



Sri Lanka Accounting and Auditing
Standards Monitoring Board



Annual Report '11

The Sri Lanka Accounting and Auditing Standards Monitoring Board was established under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The function of the Board is to monitor compliance with the Sri Lanka Accounting Standards and the Sri Lanka Auditing Standards in the preparation, presentation and audit of financial statements of specified business enterprises. (See page 26)

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Members of the Board

Chairman

*Nominee of the Governor,
Central Bank of Sri Lanka*

P. Samarasiri B.A. (Hons.), M.A. (Economics)
Assistant Governor, Central Bank of Sri Lanka

Ex Officio Members

D. K. Hettiarachchi LLB, Attorney-at-Law
Registrar General of Companies

K. M. S. Kandegedara B.Sc. (Hons.), Dip. in Tax Admin. (USA) (*up to 25 December 2011*)
Mrs. M. Samarasekera B.Sc., MPM (*w.e.f. 26 December 2011*)
Commissioner General of Inland Revenue

M. Cader Attorney-at-Law, Solicitor (UK) (*up to 16 November 2011*)
Director General, Securities and Exchange Commission of Sri Lanka

Nominees

*Institute of Chartered Accountants of
Sri Lanka (ICASL)*

S. Rajapakse MBA, FCA
President - ICASL
Partner, BDO Partners

A. Herath B.Sc., MBA, FCA
Partner, Ernst & Young

D. T. S. H. Mudalige FCA, FCMA (UK), FCCA, FCPA
Past President - ICASL
Partner, PricewaterhouseCoopers

*Chartered Institute of Management
Accountants of UK (Sri Lanka Division)*

C. L. K. P. Jayasuriya FCMA (UK), FCCA
Chairman and Managing Director - Finlays Colombo PLC

Bar Association of Sri Lanka

F. N. Goonewardena Attorney-at-Law, MBA, ACA, ACMA (UK), CFA
Partner, Nithya Partners

Ceylon Chamber of Commerce

Ms. N. Sivapragasam FCA, FCMA (UK)
Chief Financial Officer - Aitken Spence PLC

*Federation of Chambers of Commerce and
Industry of Sri Lanka*

W. K. H. Wegapitiya B.Sc., MBA
Chairman - Laugfs Holdings Ltd.

Sri Lanka Banks' Association

R. Theagarajah MBA (Cranfield), FCA, FCMA (UK)
Managing Director/Chief Executive Officer - Hatton National Bank PLC

University Grants Commission

Mrs. K. S. T. S. Jayasooriya ACA
Bursar - University of Colombo

Secretary to the Board

A. S. Ratnayake FCA, FCMA (UK), ACCA, CMA, FCMI, FCMA, CGMA
Director General

Members of the Board



Seated - Left to Right

A. Herath, Ms. N. Sivapragasam, A. S. Ratnayake (Director General), P. Samarasiri (Chairman),
K. M. S. Kandegedara, M. Cader

Standing - Left to Right

P. Y. S. Perera (Invitee - Chairman, Auditing Standards Committee), F. N. Goonewardena, W. K. H. Wegapitiya,
C. L. K. P. Jayasuriya, W. N. I. C. Fernando (Invitee - Chairman, Accounting Standards Committee),
V. Kanagasabapathy (Invitee - Financial Consultant, Academy of Financial Studies, Ministry of Finance and Planning)

Not in picture

D. K. Hettiarachchi, Ms. K. S. T. S. Jayasooriya, D. T. S. H. Mudalige, S. Rajapakse, Ms. M. Samarasekera,
R. Theagarajah

Members of the Board

P. Samarasiri - BA(Hons.), MA(Economics)

Mr. Samarasiri, Chairman of the Board since 2009 is an Assistant Governor of Central Bank of Sri Lanka. He is also the Secretary of the Monetary Board of the Central Bank of Sri Lanka and counts over 29 years in service at the Central Bank. His wide range of expertise includes economics, financial stability and regulation. He has authored articles and books in the fields of economics, banking and financial regulation.

F.N. Goonewardena - Attorney-at-Law, MBA, ACA, ACMA (UK), CFA

Mr. Goonewardena is a founder partner of the Law Firm, Messrs Nithya Partners. He possesses a wide array of specialties along with diversified work exposure at the Attorney General's Department and at Ernst & Young (Tax). He specialises in areas of financial law - mergers and acquisitions, issuances of debt and equity, taxation, securitisation and derivatives.

A. Herath - BSc, MBA, FCA

Mr. Herath is a partner at Ernst & Young. He is also a member of the Governing Council of The Institute of Chartered Accountants of Sri Lanka (ICASL). He has served as an Independent Director and member of the Audit Committees of many companies in Sri Lanka and is presently a member of the task force appointed by the Board of Investment in Sri Lanka to develop the Dairy Industry.

D.K. Hettiarachchi - LLB, Attorney-at-Law

Mr. Hettiarachchi, an Attorney-at-Law and a Law Graduate of the University of Colombo is the Registrar General of Companies. He has served the Department of Registrar of Companies for over 24 years and has been the Registrar of Companies since 1997. He is also an Ex officio Member of Securities and Exchange Commission of Sri Lanka.

Ms. K.S.T.S. Jayasooriya - ACA

Ms. Jayasooriya is the Bursar of the University of Colombo. Previously she has served in the Auditor General's Department as an Audit Superintendent. She has had training in India and U.K and possesses work experience in the public sector.

C.L.K.P. Jayasuriya - FCMA (UK), FCCA

Mr. Jayasuriya is the Chairman and Managing Director of Finlays Colombo PLC. He is also the Chairman of the Mercantile Service Provident Society, immediate past Chairman of the Employers' Federation of Ceylon, a Director of the Employees Trust Fund Board, a member of the Governing Board of the Sri Lanka division of the Chartered Institute of Management Accountants of UK (CIMA) and a committee member of the Ceylon Chamber of Commerce.

D.T.S.H. Mudalige - FCA, FCMA (UK), FCCA, FCPA

Mr. Mudalige, the immediate Past President of The Institute of Chartered Accountants of Sri Lanka (ICASL), has served the Council of the ICASL since 1999. He is a partner at PricewaterhouseCoopers. He has a wide range of exposure working in large public listed companies in Sri Lanka and overseas.

