and cash equivalents		102,619	(19,037)

For the year ended 31 December

	Note	2024 Rs.'000	2023 Rs.'000
Cash and cash equivalents at the beginning of the year		107,044	126,081
Cash and cash equivalents at the end of the year	10	209,663	107,044

The accounting policies and notes on pages 9A to 43A form an integral part of these financial statements.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes To The Financial Statements

For the Year Ended 31st December 2024

1. General Information

1.1 Legal and Domicile Form

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

1.2 Principal Activities and Nature of Operations

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

1.3 Going Concern

The Council of the Institute has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue its operations in the foreseeable future. Furthermore, the council is not aware of any material uncertainties that may cast significant doubt upon the ability of the Institute to continue as a going concern. Therefore, the Financial Statements of the Institute continued to be prepared on a going concern basis.

1.4 Financial Period

The financial period of the Institute represents a twelve-month period from 1st January 2024 to 31st December 2024.

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

APFASL has been set up jointly with the Institute of Public Finance and Development Accountancy (IPFDA) and The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) in 2012, to enhance the capacity of public sector financial management professionals. Both CA Sri Lanka and IPFDA have equally contributed Rs. 10mn as initial investment for this project. In terms of paragraph 5.9 of the Articles of Constitution of APFASL, on the occasion of dissolution, the fund will either be spent for collective welfare purposes or be granted towards any good cause as the general membership feels best.

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

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

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

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

1.6 Basis of Preparation of Financial Statements

1.6.1 Statement of Compliance

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

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

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

1.6.2 Basis of Measurement

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

1.6.3 Comparative Information

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

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

1.6.4 Responsibility and Approval of Financial Statements

The Council of The Institute of Chartered Accountants of Sri Lanka acknowledges their responsibility for the financial statements and financial statements were approved and authorised for issue by the Council at the meeting held on 27 March 2025.

1.6.5 Materiality and Aggregation

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

1.6.6 Functional and Presentation Currency

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

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

1.7 Significant Accounting Estimates and Judgments

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

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

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

a) Defined Benefit Plans

The cost of the defined benefit plan of employees is determined using Projected Unit Credit (PUC) method. Such method involves use of assumptions concerning the discount rate & future rate of salary increments. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty.

a) Estimating the Incremental Borrowing Rate

As the Institute cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure the lease liabilities. IBR is a rate of interest that a lessee would have to pay to borrow similar facility from a financial institution.

c) Changes in Accounting Estimates and Judgments

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

2. Summary of Significant Accounting Policies

2.1 Assets and the Bases of Their Valuation

2.1.1 Property, Plant and Equipment

(a) Basis of Recognition and Measurement

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

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

(b) Depreciation

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

The estimated useful lives of assets are as follows:

<i>Asset Category</i>	<i>Useful Life</i>
	(Years)
Buildings	50
Furniture, Fittings and Fixtures	5- 10
Plant and Machinery	5-10
Motor vehicles	10
Computers	5

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

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

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

(c) Right of Use Assets and Lease Liabilities

The Institute recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The estimated useful lives of right of use assets are as follows:

<i>Asset Category</i>	<i>Useful Life</i>
	(Years)
Right of use asset	10
Improvements to Right of use asset	10

Depreciation of improvement to right of use asset is calculated based on the remaining lease period.

At the commencement date of the lease the Institute recognises lease liability measured at the present value of the lease payments to be made over the lease term, the lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Institute and payments of penalties for terminating the lease, if the lease term reflects the Institute exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Institute uses its incremental borrowing rate at the lease commencement date as the discount rate, because the interest rate implicit in the lease is not readily determinable. The Institute determines its incremental borrowing rate by obtaining interest rates from the Institute's internal records. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(d) Derecognition

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

2.1.2 Library Books

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

2.1.3 Capital Work-In-Progress

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

2.1.4 Intangible Assets

(a) Computer Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use. These costs are amortised over their estimated useful life of five to ten (5-10) years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Costs recognized as intangible assets are amortised over their estimated useful lives, which do not exceed ten (10) years. Costs relating to development of software are carried in capital work in progress until the software is ready for use.

(b) Study Material

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

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

2.1.5 Inventories

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

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

2.1.6 Impairment of Non-Financial Assets

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

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

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

2.1.7 Financial Assets - Initial Recognition and Measurement

(a) Financial Assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Institute's business model for managing them. With the exception

of trade receivables that do not contain significant financing components for which the Institute has applied the practical expedient, the Institute initially measures financial assets at their fair value plus transaction costs. Trade receivables that do not contain a significant financing component for which the Institute has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

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

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

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

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

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

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

2.1.8 Derecognition of Financial Assets

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

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

When the Institute has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Institute continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Institute also 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.

2.1.9 Impairment of Financial Assets

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

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

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

A provision is made for all receivables outstanding for more than 365 days, considering recoverability. Government-backed student loan debts are excluded from provisioning since guarantees exist. Write-offs are recognized when debt is deemed irrecoverable.

2.1.10 Reclassification

Financial assets are measured at amortised cost as the management intends to hold these instruments to collect the contractual cash flows upon completion of the Solely Payments of Principal and Interest (SPPI) test and evaluating the historical data. As of 1st January 2018, the Institute has elected the business model of hold to collect the contractual cash flows and measured the instruments at amortized cost.

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

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

2.1.11 Financial Liabilities

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. The Institute does not have financial liabilities other than payables for the year ended 31st December 2024.

