

Enhancing Reliability



SLAASMB

Sri Lanka Accounting and Auditing
Standards Monitoring Board

ANNUAL
REPORT

2020

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 65)

Contents

Members of the Board.....	01
Members of the the Board as at 31 December 2020	02
Observers/Invitees of the Board as at 31 December 2020.....	06
Board appointed Sub-Committees during 2020	07
Current staff of the Board.....	08
Technical staff of the Board	09
Review of Activities 2020.....	10
Observations made on review of financial statements during 2020	19
Undertakings Obtained during the year 2020	22
Audit Inspections - 2020.....	23
Short term and medium term measures to be followed to improve the performance of SLAASMB.....	28
Performance Scorecard.....	30
Financial Statements of Specified Business Enterprises (SBEs) Reviewed	32
during 2020 - Compliant with Sri Lanka Accounting Standards	
Financial Statements of Specified Business Enterprises (SBEs) Reviewed during.....	38
2020 - Compliant with Observations Communicated by letters of observations.	
Listed Companies and Public Sector Entities which have not submitted Audited Financial Statements as at 31 December 2020	42
Activities relating to Standard Setting by CA Sri Lanka during 2020	43
Report of the Auditor General.....	45
Current status regarding the issues addressed in the Report of the Auditor General	51
Statement of Financial Position	54
Statement of Financial Performance and Other Comprehensive Income	55
Statement of Changes in Net Assets	56
Cash Flow Statement	57
Notes to the Financial Statements	58
Specified Business Enterprises	65

Annual Report - 2020

Members of the Board

Ms. K M A N Daulagala <i>FCMA (UK), MBA (USJP)</i> <i>MSc (Fin. and Busi. Econ.)(UK)</i> Assistant Governor - Central Bank of Sri Lanka	Chairperson (w.e.f. 28 February 2020)	
D N R Siriwardena <i>B.A (Hons), LLB, LL.M, Attorney-at-Law</i> Registrar General of Companies	Ex- Officio Member (up to 2 January 2021)	
A N Guruge <i>B.Sc, B. Admin</i> H M W C Bandara <i>B.Com (Sp.), LLB, Attorney-at-Law</i> Commissioner General of Inland Revenue	Ex- Officio Member (up to 6 November 2020) (w.e.f. 4 December 2020)	
C Mendis <i>Attorney-at-Law</i> Director General, Securities and Exchange Commission of Sri Lanka	Ex- Officio Member (w.e.f. 26 May 2020)	
W W J C Perera <i>FCA, FCMA, B.Sc (B.Admin), CFE</i> Partner – KPMG	Appointed Member (w.e.f 17 February 2020)	CA Sri Lanka
H M A Jayasinghe <i>FCA, FCMA, CIPFA</i> President - CA Sri Lanka, Country Managing Partner - Ernst & Young, Sri Lanka and Maldives	Appointed Member (w.e.f 17 February 2020)	CA Sri Lanka
S M S S Bandara <i>FCA, MBA (Col.)</i> <i>B.Sc Acc. and Fin. Management (USJP)</i> Vice President - CA Sri Lanka, Partner – B R De Silva & Company	Appointed Member (w.e.f 17 February 2020)	CA Sri Lanka
P R A I Gunarathna <i>ACMA (UK), CGMA, ACCA Affiliate,</i> <i>Dip.in Banking and Fin., B.Sc. Eng. (Hons), MBA (UK)</i> Head of Finance - Resus Energy PLC	Appointed Member (w.e.f. 2 March 2020)	Chartered Institute of Management Accountants of UK Sri Lanka Division
R T Amarasuriya <i>LLB (Hons.) (Col.), FCMA (UK), FCMA (SL), CGMA</i> <i>Attorney-at-Law</i> Secretary - Bar Association of Sri Lanka, Former Commissioner Member Securities and Exchange Commission of Sri Lanka	Appointed Member (w.e.f. 9 June 2020)	Bar Association of Sri Lanka
P D Samarasinghe <i>FCA, FCMA (UK), MBA</i> Group Director/ Chief Executive Officer - Overseas Realty (Ceylon) PLC	Appointed Member (w.e.f. 2 March 2020)	Ceylon Chamber of Commerce
K K S Gunawardane <i>BA (Hons.) Econ. Sp., Dip.in Hypermedia</i> <i>Eng.(Col.), Dip.in Multimedia Technology (Col.),</i> <i>PGDip in Busi. and Fin. - ICA (SL)</i> Managing Director/ Chief Executive Officer – Graphic Systems (Pvt) Ltd	Appointed Member (w.e.f. 3 July 2020)	Federation of Chambers of Commerce and Industry of Sri Lanka
A Goonesekere <i>FCA, FCMA, MBA (USJP)</i> Senior Vice President, Integrated Risk Management/ Chief Risk Officer – DFCC Bank PLC	Appointed Member (w.e.f. 12 February 2020)	Sri Lanka Banks’ Association
Prof. A Jayamaha <i>PhD (USQ-Aus), M.Com (UoK), B.Com (UoK), FCA</i> Dean - Faculty of Graduate Studies, University of Kelaniya	Appointed Member (w.e.f. 26 May 2020)	University Grants Commission
Ms. M D G L Perera <i>FCA, MBA</i>		Secretary to the Board

In accordance with the Presidential Circular PS/SP/SB/Circular 02/2019, the previous members resigned from the Board with effect from 29 November 2019 and the appointments of new members took place in 2020.

Members of the Board

As at 31 December 2020



K M A N Daulagala

FCMA (UK), MBA (USJP)

MSc (Financial and Business Economics), University of Essex, UK

Ms. Daulagala, Chairperson of the Board, is an Assistant Governor at the Central Bank of Sri Lanka. She counts over 30 years of service at the Central Bank of Sri Lanka with exposure in the fields of finance, auditing, reserve management, regulation and supervision, macro prudential surveillance, human resource management and risk management.



D N R Siriwardena

B.A. (Hons.), LLB, LLM, Attorney – at – Law

Mr. Siriwardena joined the Department of Registrar of Companies in 1988. He is working as the Registrar General of Companies and counts over 33 years of experience in the Department of Registrar of Companies. Mr. Siriwardena is an ex-officio member of the Council of the Institute of Chartered Accountants of Sri Lanka, the Insurance Regulatory Commission of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.



H M W C Bandara

B.Com (Sp.), LLB, Attorney – at – Law

Mr. Bandara, the Commissioner General of Inland Revenue, counts over 33 years of service at the Department of Inland Revenue. He is the Project Director and is a core Team Member of the RAMIS Project (Revenue Administration Management Information System) of the Department.

Mr. Bandara is also a Member of the Association of Accounting Technicians of Sri Lanka.



C Mendis

Attorney – at – Law

Mr. Mendis is the Director General of the Securities and Exchange Commission of Sri Lanka.

Members of the Board

As at 31 December 2020



W W J C Perera

FCA, FCMA, B.Sc (B.Admin), CFE

Mr. Perera, a past President of the Institute of Chartered Accountants of Sri Lanka is a Partner of KPMG Sri Lanka. He leads the Risk Consulting and Forensic Services of KPMG. He is also a Certified Fraud Examiner, accredited by the Association of Certified Fraud Examiners of USA and a member of the Institute of Internal Auditors of USA.



H M A Jayasinghe

FCA, FCMA, CIPFA

Mr. Jayasinghe, President of the Institute of Chartered Accountants of Sri Lanka is the Country Managing Partner of Ernst & Young, Sri Lanka and Maldives. He is also, the Head of Assurance in-charge of Banking and Finance Services Practice at Ernst & Young.

Mr. Jayasinghe having 38 years of extensive experience in accounting and auditing, serves as the Chairman of the Accounting Standards Committee of the South Asian Federation of Accountants (SAFA) and the Statutory Accounting Standards Committee at the Institute of Chartered Accountants of Sri Lanka. He serves as a member in many other statutory bodies, professional associations and educational institutions. He also serves as a consultant to the Audit Committees of some listed companies.



S M S S Bandara

FCA, MBA (Colombo) B.Sc Accountancy and Financial Management (USJP)

Mr. Bandara, the Vice President of the Institute of Chartered Accountants of Sri Lanka, is a Partner of B. R. De Silva & Co. Chartered Accountants and counts over 23 years of experience in practice, specializing in assurance services and financial reporting.