Mr. Mudalige served as a Board Member of the Governing Board of the Sri Lanka Division of the Chartered Institute of Management Accountants of UK (CIMA) and serves in several regulatory bodies and in statutory committees.

S. Rajapakse - MBA, FCA

Mr. Rajapakse, the President of The Institute of Chartered Accountants of Sri Lanka (ICASL) is the Managing Partner of BDO Partners. He is a Board Member of the South Asian Federation of Accountants (SAFA) and the Technical Advisor to the Confederation of Asian Federation of Accountants (CAPA).

Mr. Rajapakse is also a committee member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka.

Members of the Board

Ms. M. Samarasekera - BSc., MPM

Ms. Samarasekera the Commissioner General of Inland Revenue counts over 33 years of service at the Department of Inland Revenue. She has had overseas training in diverse aspects of tax administration.

Ms. N. Sivapragasam - FCA, FCMA (UK)

Ms. Sivapragasam is the Chief Financial Officer of the Aitken Spence Group and serves on the Boards of several companies in the Group.

She serves as a Board Member of the Governing Board of the Sri Lanka Division of the Chartered Institute of Management Accountants of UK (CIMA) and in several regulatory bodies and in statutory committees.

R. Theagarajah - MBA (Cranfield), FCA, FCMA (UK)

Mr. Theagarajah the Managing Director/Chief Executive Officer of Hatton National Bank PLC, counts over 27 years of experience in banking, both in Europe and in Sri Lanka. He also serves on the Boards of several companies in the Group.

He serves as a Board Member of the Governing Board of the Sri Lanka Division of the Chartered Institute of Management Accountants of UK (CIMA) and in several regulatory bodies and in statutory institutions and committees.

Mr. Theagarajah being a past Chairman of the Sri Lanka Banks' Association and Past President of the Association of Professional Bankers is the first Sri Lankan to assume the Chairmanship of the Asian Bankers' Association.

W.K.H. Wegapitiya - BSc, MBA

Mr. Wegapitiya is the founder and the Executive Chairman of Laugfs Holdings Limited. Apart from his wide array of business exposure, he has had the opportunity of following an Energy Management course from the Oxford University Energy School of London.

Mr. Wegapitiya is the recipient of the Entrepreneur of the Year 2006 - National Platinum Award and the Asian Leadership Award for Excellence in Entrepreneurial excellence - 2007 conducted by Asian Grip Leadership Organisation of India.

A.S. Ratnayake - FCA, FCMA (UK), ACCA, CMA, FCMI, FCMA, CGMA

Director General/Secretary to the Board

Mr. Ratnayake joined the Board as its first Director General in 1998. He is a prize winner both at the final examination for chartered accountancy as well as at the post graduate level. Throughout his career he has been actively involved in contributing to the accountancy profession both locally and internationally. Prior to joining the Board, Mr. Ratnayake has served in a number of private sector enterprises in Sri Lanka and in multinational companies abroad in diverse range positions, including as CEO and CFO, and has served as a member of the Board in some of those companies.

Review of Activities

1. Introduction

The Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) was established under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Based on the definitions and criteria laid down by the Act, certain institutions are identified as Specified Business Enterprises (SBEs - see page 26 for definition of SBEs). These institutions are required to comply with Sri Lanka Accounting Standards and the auditors of such enterprises are required to comply with Sri Lanka Auditing Standards. The Act requires such enterprises to submit their annual audited financial statements to the Board to enable the Board to monitor compliance with Sri Lanka Accounting Standards and Sri Lanka Auditing Standards. The Board carries out its functions by reviewing financial statements received, reviewing audits, conducting investigations on failure to comply with standards and taking appropriate corrective action with regard to deviations from standards by SBEs and auditors. In order to facilitate its functions, the Board provides financial assistance by way of an annual grant to The Institute of Chartered Accountants of Sri Lanka for setting standards, and maintains relations with relevant international organisations. A brief description of the main operations and activities of the Board carried out to discharge its statutory functions during the year is given below.

2. Review of Financial Statements

2.1 1,256 institutions were identified as SBEs as at 31 December 2011. During the year, 1,716 sets of financial statements from 1,195 SBEs were received and reviews of 213 sets of financial statements relating to 195 SBEs selected on a sample basis were completed. Samples were selected from different categories of SBEs depending on the importance of reviewing such SBEs. 211 sets of financial statements relating to 209 SBEs were reviewed during the previous year.

Significant deviations from the relevant requirements of Sri Lanka Accounting Standards which substantially altered the financial position and financial performance were identified in the financial statements of nine Specified Business Enterprises (SBEs). A public corporation undertook to make a provision of Rs. 40 Billion in respect of the actuarial present value of pension and social security benefits of its benefits scheme. Other undertakings obtained from public corporations resulted in corrections to net profit/equity amounting to Rs. 253 Million. Undertakings obtained from listed companies in the private sector resulted in corrections to net profits/equity amounting to Rs. 1.2 Billion. (See page 9 for observations made on review of financial statements and page 10 for undertakings obtained during 2011 from public sector entities and listed companies). The undertakings would be followed up for compliance in the subsequent annual financial statements.

2.2 Where an identified non-compliance with Sri Lanka Accounting Standards was material, but not significant as to require the use of statutory provisions, such non-compliance was communicated in the form of a letter of assistance. During the year, 56 letters of assistance have been issued.

3. Review of Audits

30 audits carried out by 17 firms of practicing Chartered Accountants were reviewed during the year, compared to 30 audits carried out by 16 firms reviewed during the preceding year. Deficiencies were observed in 19 audits conducted by 14 firms. Significant concerns were communicated to the relevant audit firms (See page 12 for observations made on audit reviews).

Review of Activities

4. Investigations

Touchwood Investments PLC had made an application to the Court of Appeal to squash the decisions contained in a media release made by the Board. The application was allowed by the Court of Appeal. The Supreme Court granted the Board special leave to appeal against the judgement of the Court of Appeal. The appeal to the Supreme Court was pending at the end of the year.