2.1.12 Cash and Cash Equivalents

The Institute considers cash in hand as amounts due from banks and short-term deposits with an original maturity of three months or less to be "Cash and cash equivalents".

Cash and cash equivalents comprise cash in hand, cash at bank, deposits at bank and repurchase agreements. Bank overdraft is included as a component of cash and cash equivalents for the purpose of the statement of cash flows, which has been prepared using the 'indirect method'.

2.2 Liabilities and Provisions

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

2.2.1 Deferred Income

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

2.2.2 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.

2.2.3 Employee Benefits

(a) Employee Defined Benefit Plan - Gratuity

Defined benefit plan is a post-employment benefit plan, other than a defined contribution plan. The defined benefit is calculated by an independent actuary using Projected Unit Credit (PUC) method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions about discount rate, future salary increments and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. Accordingly, the employee benefit liability is based on the actuarial valuation as of 31 December 2024. The Institute's accounting policy for gratuity is to recognise actuarial gains and losses in the period in which they occur in full in the statement of other comprehensive income.

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

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

2.2.4 Taxation

a) Income Tax

The provision for current taxation has been computed in accordance with the Inland Revenue Act, No. 24 of 2017 and as amended subsequently by Inland Revenue (Amendment) Act, No. 45 of 2022.

(b) Deferred Taxation

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

2.2.5 Translation of Foreign Currency Transactions

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

2.3 Accounting for the Receipt and Utilization of Funds, Grants and Reserves

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

2.3.1 Unrestricted Funds

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

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

Designated Funds

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

(a) Funds

<i>Name of the Designated Fund</i>	<i>Purpose</i>
Needy Students' Scholarship Fund	
L. A. Weerasinghe Memorial Needy Scholarship Fund	Help deserving and promising CA Sri Lanka students
Merit Scholarship Funds	
❖ General Fund ❖ CA Sri Lanka Scholarship Funds <ul style="list-style-type: none"> • District 1st Scholarship Fund • A/L Top 10 Scholarship Fund • Children of staff members' Scholarship Fund • Inter-school Commerce competition Scholarship Fund • National Conference Scholarship Fund • CA Talent Scholarship Fund • Top achievers at A/L tutorial Scholarship Fund 	Help deserving and promising students who have shown exceptional performance at CA Sri Lanka examinations and undergoing Business level training.

<i>Name of the Designated Fund</i>	<i>Purpose</i>
Other Funds	
Faculty of Taxation Fund	Development of the tax profession
Faculty of Auditing Fund	Development of the auditing profession
Publication Fund	Development of publications
Urgent Issues Task Force Fund	Interpretation of accounting issues

2.3.2 Restricted Funds

Where grants / donations are received for use in an identified project or activity, such funds are held in a restricted fund account and transferred to the statement of comprehensive income to match with expenses incurred in respect of that identified project. Unutilized 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 recognized through receivables in the statement of financial position.

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

<i>Name of the Restricted Fund</i>	<i>Purpose</i>
Needy Students' Scholarship Funds	
❖ CA Sri Lanka UK Members' Scholarship Fund	
❖ Dalton Wijeyeratne Memorial Scholarship Fund	
❖ Prof. Y.A.D.S. Samaratunga Memorial Fund	
❖ Prof. Kodagoda Memorial Fund	
❖ Members' Scholarship Fund	
❖ Price water house Coopers Scholarship Fund	
❖ Mr. Sanjaya Bandara Scholarship Fund	
❖ Mr. Chandradasa Liyanage Scholarship Fund	
❖ Mr. A.L.B. Brito Mutunayagam Memorial Scholarship Fund	
❖ Pelwatta Sugar Industries Ltd Fund	
❖ CA Qatar Chapter Scholarship Fund	
❖ Bahrain Chapter Scholarship Fund	
❖ UAE Chapter - Scholarship Fund	
❖ ICAEW Foundation Bursary Scholarship Fund	
❖ Ernst & Young scholarship Fund	Institute is the administrator of the scholarships granted to Audit trainees

<i>Name of the Restricted Fund</i>	<i>Purpose</i>
❖ Ms. Inoka Gunaratne Memorial Fund	Help deserving and promising students to realize their future ambition of becoming a Chartered Accountant
❖ Benevolent Society Scholarship Fund	
❖ Australian Chapter Fund	
❖ Herman Amarasekera Scholarship Fund	
❖ Devika Jayawardene Scholarship Fund	
Grants	
Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) Grant	Promulgating accounting and auditing standards

Other Restricted Funds	
Best Annual Report Competition Fund	
<ul style="list-style-type: none"> ❖ Deshabandu Albert Page ❖ Late Mr. Cyril Gardiner ❖ Hayleys PLC 	<p>To encourage excellence in the presentation of information in annual reports. Awards are presented to the winners annually. Categories under which the awards are presented are as follows:</p> <ul style="list-style-type: none"> • Overall and Sector Awards (Gold, Silver, Bronze) Special Awards • Corporate Governance Disclosure Award (Gold, Silver, Bronze) <ul style="list-style-type: none"> • Financial services • Non-financial services • Sustainability Reporting Award (Gold, Silver, Bronze) • Integrated Reporting Award (Gold, Silver, Bronze) • Digitally Transformative Reporting • In addition, the certificate of Compliance (for those who do not secure gold, silver or bronze in a sector but are within the criteria) and Certificate of Recognition for those who do not secure gold, silver or bronze under special awards category are awarded. All the applicants who fulfill the TAGS criterial are entitled to the Compliance badge which they can display on the company page of the Colombo Stock Exchange (CSE) or can be used as a marketing tool.

