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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 2023

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). 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 Prize Fund as at December 31, 2023 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 and 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,
25th March, 2024.

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

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA
Statement of Financial Position

As at 31 st December		2023	2022
	Note	Rs.'000	Rs.'000
Assets			
Non-current assets			
Property, plant and equipment	3	1,299,598	1,277,394
Intangible assets	4	32,151	33,473
Library books	5	1,254	1,116
Loans and advances to staff	6	10,527	13,737
Financial assets at amortised cost	7	1,831,519	1,588,665
		3,175,049	2,914,385
Total non-current assets			
Current assets			
Inventories	8	34,702	48,336
Receivables	9	272,072	235,714
Loans and advances to staff	6	8,133	7,371
Financial assets at amortised cost	7	128,360	87,544
Cash and cash equivalents	10	117,589	127,998
Total current assets		560,856	506,963
Total assets		3,735,905	3,421,348
Funds and liabilities			
Accumulated fund and reserves			
Accumulated fund		2,299,652	2,019,786
Government grant		699,000	699,000
OCI reserve		4,027	12,607
Designated funds		57,767	36,343
Total accumulated fund and reserves		3,060,446	2,767,736
Funds and grants	11	50,150	67,700
Designated funds	12	34,259	25,028
Restricted funds and grants	13	2,081	1,570
Endowment funds		86,490	94,298
Total funds and grants			
Non-current liabilities			
Retirement benefit obligation	14	29,156	25,074
Lease liability	15	35,808	58,471
Total non-current liabilities		64,964	83,545
Current liabilities			
Payables and advances received	16	387,039	379,690
Lease liability	15	24,070	25,441
Income tax payable	17	23,979	17,333
Deferred income		78,372	51,388
Bank overdrafts	10	10,545	1,917
Total current liabilities		524,005	475,769
Total liabilities		588,969	559,314
Total funds and liabilities		3,735,905	3,421,348

The accounting policies and notes on pages 05 to 38 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>
Asoka Piyadigama
Chief Executive Officer

Signed for and on behalf of the Council.

<Signed>
Heshana Kuruppu
President

<Signed>
Tishan Subasinghe
Vice President

Colombo
25th March 2024

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA
Statement of Comprehensive Income

For the Year Ended 31 st December		2023	2022
	Note	Rs.'000	Rs.'000
Income	18	1,018,009	912,642
Student Learning and Initial professional development		(318,061)	(247,737)
Member/Profession development		(144,118)	(114,809)
Technical Support Services		(43,139)	(31,566)
Employee costs	19	(322,005)	(296,354)
Maintenance of premises	20	(83,749)	(39,388)
Depreciation and amortisation	21	(70,431)	(86,294)
Other expenses	22	(71,450)	(58,142)
Operating (loss) / income		(34,943)	38,352
Other operating income	23	5,369	2,036
Net operating (loss) / income		(29,574)	40,388
Income from grants and other restricted funds	12.1	4,784	4,376
Contribution to designated funds	11.1	(17,294)	(25,551)
Transfers to restricted funds and grants	12.1	(4,199)	(2,593)
Contribution to endowment funds	13	(511)	(313)
		(17,220)	(24,081)
Finance income	24.1	387,032	243,586
Finance cost	24.2	(5,410)	(8,528)
Income over expenditure for the year before tax		334,827	251,365
Income tax expense	25	(54,961)	(33,485)
Income over expenditure for the year after tax		279,866	217,880
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/ gain on defined benefit obligation	14.1	(8,580)	6,117
Total comprehensive income for the year after tax		271,286	223,997

The accounting policies and notes on pages 05 to 38 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 31st December 2023

	Accumulated fund Rs.'000	Government grant Rs.'000	OCI reserve Rs.'000	Designated reserves Rs.'000	Total Rs.'000
Balance as at 1 st January 2022	1,801,906	699,000	6,490	-	2,507,396
Income over expenditure for the year after tax	217,880	-	-	-	217,880
Actuarial gain on defined benefit obligation	-	-	6,117	-	6,117
Designated funds reclassified as reserves	-	-	-	36,343	36,343
Balance as at 31 st December 2022	2,019,786	699,000	12,607	36,343	2,767,736
Balance as at 1 st 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 31 st December 2023	2,299,652	699,000	4,027	57,767	3,060,446

Government grant received from the Democratic Socialist Republic of Sri Lanka further explained in note 3.1.