5. Assistance to the Standards Setter

5.1 The Board provided a grant of Rs. 2.5 Million to The Institute of Chartered Accountants of Sri Lanka to facilitate the work of the Accounting Standards Committee and the Auditing Standards Committee as adoption of high quality standards facilitate the proper discharge of the functions of the Board.

5.2 The main activities carried out during the year in relation to revision of accounting and auditing standards were the following:

- Gazetting and publication of the complete set of Sri Lanka Accounting Standards prefixed SLFRS and LKAS which will be applicable for financial periods commencing on or after 1 January 2012 based on the 2009 edition of the Bound Volume of International Financial Reporting Standards.
- 3 Sri Lanka Accounting Standards prefixed SLFRS applicable for financial periods commencing on or after 1 January 2013 were approved by the Council of the Institute and were awaiting Gazetting at the end of the year.
- Sri Lanka Accounting Standard for SMEs which will be applicable for financial periods commencing on or after 1 January 2012 was released for Gazetting.
- Process related to revision of 30 Sri Lanka Auditing Standards and the Sri Lanka Standard on Quality Control 1 (SLQC1) based on the 2009 edition of the Handbook of International Standards on Auditing and Quality Control under the Clarity Project have been completed. The relevant standards were awaiting to be sent for Gazetting.

6. International Relations

6.1 Membership in international organisations has enabled the Board to keep itself abreast of developments around the world on matters relating to financial reporting, auditing and monitoring compliance with standards. It has also opened a window to obtain information and assistance from other regulators, and to carry out activities which are of benefit to many regulators as joint activities. During the year, the Board continued its membership of the following international organisations:

- International Forum of Independent Audit Regulators (IFIAR) - The Board has been a member of IFIAR since its first formal meeting held in 2007.
- Consultative Advisory Group of the International Auditing and Assurance Standards Board (IAASB) - The Board was appointed as a member of the Consultative Advisory Group of IAASB in 2007.
- Consultative Advisory Group of the International Ethics Standards Board for Accountants (IESBA). - The Board was admitted to the Consultative Advisory Group of IESBA in 2009.
- International Valuation Standards Council (IVSC) - The Board was admitted to membership of the Council in 2008.

6.2 Sri Lanka was re-elected as a member of the Intergovernmental Group of Experts on International Standards of Accounting and Reporting (ISAR) for the years 2009 to 2011. The staff of the Board represented Sri Lanka in the group of experts.

6.3 The Director General of the Board served as a member of the Commercial Forestry Project of the International Valuation Standards Council (IVSC).

Review of Activities

7. Public Awareness Measures

7.1 A brochure containing the types of significant deviations from the relevant requirements of Sri Lanka Accounting Standards which substantially altered the financial position and financial performance in the financial statements and of identified departures from the Sri Lanka Accounting Standards and Sri Lanka Auditing Standards, which were material, but not significant as to require the use of procedure using statutory provisions were distributed to all the SBEs during the year.

7.2 Letters advising the legal requirement to submit annual audited financial statements to SLAASMB were despatched to 2,373 entities.

7.3 Newspaper notices relating to the statutory requirement to submit financial statements to the Board were also published.

8. Panel of Reviewers

The Board engaged reviewers to review financial statements received by the Board in its attempt to increase the number of financial statements reviewed. 15 reviewers engaged since August 2011 have completed the initial review of 170 sets of financial statements. The finalisation of the reviews which includes the examination of the issues identified by the reviewers, discussions with the technical committee and obtaining additional information are carried out by the existing technical staff. 97 sets of financial statements of which initial reviews were carried out by the reviewers were finalised by the staff of the Board during the year.

9. Human Resource Development

9.1 As at the end of 2011, the Board had a staff of 11 of which 6 were Chartered Accountants. The Board was constrained from increasing the staff strength due to its inability to pay market-based salaries in terms of the relevant government circulars relating to staff remuneration. On the recommendations of the Salaries and Cadre Commission, the Treasury

granted approval to the Board to employ professional staff on contract basis at negotiated salaries.

However, due to restrictions placed by the Treasury on the recommendation of the Salaries and Cadre Commission when approving the increased cadre, the Board was unable to fill the existing vacancies in the technical positions during the year.

9.2 The staff had international exposure on areas relating to financial reporting, auditing and regulation by attending conferences, workshops and training programmes on 6 occasions during the year.

10. Governance

10.1 In terms of the statute, the Board consists of 3 ex-officio members and 10 members appointed by the Minister of Finance and Planning out of nominations received from identified institutions. The ex-officio members are Registrar of Companies, Commissioner General of Inland Revenue and Director General of the Securities and Exchange Commission of Sri Lanka. The appointed members are nominees from the following institutions:

- Central Bank of Sri Lanka
- The Institute of Chartered Accountants of Sri Lanka (3 members)
- Sri Lanka Division of the Chartered Institute of Management Accountants of UK
- Bar Association of Sri Lanka
- Ceylon Chamber of Commerce
- Federation of Chambers of Commerce and Industry of Sri Lanka
- Sri Lanka Banks' Association
- University Grants Commission

10.2 Mr. P. Samarasiri, Assistant Governor of the Central Bank of Sri Lanka, was the Chairman during the year.

10.3 The Board had 8 meetings during the year.

Review of Activities

10.4 The deliberations of the Board during the year included overall guidance, policy decisions, approval of financial statements and annual budget and exploring ways to increase the technical capacity.

10.5 In terms of the delegation policy of the Board, regular operations relating to monitoring compliance with standards such as gathering information, reviewing financial statements and audits, and investigations were carried out by the staff supervised and guided by the Director General.

11. Other Activities

With the increase in the number of financial statements received by the Board, the Board commenced archiving financial statements of SBEs by scanning.

12. Financial Performance

12.1 The operating expenses of the Board for the year was Rs. 34,735,135/- compared to Rs. 28,533,932/- for the previous year. The increase in operating expenses was 22% for the year.

12.2 Staff costs during the year was Rs. 13,669,810/- compared to Rs. 11,957,572/- during the previous year which indicates an increase of 14% for the year. Staff costs constituted 39% of the operating expenses of the Board.