2.3.3 Endowment Funds

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

Investment income and other gains realized 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 Fund</i>	<i>Purpose</i>
<i>Prize Funds</i>	
<ul style="list-style-type: none"> • CA Sri Lanka President's Fund • B R De Silva Memorial Fund • A D B Talwatte Fund • Satchithananda Memorial Fund • Kreston MNS Fund • Nivard Cabraal Fund • Reyaz Mihular Fund • D R Settinayake Memorial Fund • A D E De S Wijeyeratne Memorial Fund • Mohan Abeynaikie Fund • KPMG Fund • Ernst & Young Fund • SJMS Associates Fund • Sunil Piyawardena & Co. Fund • Lal Nanayakkara & Co. Fund • G C B Wijeyesinghe Memorial Fund • Nihal Hettiarachchi Fund • Jayaweera & Co. Fund • Brito Mutunayagam Memorial Fund • PricewaterhouseCoopers Fund • K G H De Silva Prize Fund • BDO Partners Prize Fund 	Awarding subject prizes and merit prizes for the best performance of each examination.

The Institute's policies regarding the endowment funds are:

i. Investment Policy:

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

ii. Withdrawal Policy:

Withdrawals are not made other than at maturity. Any early withdrawal requires the approval of the F&A committee and Council.

iii. Fund Usage Policy:

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

2.3.4 Grants

2.3.4.1 Land Received as a Government Grant:

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

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

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

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.

2.3.4.2 Revenue Grants

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

2.4 Statement of Comprehensive Income

2.4.1 Income Recognition

(a) Income

The sources of revenue of CA Sri Lanka are recognised as per SLFRS 15 on “Revenue from contracts with customers”. Accordingly, SLFRS 15 establishes five step model to account for revenue recognition at an amount that reflect the consideration where CA Sri Lanka expects to provide services to its stakeholders.

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

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

	<i>Revenue Source</i>	<i>Recognition of Revenue</i>
01.	Enrolments	Fees received in connection with enrolments to CA, Degree, or another program as a student; CBA, CCA, ACA, FCA, or other membership, certificate to practice, training and learning partners are recognised at the point in time where the approval of the Council is granted, and payment is due on such applications as the performance obligation to stakeholder service is established.
02.	Subscriptions and annual renewals	<p>The annual subscription applicable for the financial period that is charged from members and students is recognised over time since the performance obligation satisfied over the financial period in which the subscription is due. The subscription charged relating to future periods are shown in the statement of financial position as fees received in advance under current liabilities.</p> <p>Annual renewal charges from training partners and teaching colleges are recognised as income as and when the approval is granted by the Council. Which is deemed to be delivery of service at the point of time.</p>

	<i>Revenue Source</i>	<i>Recognition of Revenue</i>
03.	Examinations	Fees on examinations are recognised as income upon satisfactory execution of the performance obligation in the generation of admission.
04.	Income from supply of educational materials	Sale proceeds of the supplies of educational materials are recognised as an income at the point in time of dispatch or sale has occurred.
05.	Income from courses-	Income from courses except the general examinations are recognised as income on periodic basis over time. Income from courses relate to future periods are shown in the Statement of Financial Position as deferred income under current liabilities.
06.	Income from Seminar and Workshops	Income from seminars, workshops, conference and other continuous professional development activities are recognised at the point in time upon register and collect on the payment for the event.
07.	Arrears, penalties and fines	Arrears, penalties and fines in connection with the payments received after the due date are recognised upon receipt of income. Therefore, revenue is recognised at point in time.
08.	Income from training agreements of CA students	Income arising from training agreements with students is recognised on periodic basis over time from registration to completion of training agreement.

(b) Other Income

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

<i>No.</i>	<i>Source of Other Income</i>	<i>Accounting Treatment</i>
01.	Income from Hire of Halls	Income from hire of halls is recognised on accrual basis.
02.	Sponsorships and Contributions	Income from sponsorships and contributions is recognised on accrual basis.
03.	Gains/Losses on Sale of Property, Plant and Equipment	Net gains and losses on the disposal of property, plant and equipment are recognised in the statement of comprehensive income after deducting from the proceeds on disposal, the carrying value of the item disposed of and any related selling expenses. In the case of any revalued asset, any balance remaining in the revaluation reserve account is transferred to the statement of comprehensive income at the time of disposal of the assets.
04.	Miscellaneous Income	Any other income not specified above is recognised on accrual basis.

(c) Restricted Contributions / Income

Restricted contributions are provided based on agreements, contracts or other understanding, where the conditions for receipt of the funds are linked to a performance of a service or other process. The

Institute earns the contribution through compliance with the conditions that have been laid down and meeting the envisaged obligations. Income is not recognised in the statement of comprehensive income, until there is reasonable assurance that the contribution will be received, and the conditions stipulated for its receipt have been complied with and the relevant expenses that it is expected to compensate has been incurred and charged to the statement of comprehensive income. Receipt of the funds does not by itself provide conclusive evidence that the conditions attached to the contribution have been or will be fulfilled. Until the conditions have been fulfilled, the contribution is regarded as part of restricted funds.

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

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

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

The accounting treatments laid down above are in compliance with Conceptual Framework.

(d) Finance Income:

Finance income comprises of Interest income which has been recognised using effective interest rate method (EIR) according to SLFRS 09 Financial Instruments.