The accounting policies and notes on pages 05 to 38 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 st December	Note	2023 Rs.'000	2022 Rs.'000
Cash flows from operating activities			
Income over expenditure for the year before tax		334,827	251,365
Adjustments for;			
Depreciation and amortisation	5&21	71,203	87,199
Reimbursements and amortisation of restricted funds and grants	12.1	(4,784)	(4,376)
Contribution to designated funds	11.1	17,294	25,551
Transfers to restricted funds and grants	12.1	4,199	2,593
Contribution to endowment funds	13	511	313
Provision for defined benefit plan	14.1	6,954	6,895
Loss on disposal of property, plant and equipment	23	-	10
Amortisation of prepaid staff cost	19	(173)	6,590
Finance income	24.1	(387,032)	(243,586)
Finance cost	24.2	5,410	6,851
Operating income over expenditure before working capital changes		48,410	139,405
(Increase) / decrease in inventory	8	13,634	(15,968)
(Increase) / decrease in receivables	9	(36,358)	(18,281)
(Increase) / decrease in loans and advances to staff	6	2,448	(3,414)
Increase / (decrease) in payables and advances received	16	7,349	760
Increase / (decrease) in deferred income		26,984	5,975
Cash generated from operations		62,466	108,477
Tax paid	17	(47,753)	(21,703)
Gratuity paid	14	(11,452)	(1,678)
Rent paid		(29,442)	(25,615)
Net cash (used in) inflow from operating activities		(26,181)	59,481
Cash flows from/ (used in) investing activities			
Acquisition of property, plant and equipment and library books	3,5	(84,415)	(73,182)
Acquisition of intangible assets	4	(7,808)	(7,245)
Investments in financial assets at amortised cost		(349,644)	(2,525,193)
Maturity proceeds received from financial assets at amortised cost		124,644	2,376,159
Finance income received		327,971	231,903
Net cash flow from / (used in) investing activities		10,748	2,442
Cash flows from / (used in) financing activities			
Donations received to designated funds	11.1	-	18
Receipts to restricted funds and grants	12.1	36,053	31,457
Payments made from designated funds	11.1	(13,420)	(12,203)
Payments made from restricted funds	12.1	(26,237)	(24,982)
Payments made from endowment funds	13	-	(520)
Net cash flow used in financing activities		(3,604)	(6,230)

For the year ended 31 st December	Note	2023 Rs.'000	2022 Rs.'000
Net (decrease) / increase in cash and cash equivalents		(19,037)	55,693
Cash and cash equivalents at the beginning of the year		126,081	70,387
Cash and cash equivalents at the end of the year	10	107,044	126,081

The accounting policies and notes on pages 05 to 38 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 2023

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 of technical awareness campaigns in the form of seminars, workshops and events to ensure continuous professional development of the members.
- Regulation and supervision of student education and training.
- Activities on matters of public interest.
-

1.3 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. The Council has considered the consequences of the economic crisis of the country, other events, and conditions in determining the going concern. Accordingly, the Council has assessed its ability to continue as a going concern and is satisfied that it has adequate resources to continue for the foreseeable future. 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 2023 to 31st December 2023.

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 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.

Presentation of statement of comprehensive income has been changed from function of expenses method to nature of expenses method for better presentation from the year ended 31.12.2023

1.6.2 **Basis of Measurement**

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

1.6.3 **Comparative Information**

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

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

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 25 March 2024.

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 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 increases and retirement age. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty.

b) 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 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 judgements 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;

Asset Category	Useful Life (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.

(a) **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;

Asset Category	Useful Life (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 that are directly associated with the production of identifiable and unique software products controlled by the Institute are recognised as intangible assets when the following criteria are met:

1. it is technically feasible to complete the software product so that it will be available for use,
2. management intends to complete the software product and use it,
3. there is an ability to use the software product,
4. how the software product will generate probable future economic benefits can be demonstrated,
5. adequate technical, financial and other resources to complete the development and to use the software product are available, and
6. the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

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) SLFRS 9 Financial Instruments

SLFRS 9 Financial Instruments replaces LKAS 39 on "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1st January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

(b) 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.

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 2023.

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 2023. 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

Name of the Designated Fund	Purpose
Needy Students' Scholarship Fund	
L. A. Weerasinghe Memorial Needy Scholarship Fund	Help deserving and promising CA Sri Lanka students
Merit Scholarship Funds	
<ul style="list-style-type: none"> ❖ 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.
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.