He is also a Board Member of the Confederation of Asia Pacific Accountants (CAPA) and the South Asian Federation of Accountants (SAFA). Further, he is a member of the governing council of the University of Kelaniya and a commissioner of the Securities and Exchange Commission of Sri Lanka



P R A I Gunarathna

ACMA (UK), CGMA, ACCA Affiliate, Dip. in Banking and Finance, B.Sc. Eng. (Hons), MBA (UK)

Mr. Gunarathna, the Head of Finance at Resus Energy PLC, counts over 10 years experience in the fields of accounting and finance. In the past, he has served in the Brandix Group and at KPMG. He is a member of the Middle East, South Asia and North Africa Regional Advisory panel of the Association of International Certified Professional Accountants and is a senior lecturer in CIMA. He has conducted CIMA lectures in different geographies including Sri Lanka, Myanmar, Vietnam, Nigeria and the Asia Pacific Region.

Members of the Board

As at 31 December 2020



R T Amarasuriya

LLB (Hons.) (Colombo), FCMA (UK), FCMA (SL), CGMA, Attorney-at-Law

Mr. Amarasuriya is a regular practitioner before the Appellate Courts in Sri Lanka, specializing in all aspects of Appellate Law, as well as Constitutional and Public Law and has a varied practice in diverse fields and subjects, including civil, contractual, commercial, property, taxation, banking, labour and other disciplines of the law.

In 2013, he was awarded the prestigious CIMA Star Gold Award by the Chartered Institute of Management Accountants (CIMA) as the most outstanding CIMA Member (Sri Lanka) below the age of 40 years and was recently named as one of the LMD - CIMA Trailblazers for 2021.

He serves as the Secretary of the Bar Association of Sri Lanka, the President of the Alumni Association of the University of Colombo, a Member of the Incorporated Council of Legal Education of Sri Lanka, a Member of the Standing Committee on Legal Studies of the University Grants Commission, a Member of the Advisory Board of the Faculty of Law of the Sri Lanka Institute of Information Technology and a Member of the Board of Governors of the Sri Lanka National Arbitration Centre. He is also an Executive Committee Member of the Law Association for Asia and the Pacific (LAWASIA).

He is a former Commission Member of the Securities and Exchange Commission (SEC) of Sri Lanka.



K K S Gunawardane

BA (Hons.) Economics Sp., Dip.in Hypermedia Engineering (Colombo), Dip.in Multimedia Technology (Colombo), PGDip in Busi. and Fin. - ICA (SL)

Mr. Gunawardane, the Chairman / Managing Director of Graphic Systems (Pvt) Ltd, counts over 35 years of experience in the fields of printing, IT, accounting and finance.

Presently Mr. Gunawardane is the Chairman of the Advisory Committee on Trade Information and Promotion at the Export Development Board. He is also the Senior Vice President of the Federation of Chambers of Commerce and Industry of Sri Lanka and serves on many other Boards of Companies and Associations. Mr. Gunawardane is a recipient of many awards including the awards of the Sri Lanka Entrepreneur of the year in 1999 and 2001.



A Goonesekere

FCA, FCMA, MBA (USJP)

Mr. Goonesekere, Senior Vice President, Integrated Risk Management / Chief Risk Officer of the DFCC Bank counts over 36 years of experience in the banking industry in the fields of financial management, financial operations and risk management.

He has previously served as the Chief Financial Officer of the Hatton National Bank PLC and as Senior Vice President / Chief Financial Officer of the DFCC Bank PLC.

He also serves on the Boards of several companies of the DFCC Group and on Board Sub Committees.

Members of the Board

As at 31 December 2020



P D Samarasinghe

FCA, FCMA (UK), MBA

Mr. Samarasinghe, Group Director / Chief Executive Officer of Overseas Reality (Ceylon) PLC, the premier property company in Sri Lanka, counts over 30 years of professional and managerial experience in the fields of manufacturing, plantation and real estate. He also serves as a member of the Boards and Board sub committee's of several publicly listed and unlisted corporates.

Mr. Samarasinghe was the past Chairman of many organizations namely the Sri Lanka Institute of Directors, Employer's Federation of Ceylon, Industrial Association of Sri Lanka and Condominium Developers Association of Sri Lanka. He is also a past President of the Chartered Institute of Management Accountants of UK (Sri Lanka Division) and a former Council Member of CIMA (UK). Further he is a past Board Member of the Ceylon Chamber of Commerce.



Professor A. Jayamaha

PhD (USQ-Aus), M.Com (UoK), B.Com (UoK), FCA

Professor Jayamaha, Professor of Accounting at the Department of Accountancy of the University of Kelaniya (UoK) is also the Dean of the Faculty of Graduate Studies of the UoK. He counts over 38 years of service at the UoK and has served as the Head of the Department of Human Resource Management, Department of Accountancy and as the coordinator of the Master of Business Administration programme in the Faculty of Commerce and Management Studies at the UoK. He was awarded the Doctorate of Philosophy in 2010. He is a practitioner and precedent partner of Jayamaha Pushpakumara and company and renders his service as a reviewer of the institutional review of Sri Lankan Universities and higher educational institutions conducted by the University Grants Commission of Sri Lanka and has been a Director of HDFC Bank since 2020.

Observers / Invitees of the Board

As at 31 December 2020

Chairman of Statutory Auditing Standards Committee



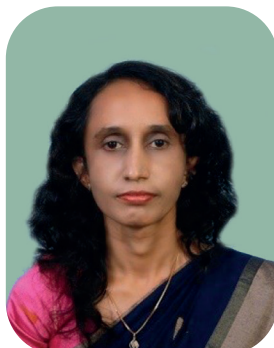
T.J.S. Rajakarier

FCA, FCCA, FCMA, CGMA

Mr. Rajakarier, Partner at KPMG Sri Lanka, counts over 35 years of service in public accounting practice. Currently, he serves as the Head of Audit of KPMG. He was the Head of Financial Services for the Middle East and Southern Asian Region of KPMG and continues to head KPMG's Financial Service Sector for Sri Lanka. His work exposure includes overseas experience in Oman, Dubai, Maldives and London. He has also served as the Chairman of ACCA Sri Lanka during 2018 – 2020.

Mr. Rajakarier serves as the Chairman of the Statutory Auditing Standards Committee of the Institute of Chartered Accountants of Sri Lanka. He has also been actively involved in setting policies and providing guidance by serving on several other committees and faculties at the Institute of Chartered Accountants of Sri Lanka.

Observer of the Board - Treasury Representative



K S Dayaratne

B.Sc. (Bus. Admin), MA, ACA

Ms. Dayaratne, Director of the Department of Treasury Operations, counts over 16 years of experience in the public sector. She serves as a member of the Board of the National Medicine Regulatory Authority.

Director General



A I Mohotti

FCA, FCMA (UK), CGMA, BBA (Hons.), MBA (Leicester)

Mrs. Mohotti, Director General of Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB), counts over 30 years of experience in financial and business management and in auditing in diverse business segments in the regulatory and commercial sectors. Her work exposure includes over 20 years service engaging in regulating compliance with accounting and auditing standards at SLAASMB.

Board appointed Sub-Committees during 2020

Audit Committee

Mr. S M S S Bandara – Chairman (w.e.f. 16 June 2020)
Professor A. Jayamaha – Member (w.e.f. 16 June 2020)
Ms. K S Dayarathna – Member (w.e.f. 16 June 2020)

Remuneration Committee

Ms. K M A N Daulagala – Chairperson (w.e.f. 16 June 2020)
Mr. P D Samarasinghe – Member (w.e.f. 16 June 2020)
Mr. P R A I Gunarathna – Member (w.e.f. 16 June 2020)
Mr. R T Amarasuriya – Member (w.e.f. 16 June 2020)
Ms. K S Dayarathne – Member (w.e.f. 16 June 2020)

Technical Sub Committee

Mr. A Goonesekere – Chairman (w.e.f. 16 June 2020)
Mr. H M A Jayasinghe – Member (w.e.f. 16 June 2020)
Prof. A Jayamaha – Member (w.e.f. 16 June 2020)
Mr. P D Samarasinghe – Member (w.e.f. 16 June 2020)
Mr. C Mendis – Member (w.e.f. 16 June 2020)

IT Steering Committee

Mr. P R A I Gunarathna – Chairman (w.e.f. 16 June 2020)
Mr. W W J C Perera – Member (w.e.f. 16 June 2020)
Mr. D N R Siriwardena – Member (w.e.f. 16 June 2020)
Mr. K K S Gunawardane – Member (w.e.f. 3 July 2020)
Mrs. A I Mohotti – Member (w.e.f. 16 June 2020)

Conflict Resolution Committee

Mr. C Mendis – Chairman (w.e.f. 16 June 2020)
Mr. R T Amarasuriya – Member (w.e.f. 16 June 2020)
Mr. D N R Siriwardena – Member (w.e.f. 16 June 2020)
Mr. H M W C Bandara – Member (w.e.f. 15 December 2020)
Mr. A Goonesekere – Member (w.e.f. 15 December 2020)