2.4.2 Expenditure Recognition

Expenses in carrying out 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.

Expenses are presented in the statement of comprehensive income using Nature of Expenses method.

(a) Project Expenses

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

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

(b) Operational Expense

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

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

(c) Finance Expense

Finance expenses are recognised on an accrual basis when they are paid or create liabilities.

2.5 Statement of Cash Flows

The statement of cash flows has been prepared by using the 'Indirect Method' of preparing of cash flows in accordance with Sri Lanka Accounting Standard- LKAS 7 on 'Statement of Cash Flows'. Cash and cash equivalents as referred to in the Statement of Cash Flows are comprised of those items as explained in Note 10.

2.6 Capital Commitments and Contingencies

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

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

2.7 Events After the Reporting Period

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

2.8 Amendments to Accounting Standards issued but not yet effective

- SLFRS 17-Insurance contracts
- Amendments to SLFRS 17

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (Contd.)

3 - Property, plant and equipment

Cost

	<i>Land Rs.'000</i>	<i>Buildings Rs.'000</i>	<i>Right of use asset Rs.'000</i>	<i>Improvements to right of use asset Rs.'000</i>	<i>Furniture, fixtures and fittings Rs.'000</i>	<i>Plant and machinery Rs.'000</i>	<i>Motor vehicles Rs.'000</i>	<i>Computers, servers & IT equipment Rs.'000</i>	<i>Capital Work In Progress Rs.'000</i>	<i>Total Rs.'000</i>
Balance as at 1 January 2023	699,000	508,978	106,373	69,126	128,359	155,325	12,282	109,837	-	1,789,280
Additions	-	470	-	-	45,673	1,679	-	29,880	5,803	83,505
Disposals/ Transfers	-	-	-	-	(151)	-	-	-	-	(151)
Balance as at 31 December 2023	699,000	509,448	106,373	69,126	173,881	157,004	12,282	139,717	5,803	1,872,634
Additions	-	16,842	-	-	15,944	11,432	-	31,287	-	75,505
Disposals/ Transfers	-	-	(1,408)	(2,955)	(1,038)	(39)	-	(5,442)	(4,079)	(14,961)
Balance as at 31 December 2024	699,000	526,290	104,965	66,171	188,787	168,397	12,282	165,562	1,724	1,933,178

Accumulated Depreciation

	<i>Land Rs.'000</i>	<i>Buildings Rs.'000</i>	<i>Right of use asset Rs.'000</i>	<i>Improvements to right of use asset Rs.'000</i>	<i>Furniture, fixtures and fittings Rs.'000</i>	<i>Plant and machinery Rs.'000</i>	<i>Motor vehicles Rs.'000</i>	<i>Computers, servers & IT equipment Rs.'000</i>	<i>Capital Work In Progress Rs.'000</i>	<i>Total Rs.'000</i>
Balance as at 1 January 2023	-	180,074	24,061	6,467	88,056	134,936	12,246	66,046	-	511,886
Depreciation charge for the year	-	7,930	9,878	7,529	15,522	5,233	15	15,194	-	61,301
Depreciation on Disposals	-	-	-	-	(151)	-	-	-	-	(151)
Balance as at 31 December 2023	-	188,004	33,939	13,996	103,427	140,169	12,261	81,240	-	573,036
Depreciation charge for the year	-	8,263	8,870	6,347	15,535	6,082	15	21,778	-	66,890
Depreciation on Disposals	-	-	-	-	(1,020)	(39)	-	(5,442)	-	(6,501)
Balance as at 31 December 2024	-	196,267	42,809	20,343	117,942	146,212	12,276	97,576	-	633,425

Carrying amounts										
As at 31 December 2024	699,000	330,023	62,156	45,828	70,845	22,185	6	67,986	1,724	1,299,753
As at 31 December 2023	699,000	321,444	72,434	55,130	70,454	16,835	21	58,477	5,803	1,299,598

3.1 Title Restrictions on Property Plant & Equipment

The land on which the Institute's buildings are situated is a conditional government grant to the Institute. This land, which is situated at 30A, Malalasekara Mawatha, Colombo 07 with a land extent of 174.76 perches has been valued by the Government Chief Valuer on 17 March 2017, at a value of Rs. 699Mn.

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

3.2 Right of use asset

The SAB Campus building which is on lease has been categorised as Right of use asset.

3.3 Fully depreciated property, plant and equipment at cost

As at 31 December	2024	2023
	Rs. '000	Rs. '000
Buildings	104,940	16,938
Furniture, fixtures and fittings	79,073	61,970
Plant and machinery	125,608	125,547
Motor vehicles	12,121	12,121
Computers, Servers and IT equipment	46,893	46,253
Total	368,635	262,829

3.4 Impairment of property, plant and equipment

The Management has assessed the potential impairment loss of property, plant and equipment as at 31 December 2024. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date in respect of property, plant and equipment.

3.5 Property, plant and equipment pledged as security

There were no items of property, plant and equipment pledged as securities for liabilities as at the reporting date.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (Contd.)