Name of the Restricted Fund	Purpose
Needy Students' Scholarship Funds	
❖ CA Sri Lanka UK Members' Scholarship Fund	
❖ Dalton Wijeyeratne Memorial Scholarship Fund	
❖ Prof. Y.A.D.S. Samarasinghe Memorial Fund	
❖ Prof. Kodagoda Memorial Fund	
❖ Members' Scholarship Fund	
❖ Pricewaterhouse 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
❖ Ms. Inoka Gunaratne Memorial Fund	Help deserving and promising students
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.</p> <p>Categories under which the awards are presented are as follows:</p> <ul style="list-style-type: none"> • Overall and Sector Awards (Gold, Silver, Bronze) • Corporate Governance Disclosure Award (Gold, Silver, Bronze) • Corporate Social Responsibility Reporting Award (Gold, Silver, Bronze) • Management Commentary Award • Integrated Reporting Award (Gold, Silver, Bronze) • Integrated Reporting - Special Award: Best disclosure on business model and capital management

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.

Name of the Endowment Fund	Purpose
Prize Funds	
<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 	<p>Awarding subject prizes and merit prizes for the best performance of each examination.</p>

Name of the Endowment Fund	Purpose
Prize Funds	
<ul style="list-style-type: none"> • D R Settinayake Memorial Fund • A D E De S Wijeyeratne Memorial Fund • Mohan Abeynaike 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 investment committee.

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. The Institute has adopted SLFRS 15 using the full retrospective method based on the assessment performed and decided that the impact is not material to the financial statements and therefore adjustment has not been made in the retained earnings opening balance of the statement of changes in funds and reserves.

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.

	Revenue Source	Recognition of Revenue
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 renewal	<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>
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.

No.	Source of Other Income	Applicable Accounting Standards / Interpretations	Accounting Treatment
01.	Income from Hire of Halls	Conceptual Framework	Income from hire of halls is recognised on accrual basis.
02.	Sponsorships and Contributions	Conceptual Framework	Income from sponsorships and contributions is recognised on accrual basis.
03.	Gains/Losses on Sale of Property, Plant and Equipment	LKAS 16	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	Conceptual Framework	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.

(c) Restricted Contributions / Income (Contd....)

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 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.

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

(a) Project Expenses

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

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

(b) Operational Expense

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

The Institute has applied the following standards and amendments for the first time for its annual reporting periods commencing 1 January 2023:

- Classification of Liabilities as Current or Non-current – Amendments to LKAS 1
- Disclosure Initiative: Accounting Policies - Amendments to LKAS 1 and SLFRS Practice Statement 2
- Definition of Accounting Estimates (Amendments to LKAS 8)
- Amendment to LKAS 12 – Deferred tax related to assets and liabilities arising from a single transaction.

The following amendments to the Sri Lanka Accounting Standards effective for annual periods beginning on or after 1 January 2024 are not expected to have a material effect on the financial statements of the Institute:

- Classification of Liabilities as Current or Non-current Liabilities with Covenants - Amendments to LKAS 1
- Supplier Finance Arrangements (Amendments to LKAS 7)
- International Tax Reform—Pillar Two Model Rules - Amendments to LKAS 12
- Supplier Finance Arrangements - Amendments to SLFRS 7
- Lease Liability in a Sale and Leaseback - Amendments to SLFRS 16

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Notes to the Financial Statements (*Contd.*)

3 - Property, plant and equipment

Cost

	Land Rs.'000	Buildings Rs.'000	Right of use asset Rs.'000	Improvements to right of use asset Rs.'000	Furniture, fixtures and fittings Rs.'000	Plant and machinery Rs.'000	Motor vehicles Rs.'000	Computers, Servers & IT Equipment Rs.'000	Capital Work In Progress Rs.'000	Total Rs.'000
Balance as at 1st January 2022	699,000	507,569	106,373	36,849	110,799	151,304	12,282	93,304	-	1,717,480
Additions	-	1,409	-	32,277	17,590	4,021	-	16,533	-	71,830
Disposals	-	-	-	-	(30)	-	-	-	-	(30)
Balance as at 31st December 2022	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	-	-	-	-	(151)	-	-	-	-	(151)
Balance as at 31st December 2023	699,000	509,448	106,373	69,126	173,881	157,004	12,282	139,717	5,803	1,872,634