Current Staff of the Board



01. K. Sivakumar
02. Ms. Asha Ahamath
03. Ms. Anusha I Mohotti
04. Ms. Monita N Bandara
05. Ms. Hafsa B Razzak

06. Ms. Imalka Iddamalgod
07. Ms. Duminda K. Guruwatte
08. Ms. R A Nadeeshani Manodika
09. H S U P Jayawardena
10. Ms. D M Nilanthi P Dandeni

11. Ms. F Shiromi Abeykoon
12. K. Rasika S Bandara
13. Ms. Dilinika Menmendaarachchi
14. Ms. Kalani Hettiarachchi
15. Ms. M Lakmalie Hewage
16. 17. Ms. L Wathsala Mallawarachchi

Technical Staff of the Board as at 31 December 2020

Mrs. Anusha I Mohotti

*FCA, FCMA (UK), CGMA, BBA (Hons.),
MBA (Leicester)*
Director General

Mrs. Asha Ahamath

FCA, MBA (Col)
Deputy Director General

Mrs. Monita N Bandara

FCA, ACA (E&W), BB Mgt (Acc) Sp
Director Technical

Mrs. Hafsa B Razzak

FCA, ACMA (UK), CGMA, MBA (Sri.J)
Director Technical

Ms. W G Eranga Amarasinge

FCA, BSc (Acc) Sp (Hons.), MBS (Col)
Director Technical (up to 01.03.2021)

Mrs. M Lakmalie Hewage

FCA, ACMA (UK), CGMA, MBA (Sri. J)
Director Technical

Mrs. Imalka Iddamalgoda

ACA, B.Sc (Fin) Sp
Director Technical

Mrs. Dilinika Menmendaarachchi

FCA, B.Sc (Acc) Sp (Hons.)
Assistant Director Technical

Mrs. Kalani Hettiarachchi

FCA, B.Sc (Acc) Sp (Hons.)
Assistant Director Technical

Mrs. D M Nilanthi P Dandeni

FCA, BBA (Acc) Sp (Hons.), AIB (SL)
Assistant Director Technical

Mrs. L Wathsala Mallawarachchi

FCA, B.Sc (Acc) Sp (Hons.)
Assistant Director Technical

Review of Activities during 2020

1. Introduction

The Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) established under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 commenced active operations in 2000. The Act defined certain institutions as Specified Business Enterprises (SBEs) and such SBEs are required to comply with Sri Lanka Accounting Standards in the preparation and presentation of their financial statements and their auditors are required to comply with Sri Lanka Auditing Standards in the conduct of the audits of these SBEs. The Act requires the said SBEs to submit their annual audited financial statements to SLAASMB to enable SLAASMB to monitor compliance with Sri Lanka Accounting Standards and Sri Lanka Auditing Standards.

SLAASMB carries out its functions by reviewing financial statements received, inspecting audits of SBEs, conducting investigations on failure to comply with standards and taking appropriate corrective action with regard to non-compliances with standards by SBEs and their auditors. Under the Act, Sri Lanka Accounting Standards and Sri Lanka Auditing Standards are promulgated or adopted by the CA Sri Lanka. In order to make recommendations and assist CA Sri Lanka to adopt such standards, an Accounting Standards Committee and an Auditing Standards Committee has been established under the Act. CA Sri Lanka adopts accounting standards based on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) developed by the International Accounting Standards

Board (IASB). Similarly, the auditing standards adopted are based on the International Auditing Standards developed by the International Auditing and Assurance Standards Board (IAASB). Presently, the Institute has adopted nearly 42 Accounting Standards and 38 Auditing Standards aligning with the said International Standards, which are required to be complied by the SBEs and their auditors.

2. Effect of COVID 19 control measures on the regulatory activities

The COVID 19 pandemic control measures imposed by the Health Authorities lead to challenges in finalizing the preparation of financial statements and the completion of the audits. The impact was also witnessed in the physical delivery of the annual audited financial statements to SLAASMB and on the practice of audit inspections taking place in the presence of the audit team. Further, contacting the SBEs when seeking additional information due to work from home arrangements of the staff of SBEs and of SLAASMB, and access restrictions faced by some audit firms and their staff, made SLAASMB to revisit the review mechanisms leading to changing the practices adopted, in order to maximize the use of available IT infrastructure.

As a result, these new opportunities were seen to have been maximized with the staff approaching the reviews through electronic medium in respect of accessing reports, generating letters, conducting technical discussions, updating records and in conducting audit inspections and meetings with SBEs.

However, due to inherent limitations in accessing financial statements which are of large volumes and in obtaining additional information from SBEs and auditors, SLAASMB adopted diverse measures to ensure coverage of financial statements are maintained as planned, which are detailed under the sections on the highlights of review of financial statements and inspection of audits, in this report. Similarly, the capacity building activities of the staff were also catered through virtual sessions, maximizing on the technological advancements while ensuring safety of staff and the stakeholders at all times.

A brief description of the main operations and activities of SLAASMB carried out to discharge its statutory functions during the year is given below.

3. Review of Financial Statements

3.1 Methodology followed on Reviews

The financial statement reviews are conducted to ensure compliance by SBEs with Sri Lanka Accounting Standards. The required action on non-compliances is determined based on the materiality of the non-compliances. SLAASMB mainly focuses on non-compliances relating to recognition and measurement issues and significant disclosure and presentation issues. Where a cause for concern relating to a significant non-compliance with standards is not observed, such financial statements are considered as compliant with Sri Lanka Accounting Standards. When issues have been identified in financial statements which are not material

Review of Activities during 2020

as to use statutory provisions, such financial statements are considered as compliant with improvements communicated to the respective SBEs in the form of a letter of assistance to improve compliance in the future. When deviations from standards materially alter the financial position and financial performance, an undertaking is sought from such SBE to make the required corrections in the next financial statements to be issued. When deviations contravene the provisions of the statute, but the contravention is not of a serious nature, a Direction is issued by the Board. However, where such deviation makes the financial statements misleading, legal action is instigated based on the statute.

3.2 Highlights of Review of Financial Statements

As at 31 December 2020, SLAASMB has identified 1,657 entities meeting the criteria laid down by the Act. No 15 of 1995 termed as SBEs for monitoring under the Act. During the year, 1,194 SBEs had submitted 1,232 sets of financial statements of which some financial statements were in relation to prior years.

During the year, SLAASMB continued the audit inspection mechanism which was aligned in 2016 with global practices adopted by other audit regulators. The said methodology which commences by identifying the high-risk elements of an audit, conducts the inspection in-depth in to the high-risk areas, resulting in enabling identification of deviations from auditing standards. Due to the nature of the said methodology and the descriptive reporting to auditor on inspection findings, the regular audit inspections takes a considerable

time to conclude in comparison with the pre 2016 audit inspection methodology. With the aforesaid audit inspection methodology taking more time to perform audit inspections in its drive towards enhancing the audit quality environment, the time available for the staff to review financial statements remains limited. Since the quality audit reduces the risk of material misstatements in financial statements, selection of financial statement reviews were focussed at high-risk entities being subject to review on an annual basis while the review of other financial statements being covered on a cyclical basis.

A post of Director Technical and two Assistant Director Technical posts remained vacant throughout the year since 2019 due to the Ministry of Finance not being successful in resolving the issues relating to recruitment and remuneration criteria for competent Chartered Accountants employed at SLAASMB. In addition, with one Deputy Director General covering up duties of the post of Director General during the first nine months of the year, which had remained vacant since April 2019, SLAASMB had only 9 inspection staff as at the year end to perform the financial statement reviews as well as audit inspections. Due to this reason, the two Deputy Director Generals too were engaged in the monitoring functions in addition to their assigned duties.

SLAASMB commenced the year focussing on reviewing the financial statements of the high-risk SBEs with the aim of enhancing the compliance level of high-risk, economically significant SBEs. However, as a result of access restrictions caused by the COVID 19

control measures described in the previous section, SLAASMB changed the focus on to covering a larger number of SBEs of private entities. As a result, 45% the reviews completed represented regulated entities while approximately 55% represented private entities. This change in the composition of SBEs reviewed enabled financial statements of private entities to be covered within the planned 3-5 year cycle.

During the year, reviews of 732 sets of financial statements relating to 694 SBEs were completed compared with the 725 sets of financial statements planned for the year, despite having four technical positions vacant. In comparison SLAASMB had completed the review of 720 sets of financial statements relating to 699 SBEs during 2019.