4 - Intangible assets

Cost

	<i>Software Rs.'000</i>	<i>Software licences Rs.'000</i>	<i>Study material development Rs.'000</i>	<i>Work-in-progress projects Rs.'000</i>	<i>Total Rs.'000</i>
Balance as at 1 January 2023	51,875	9,406	186,669	6,171	254,121
Additions	615	-	585	6,608	7,808
Capitalised during the year	-	-	5,000	(5,000)	-
Balance as at 31 December 2023	52,490	9,406	192,254	7,779	261,929
Additions	376	-	-	11,134	11,510
Balance as at 31 December 2024	52,866	9,406	192,254	18,913	273,439

Amortisation

	<i>Software Rs.'000</i>	<i>Software licences Rs.'000</i>	<i>Study material development Rs.'000</i>	<i>Work-in-progress projects Rs.'000</i>	<i>Total Rs.'000</i>
Balance as at 1 January 2023	31,579	8,702	180,367	-	220,648
Amortisation for the year	5,959	692	2,479	-	9,130
Balance as at 31 December 2023	37,538	9,394	182,846	-	229,778
Amortisation for the year	5,910	12	3,312	-	9,234
Balance as at 31 December 2024	43,448	9,406	186,158	-	239,012

Carrying amounts

As at 31 December 2024	9,418	0	6,096	18,913	34,427
As at 31 December 2023	14,952	12	9,408	7,779	32,151

4.1 Impairment of intangible assets

The Management has assessed the potential impairment loss of intangible assets as at 31st December, 2024. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date in respect of intangible assets.

4.2 Intangible assets pledged as security

There were no items of intangible assets pledged as securities for liabilities as at the reporting date.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (Contd.)

4.3 Title restriction on intangible assets

There are no restrictions that existed on the title of the intangible assets of the Institute as at the reporting date.

5 - Library books

<i>As at 31 December</i>	<i>2024</i>	<i>2023</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
Balance at the beginning of the year	1,254	1,116
Additions /Adjustments	2,914	910
Depreciation	(1,265)	(772)
Balance at the end of the year	2,903	1,254

6 - Loans and advances to staff

<i>As at 31 December</i>	<i>2024</i>	<i>2023</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
Receivable within one year	1,863	8,133
Receivable after one year	21,174	10,527
Total	23,037	18,660

7 - Financial assets at amortised cost

<i>As at 31 December</i>	<i>2024</i>	<i>2023</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
Maturity within one year - Fixed Deposits	122,852	128,360
	122,852	128,360
Maturity after one year - Fixed Deposits	150,000	150,000
- Bonds	2,163,946	1,681,519
	2,313,946	1,831,519
Total	2,436,798	1,959,879

<i>As at 31 December</i>	<i>2024</i>		<i>2023</i>	
	<i>Carrying Value Rs. '000</i>	<i>Fair Value Rs. '000</i>	<i>Carrying Value Rs. '000</i>	<i>Fair Value Rs. '000</i>
Fixed Deposits	150,000	150,000	150,000	150,000
Treasury Bonds	2,163,946	2,633,796	1,681,519	2,039,968
Total	2,313,946	2,783,796	1,831,519	2,189,968

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (Contd.)

Fixed deposits have been placed in a state owned bank .

7.1 Refer Note 31 in page 41A for Risk management disclosures and maturity analysis of the financial assets.

8 - Inventories

<i>As at 31 December</i>	<i>2024 Rs. '000</i>	<i>2023 Rs. '000</i>
Study packs and study materials	11,107	10,474
Publications	6,766	6,450
Stationery, consumables and others	10,287	17,778
Total	28,160	34,702

9 - Receivables

<i>As at 31 December</i>	<i>2024 Rs. '000</i>	<i>2023 Rs. '000</i>
Receivables	288,027	207,412
Less: Provisions for impairments	(54,191)	(12,231)
Receivables net of Provision	233,836	195,181
Other Receivables	27,346	27,579
Deposits and prepayments	37,279	30,095
Prepaid staff cost	6,908	5,890
Advances	19,592	13,327
Total	324,961	272,072

10 - Cash and cash equivalents

<i>As at 31 December</i>	<i>2024 Rs. '000</i>	<i>2023 Rs. '000</i>
Favourable balances		
Treasury bill repurchase agreements	155,235	49,017
Cash at bank	67,778	68,299
Cash in hand	294	273
Bank overdrafts in Cashbook	(13,644)	(10,545)
Total cash and cash equivalents for the purpose of statement of cash flows	209,663	107,044

Unfavorable cash book balance, arising from unpresented cheques, are reclassified as Bank overdrafts in Cashbook and presented under favourable balances of cash and cash equivalent.

Repo investments which fall under government securities are backed by treasury bills and bonds which are provided as collateral.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (Contd.)

11 - Designated funds

11.1 Summary

Note	Balance as at 1.1.2024 Rs. '000	Contribution from the Institute Rs. '000	(Payments) Rs. '000	Balance as at 31.12.2024 Rs. '000	Balance as at 31.12.2023 Rs. '000
Designated scholarship funds	45,997	18,492	(14,539)	49,949	45,997
Other designated funds	4,153	675		4,828	4,153
Total designated funds	50,150	19,167	(14,539)	54,777	50,150

11.2 Designated scholarship funds

L A Weerasinghe memorial needy scholarship fund	5,184	3,919	(2,238)	6,865	5,184
Merit scholarship fund	534	8,561	(5,840)	3,254	534
CA Sri Lanka scholarship funds *	40,279	6,012	(6,461)	39,830	40,279
Total designated scholarship funds	45,997	18,492	(14,539)	49,949	45,997

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

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (Contd.)