Accumulated depreciation

	Land Rs.'000	Buildings Rs.'000	Right of use asset Rs.'000	Improvements to right of use asset Rs.'000	Furniture, fixtures and fittings Rs.'000	Plant and machinery Rs.'000	Motor vehicles Rs.'000	Computers, Servers & IT Equipment Rs.'000	Capital Work In Progress Rs.'000	Total Rs.'000
Balance as at 1st January 2022	-	165,123	14,183	695	78,827	126,057	12,231	54,657	-	451,773
Depreciation charge for the year	-	14,951	9,878	5,772	9,249	8,879	15	11,389	-	60,133
Depreciation on Disposals	-	-	-	-	(20)	-	-	-	-	(20)
Balance as at 31st December 2022	-	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
Disposals	-	-	-	-	(151)	-	-	-	-	(151)
Balance as at 31st December 2023	-	188,004	33,939	13,996	103,427	140,169	12,261	81,240	-	573,036

Carrying amounts

As at 31st December 2023	699,000	321,444	72,434	55,130	70,454	16,835	21	58,477	5,803	1,299,598
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As at 31 st December 2022	699,000	328,904	82,312	62,659	40,303	20,389	36	43,791	-	1,277,394
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- 3.1** 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** The SAB Campust building which is on lease has been categorised as Right of use assets

3.3 Fully depreciated property, plant and equipment

As at 31 st December	2023 Rs.'000	2022 Rs.'000
Buildings	16,938	16,938
Furniture	61,970	48,381
Plant and machinery	125,547	125,547
Motor vehicles	12,121	12,121
Computers, Servers and IT equipment	46,253	46,138
Total	262,829	249,125

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 2023. 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

	Software Rs.'000	Software licences Rs.'000	Study material development Rs.'000	Work-in- progress projects Rs.'000	Total Rs.'000
Balance as at 1 st January 2022	50,363	9,406	180,246	6,861	246,876
Additions	1,512	-	2,783	2,950	7,245
Capitalised during the year	-	-	3,640	(3,640)	-
Balance as at 31 st December 2022	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 st December 2023	52,490	9,406	192,254	7,779	261,929

Amortisation

	Software Rs.'000	Software licences Rs.'000	Study material development Rs.'000	Work-in- progress - projects Rs.'000	Total Rs.'000
Balance as at 1 st January 2022	25,621	7,131	161,735	-	194,487
Amortisation for the year	5,958	1,571	18,632	-	26,161
Balance as at 31 st December 2022	31,579	8,702	180,367	-	220,648
Amortisation for the year	5,959	692	2,479	-	9,130
Balance as at 31 st December 2023	37,538	9,394	182,846	-	229,778

Carrying amounts

As at 31 st December 2023	14,952	12	9,408	7,779	32,151
As at 31 st December 2022	20,296	704	6,302	6,171	33,473

4.1 Impairment of intangible assets

The Management has assessed the potential impairment loss of intangible assets as at 31 December 2023. 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.

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

As at 31 st December	2023 Rs.'000	2022 Rs.'000
Balance at the beginning of the year	1,116	669
Additions	910	1,352
Depreciation	(772)	(905)
Balance at the end of the year	1,254	1,116

6 - Loans and advances to staff

As at 31 st December	2023 Rs.'000	2022 Rs.'000
Receivable within one year	8,133	7,371
Receivable after one year	10,527	13,737
Total	18,660	21,108

7 - Financial assets at amortised cost

As at 31 st December	2023 Rs.'000	2022 Rs.'000
Maturity within one year - Fixed Deposits	128,360	87,544
	128,360	87,544
Maturity after one year - Fixed Deposits	150,000	150,000
- Bonds	1,681,519	1,438,665
	1,831,519	1,588,665
Total	1,959,880	1,676,209

As at 31 st December	2023		2022	
	Carrying Value Rs.'000	Fair Value Rs.'000	Carrying Value Rs.'000	Fair Value Rs.'000
Fixed Deposits	150,000	150,000	150,000	150,000
Treasury Bonds	1,681,519	2,039,968	1,438,665	1,167,319
Total	1,831,519	2,189,968	1,588,665	1,317,319

Fixed deposits have been made in a state owned bank with a credit rating of A.