Review of Activities during 2020

3.3 Performance Statistics of the Board

	2017	2018	2019	2020
1. No. of SBEs Identified (as at period end)	1,559	1,579	1,608	1,657
2. Financial statements received	1,643	1,567	1,635	1,232
No of statements (including relating to multi years)				
No. of SBEs	1,479	1,457	1,521	1,194
3. Review of financial statements				
No. of Reviews	518	638	720	732
No. of SBEs	459	608	699	694
4. Review findings				
4.1 Compliant				
No. of financial statements	324	430	450	437
No. of SBEs	306	413	440	421
4.2 Compliant with improvements				
No. of financial statements	185	202	267	293
No. of SBEs	150	193	256	274
4.3 Non-compliant				
(Undertakings, Directions, Warnings)				
No. of financial statements	9	6	3	2
No. of SBEs	9	6	3	2
5. Findings of financial statements as % of financial statements reviewed				
Compliant	62%	67%	62%	59%
Compliant with improvements	36%	32%	37%	40%
Non-compliant (Undertakings, Directions, Warnings)	2%	1%	1%	1%

The review findings during the year 2020 revealed 1% of the financial statements reviewed as being non-compliant. It also showed that 59% of financial statements reviewed being compliant and 40% of the financial statements being compliant with improvements communicated by letters of assistance.

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 two SBEs which are listed entities. Accordingly, corrective action in the form of undertakings obtained from SBEs, resulted in making corrections to the preparation and presentation of financial statements.

Departures from Sri Lanka Accounting Standards detected, which were not material as to require the use of procedures using statutory provisions, were informed to SBEs, as improvements, by letters, without extensive inquiries, so that the SBEs could, where necessary, improve on the

compliance, on their own. During the year, letters of improvement were issued in respect of 293 sets of financial statements.

(see page 19 for observations made on the review of financial statements and page 22 for undertakings obtained during 2020).

4. Inspection of Audits

During the year, 27 audits carried out by 7 firms of practicing Chartered Accountants were inspected, compared with the 33

Review of Activities during 2020

audits carried out by 7 firms which were inspected during the preceding year.

The number of audit inspections conducted during the year were lower than in 2020 due to the lower number of technical staff being available to perform the inspections, as a direct consequence of three positions relating to staff engaged in inspections being vacant resulting from an internal promotion and resignations during the preceding year. This was also contributed by the deferment of the commencement of audit inspections to periods subsequent to 1 August 2020, made during the 1st wave of the pandemic.

However, during the 2nd wave of the pandemic, SLAASMB was successful in initiating the conduct of the regular audit inspections remotely, through Microsoft Teams.

Further, due to the requirements of social distancing and access restrictions on having direct contact when performing thematic audit inspections, the plan to perform thematic audit inspections during 2020 was re-evaluated. There by with the requirement to dedicate additional time to review the appropriateness of audit procedures performed by auditors when addressing the effect of COVID 19 on the operations of the entities audited, the inspections were limited to Regular audit inspections.

As a result, Thematic audit inspections were not conducted during the year in comparison to 12 thematic audit inspections conducted during 2019. However, during the year SLAASMB finalized the findings of the Thematic audit inspections conducted in 2018 and

published the Report.

The audit files on which the inspections were carried out during the year were selected on a risk-based approach. However, presently, the development of a more effective risk-based selection approach to select audits for inspection is in-progress.

The regular inspections during the year resulted in observing deficiencies in 3 audits conducted by 3 firms compared with the 15 audits conducted by 6 firms during 2019. Significant concerns were communicated to the relevant audit firms. (See page 23 for findings from audit inspections).

5. Investigations

5.1 Adam Capital PLC

Consequent to the predecessor auditor of Adam Capital PLC issuing a disclaimer of opinion on the financial statements for the years ended 31 March 2014 and 2015 regarding the failure by the Company to maintain proper books of accounts and related records, the present auditor had issued an unqualified opinion on the audit of the financial statements for the year ended 31 March 2016.

Subsequently, the Board issued a direction requesting the Company to re-audit the said financial statements and the Company was not willing to bare the additional costs of a re-audit. Subsequently, at the inspection of the audit of financial statements for the year ended 31 March 2017 it was found that the said auditor has continued to violate the auditing standards and had not addressed matters raised by SLAASMB. Upon seeking advice of the Attorney General

regarding the action to be taken against the auditor, SLAASMB is in the process of gathering the required evidence, from the auditor and SBE.

5.2 City Housing & Real Estate Company PLC

City Housing & Real Estate Company PLC had failed to comply with relevant Sri Lanka Accounting Standards in relation to certain matters in the financial statements for the year ended 31 March 2019. Despite SLAASMB repeatedly communicating such non-compliances, the Company had failed to rectify the said non-compliances over the years. Subsequent to inquiry, SLAASMB had sought advice of the Attorney General on the next course of action to be taken against the Company and the auditor of the Company. Presently SLAASMB is in the process of obtaining further advice of the Attorney General on the procedures to be followed.

6. Performance on Recommendations of the Committee on Public Enterprises (COPE)

Since meeting the undertaking given to the COPE by reviewing financial statements of all SBEs during the years 2014 and 2015, SLAASMB moved towards a risk-based selection of financial statements for reviews as a better means of enhancing the quality of findings on non-compliances. Accordingly, SLAASMB considers reviewing financial statements of all SBEs within a period of 3-5 years which includes covering all regulated entities annually, high-risked private entities every 3 years and low-risked private entities within 5 years. Detailed focus on high-risked entities was

Review of Activities during 2020

also advocated by the World Bank in their Report on the Observance of Standards and Codes, Accounting and Auditing 2015 (ROSC) and by the Consultants from the Asian Development Bank. Further, this method was identified to be the global practice by the international consultants engaged in the capacity building activities of the staff during the year 2016.

The review / inspection findings during 2020 have indicated that the conduct of the said risk-based selection of financial statement reviews has strengthened the integrated inspection process of financial statements and audits. Conduct of reviews of such financial statements has prompted focus on inspecting specific aspects in audits of such financial statements which has helped to identify non-compliances in audits.

7. Assistance to the Standards Setter

The Accounting Standards Committee and the Auditing Standards Committee of the CA Sri Lanka established under Act No. 15 of 1995 makes recommendations and assists CA Sri Lanka in adopting accounting and auditing standards in Sri Lanka.

During the year 2020, the activities performed by the aforesaid two committees included

- The issue of Sri Lanka Accounting Standards and Sri Lanka Auditing Standards Bound Volumes 2020
- Issue of amendments to few of the Sri Lanka Accounting and Sri Lanka Auditing Standards

- Issue of guidance on COVID-19 related accounting and auditing considerations
- Adoption SLFRS 17 "Insurance Contracts" with the effective date of 1 January 2023
- Issue of revised auditing standard to 'Identifying and Assessing Risk of Material Misstatement'
- Amending and gazetting existing Sri Lanka Accounting Standards scheduled to be effective in 2021, including translation of such pronouncements into Sinhala and Tamil languages
- Responding to the exposure drafts and discussion papers
- Deliberating on IFRSs and the amendments issued by the International Accounting Standards Board and International Auditing and Assurance Standards Board.
- Conducting awareness programs on the new or amended standards.

In recognition of the regular contribution made by CA Sri Lanka towards the standard setting and in turn setting the framework for financial reporting in the country, in the past, the Ministry of Finance had arranged for SLAASMB to provide an annual grant to CA Sri Lanka to assist the standard setting activities. In continuing the past arrangement, during the year, a sum of Rs. 4 million was paid by SLAASMB to CA Sri Lanka to partly

finance the cost of the two committees and to adopt Sri Lanka Accounting and Auditing Standards. (See page 43, Activities relating to standard setting by CA Sri Lanka during 2020)

8. International Relations

In order to keep itself abreast of the developments around the world on matters relating to financial reporting, auditing and monitoring compliance, SLAASMB had obtained membership in many international organizations. This affiliation has opened a window for SLAASMB to obtain information and assistance from other global regulators, and to carry out activities which are of benefit to many regulators as joint activities.

SLAASMB maintains membership of the following international organisations:

- International Forum of Independent Audit Regulators (IFIAR) - a member since its first plenary meeting held in 2007.
- Consultative Advisory Group of the International Auditing and Assurance Standards Board (IAASB) –appointed as a member in 2007.
- Consultative Advisory Group of the International Ethics Standards Board for Accountants (IESBA) appointed as a member in 2009.

In addition, the staff of SLAASMB represent Sri Lanka at the sessions of the Intergovernmental Group of Experts on International Standards of Accounting and Reporting (ISAR)

Review of Activities during 2020

conducted annually by the United Nations.

Consequent to the COVID 19 pandemic situation experienced throughout the world, physical conduct of all international meetings and conferences were withheld. However, amidst this situation, certain international organizations continued with the planned meetings by deferring and subsequently holding such meetings as virtual meetings.