11.3 Other designated funds

Faculty of Taxation fund				
	Balance as at 1.1.2024	Contribution from the Institute	Balance as at 31.12.2024	Balance as at 31.12.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Faculty of Auditing fund	1,268	206	1,474	1,268
Publication fund	1,223	199	1,422	1,223
	793	129	922	793
Urgent Issues Task Force fund	869	141	1,010	869
Total other designated funds	4,153	675	4,828	4,153

12 - Restricted funds and grants

12.1 Summary

Note	Balance as at 1.1.2024	Transfers to funds	Grants/ Donations received	(Reimbursements)	(Payments)	Balance as at 31.12.2024	Balance as at 31.12.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Grants	46	7	2,000	(2,000)	-	53	46
Other restricted funds	12,636	2,050		(3,208)	-	11,478	12,636
Restricted scholarship funds	21,577	5,596	32,053	-	(6,144)	53,082	21,577
Total restricted funds and grants	34,259	7,653	34,053	(5,208)	(6,144)	64,614	34,259

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (Contd.)

Note	Balance as at 1.1.2024	Contribution from the Institute	Grants received	(Reimbursements)	Balance as at 31.12.2024	Balance as at 31.12.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
12.2 Grants						
Ernst & Young SME grant	46	7	-	-	53	46
Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) grant	-	-	2,000	(2,000)	-	-
Total grants	46	7	2,000	(2,000)	53	46

12.2.1 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).

12.2.2 SLAASMB Grant : During the year Rs. 2Mn grant has been received from Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) for the development of accounting and auditing standards, which was utilised in full for the said purpose.

	Balance as at 1.1.2024	Contribution from the Institute	(Reimbursements)	Balance as at 31.12.2024	Balance as at 31.12.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Best annual report competition fund (Note 12.3.1)	11,996	1,946	(3,208)	10,734	11,996
Mr. Chandra Jayarathne Good Governance Research Fund	640	104	-	744	640
Total other restricted funds	12,636	2,050	(3,208)	11,478	12,636

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (Contd.)

12.3.1 Best annual report competition fund

	Balance as at 1.1.2024	Contribution from the Institute	(Reimbursements)	Balance as at 31.12.2024	Balance as at 31.12.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deshabandu Albert Page (1992)	1,770	287		2,057	1,770
Late Mr. Cyril Gardiner (1992)	9,621	1,561	(3,208)	7,974	9,621
Hayleys PLC (1994)	605	98		703	605
Total	11,996	1,946	(3,208)	10,734	11,996

	Balance as at 1.1.2024	Contribution from the Institute	Donations / Receipts	Balance as at 31.12.2024	Balance as at 31.12.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000

12.4 Restricted scholarship funds

CA Sri Lanka UK Members' scholarship fund	78	12	-	90	78
Prof. Y A D S Samarasinghe memorial fund	170	27	-	197	170
Prof. Kodagoda memorial fund	42	7	-	49	42
Pricewaterhouse Coopers scholarship fund	95	16	-	111	95
Ernst & Young scholarship fund	7,072	1,793	(268)	8,597	7,072
Miss. Inoka Gunaratne memorial fund	122	20	-	142	122
Pelwatta Sugar Industries Ltd. fund	580	94	-	674	580
Members' scholarship fund	2,188	355	-	2,543	2,188
Dalton Wijeyeratne memorial scholarship fund	17	3	-	20	17
Mr. Sanjaya Bandara scholarship fund	127	21	-	148	127

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (Contd.)

Mr. Chandradasa Liyanage scholarship fund	502	82	-	-	584	502
A.L.B.Brito Mutunayagam memorial scholarship fund	125	20	-	-	145	125
Herman Amarasekera scholarship fund			10,000		10,000	
Devika Jayawardene scholarship fund			1,000		1,000	
CA Qatar Chapter scholarship fund	1,620	458	-	(255)	1,822	1,620
Bahrain Chapter scholarship fund	2,000	325	-	-	2,325	2,000
UAE Chapter - scholarship fund	813	132	-	-	945	813
Australian Chapter Fund		24	638	(344)	318	
ICAEW Foundation Bursary scholarship fund	6,028	2,207	20,415	(5,277)	23,373	6,028
Total restricted scholarship funds	21,577	5,596	32,053	(6,144)	53,082	21,577

13 - Endowment funds

	Balance as at 1.1.2024	Contribution from the Institute	Balance as at 31.12.2024	Balance as at 31.12.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Capital balances - prize funds	1,392	-	1,392	1,392
Income balances - prize funds	689	502	1,191	689
Total endowment funds	2,081	502	2,583	2,081

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (Contd.)

14 - Retirement benefit obligation

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Balance at the beginning of the year		29,156	25,074
Provision made during the year	14.1	10,188	15,534
Payments made during the year		(5,973)	(11,452)
Balance at the end of the year		33,371	29,156

14.1 - Provision made during the year

Interest cost	3,790	4,764
Current service cost	3,951	2,190
	7,741	6,954
Net actuarial loss/(gain) recognised in Other Comprehensive Income	2,447	8,580
Total provision made during the year	10,188	15,534

Under the Gratuity Act No.12 of 1983, gratuity liability arises only upon an employee completing a continuous service of five years.

14.2 Principal actuarial assumptions used

Actuarial and Management Consultants (Pvt) Ltd., qualified actuaries carried out an actuarial valuation on the defined benefit plan-gratuity as at 31 December 2024. The assumptions used in determining the cost of retirement benefits are as follows,

Assumption	2024	2023
Discount interest rate *	10% per annum	13% per annum
Staff turnover rate	23% per annum	20% per annum
Salary increment rate	8.0%	10.0%
Retirement age	60 years	60 years

* In the absence of a deep market in long term bonds in Sri Lanka, a long term interest rate of 10% p.a (2023 - 13% p.a) has been used to discount future liabilities considering anticipated long term rate of inflation.