7.1 Refer Note 31 in page 36 for Risk management disclosures and maturity analysis of the financial assets

8 - Inventories

As at 31 st December	2023 Rs.'000	2022 Rs.'000
Study packs and study materials	10,474	24,909
Publications	6,450	8,662
Stationery, consumables and others	17,778	14,765
Total	34,702	48,336

9 - Receivables

As at 31 st December	2023 Rs.'000	2022 Rs.'000
Receivables	207,412	216,017
Less: Provisions	(12,231)	(13,321)
Net Receivables	195,181	202,696
Other Receivables	27,579	2,874
Deposits and prepayments	30,095	24,559
Prepaid staff cost	5,890	580
Advances	13,327	5,005
Total	272,072	235,714

Other Receivables include Bank Gurantees executed by the Departmnet of Inland Revenue as per the note No. 27.

10 - Cash and cash equivalents

As at 31 st December	2023 Rs.'000	2022 Rs.'000
<u>Favourable balances</u>		
Treasury bill repurchase agreements	49,017	80,029
Cash at banks	68,299	47,814
Cash in hand	273	155
Total	117,589	127,998
<u>Unfavourable balances</u>		
Bank overdrafts	(10,545)	(1,917)
Total cash and cash equivalents for the purpose of statement of cash flows	107,044	126,081

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

	Balance as at 1.1.2023	Contribution from the Institute	(Payments)	(Transfers to reserves)	Balance as at 31.12.2023	Balance as at 31.12.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Designated scholarship funds	64,234	16,607	(13,420)	(21,424)	45,997	64,234
Other designated funds	3,466	687			4,153	3,466
Total designated funds	67,700	17,294	(13,420)	(21,424)	50,150	67,700
	Balance as at 1.1.2023	Contribution from the Institute	(Payments)	(Transfers to reserves)	Balance as at 31.12.2023	Balance as at 31.12.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
11.2 Designated scholarship funds						
L A Weerasinghe memorial needy scholarship fund	4,100	2,838	(1,754)		5,184	4,100
Merit scholarship fund	3,430	3,958	(6,854)		534	3,430
CA Sri Lanka scholarship funds *	35,280	9,812	(4,813)		40,279	35,280
Non- commerce student scholarship fund **	21,424		-	(21,424)	-	21,424
Total designated scholarship funds	64,234	16,607	(13,420)	(21,424)	45,997	64,234

* 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.

** Non commerce student scholarship Fund, formed by designating an investment in Fixed Deposit amounting to Rs. 60 mn of which interest income was transferable has been reclassified under Accumulated fund and Reserves with effect from 31st December 2023.

Notes to the Financial Statements (Contd.)

	Balance as at 1.1.2023 Rs.'000	Contribution from the Institute Rs.'000	Balance as at 31.12.2023 Rs.'000	Balance as at 31.12.2022 Rs.'000
11.3 Other designated funds				
Faculty of Taxation fund	1,058	210	1,268	1,058
Faculty of Auditing fund	1,021	202	1,223	1,021
Publication fund	662	131	793	662
Urgent Issues Task Force fund	725	144	869	725
Total other designated funds	3,466	687	4,153	3,466

12 - Restricted funds and grants
12.1 Summary

	Balance as at 1.1.2023 Rs.'000	Transfers to funds Rs.'000	Grants/ Donations received Rs.'000	(Reimbursements) Rs.'000	(Payments) Rs.'000	Balance as at 31.12.2023 Rs.'000	Balance as at 31.12.2022 Rs.'000
Grants	46	-	4,000	(4,000)	-	46	46
Other restricted funds	13,901	2,050	21,965	(784)	(24,497)	12,636	13,901
Restricted scholarship funds	11,081	2,149	10,087	-	(1,739)	21,577	11,081
Total restricted funds and grants	25,028	4,199	36,053	(4,784)	(26,237)	34,259	25,028

Notes to the Financial Statements (Contd.)

	Balance as at 1.1.2023	Grants received	(Reimbursements)	Balance as at 31.12.2023	Balance as at 31.12.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
12.2 Grants					
Ernst & Young SME grant	46	-	-	46	46
Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) grant	-	4,000	(4,000)	-	-
Total grants	46	4,000	(4,000)	46	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. 4mn 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.