During the year, one staff member attended the meetings of the two Consultative Advisory Groups held virtually while one staff member attended limited sessions convened by IFIAR with audit firms who are members of the Global Public Policy Committee, which under normal circumstances would have been an agenda item of the IFIAR Plenary meeting.

However, due to the Government's curtailment of international travel within the first three months of the year 2020, for the first time, SLAASMB was not able to attend the IFIAR Inspection Workshop held in February 2020. The inspection workshops conducted by IFIAR attended by independent audit regulators around the world, is usually an informative knowledge sharing platform for SLAASMB. Attendance at these global sessions have been very important to SLAASMB's capacity building as in the past, participation at the meetings, inspection workshops and conferences related to audit regulation, has enabled discussion and networking with fellow audit regulators throughout the world. Insights in to global best practices have resulted in SLAASMB modifying its regulatory mechanism to strengthen the regulatory environment in the

country.

9. Human Resources

9.1 Staff

As at 31 December 2020, SLAASMB had a total staff of eighteen of which eleven were Chartered Accountants. The total technical staff comprised of the Director General, Deputy Director General, five Directors and four Assistant Directors. Of the technical staff, three were employed on a contractual basis while eight were employed on permanent basis.

During the year, consequent to following the due process, the Acting Director General was promoted to the post of Director General which remained vacant since April 2019. However, the post of Director Technical which remained vacant since January 2019 and the two Assistant Director vacancies which remained vacant since the end 2019, continued to remain vacant throughout the year 2020 as well. This was due to the Board not being successful in attracting well experienced, technically competent Chartered Accountants at the salary scales applicable as per the Ministry Circulars. With the post of Assistant Director (Finance and Administration) being filled during the year, a total of 5 executive grade vacancies existed in the present cadre at the year end. This is in addition to 8 executive grade posts to be filled in the new cadre approval of 2018.

The shortage of competent technical staff engaged in review function has resulted in SLAASMB not being able to conclude the anticipated number of financial statement reviews and audit inspections during the year. As an

interim measure, SLAASMB continued to obtain the services of the external panel of reviewers engaged over the years to perform the preliminary review function of the financial statement reviews.

However, the severe shortage of technical staff has been considered as the core limitation in the progress of activities of SLAASMB and the Board has made every effort to resolve this issue as far as possible. In doing so, the Board has discussed the said staff related issue with senior officials of the Ministry of Finance and presently is awaiting a favourable solution from the Ministry to strengthen the regulatory function.

9.2 External Panel of Reviewers

As measures to comply with the recommendations of the COPE in 2012, SLAASMB continued to engage external reviewers to review financial statements received, in its attempt to increase the number of financial statement reviews completed by its own staff. During the year, due to the restrictive access to office location and the social distancing requirement, no new external reviewer was recruited to the external review panel and based on the periodic evaluation carried out on the quality of the reviews performed by the external reviewers, services of two reviewers recruited previously, were discontinued. Accordingly, 15 external reviewers were engaged by SLAASMB at the end of the year.

The periodic evaluation conducted on the reviewers' work quality, facilitates enhancement of the quality of the reviews conducted by the external reviewers. It also enables identification and communication of areas for

Review of Activities during 2020

improvement required in reviewers.

The financial statement reviews completed during the year included 115 sets of financial statements of which the preliminary reviews were completed by the external reviewers. During the year, the external reviewers had conducted preliminary reviews of 90 sets of financial statements and Rs 1.35 million was paid for their services. In finalizing the said reviews, based on the findings, the technical staff of SLAASMB had to obtain additional information, seek agreements for corrections and issue observation letters and take corrective action under the statute. Further, of the financial statement reviews completed during the year, the preliminary review of 617 sets of financial statement reviews too were carried out by the staff of the Board.

10. Governance

SLAASMB is governed by a Board of members as per the terms of the statute. Accordingly, the Board consists of 3 ex-officio members and 10 members appointed by the Minister of Finance out of nominations received from identified institutions. The ex-officio members are Registrar General 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 Central Bank of Sri Lanka, CA 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 and University Grants Commission. The term of office of a member is four years. Consequent to the conclusion of the Presidential elections, in November 2019, the Presidential Secretariat requested all Boards to be dissolved with immediate effect. Subsequently, since early 2020 new members were being appointed and with the appointment of Ms. K M A N Daulagala, Assistant Governor of the Central Bank of Sri Lanka as the Chairperson, the Board held its first meeting for the year on 13 March 2020.

With the new appointments made in 2020, the composition of the Board was complete as per the statute compared with the two vacant nominations which existed during 2019.

During the year, Messrs. A Goonesekera, P R A I Gunarathna and P D Samarasinghe, members of the Board appointed in terms of the statute, served as directors or senior officers of some of the SBEs. Similarly, Messrs. H M A Jayasinghe and W W J C Perera, who were also members of the Board, served as partners of firms of practicing accountants which audit some of the SBEs while Mr. S M S S Bandara who was a member of the Board served as a director of an SBE and as a partner of a firm of practicing accountants which audit some of the SBEs.

Further, during the period, Mr. T J S Rajakarier, invitee to the Board, served as a partner of a firm of practicing accountants which audit some of the SBEs.

In order to ensure independence of the Board, all papers relating to matters concerning an SBE or its auditor are omitted from the papers sent to members who have

a connection with the relevant SBE or its auditor. Such members do not participate in discussions on subjects relating to those SBEs.

Despite the long curfew which continued immediately after the first Board meeting, the Board continued to convene the meetings as scheduled with the first three meetings being held as virtual meetings and subsequently, with the resumption of new normal, the meetings were held as physical meetings. However, since the second wave of the COVID 19, the meetings from October 2020 continued to be held as virtual meetings. Accordingly, the Board had 9 meetings during the year.

The deliberations of the Board during the year covered performance of the staff in terms of overall operational indicators and action required to resolve significant technical issues relating to SBEs and auditors. The Board also focussed on issues relating to non-compliances with standards by SBEs and by auditors, approving annual financial statements, annual budget and the action plan of the Board. The Board was also engaged in reviewing different approaches to enhancing the efficiency and effectiveness of the review mechanisms in the light of the prevailing acute staff shortage. Further, the Board was engaged in recruiting the fourth Director General of SLAASMB, the position which remained vacant since April 2019 by conforming to the due procedures. In addition, the Board made a concerted effort to resolve the on going issue of not being able to attract suitable professional staff to perform the technical functions. As a result of the said attempt, the Board had a meeting with the Secretary to the Treasury on the inability to attract and retain

Review of Activities during 2020

technically competent professional staff, which in turn hinders the performance of the regulatory functions to the expected levels. Based on a suggestion of the Secretary to the Treasury, the Board submitted a proposal to overcome the staff issue and at present is hopeful of receiving permanent resolution to the issue.

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

11. Financial Performance

During the year, SLAASMB's main source of financing continued to be from funds provided by the Government. Although SLAASMB's activities are financed through Government funds, as an alternative, a cess can be levied from SBEs computed as a percentage of shareholders' equity or profit after tax which ever is higher, as may be determined by the Hon. Minister of Finance under the Act, to finance the expenditure of the Board. However, this option was not preferred by the Ministry of Finance and the cess which was proposed to be in operation for periods commencing on or after 1 January 2008 was withdrawn by the Hon. Minister on 7 October 2008.

As a direct consequence of the remote work arrangements which took place in the form of Work from Home arrangements and roster based attendance at office, the

operating expenses of SLAASMB for the year amounted to Rs.65,159,150/- as against Rs. 78,511,881/- of the previous year. The decrease in operating expenses was mainly witnessed in staff costs, professional fees paid to external reviewers, expenses on international travel, training and development activities, utility expenses such as electricity and telephone and in office related expenses. The lower staff costs relates to the four technical positions which were vacant during most of the year while overseas training cost were low since overseas travel did not take place as a consequence of the pandemic. The low operational cost was due to the work from home based functioning detailed previously in the report of the operational expenses, staff costs during the year amounted to Rs. 36,922,897/- compared with Rs. 41,487,633/- during the previous year, indicating a 11 % decrease from previous year. Further, the staff costs of SLAASMB represented 57% of the operating expenses of 2020 in comparison with 53 % of the previous year, mainly due to decline in operational expense explained above.

12. Development Projects

During the year, the Board focussed on three major capital nature activities with the aim of expediting the regulatory process, as detailed below.

12.1 Office expansion

SLAASMB evaluated the possibility of extending the lease agreement of the present office premises which is scheduled to end by mid 2021, to facilitate proceeding with the interior partitioning work of the first floor of the existing office

premises rented, to accommodate the additional staff in the new approved cadre.