14.3 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions used with all other variables held constant in the retirement benefit obligation measurement.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (Contd.)

<i>As at 31st December</i>	<i>2024</i>	<i>2023</i>
<i>Assumption</i>	<i>Increase / (decrease) of defined benefit obligation Rs. '000</i>	<i>Increase / (decrease) of defined benefit obligation Rs. '000</i>
Sensitivity analysis to discount rate		
1% increase in discount rate	(1,195)	(1,192)
1% decrease in discount rate	1,281	1,076
Sensitivity analysis to salary escalation rate		
1% increase in salary escalation rate	1,365	1,158
1% decrease in salary escalation rate	(1,294)	(1,286)

14.4 Maturity Profile of the defined benefit obligation

<i>Future working life time</i>	<i>Defined benefit obligation</i>	
<i>As at 31 December</i>	<i>2024 Rs. '000</i>	<i>2023 Rs. '000</i>
Within next 12 months	5,916	5,245
Between 1 to 5 years	16,575	13,778
Between 5 to 10 years	9,188	7,908
Beyond 10 years	1,692	2,225
Total	33,371	29,156

Weighted Average duration of Defined Benefit Obligation is 4 years (2023 - 4 years).

15 - Lease liability

<i>As at 31 December</i>	<i>2024 Rs. '000</i>	<i>2023 Rs. '000</i>
Payable within one year	18,052	24,070
Payable after one year	17,756	35,808
Total	35,808	59,878

16 - Payables and advances received

<i>As at 31 December</i>	<i>2024 Rs. '000</i>	<i>2023 Rs. '000</i>
Accrued charges	100,201	94,938
Payables	41,350	50,662
Refundable deposits	50	50
Advances received	287,214	241,389
Total	428,815	387,039

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (*Contd.*)

17 - Income tax payable

<i>As at 31 December</i>		<i>2024</i>	<i>2023</i>
	<i>Note</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
Balance brought forward		24,937	18,291
Tax provision for previous years		29,314	
Charge for the period	25	95,530	54,961
Total payable		149,781	73,253
 Tax paid during the year		(70,325)	(47,753)
WHT paid		(689)	(563)
Income tax payable		78,767	24,937
 Income tax receivable		(958)	(958)
Net income tax payable		77,809	23,979

Note 18 - Income

	<i>2024</i>	<i>2023</i>
<i>For the year ended 31 December</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
Performance by activity		
Learning and professional development	1,085,561	747,301
Continuous professional development and member related activities	278,296	214,633
Financial reporting and assurance standards related activities	78,619	49,096
Library-related activities	263	146
Net sponsorship income	3,851	6,833
Total	1,446,590	1,018,009

19 - Employee costs

<i>For the year ended 31 December</i>	<i>2024</i>	<i>2023</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
Salaries and wages	320,561	244,250
Defined contribution plan cost		
- Employees' Provident Fund	34,091	26,786
- Employees' Trust Fund	6,818	5,357
Other staff related cost	17,858	38,831
Amortisation of pre-paid staff cost	2,440	(173)
Defined benefit plan cost	7,741	6,954
Total employee costs	389,509	322,005

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (Contd.)

20 - Maintenance of premises

<i>For the year ended 31 December</i>	<i>2024</i>	<i>2023</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
Utilities	31,149	25,553
Maintenance of building	28,759	46,534
Maintenance of equipment	6,478	11,662
Total maintenance of premises	66,386	83,749

21 - Depreciation and amortisation

<i>For the year ended 31 December</i>	<i>2024</i>	<i>2023</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
Depreciation for the year	66,890	61,301
Amortisation of intangible assets	9,234	9,130
Total depreciation and amortisation	76,124	70,431

22 - Other expenses

Other Operating expenses include IT and IT related expenses, communication expenses, printing and stationery Auditors remuneration (0.58Mn), legal & professional fees, general maintenance costs and bank charges.

23 - Other operating income

<i>For the year ended 31 December</i>	<i>2024</i>	<i>2023</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
Income from hire of halls	618	1,739
Profit on sale of publications	2,053	792
Profit on disposal of property, plant and equipment	103	-
(Loss) / Gain on foreign currency transactions	(288)	(8)
Miscellaneous income	1,342	2,846
Total other operating income	3,828	5,369

24 - Net finance income

24.1 Finance income

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (*Contd.*)

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Interest income from,		
Government securities	380,960	334,213
Fixed deposits	45,034	52,084
Staff loans	3,549	735
Total finance income	429,542	387,032
 24.2 Finance cost		
Interest on lease liability	(3,738)	(5,410)
Total finance cost	(3,738)	(5,410)
 Net finance income	425,804	381,622

25 - Income tax expense

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Income liable to tax	682,360	392,582
Charge for the year	95,530	54,961
Tax for Previous years	29,315	-
	124,845	54,961

Tax liability is computed at the rate of 14% on income liable to tax in line with the settlement for previous years of assessments.

26 - 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.

27 - Commitments

There are no material capital commitments as at reporting date.