12.3 Other restricted funds

	Balance as at 1.1.2023	Contribution from the Institute	Donations received	(Reimbursements/ Payments)	Balance as at 31.12.2023	Balance as at 31.12.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Best annual report competition fund (Note 12.3.1)	10,729	2,050	-	(784)	11,995	10,729
Mr. Chandra Jayarathne Good Governance Research Fund	640	-	-	-	640	640
United Nations Development Programme Fund	2,532	-	21,965	(24,497)	-	2,532
Total other restricted funds	13,901	2,050	21,965	(25,281)	12,635	13,901

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 31.12.2022
	Balance as at 1.1.2023	Contribution from the Institute	(Reimbursements)	Balance as at 31.12.2023	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deshabandu Albert Page (1992)	1,486	284	-	1,770	1,486
Late Mr. Cyril Gardiner (1992)	8,735	1,669	(784)	9,621	8,735
Hayleys PLC (1994)	508	97	-	605	508
Total	10,729	2,050	(784)	11,995	10,729
12.4 Restricted scholarship funds					Balance as at 31.12.2022
	Balance as at 01.01.2023	Contribution from the Institute	Donations / Receipts	(Payments)	Balance as at 31.12.2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
CA Sri Lanka UK Members' scholarship fund	65	13	-	-	78
Prof. Y A D S Samarasingha memorial fund	142	28	-	-	170
Prof. Kodagoda memorial fund	35	7	-	-	42
PricewaterhouseCoopers scholarship fund	79	16	-	-	95
Ernst & Young scholarship fund	6,359	1,212	395	(893)	7,072
Miss. Inoka Gunaratne memorial fund	102	20	-	-	122
Pelwatta Sugar Industries Ltd. fund	484	96	-	-	580
Members' scholarship fund	1,803	360	25	-	2,188
Dalton Wijeyeratne memorial scholarship fund	14	3	-	-	17
Mr. Sanjaya Bandara scholarship fund	51	16	60	-	127
					51

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA
Notes to the Financial Statements (Contd.)

Mr. Chandradasa Liyanage scholarship fund	419	83	-	502	419
A.L.B.Brito Mutunayagam memorial scholarship fund	104	21	-	125	104
CA Qatar Chapter Scholarship fund	1,424	275	(79)	1,620	1,424
Bahrain Chapter Scholarship Fund	-	-	2,000	2,000	-
UAE Chapter - Scholarship Fund	-	-	813	813	-
ICAEW Foundation Bursary Scholarship Fund	-	-	6,795	6,028	-
Total restricted scholarship funds	11,081	2,149	(1,739)	21,577	11,081

* Includes Rs. 380,000/- paid to Mr. Manil Jayasinghe by the Institute for the services rendered by him.

13 - Endowment funds

	Balance as at 1.1.2023		Contribution from the Institute		Balance as at 31.12.2023		Balance as at 31.12.2022	
	Rs. '000		Rs. '000		Rs. '000		Rs. '000	
Capital balances - prize funds	1,392		-		1,392		1,392	
Income balances - prize funds	178		511		689		178	
Total endowment funds	1,570		511		2,081		1,570	

The Institute of Chartered Accountants of Sri Lanka
Notes to the Financial Statements (Contd.)

14 - Retirement benefit obligation

As at 31 st December	Note	2023 Rs.'000	2022 Rs.'000
Balance at the beginning of the year		25,074	25,974
Provision made during the year	14.1	15,534	778
Payments made during the year		(11,452)	(1,678)
Balance at the end of the year		29,156	25,074
14.1 - Provision made during the year			
Interest cost		4,764	2,935
Current service cost		2,190	3,960
		6,954	6,895
Net actuarial (loss)/gain recognised		8,580	(6,117)
Total provision made during the year		15,534	778

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 2023. The assumptions used in determining the cost of retirement benefits are as follows,

Assumption	2023	2022
Discount interest rate *	13% per annum	19% per annum
Staff turnover rate	20% per annum	17% per annum
Salary increment rate	10.0%	7.0%
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 13% p.a (2022 - 19% 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.)

As at 31 st December	2023	2022
	Increase / (decrease) of defined benefit obligation Rs. '000	Increase / (decrease) of defined benefit obligation Rs. '000
Sensitivity analysis to discount rate		
1% increase in discount rate	(1,192)	(732)
1% decrease in discount rate	1,076	779
Sensitivity analysis to salary escalation rate		
1% increase in salary escalation rate	1,158	909
1% decrease in salary escalation rate	(1,286)	(862)

14.4 Maturity Profile of the defined benefit obligation

Future working life time As at 31 st December	Defined benefit obligation	
	2023 Rs.'000	2022 Rs.'000
Within next 12 months	5,245	6,076
Between 1 to 5 years	13,778	13,033
Between 5 to 10 years	7,908	4,632
Beyond 10 years	2,225	1,333
Total	29,156	25,074

Weighted Average duration of Defined Benefit Obligation is 4 years (2022 - 3.6 years).