12.3 Increase in expenses of the year was mainly due to professional fees paid to review financial statements, increase in staff salaries, recruitment of a technical manager and increased publication of press notices during the year. The expenses were financed out of funds provided by the Government.

Observations Made on Review of Financial Statements

1. Undertakings obtained to make the required corrections

Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) obtained undertakings from nine Specified Business Enterprises (SBEs) to make corrections in financial statements.

A public corporation undertook to make a provision of Rs. 40 Billion in respect of the actuarial present value of pension and social security benefits of its benefits scheme. Other undertakings obtained from public corporations resulted in corrections to net profit/equity amounting to Rs. 253 Million. Undertakings obtained from listed companies in the private sector resulted in corrections to net profits/equity amounting to Rs. 1.2 Billion.

Types of items for which the other undertakings were obtained are as follows:

- Not making allowance in respect of doubtful debts.
- Recognition of inappropriately excessive values on revaluation of property, plant and equipment and utilisation of the surplus to issue bonus shares.
- Failure to revalue assets with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date when the revaluation model has been applied.
- Recognition of purported fair value gain of biological assets as income when the relevant assets did not form part of an agricultural activity as defined in the standards.
- Failure to recognise government grants related to assets by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.
- Incorrect computation of a gain resulting from change in ownership of a subsidiary.

2. Letters of Assistance

The identified departures from Sri Lanka Accounting Standards detected, which were material, but not significant as to require the use of procedure using statutory provisions, were informed to the enterprises, by letter, without extensive inquiries, so that enterprises could, where necessary, take corrective action on their own. Such letters not being directions issued by the Board, are intended to be letters of assistance.

The main findings on which the letters of assistance were issued are set out below:

- Not computing the present value of the liability in respect of gratuity by using the projected unit credit method as required by the Standard.
- Not making allowances in respect of doubtful debts.
- Not recognising deferred tax liability for taxable temporary differences.
- Not carrying out regular revaluations of property plant and equipment where revaluation model has been selected.
- Not revaluing the entire class of property, plant and equipment to which the revalued asset belongs.
- Not using uniform accounting policies for like transactions and other similar events when preparing consolidated financial statements.
- Not recognising property held to earn rentals or for capital appreciation as investment property.
- Failure to recognise impairment of investments.

Undertakings obtained during the year 2011 from Public Sector Entities and Listed Companies

1. Agricultural and Agrarian Insurance Board

Agricultural and Agrarian Insurance Board, a public corporation had not made a provision of Rs. 40 Billion in respect of the actuarial present value of pension and social security benefits of its Farmers' Pension and Social Security Benefit Scheme in the financial statements for the year ended 31 December 2009. The Auditors had not qualified their report on this issue. Consequent to inquiries by the Board, the entity undertook to make the adjustments in the financial statements for the year ended 31 December 2011.

2. Colombo Fort Land and Building PLC

Colombo Fort Land and Building PLC, a listed company, had chosen the revaluation model as its accounting policy for land and buildings in its consolidated financial statements for the year ended 31 March 2007. The land and buildings were carried at an amount based on a valuation carried out in 1980. Sri Lanka Accounting Standards require revaluations to be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date. The auditors had not qualified their report on this issue.

As a result of the inquiry made by the Board, the Company undertook to incorporate a recent revaluation of the said property in the financial statements. This resulted in an increase in net assets by Rs. 652 Million.

3. Pelwatte Sugar Industries PLC

Plant and machinery of the subsidiary, had been overvalued by Rs. 461 Million in the consolidated financial statements of Pelwatte Sugar Industries PLC for the year ended 31 March 2010. The Auditors had not modified their report in this regard.

Subsequent to inquiries made by the Board, the Company undertook to reverse the overstatement in the consolidated financial statements for the year ended 31 March 2011.

On reversal, the Group's retained earnings were reduced by Rs. 230 Million and the minority interest was reduced by Rs. 230 Million.

4. Coco Lanka PLC

Coco Lanka PLC, a listed company had recognised a gain from change in ownership of a subsidiary, based on an inappropriate computation in the financial statements for the year ended 31 March 2010. This had resulted in an overstatement of profit for the year by Rs. 47 Million. The auditors had not qualified the report in this regard.

Subsequent to inquiries made by the Board, the Company undertook to incorporate the adjustment in the comparative information in the financial statements for the year ended 31 March 2011.

Listed Companies and Public Sector Entities which have not submitted Audited Financial Statements during 2011

Listed companies which have not submitted financial statements for the year ended 31 December 2010:

- Vanik Incorporation Limited

Listed companies which have not submitted financial statements for the year ended 31 March 2011:

- Fern Tea PLC
- Hotel Developers PLC
- Miramar Beach Hotels PLC

Public sector entities which have not submitted financial statements for the year ended 31 December 2010:

- Building Materials Corporation Limited
- Central Engineering Consultancy Bureau
- Ceylon Electricity Board
- Ceylon Fisheries Corporation *
- Ceylon Petroleum Corporation *
- Coconut Cultivation Board *
- Janatha Estates Development Board
- Lady Lochore Loan Fund *
- National Film Corporation of Sri Lanka *
- National Livestock Development Board *
- National Water Supply and Drainage Board
- Paddy Marketing Board

- Sri Lanka Ayurvedic Drugs Corporation *
- Sri Lanka Cashew Corporation
- Sri Lanka Handicrafts Board
- Sri Lanka Institute of Textile and Apparel *
- Sri Lanka Transport Board
- State Development and Construction Corporation
- State Engineering Corporation of Sri Lanka
- State Pharmaceuticals Corporation of Sri Lanka *
- State Pharmaceuticals Manufacturing Corporation of Sri Lanka *
- Tea Small Holdings Development Authority *
- The Co-operative Wholesale Establishment

Public sector entities which have not submitted financial statements for the year ended 31 March 2011:

- Ceylon Shipping Corporation Limited
- National Paper Company Limited
- Sri Lanka Land Reclamation and Development Corporation *

** Subsequently submitted (by 31 May 2012)*

Observations Made on Audit Reviews

1. Introduction

Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) reviewed 30 audits carried out by 17 firms during the year 2011. Audits reviewed included 17 carried out by members of international network firms.