This need for office expansion is vital to enable enhancement of the present staff cadre, which in turn facilitates SLAASMB to regulate a large number of SBEs and auditors as advocated by the COPE. Based on the rental rates of rentable floor spaces in the vicinity and the market value comparison of the values proposed by the Government Valuation Department, the Board established that the renewal of the lease agreement at the rates negotiated was more cost-effective in comparison with a complete re-location. With the finalization of the detailed floor plan and analysis of construction cost of the partitioning work in 2019, and securing of the continuity of the lease during the year, SLAASMB is hopeful in progressing with the partitioning work by recommencing the bid calling process in early 2021.

12.2 Development of a Management Information System (MIS)

As SLAASMB has a pressing need for a MIS to improve the review mechanism and to smoothen its review functions with the use of an effective database management system, SLAASMB has finalized plans to procure a MIS to cater to its needs. Accordingly, SLAASMB has been focussing on obtaining and implementing a suitable MIS since 2015. However, with the withdrawal of the financial and consultancy support undertaken to be provided to facilitate the development of the said MIS by the Information Communication Technology Agency (ICTA) in 2016-2017, the plans to incorporate technological

Review of Activities during 2020

advancement towards the regulatory activities failed. Subsequently, many diverse attempts were made by SLAASMB to engage a consultant for the project during 2019, which also did not materialize.

However, during the year, the SLAASMB approached the ICTA which is under a new management, regarding the MIS development project and the ICTA assured to provide a continued consultancy support for a suitable MIS development. Accordingly, towards the latter part of the year, SLAASMB entered into a Memorandum of Understanding with the ICTA for the consultancy service. At present, work relating to drawing up of the documents and execution of formalities leading to calling for bids is in progress.

12.3 Engagement of a Consultant to review the financial statement review mechanism

SLAASMB required the services of a consultant well versed with the financial statement regulating activity to review the existing financial statement review mechanism and to identify the modifications required to the existing processes to incorporate more efficiency leading to a more effective coverage of financial statement reviews. Consequent to seeking expression of interest and calling for bids, a consultant from the United Kingdom (UK) who had been serving at the financial statement regulator in the UK was procured. However, due to the lockdown experienced in both countries, and due to the urgency of reviewing the mechanism, the said consultancy service was planned to be obtained through virtual sessions. Accordingly, consequent to engagement of the

consultant, since December 2020, SLAASMB is in the process of providing the required information for the consultant to understand the systems and processes presently in practice.

13. Contribution towards enhancement of financial statement ecosystem

SLAASMB has taken following measures in its attempt to enhance the knowledge of entities and auditors on the regulatory mechanism as well as on the requirements of compliance with the aim of strengthening the regulatory ecosystem.

- SLAASMB has taken diverse approaches to enhance public awareness by making arrangements to share 2019 review findings with SBEs and auditors and by issuing the 2018 Thematic Audit Inspection Report to SBEs to the Audit Committees and Auditors and publishing the said report in the SLAASMB's website.
- Two staff members served as resource persons at a program organized by the Ceylon Chamber of Commerce to its members while a staff member made a presentation at the 6th International Conference for Accounting Researchers and Educators (ICARE) organized by the Department of Accountancy, University of Kelaniya as a part of SLAASMB's outreach on knowledge sharing.
- SLAASMB had communication with the

Registrar General of Companies as well as with the Commissioner General of Inland Revenue on publishing the mandatory requirement of submitting financial statements to SLAASMB at the respective institutions. Press advertisements were also published in news papers to apprise the SBEs of the said requirement.

- SLAASMB held communication with the Ministry of Education and the CA Sri Lanka on the extent of coverage on SLAASMB's activities in the respective educational curriculums.

14. Move towards the new normal

With the preparers of financial statements, auditors and SLAASMB itself experiencing the effects of COVID 19 pandemic, in May 2020, a Notice was issued by SLAASMB on measures adopted to assist entities and auditors during the COVID 19 pandemic.

Subsequently, with the approach of the second wave of the pandemic, SLAASMB issued a Notice on the measures to be taken in 2021 in continuing with the new normal while keeping the commitment to its work unchanged. The measures focussed on the submission and monitoring of financial statements, and audits and on general administration. This notice was issued as a stakeholder communication.

Observations made on review of financial statements during 2020

1. Financial Statement monitoring by SLAASMB

During the year, Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) completed the reviews of 732 sets of financial statements from 694 SBEs. Of the total reviewed, 45% of SBEs represented regulated entities while 55% were private entities. Higher number of reviews being on private entities was a result of maximizing limited resources during the long duration of lockdown-lead restrictive access to financial statements and to SBEs, caused by stringent health and safety measures taken by the Government.

In this process, SLAASMB made every attempt to ensure the SBEs reviewed represented all categories specified in the Act and cyclical coverage was made of private sector SBEs as far as practicable.

Selection of financial statements for monitoring by SLAASMB is carried out on an industry focused risk criteria. The review function on the financial statements takes place as a comprehensive review of the financial statements referred as a Regular review of financial statements or as a Theme focused review.

2. SLAASMB's Regulatory support to SBEs

In the midst of the COVID 19 pandemic, witnessing the hassle encountered by SBEs to proceed with timely preparation of financial statements and their submission to regulatory authorities, SLAASMB modified its procedures on submission of financial statements, calling for and receiving information and communication

process detailed in the website, as a temporary measure, to enable all SBEs to comply with the regulatory requirements.

3. Results of monitoring compliance with Sri Lanka Accounting Standards

During the year, SLAASMB obtained undertakings from two SBEs to make the required corrections in the preparation and presentation of financial statements, where material deviations from the Sri Lanka Accounting Standards were detected. The review findings during the year 2020 revealed 1% of the financial statements reviewed as being non-compliant, 59% of financial statements reviewed being compliant and 40% of the financial statements being compliant with improvements communicated by letters of assistance. The improvements have been communicated by letters of assistance in respect of 293 sets of financial statements with the aim of improving their future financial reporting.

4. Findings from reviews of financial statements

4.1 Undertakings obtained from SBEs to make the required corrections

Based on the materiality of the deviations from Sri Lanka Accounting Standards, SLAASMB obtained undertakings from two SBEs to make corrections in the preparation and presentation of financial statements.

Types of items for which the undertakings were obtained along with reference to the Sri Lanka Accounting Standards (Prefixed SLFRS/ LKAS) not complied with by

the SBEs are as follows;

- Failure to correctly identify the amounts by which financial statement line items are affected in the current reporting period due to the application of SLFRS 15 as compared with LKAS 18. (Reference; SLFRS 15 paragraph C3 (b) of Appendix C)
- Failure to use possible multiple fair value techniques, in assessing the recoverable value of investment in associate using fair value less cost to sell method prescribed in LKAS 36. (Reference; SLFRS 13 paragraph B40)

Details of the undertakings obtained during the year 2020 are given in page 22.

4.2 Communication of Improvements to enhance compliance with standards

Departures from Sri Lanka Accounting Standards detected, which were not material as to require the use of procedures using statutory provisions, were informed to SBEs, as improvements, by letters, without extensive inquiries, so that the SBEs could, where necessary, improve on the compliance, on their own.

The main findings relating to which improvements were communicated to SBEs in the form of letters of assistance are set out below;

- Not making adequate disclosures at the end of the reporting period, on the nature and extent of risks arising from financial