15 - Lease liability

As at 31 st December	2023 Rs.'000	2022 Rs.'000
Payable within one year	24,070	25,441
Payable after one year	35,808	58,471
Total	59,878	83,912

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA
Notes to the Financial Statements (*Contd.*)

16 - Payables and advances received

As at 31 st December	2023 Rs.'000	2022 Rs.'000
Accrued charges	94,938	124,192
Payables	50,662	38,008
Refundable deposits	50	50
Advances received	241,389	217,440
Total	387,039	379,690

17 - Income tax payable

As at 31 st December	Note	2023 Rs.'000	2022 Rs.'000
Balance brought forward		18,291	6,509
Charge for the year	25	54,961	33,485
Total payable		73,253	39,994
Tax paid during the year		(47,753)	(21,703)
WHT paid		(563)	-
Income tax payable		24,937	18,291
Income tax receivable		(958)	(958)
Net income tax payable		23,979	17,333

For the year ended 31st December

2023 2022

Note 18 - Income

Performance by activity
Learning and professional development
Continuous professional development and member related activities
Financial reporting and assurance standards related activities
Library-related activities
Net sponsorship income
Total

Income Rs. '000	Income Rs. '000
747,301	674,708
214,633	187,385
49,096	43,434
146	151
6,833	6,964
1,018,009	912,642

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA
Notes to the Financial Statements (Contd.)

19 - Employee costs

For the year ended 31 st December	2023 Rs.'000	2022 Rs.'000
Salaries and wages	244,250	221,975
Defined contribution plan cost		
- Employees' Provident Fund	26,786	24,425
- Employees' Trust Fund	5,357	4,885
Other staff related cost	38,831	31,584
Amortisation of pre-paid staff cost	(173)	6,590
Defined benefit plan cost	6,954	6,895
Total employee costs	322,005	296,354

20 -Maintenance of premises

For the year ended 31 st December	2023 Rs.'000	2022 Rs.'000
Utilities	25,553	13,113
Maintenance of building	46,534	18,291
Maintenance of equipment	11,662	7,984
Total maintenance of premises	83,749	39,388

21 - Depreciation and amortisation

For the year ended 31 st December	2023 Rs.'000	2022 Rs.'000
	61,301	60,133
Depreciation for the year	9,130	26,161
Amortisation of intangible assets	70,431	86,294
Total depreciation and amortisation		

22 - Other expenses

For the year ended 31 st December	2023 Rs.'000	2022 Rs.'000
Legal and Professional fees	8,813	4,944
Auditors' remuneration	500	419
Bank charges and commissions	14,002	11,571
General expenses	48,135	41,208
Total other expenses	71,450	58,142

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA
Notes to the Financial Statements (*Contd.*)

23 - Other Operating income

For the year ended 31 st December	2023 Rs.'000	2022 Rs.'000
Income from hire of halls	1,739	259
Profit on sale of publications	792	286
Loss on disposal of property, plant and equipment	-	(10)
(Loss) / Gain on foreign currency transactions	(8)	1
Miscellaneous income	2,846	1,500
Total other operating income	5,369	2,036

24 - Net finance income

24.1 Finance income

For the year ended 31 st December	2023 Rs.'000	2022 Rs.'000
Interest income from,		
Government securities	334,213	183,347
Fixed deposits	52,084	52,846
Staff loans	735	7,393
Total finance income	387,032	243,586

24.2 Finance cost

Interest on bank loans	-	(1,677)
Interest on lease liability	(5,410)	(6,851)
Total finance cost	(5,410)	(8,528)

Net finance income

	381,622	235,058
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25 - Income tax expense

Reconciliation between current tax expenses and the accounting income over expenditure;

For the year ended 31 st December	2023 Rs.'000	2022 Rs.'000
Income liable for tax	392,582	239,180
Taxation	54,961	33,485
Charge for the year	54,961	33,485

Tax liability for the year 2023 is computed at the rate of 14%.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA
Notes to the Financial Statements (Contd.)