2. Main Findings

Deficiencies were identified in 19 audits conducted by 14 firms. The identified departures from Sri Lanka Auditing Standards detected were communicated to the respective firms in the form of letters of assistance.

The main findings are set out below:

2.1 Items not Sufficiently Documented

Documentation in relation to 9 audits had deficiencies relating to matters which are of importance to support the audit opinion and to provide evidence that the audits were conducted in accordance with Sri Lanka Auditing Standards.

Items which were not documented as required by Sri Lanka Auditing Standards included the following:

- Nature, timing and extent of audit procedures performed and results of such procedures. Deficiencies detected included absence of any evidence of work done in respect of deferred tax, trade receivables and tax losses. Absence of evidence relating to work done to verify the assumptions used in measuring defined benefit obligations and a capital gain on equity investments were also noted.
- Planning of the audit and the audit programme.
- Auditor's understanding of the industry and the economic and legal environment in which the entity operates.
- The Auditor's understanding of the accounting and internal control systems.
- Sampling techniques used by the Auditor.
- Analyses of transactions and balances.

- Analyses of significant ratios and trends.
- Identified and assessed risks of material misstatements at the financial statement and assertion level.
- Evidence that the work performed by assistants was supervised and reviewed.
- Conclusions reached by the Auditor concerning significant aspects of the audit, including how exceptions and unusual matters were resolved and treated.

2.2 Failure to Obtain Sufficient Appropriate Audit Evidence

Documentation relating to 8 audits did not provide a record of obtaining sufficient and appropriate audit evidence from substantive procedures and from tests of controls to support financial statement assertions.

Deficiencies included:

- Not performing any audit procedures to test the financial statement assertions relating to receivables, payables, related party balances and contingent liabilities.
- Failure to undertake substantive procedures to ascertain the recoverability of investments in and receivables from subsidiaries.
- Relying merely on a confirmation from the Company which stated the value of the inventory without undertaking any substantive procedures to ascertain such valuation.
- Not conducting procedures to ascertain the adequacy of provisioning for interest receivables and for investments in preference shares despite such balances being identified as non-recoverable.
- Not verifying the computation of a gain resulting from change in ownership of a subsidiary.

2.3 Understanding and Assessment of Control Risk

6 audits did not have any documentation regarding the Auditor's understanding of the entity's accounting and internal control system and of the assessment of control risk.

Observations Made on Audit Reviews

2.4 Failure to Establish the Audit Materiality Level

5 audits did not have any record on establishing the materiality level for the purpose of determining the nature, timing and extent of audit procedures and evaluation of the effect of misstatements.

2.5 Failure to Identify Material Misstatements in Financial Statements due to Inadequate use of Assertions to form a basis for Audit Procedures

Failure to identify the following material misstatements in financial statements due to inadequate use of assertions for classes of transactions, account balances and presentation and disclosures in sufficient detail to form a basis for the assessment of risks of material misstatements and the design and performance of further audit procedures were observed in 4 audits.

- Revaluing a leasehold land held under an operating lease and recognising as finance lease.
- Considering an incorrect value as the cost of investment property.
- Non-compliance with significant disclosure requirements in respect of a finance company.
- Not recognising impairment of investments and receivables.
- Not adopting the equity method for investments in associates.
- Recognising and presenting investment property as property, plant and equipment.

2.6 Related Party Transactions

Failure to review available records and identify related party transactions which were not disclosed were observed in 4 audits.

Examples are:

- Transactions with a subsidiary
- Short-term loans granted and settled during the year

2.7 Tests Performed on Expert's Work

3 audits did not have any evidence on how the Auditor considered source data used, assumptions and methods used and results of the expert's work in the light of the Auditor's overall knowledge of the business and other audit findings in evaluating the expert's work.

Examples are:

- Accepting the external valuers results as the appropriate value without assessing the reasonableness of the values based on the Auditor's understanding of the entity and its environment and whether the estimates are consistent with other audit evidence obtained during the audit when a property acquired had been revalued in the year of acquisition recognising an excessive gain.
- Failure to test significant assumptions, the valuation model and underlying data when the gain on valuation of biological assets and real estate had been significant.
- Considering the value derived by an inappropriate method adopted by the management as the appropriate value of such property.

3. General

Audit documentation of majority of the firms reviewed did not provide a sufficient and appropriate record of the basis of the Auditor's Report. In most cases, the documentation did not provide evidence that the audit was planned and performed in accordance with the Standards. The working papers lacked evidence relating to overall audit strategy and planning to test assertions made in the financial statements. Inadequate identification and disclosure of related party transactions and failure to evaluate the work of experts in the light of the Auditor's overall knowledge of the business were observed in some of the audits. Further, certain audit reports were not prepared in compliance with the relevant standard relating to the Auditor's Report.

Balanced Scorecard

Board uses the Balance Scorecard to plan its annual performance. The plan for 2011, actual for 2011 and plan for 2012 are given below:

Financial Statement User Perspective: *To achieve our vision, how should financial statements users see us?*

Goals	Measures	2011 Plan	2011 Actual	2012 Plan
Financial statements of SBEs to present a true and fair view	Review financial statements to determine compliance with Sri Lanka Accounting Standards	207 sets of financial statements	213 sets of financial statements (Note 1)	300 sets of financial statements
	Reviewing audits to determine compliance with Sri Lanka Auditing Standards	30 audits	30 audits	50 audits

Regulated Entity Perspective: *To achieve our vision, how should regulated institutions see us?*

Goals	Measures	2011 Plan	2011 Actual	2012 Plan
Collection of financial statements	Number of financial statements received	1,188	1,716 (Note 2)	1,256

Internal Process Perspective: *To satisfy our stakeholders, what internal process must we excel at?*