28 - Contingent liabilities

The Institute had received assessments in respect of Value Added Tax (VAT) for the period commencing from 01 April 2012 to 31 December 2014 amounting to Rs. 61mn and Nation Building Tax (NBT) for the period commencing from 01 July 2009 to 31 December 2014 amounting to Rs. 100mn. Further, the Institute had also received an assessment in respect of Economic Service Charge (ESC) for the period commencing from 01 April 2009 to 31 March 2012 amounting to Rs. 4.5mn. The Institute had duly appealed to the Tax Appeals Commission (TAC) against all the determinations of the Commissioner General of Inland Revenue (CGIR) in respect of above assessments.

TAC has determined appeals against the assessments for ESC, VAT and NBT in favour of the CGIR. The Institute has appealed against the determination of the TAC and the said appeals are currently pending before the court of appeal.

Having discussed with independent legal and tax experts and based on information available, the Institute is of the view that it is not liable for assessed taxes in the above assessments and therefore, no provision has been made in the financial statements.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (Contd.)

29 - 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.

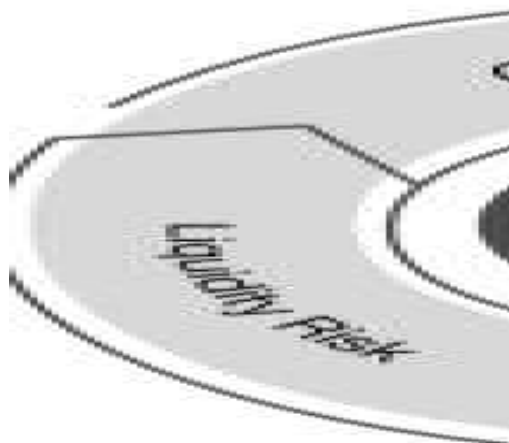
<i>For the year ended 31 December</i>		2024	2023
<i>Name</i>	<i>Transactions</i>	Rs. '000	Rs. '000
Mr. Ashane Jayasekara	Educational and Technical Activities	-	472
Mr. Laknath Jayawickrama	Educational Activities	-	101
Prof. Athula Manawaduge	Educational Activities	-	432
Mr. S.M.S.S. Bandara	Examination Activities	225	-

30 - Transactions engaged between CA Sri Lanka and AAT, where CA Sri Lanka appoints eight council members out of the sixteen of AAT.

<i>For the year ended 31 December</i>	2024	2023
	Rs. '000	Rs. '000
Payments to AAT		
Sponsorships	1,250	1,100
Receipts from AAT		
Registration and tickets for Annual Report Awards Competition	185	295
Conference Participation	96	155
Webinar Participation	-	10

31 - Financial risk management

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



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (*Contd.*)

31.1. 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.

31.1.1 Maximum exposure to credit risk

The maximum risk exposure of financial assets which are generally subject to credit risk are equal to their carrying amounts.

Carrying Value as at 31 December	2024 Rs. '000	2023 Rs. '000
Fixed deposits	272,852	278,360
Treasury bonds	2,163,946	1,681,519
Loans and receivables	256,873	213,841
Treasury bill re-purchase agreements	155,235	49,017
Maximum exposure to credit risk	2,848,906	2,222,737

Long term Fixed Deposit value of Rs. 150 mn has been taken when calculating the maximum exposure to the credit risk.

31.1.2 Risk response to credit risk

To minimise the credit risk fixed deposits are held with state owned banking institutions.

Carrying Value as at 31 December	2024 Rs. '000	2023 Rs. '000
Government securities and related institutions		
Treasury Bonds	2,163,946	1,681,519
Reverse repurchase agreements	155,235	49,017
Fixed deposits	272,852	278,360
Others		
Loans and receivables	256,873	213,841
Maximum exposure to credit risk	2,848,906	2,222,737

31.2. Liquidity risk

Liquidity risk is the risk that the Institute may not have sufficient liquid funds to meet its obligations when they fall due.

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

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (Contd.)

Maturity analysis of financial assets and liabilities

<i>Description</i>	<i>On Demand Rs.'000</i>	<i>Less than 3 months Rs.'000</i>	<i>3 to 12 months Rs.'000</i>	<i>1 to 3 years Rs.'000</i>	<i>More than 3 years Rs.'000</i>	<i>Total Rs.'000</i>
Financial assets						
Receivables	91,646	142,190		-	-	233,836
Loans and advances to staff		190	1,673	4,861	16,313	23,037
Fixed deposits	-	-	122,852	-	150,000	272,852
Treasury Bonds	-	-	-	867,324	1,296,622	2,163,946
Cash and cash equivalents	209,663	-	-	-	-	209,663
	301,309	142,380	124,525	872,185	1,462,935	2,903,334
Financial liabilities						
Lease liability	-	(7,256)	(22,782)	(5,771)	-	(35,808)
Payables	(41,350)	-	-	-	-	(41,350)
	(41,350)	(7,256)	(22,782)	(5,771)	-	(77,158)
Net financial assets	259,959	135,124	101,744	866,414	1,462,935	2,826,176

31.3. Market risk

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

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

The Institute's market risk exposure is minimal.

Notes for the F.B. Lander Prize Fund and the Cyril E Begbie Memorial Founder Prize Funds

	<i>F.B. Lander Prize Fund</i>		<i>Cyril E Begbie Memorial Founder Prize Funds</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
Bank account balance at the beginning of the year	904	879	38	37
Interests received during the year	26	25	1	1
Bank account balance at the end of the year	930	904	39	38

In the previousd year, the F. B. Lander Prize Fund balance was disclosed as Rs. 935,000, which needs to be corrected to Rs. 904,020 as stated above.

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