Observations made on review of financial statements during 2020

- instruments to which, the entity is exposed and of quantitative and qualitative information about the amounts arising from expected credit losses – in 83 SBEs (Reference; SLFRS 7 paragraphs 31 to 42)
- Not making adequate disclosures relating to the nature of the related party relationships as well as information about the transactions with related parties – in 76 SBEs including 18 in SME sector (Reference; LKAS 24 paragraph 18 and SME Section 33 paragraph 33.9)
- Not adequately disclosing the relationship between tax expense and accounting profit and of evidence to support recognition of deferred tax assets on tax losses – in 68 SBEs including 25 in SME sector (Reference; LKAS 12 paragraph 81 and SME Section 29 paragraph 29.32)
- Not making adequate disclosures relating to valuation techniques used, inputs to the valuation techniques, quantitative information about significant unobservable inputs used, significant adjustments made to the inputs and the fair value hierarchy, for each class of assets and liabilities measured at fair value – in 65 SBEs (Reference; SLFRS 13 paragraphs 91 and 93)
- Not considering all taxable temporary differences when recognizing deferred tax liabilities or, recognizing deferred tax assets in relation to carried forward tax losses irrespective of the extent of availability of future taxable profits to utilize such unused tax losses – in 40 SBEs including 13 in SME sector (Reference; LKAS 12 paragraphs 15, 24, 34 and 48 and SME Section 29 paragraph 29.12)
- Not making adequate disclosures in relation to the basis of preparation of the financial statements and the specific accounting policies and/or significant accounting policies which comprise of the measurement bases and other accounting policies, that are relevant for an understanding of the financial statements – in 35 SBEs (Reference; LKAS 1 paragraphs 112 and 117)
- Not recognizing a loss allowance for expected credit losses on a Financial asset that is measured at amortized cost when impairment indicators exist or not recognizing impairment losses at the end of each reporting period when there are objective evidence of impairment in respect of a financial asset or group of financial assets – in 17 SBEs including 5 in SME sector (Reference; SLFRS 9 paragraph 5.5.1 and SME Section 11 paragraph 11.21)
- Not measuring the expected credit losses of a financial instrument to reflect the time value of money – in 16 SBEs (Reference; SLFRS 9 paragraph 5.5.17)
- Not disclosing all relevant information relating to revaluation of property plant and equipment – in 28 SBEs including 13 in SME sector (Reference; LKAS 16 paragraphs 77 and SME Section 17 paragraph 17.33)
- Not performing regular revaluations when fair values of revalued assets differ materially from the carrying amounts – in 10 SBEs (Reference; LKAS 16 paragraphs 31)
- Not estimating the recoverable amount of an asset when indication of impairment exist at the end of the reporting period – in 9 SBEs including 2 in SME sector (Reference; LKAS 36 paragraph 8 and 9 and SME Section 27 paragraph 27.5)
- Not recognizing depreciation of an asset from the time the asset has been available for use or the depreciation method being used not reflecting the pattern in which the asset's future economic benefits are expected to be consumed by the entity – in 9 SBEs (Reference; LKAS 16 paragraphs 55 and 60)

Observations made on review of financial statements during 2020

- Not preparing financial statements in compliance with Sri Lanka Accounting Standards and not taking all necessary measures to ensure the financial statements are audited in accordance with Sri Lanka Auditing Standards, with the object of presenting a true and fair view of the financial performance and financial condition – in 8 SBEs
(Reference; Act No 15 of 1995 Section 6 (1))

Undertakings obtained during 2020

1. Millennium Housing Developers PLC

Significant part of the amounts disclosed as 'impact of adopting SLFRS 15' in the financial statements for the year ended 31 March 2019 of Millennium Housing Developers PLC, included amounts related to a correction of an error in recognition of revenue in the previous year (2018), resulting in materially misstating the disclosure of the impact to the revenue, due to first time adoption of SLFRS 15.

The auditor had not qualified their opinion on this issue.

Subsequent to inquiries made by SLAASMB, the Company undertook to circulate the correct disclosure in the financial statements for the year ended 31 March 2019 as an Errata, after re-assessing the accurate amounts, resulting from the application of SLFRS 15 compared with LKAS 18.

2. Hikkaduwa Beach Resort PLC

When assessing the recoverable value of the investment in associate-Colombo Land and Development Company PLC, in the financial statements of Hikkaduwa Beach Resort PLC for the year ended 31 March 2018, the Company has used the cash-generating unit's (i.e., associate's) fair value less cost to sell, which has been based on the fair value of net assets of the said associate.

In assessing the fair value of the net assets of the said associate-Colombo Land and Development Company PLC, the fair value of a property, determined by the Company using a valuation technique has been included. However, the said value was

significantly different to the value reflected as fair value of the property in the financial statements of the associate-Colombo Land and Development Company PLC.

The significantly different values have been arrived at using different valuation techniques. However, the results of the two valuation techniques have not been evaluated considering the reasonableness of the range of values used to arrive at the point within the range that is most representative of the fair value.

The auditor had not qualified their opinion on this issue.

Subsequent to inquiries made by SLAASMB, the Company undertook to re-perform a valuation to ascertain the carrying value of investment in associate-Colombo Land and Development Company PLC, using possible multiple valuation techniques, in order to enable a better comparison among the outcomes of such techniques.

Audit inspections during - 2020

1. Audit monitoring by SLAASMB

As described in the review of activities, one of the two core functions of Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) is to monitor compliance with Sri Lanka Auditing Standards by the auditors of Specified Business Enterprises (SBEs), when they conduct audits of the financial statements of SBEs. SLAASMB approach the monitoring function by inspecting a sample of audits of general purpose financial statements to ascertain compliance with Sri Lanka Auditing Standards in the conduct of the audit. This audit monitoring activity of SLAASMB is performed with the objective of improving audit quality in the audit market environment. Quality audit in turn contributes towards improved financial reporting activity which helps to build investor confidence and support the capital market development. Focused on the far reaching benefits of enhanced audit quality SLAASMB has taken several initiatives to improve the monitoring mechanism by adopting global best practices in to existing processes.

Audit monitoring is performed by SLAASMB as engagement specific Regular audit inspections and Theme specific audit inspections which focus on a comprehensive review of a predetermined theme throughout the audit. SLAASMB selects audits for inspection considering a risk based approach as well as a random selection approach. However, as a means of continuous improvement, during the year, SLAASMB ventured into developing a new risk-based selection approach to select audits for inspection, which is expected to be adopted from 2021.

2. Impact on COVID 19 on auditing

The effects of the health and safety measures imposed with the aim of curtailing the spread of the COVID 19 pandemic has had its effects on the audit industry as well. Mobility restrictions and remote work environment caused many auditors to perform the audits from remote locations.

Remote-based conduct of audits requires high dependency on information technology. This is evident in countries with developed IT infrastructure systems which have moved towards conducting the audits remotely. However, in Sri Lanka, the auditors have had to face many challenges when conducting audits based on available IT infrastructure. This situation has given new opportunities to audit firms to move towards investing more on digitalizing audit methodologies. Globally, members of international networks too have been pursuing on the journey of digitalization of their audit methodologies. This move is being witnessed as a current trend at the international level.

The impact was also experienced as time pressure by the auditors when meeting reporting deadlines. However, extensions to reporting timelines of listed entities granted by the Colombo Stock Exchange had no doubt assisted the auditors in this respect.

In general, all auditors have faced challenges in the conduct of the audits in aspects such as remote auditing, time constraints, availability of information, and physical access to management. Difficulties in gathering audit evidence due to limited physical

accesses resulted in auditors receiving information in digital form instead of the usual paper form. High dependency of non-physical form of evidence requires use of auditors' professional judgement in to diverse aspects of the audit and requires the auditor to perform additional procedures to ensure the validity of such audit evidence.

Entities having to perform remote operations deviating from the regular internal control procedures also forced auditors to closely monitor the control measures taken by the entities. In addition, the impact of the pandemic on the operating environment of entities increased the audit risk associated with the valuation of assets (such as impairment of assets, expected credit losses on the financial assets and recoverability of deferred tax assets) and in assessing the completeness of liabilities. Further, auditors have been required to be alert on evidence of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern due to the impact of COVID 19 pandemic to the businesses. Accordingly, the above challenges have required the auditors to exercise significant amount of professional judgment, remain skeptical and focus on ethical responsibility when carrying out audits during this challenging period.

3. Enforcement actions

Based on the severity of the observations made during the inspections, SLAASMB adopts diverse measures in its effort to make the auditors to improve themselves in order to achieve the objective of improving the audit quality environment in Sri Lanka.

Audit inspections during - 2020

When regular audit inspections result in observing non-compliances with Sri Lanka Auditing Standards which are not material as to require further action under the statute, such deficiencies are communicated to the audit firms by letters of assistance termed as "Letters of Observations". When improvements are required in audits to improve audit quality, such improvements are communicated as "Suggestions for Improvement". In addition, when the auditor is observed to have failed to exercise the fundamental ethical principles of professional competence and due care in the conduct of an audit of a SBE, a "Letter of Warning" is issued to the audit firm with approval of the Board, requiring the said firm to act diligently and in accordance with the requirements of applicable auditing standards, when conducting audits of financial statements, in the future. Further, based on the significance of the issues, where necessary, SLAASMB refer the deviations to the Attorney General for advice and where the deficiencies are in the audit quality, such matters are directed to CA Sri Lanka and to any other financial sector regulator as applicable.

During 2020, one audit inspection has been referred to Attorney General of which the proceedings are in-progress.

4. Regular audit inspections

During the year, regular audit inspections were conducted on 27 audit engagements carried out by 7 audit firms compared with 33 audit engagements conducted by 7 firms during 2019. The total number of audits inspected were lower than in 2019 mainly due to the lower number of inspection staff being available during 2020.