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.

Bank Guarantees

The following bank guarantees have been provided as at 31 December 2023.

- 1 The Institute has submitted a bank guarantee amounting to Rs. 16.32mn through Bank of Ceylon to the Tax Appeals Commission for VAT assessments for the period commencing from 01 April 2012 to 31 December 2014.
- 2 A bank guarantee amounting to Rs. 24.83mn had been submitted by the Institute to the Tax Appeals Commission through Bank of Ceylon for NBT assessments for the period commencing from 01 July 2009 to 31 December 2014. This guarantee has been executed by the Department of Inland Revenue on 18.12.2023 and it is shown under Other Receivables in these Financial Statements, pending the finalization of tax liabilities, if any.
- 3 The Institute had submitted another bank guarantee amounting to Rs. 1.1mn through Bank of Ceylon to the Tax Appeals Commission for ESC assessments for the period commencing on 01 April 2009 to 31 March 2012. This guarantee has been executed by the Department of Inland Revenue on 23.10.2023 and it is shown under Other Receivables in these Financial Statements, pending the finalization of tax liabilities, if any.

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 in favour of the CGIR and the case has now been stated to the Court of Appeal.

TAC has also determined appeals against the assessments for VAT and NBT in favour of the CGIR. The Institute is currently awaiting the case stated from TAC to make an application to 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.

For the year ended 31 st December		2023	2022
Name	Transactions	Rs.'000	Rs.'000
Mr. Manil Jayesinghe *	Technical activities	380	390
Mr. Ashane Jayasekara	Educational and Technical Activities	472	507
Mr. Laknath Jayawickrama	Educational Activities	101	42
Prof. Athula Manawaduge	Educational Activities	432	-
Mr. Lakmin Udaya Kumara	UNDP Project Payment	20	-

* An amount of Rs.380,000/- earned by Mr. Manil Jayesinghe for the services rendered to the Institute had been returned and credited to the Ernst & Young scholarship fund at the request of Mr. Manil Jayesinghe.

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

For the year ended 31 st December		2023	2022
		Rs.'000	Rs.'000
Payments to AAT			
Sponsorships		1,100	1,600
Receipts from AAT			
Registration and tickets for Annual Report Awards Competition		295	302
Conference Participation		155	-
Webinar Participation		10	-

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA
Notes to the Financial Statements (*Contd.*)

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:



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 st December	2023 Rs.'000	2022 Rs.'000
Fixed deposits	278,360	87,544
Treasury bonds	1,681,519	1,438,665
Loans and receivables	213,841	226,678
Treasury bill re-purchase agreements	49,017	80,029
Maximum exposure to credit risk	2,222,737	1,832,916

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 st December	2023 Rs.'000	2022 Rs.'000
Government securities and related institutions		
Treasury Bonds	1,681,519	1,438,665
Reverse repurchase agreements	49,017	80,029
Fixed deposits	278,360	87,544

The Institute of Chartered Accountants of Sri Lanka
Notes to the Financial Statements (Contd.)

Others

Loans and receivables	213,841	226,678
Maximum exposure to credit risk	2,222,737	1,832,916

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.

Maturity analysis of financial assets and liabilities

Description	On Demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	2 to 3 years Rs.'000	More than 3 years Rs.'000	Total Rs.'000
Financial assets						
Receivables	28,135	167,046	-	-	-	195,181
Loans and advances to staff	-	2,244	5,889	10,249	278	18,660
Fixed deposits	-	-	128,360	-	150,000	278,360
Treasury Bonds	-	-	-	-	1,681,519	1,681,519
Cash and cash equivalents	117,589	-	-	-	-	117,589
	145,724	169,290	134,249	10,249	1,831,797	2,291,309
Financial liabilities						
Lease liability	-	(6,910)	(17,160)	(35,808)	-	(59,878)
Payables	(50,662)	-	-	-	-	(50,662)
	(50,662)	(6,910)	(17,160)	(35,808)	-	(110,540)
Net financial assets	95,062	162,380	117,089	(25,559)	1,831,797	2,180,769

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**

	F.B. Lander Prize Fund		Cyril E Begbie Memorial Founder Prize Funds	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Bank account balance at the beginning of the year	907	879	37	36
Interests received during the year	28	28	1	1
Bank account balance at the end of the year	935	907	38	37

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