Goals	Measures	2011 Plan	2011 Actual	2012 Plan
Employee performance	Achieve targeted performance points for the year (Note 3)	10,224	10,972	11,532
Eliminate obstacles in meeting present mission goals by enhancing knowledge	Weekly learning activity (internally)	48 presentations on Standards	48 presentations on Standards	48 presentations on Standards
Timely Response	Attend to complaints, clarifications sought and information received	Within an average of 5 days excluding the date of receipt and date of response	5.4 days	Within an average of 5 days excluding the date of receipt and date of response

Balanced Scorecard

Note 1

Review of Financial Statements

Category of SBE	2011 Plan	2011 Actual
Banks	8	8
Insurance Companies	8	8
Finance Companies	17	18
Leasing Companies	7	6*
Other Listed Companies	110	120
Strategic Public Enterprises	13	8**
Other Public Corporations and Government Controlled Entities	4	5
Other Companies	40	40
Total	207	213

* An undertaking sought from one finance company reviewed during the year was not concluded as the management of the entity is awaiting approval of its Board of Directors

** Status of the shortfall is as follows:

Reviews in progress

Airport and Aviation Services (Sri Lanka) Limited

Sri Lanka Insurance Corporation Limited

National Water Supply and Drainage Board

Sri Lanka Ports Authority

Financial statements not submitted as audited financial statements are not available

Ceylon Transport Board (CTB)

Note 2

Receipt of the financial statements issued in respect of previous years' resulting from a close follow up.

Note 3

Performance points are earned based on the number of pages of the Annual Report being reviewed and whether the audit report carries qualifications or not. It is also adjusted according to the nature of work performed in concluding the review.

Report of the Auditor General



විගණකාධිපති දෙපාර්තමේන්තුව கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம் AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல
My No. } EF/I/SLAASMB/2011

ඔබේ අංකය
உமது இல
Your No. }

දිනය
திகதி
Date } 21 June 2012

Chairman,
Sri Lanka Accounting and Auditing Standards Monitoring Board

Report of the Auditor General on the Financial Statements of the Sri Lanka Accounting and Auditing Standards Monitoring Board for the year ended 31 December 2011 in terms of Section 14 (2) (c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the Sri Lanka Accounting and Auditing Standards Monitoring Board for the year ended 31 December 2011 comprising the Statement of Financial Position as at 31 December 2011 and the Statement of Financial Performance, Statement of Changes in Net Assets and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13 (1) of the Finance Act, No. 38 of 1971 and Section 33 (2) of the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14 (2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13 (7) (a) of the Finance Act will be issued to the Chairman of the Board in due course.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements 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 Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

Financial Statements

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Sri Lanka Accounting and Auditing Standards Monitoring Board as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report to Parliament

My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

H.A.S. Samaraweera
Auditor General

අංක 306/72 පොල්දූව පාර,
බත්තරමුල්ල, ශ්‍රී ලංකාව

இல. 306/72, பொல்துவ வீதி,
புத்தரமுல்லை இலங்கை

No.306/72, Polduwa Road,
Battaramulla, Sri Lanka

දුරකථනය
தொலைபேசி } 2887028 - 34
Telephone

ෆැක්ස් අංකය
பக்ஸ் இல } 2887223
Fax No.

ඉලෙක්ට්‍රොනික් තැපෑල
✉- மெயில் } oaggov@slt.net.lk
E-mail.

Statement of Financial Position

As at 31 December

	Note	2011 Rs.	2010 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	11,032,435	2,519,432
Deposits	4	1,340,550	1,340,550
		12,372,985	3,859,982
Current Assets			
Inventories	5	389,730	276,740
Accounts Receivable	6	1,204,415	1,041,734
Cash and Cash Equivalents	7	2,980,160	528,465
		4,574,305	1,846,939
Total Assets		16,947,290	5,706,921
LIABILITIES			
Non-Current Liabilities			
Deferred Income - Government Grants	8	8,526,348	748,299
Provision for Gratuity	9	3,846,637	3,111,683
		12,372,985	3,859,982
Current Liabilities			
Deferred Income - Government Grants	10	4,086,687	1,178,871
Accounts Payable	11	487,618	668,068
		4,574,305	1,846,939
Total Liabilities		16,947,290	5,706,921

The notes appearing on pages 21 to 25 form an integral part of the financial statements.

The Members of the Sri Lanka Accounting and Auditing Standards Monitoring Board are responsible for the preparation and presentation of these financial statements.

For and on behalf of the Members of the Board,



Chairman of the Board



Director General



Finance and Administration Manager

31 January 2012

Statement of Financial Performance

For the year ended 31 December

	Note	2011 Rs.	2010 Rs.
Revenue			
Government Grants	12	37,235,135	31,033,932
Less: Grants Released to the Institute of Chartered Accountants of Sri Lanka		2,500,000	2,500,000
		34,735,135	28,533,932
Operating Expenses			
Board Members' Allowances		(306,100)	(135,000)
Auditor's Remuneration	13	93,409	(557,750)
Staff Costs	14	(13,669,810)	(11,957,572)
Press Notices		(1,391,803)	(535,718)
Rent and Building Service Charges		(5,320,648)	(5,292,023)
Depreciation and Amortisation Expenses	3	(1,446,748)	(1,000,331)
Professional fees to Reviewers		(2,130,000)	–
Other Administration Expenses		(10,563,435)	(9,055,538)
Net Surplus/(Deficit) for the year		–	–

The notes appearing on pages 21 to 25 form an integral part of the financial statements.

Statement of Changes in Net Assets

	Accumulated Fund Rs.
Balance as at 31 December 2009	–
Net Surplus/(Deficit) for the year	–
Balance as at 31 December 2010	–
Net Surplus/(Deficit) for the year	–
Balance as at 31 December 2011	–

The notes appearing on pages 21 to 25 form an integral part of the financial statements.

Cash Flow Statement

For the year ended 31 December

	Note	2011 Rs.	2010 Rs.
Cash Flows from Operating Activities			
Net Surplus/(Deficit) for the year		—	—
Adjustments for:			
Government Grants Received during the year		47,921,000	31,508,960
Deferred Government Grants Transferred to Statement of Financial Performance		(37,235,135)	(31,033,932)
Grants Received in the form of Non-Current Assets		(9,000,000)	—
Depreciation		1,446,748	1,000,331
Loss on Disposal of Office Equipment		7,988	12
Provision for Gratuity		734,954	238,524
Excess of Income over Expenditure before Working Capital Changes		3,875,555	1,713,895
(Increase)/Decrease in Inventories		(112,990)	27,723
(Increase)/Decrease in Accounts Receivable		(162,681)	(40,161)
Increase/(Decrease) in Accounts Payable		(180,450)	(924,273)
Net Cash Flow from Operating Activities		3,419,434	777,184
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(967,739)	(1,277,156)
Net Cash Flow		2,451,695	(499,972)
Cash Flows from Financing Activities			
Net Increase/(Decrease) in Cash and Cash Equivalents		2,451,695	(499,972)
Cash and Cash Equivalents at the beginning of the year		528,465	1,028,437
Cash and Cash Equivalents at the end of the year	7	2,980,160	528,465

The notes appearing on pages 21 to 25 form an integral part of the financial statements.

Notes to the Financial Statements

1. Corporate Information

The financial statements of Sri Lanka Accounting and Auditing Standards Monitoring Board for the year ended 31 December 2011 were authorised for issue by a resolution of the Members of the Board on 31 January 2012. Sri Lanka Accounting and Auditing Standards Monitoring Board is a Statutory Board established by Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The function of the Board is to monitor compliance with Sri Lanka Accounting Standards and Sri Lanka Auditing Standards in the preparation, presentation and audit of financial statements of Specified Business Enterprises under the provisions of Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The Board employed 8 permanent and 3 temporary employees as at 31 December 2011 (7 permanent and 3 temporary as at 31 December 2010).

2. Significant Accounting Policies

Basis of Preparation

The financial statements of the Board are prepared under the historical cost convention in conformity with Sri Lanka Accounting Standards adopted under the provisions of Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

All accounting policies adopted by the Board are applied consistently with those of the previous year. Where necessary, comparative figures have been adjusted to conform to the changes in presentation of the current year.

Events after the date of the Statement of Financial Position

All material events after the date of the Statement of Financial Position are considered and appropriate adjustments or disclosures made in the financial statements, where necessary.

Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation. Depreciation is charged to the Statement of Financial Performance, on a straight-line basis, over the estimated useful lives of the assets as follows:

Description	Estimated Useful Life
Motor Vehicles	5 years
Office Equipment	4 years
Furniture, Fixtures & Fittings	6-10 years
Books & Publications	3 years

Depreciation is provided in the year of purchase and in the year of sale based on the period used, with full depreciation being provided in the month of purchase and no depreciation being provided in the month of sale.

Items other than books and publications purchased at a cost not exceeding Rs. 7,500/-, all Accounting Standards and Auditing Standards and other publications with a cost not exceeding Rs. 1,000/- are expensed in the year of purchase.

Inventories

Inventories are valued at lower of cost and net realisable value. The cost of the inventories are arrived at by using the first-in, first-out (FIFO) basis.

Notes to the Financial Statements

Accounts Receivable

Accounts Receivable are stated at the amounts estimated to be realised, and where necessary, provision is made in the financial statements, for bad and doubtful debts.

Cash and Cash Equivalents

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts.

Accounts Payable

Liabilities for Accounts Payable, are carried at the amount of cash and cash equivalents expected to be paid.

Provision for Gratuity

Provision has been made in the financial statements for retiring gratuities payable under the Payment of Gratuity Act No. 12 of 1983, based on the amount payable if all employees retire on the date of the Balance Sheet, subject to the assumption that every employee would be entitled to the payment even if any or some of them may not have completed the minimum period of service required to be eligible for the payment under the Act on the date of the Balance Sheet.

Government Grants

Grants received from the General Treasury of the Government of Sri Lanka are recognised as income in the period in which the related costs are recognised.

Government Grants utilised to acquire assets that will be expensed in subsequent periods are recognised as Deferred Income. Government Grants represented by other assets including cash and cash equivalents, less liabilities (other than liabilities on account of the Grants Received) are recognised as liabilities.

Notes to the Financial Statements

3. Property, Plant and Equipment

	Motor Vehicles		Office Equipment		Furniture, Fixtures & Fittings		Library Books		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost										
At beginning of the year	2,675,000	2,675,000	6,139,119	5,781,730	9,696,286	9,696,286	2,858,713	2,805,693	21,369,118	20,958,709
Additions	9,000,000	–	756,615	1,224,136	186,838	–	24,286	53,020	9,967,739	1,277,156
Disposals	–	–	(99,990)	(866,747)	(96,231)	–	–	–	(196,221)	(866,747)
At end of the year	11,675,000	2,675,000	6,795,744	6,139,119	9,786,893	9,696,286	2,882,999	2,858,713	31,140,636	21,369,118
Accumulated Depreciation										
At beginning of the year	2,674,998	2,674,998	4,531,074	4,820,198	8,893,546	8,591,211	2,750,068	2,629,683	18,849,686	18,716,090
Depreciation for the year	520,000	–	657,061	577,611	194,604	302,335	75,083	120,385	1,446,748	1,000,331
Depreciation on Disposals	–	–	(99,989)	(866,735)	(88,244)	–	–	–	(188,233)	(866,735)
At end of the year	3,194,998	2,674,998	5,088,146	4,531,074	8,999,906	8,893,546	2,825,151	2,750,068	20,108,201	18,849,686
Written Down Value at end of the year	8,480,002	2	1,707,598	1,608,045	786,987	802,740	57,848	108,645	11,032,435	2,519,432
							2011		2010	
							Rs.		Rs.	

4. Deposits

Rent Deposit	1,340,550	1,340,550
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5. Inventories

Stationery	389,730	276,740
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6. Accounts Receivable

Prepayments	1,124,415	961,734
Deposits	80,000	80,000
	1,204,415	1,041,734

7. Cash and Cash Equivalents

Cash on Hand and in Banks	2,980,160	528,465
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Notes to the Financial Statements

	2011 Rs.	2010 Rs.
8. Deferred Income - Government Grants (Non-Current)		
Balance at the beginning of the year	748,299	710,010
Grants Received and Utilised to Acquire Non-Current Assets	967,739	1,277,156
Grants Received in the form of Non-Current Assets	9,000,000	–
Depreciation and Amortisation Expenses for the year	(1,446,748)	(1,000,331)
Loss on Disposal of Office Equipment	(7,988)	(12)
Gratuity provision for the year	(734,954)	(238,524)
Balance at the end of the year	8,526,348	748,299

Represented by

Property, Plant and Equipment	11,032,435	2,519,432
Deposit (Non-Current)	1,340,550	1,340,550
Less: Provision for Gratuity	(3,846,637)	(3,111,683)
	8,526,348	748,299

9. Provision for Gratuity

Balance at the beginning of the year	3,111,683	2,873,159
Provision for the year	734,954	238,524
Payments during the year	–	–
Balance at the end of the year	3,846,637	3,111,683

The Liability for Gratuity is not externally funded.

10. Deferred Income - Government Grants (Current)

Balance at the beginning of the year	1,178,871	742,132
Increase/(Decrease) in Inventories and Prepayments	275,671	12,438
Increase/(Decrease) in Cash and Cash Equivalents	2,451,695	(499,972)
(Increase)/Decrease in Accounts Payable	180,450	924,273
Balance at the end of the year	4,086,687	1,178,871

Represented by

Inventories	389,730	276,740
Accounts Receivable	1,204,415	1,041,734
Cash and Cash Equivalents	2,980,160	528,465
Less: Accounts Payable	(487,618)	(668,068)
	4,086,687	1,178,871

11. Accounts Payable

Auditor's Remuneration	233,051	442,984
Payable for Interior Work	41,642	41,642
Other Payables	212,925	183,442
	487,618	668,068

Notes to the Financial Statements

	2011 Rs.	2010 Rs.
12. Government Grants		
Government Grants Received during the year	47,921,000	31,508,960
Grants Received in the form of Non-Current Assets	(9,000,000)	–
Grant used for Capital Expenditure	(967,739)	(1,277,156)
Grant used for Net Current Assets	(2,907,816)	(436,739)
Depreciation and Amortisation Expenses for the year	1,446,748	1,000,331
Loss on Disposal of Office Equipment	7,988	12
Gratuity Provision for the year	734,954	238,524
Grants shown in the Statement of Financial Performance	37,235,135	31,033,932
13. Auditor's Remuneration		
Current year	116,525	221,492
Under/(Over) Provision for previous year	(209,934)	336,258
	(93,409)	557,750
14. Staff Costs		
Staff Remuneration	9,384,985	8,419,903
Employees' Provident Fund	1,096,810	981,765
Employees' Trust Fund	274,202	245,441
Vehicle Rent	1,448,655	1,448,052
Provision for Gratuity	734,954	238,524
Other Staff Benefits	730,204	623,887
	13,669,810	11,957,572

15. Related Party Disclosures

Messrs C. L. K. P. Jayasuriya, S. Rajapakse, N. Sivapragasam, R. Theagarajah and W. K. H. Wegapitiya, who were members of the Board during the year, were also Directors or Senior Officers of some of the specified business enterprises monitored by the Board.

Messrs A. Herath, D. T. S. H. Mudalige and S. Rajapakse, who were members of the Board during the year were also partners of firms of practising accountants which audit some of the specified business enterprises monitored by the Board.

There were no related party transactions during the period.

16. Capital Commitments

There were no capital commitments as at 31 December 2011 (as at 31 December 2010 - Nil).

17. Contingent Liabilities

There were no contingent liabilities as at 31 December 2011 (as at 31 December 2010 - Nil).

18. Events after the date of the Statement of Financial Position

There were no material events after the date of the Statement of Financial Position necessitating any adjustments or disclosure in the financial statements.

Specified Business Enterprises

The following have been defined as specified business enterprises by the Act and the regulations made under the Act:

- Companies licensed under the Banking Act No. 30 of 1988.
- Companies authorised under the Control of Insurance Act No. 25 of 1962, to carry on insurance business.
- Companies carrying on leasing business.
- Factoring Companies.
- Companies registered under the Finance Companies Act No. 78 of 1988.
- Companies licensed under the Securities and Exchange Commission Act No. 36 of 1987, to operate unit trust.
- Fund Management Companies.
- Companies licensed under the Securities and Exchange Commission Act No. 36 of 1987, to carry on business as stockbrokers or stock dealers.
- Companies licensed under the Securities and Exchange Commission Act No. 36 of 1987, to operate a Stock Exchange.
- Companies listed in a Stock Exchange licensed under the Securities and Exchange Commission Act No. 36 of 1987.
- Other Companies:
 - (a) which have a turnover in excess of Rupees 500 Million;
 - (b) which at the end of the previous financial year, had shareholders' equity in excess of Rupees 100 Million;
 - (c) which at the end of the previous financial year, had gross assets in excess of Rupees 300 Million;
 - (d) which at the end of the previous year, had liabilities to banks and other financial institutions in excess of Rupees 100 Million;
 - (e) which have a staff in excess of 1,000 employees.
- Public Corporations engaged in the sale of goods or the provision of services.
- A group of companies, anyone of which falls within any of the above categories. For this purpose, "a group of companies" means a holding company and its subsidiaries, the accounts of which have to be consolidated under the Companies Act.

Name of Organisation

Sri Lanka Accounting and
Auditing Standards Monitoring Board

Legal Form

A Statutory Board established by
Sri Lanka Accounting
and Auditing Standards
Act No. 15 of 1995

Country of Incorporation

Sri Lanka

Head Office

3rd Floor
293, Galle Road
Colombo 3

Telephone: 2301210

Fax: 2301211

E-mail: slaasmb@sltnet.lk

Website

www.slaasmb.org

Auditors

The Auditor General
The Auditor General's Department
306/72, Poldoowa Road,
Battaramulla

Bankers

Bank of Ceylon

Legal Advisers

Attorney General
Attorney General's Department
Colombo 12

**Sri Lanka Accounting and Auditing
Standards Monitoring Board**

3rd Floor
293, Galle Road
Colombo 3
Sri Lanka