Further, due to the requirements of social distancing and access restrictions on having direct contact when performing thematic audit inspections, the plan to perform thematic audit inspections were re-evaluated. Thereby with the requirement to dedicate additional time to review the appropriateness of audit procedures performed by auditors when addressing the effect of COVID 19 on the operations of the entities audited, the inspections were limited to Regular audit inspections.

Further, during the year, SLAASMB finalized the findings of the thematic audit inspection conducted in 2018 and published the Report.

4.1 Letters of Assistance

As referred in Enforcement actions, when findings on non-compliances with standards are not material as to require further action under the statute, such deficiencies are communicated to the audit firms by letters of assistance termed as "Letters of Observations". Such deficiencies were identified in 4 audit engagements conducted by 4 firms.

Significant deficiencies communicated include:

4.1.1 Failure to express an appropriate audit opinion

Failure by the auditor to express an appropriate audit opinion was observed in the following instance;

- When the financial statements had contained significant non-compliances with Sri Lanka Accounting Standards auditor had concluded that the financial statements are

prepared in all material respects, in accordance with Sri Lanka Accounting Standards.

4.1.2 Failure to obtain sufficient appropriate audit evidence

Failure by the auditor to obtain sufficient appropriate audit evidence were observed as follows:

- Not performing substantive procedures appropriately in relation to identifying and evaluating unusual variances in the comparison of revenue with the previous year, to assess accuracy of the revenue cut-off, and failure to verify the occurrence, completeness and valuation of revenue.
- Not performing adequate audit procedures to verify the fair value of land and buildings focusing on, evaluating the competence, capabilities and objectivity of the management's expert, obtaining an understanding of the work of the expert, and evaluating the appropriateness of that expert's work as audit evidence for the relevant assertions

4.1.3 Failure to perform adequate audit procedures relating to accounting estimates including fair value accounting estimates.

Failure by the auditor to obtain sufficient appropriate audit evidence on fair value estimates was observed in the following instance;

- Not performing appropriate audit procedures to ensure

Audit inspections during - 2020

completeness of data used in concluding an assumption used for impairment computation of a finance company.

4.2 Suggestions for Improvements

When improvements are required in audits to improve audit quality, such improvements are communicated as suggestions for improvements.

During the year, suggestions for improvements relating to 10 audit engagements were communicated to 6 firms. The auditors of such firms are expected to improve on the areas identified in their future audits.

Suggestions for improvements communicated during the year include;

- To consider other information gathered during the risk assessment to understand and evaluate the results of analytical procedures performed as a risk assessment procedure, when data aggregated at a higher level has been used in such analytical procedures.
- To assess reasons for unusual circumstances reflected in the audit sample by making further inquiries in order to identify possible material misstatements.
- When selecting an audit sample, to consider the specific purpose to be achieved and the characteristics of the population from which the sample is to be drawn.

- To adequately challenge the assumptions used by management in order to ensure the reasonableness of accounting estimates made by the entity
- To adequately document all audit procedures performed, in the audit working papers in order to support the ascertaining of management's assertions and to maintain the understandability of the audit approach
- To ensure that the conclusions drawn from each of the audit procedure performed corresponds with the respective audit procedures and evidence obtained is documented in the working papers.
- When revenue is presented as a single line item in the financial statements, to evaluate the aggregate impact of deviations identified in relation to cut-off of revenue categories, which were below the materiality level when considered individually.
- To document the reasons for deviations from the samples designed at the planning level.

5. Thematic Audit Inspections

5.1 Focus of the theme

The Thematic audit inspections commenced in 2017 with SLAASMB continuing to focus on firms' policies and procedures in respect of a specific area or aspect of the audit, by inspecting selected audit engagements of such firm. With the findings of all inspections being reported together, the report includes a comparison of findings

and highlights good practices and areas of common weaknesses relating to the selected theme or specific area.

During 2020, SLAASMB issued the report of the thematic audit inspections conducted among 19 audits of 5 firms during 2018 on the theme, Auditor's communication with Those Charged with Governance (TCWG) in the audit of financial statements of listed entities. The said theme was identified to be appropriate considering the effective two-way communication between the auditor and TCWG and its contribution towards enhancing the capital market development in the country. In the inspection process, SLAASMB obtained feedback of the Audit Committee Chairs of the auditee entities, to gain insights to the timeliness and effectiveness of the said two-way communication.

5.2 Findings

The findings of the thematic audit inspection conducted during 2018 are included in the detailed report of the thematic audit inspections issued during 2020 and published in the website www.slaasmb.gov.lk

SLAASMB, being the regulator monitoring compliance with accounting standards and auditing standards, advocates good communication between the three parties, namely the auditor, regulator and TCWG. Considering the improvements envisaged by adopting good practices identified during the inspections, SLAASMB has shared copies of the Thematic Audit Inspection Report issued during 2020, with all the audit firms, Chairpersons of listed entities and the Chairpersons of Audit Committees of listed entities.

Audit inspections during - 2020

The salient features identified from the Thematic Audit Inspection Report issued during 2020 relating to auditors' effective communication with TCWG are as follows.

5.3 Key inspection findings on making the two-way communication effective

- Consideration of appropriate person as TCWG - Auditor's professional judgement in determining the appropriate persons to be considered as TCWG, and consistency in such determination is a key to good two-way communication.
- Importance of establishing the communication process early - Establishing the communication process at the planning stage helps in enhancing the effectiveness of two-way communication
- Impact of entity's governance structure on communication - The entity's governance structure affects the method of communication and matters to be communicated. Accordingly, the method of communication and matters to be communicated are essentially not determined based on firm's policies and procedures.
- Use of Engagement Letter - Engagement letter is used as the main tool to communicate auditor's responsibilities towards the financial statement audit. Separate engagement letters are used for non-audit services.
- Methods of communication - Meetings, presentations and letters are common methods of

communication during different stages of the audit.

- Insights of TCWG - Active involvement of TCWG at such meetings and presentations are useful for effective two-way communication and contributes towards effective decision making of both parties.
- Evidence of the two-way communication - Meeting minutes maintained by the auditor or extracts of the minutes maintained by the entity is a key to provide evidence of the two-way communication had during the audit.

5.4 Highlights from Audit Committee discussions

- Entity's governance structure and regulatory influence affects effective discharging of duties and responsibilities by the Audit Committee. Regulated entities and entities which are not dominated by individuals, provide more independence to the Audit Committee to exercise their judgements.
- Audit Committee plays a major role in relation to the appointment of the auditor, determining of audit fee, obtaining non-audit services, and ensuring maintenance of auditor independence.
- Active involvement of Audit Committee throughout the audit process and meeting auditors without the presence of the management, contributes towards minimizing the audit expectation gap.

- Chairing of Audit Committees by persons with financial acumen contributes significantly towards effective functioning of the Audit Committees.

6. Other measures taken by SLAASMB to enhance audit quality

6.1 Communicating findings of audit inspections to Audit Committees

In order to assist the Audit Committees of the entities listed in the Colombo Stock Exchange to perform their duties effectively, during the year, SLAASMB commenced communicating outcomes of the audit inspections to the Audit Committees. This measure is expected to provide insights to the Audit Committee on the quality of the audit of the companies' financial statements.

6.2 International Affiliations to support audit quality

6.2.1 SLAASMB has been a member of the International Forum of Independent Audit Regulators (IFIAR) since its first plenary meeting held in 2007. During the year, SLAASMB has been participating at the meeting of IFIAR conducted virtually and in fulfilling IFIAR's information requirements and participating in routine surveys.

6.2.2 SLAASMB has been a member of the Consultative Advisory Group of the International Auditing and Assurance Standards Board (IAASB) since 2007 and a member of the Consultative Advisory Group of the International Ethics Standards Board for Accountants (IESBA) since 2009. During the year, SLAASMB

Audit inspections during - 2020

has been contributing to the meetings held remotely on deliberations on standards relating to Auditing and Ethics.

6.3. Participation at IFIAR's 25 % reduction initiative

IFIAR has been committed towards improving audit quality on a global basis and in 2019, IFIAR has implemented a new 25% reduction target initiative to monitor changes in the rate of audits inspected with findings, considering the findings of the survey in 2019 as the base year for comparison.

The Global Public Policy Committee (GPPC) firms which includes BDO, Deloitte, Ernst & Young, Grant Thornton, KPMG and PricewaterhouseCoopers, have agreed with IFIAR on measuring results of findings against a reduction of at least 25% over the next four years, relating to the listed public interest entity (PIE) engagements, with one or more finding.

Accordingly, SLAASMB has undertaken to submit to IFIAR the relevant findings from inspections finalized during the survey period, relating to the local firms of the said international networks on an annual basis commencing from 2019.

Short term and medium term measures to be followed to improve the performance of SLAASMB

Issues relating to organizational performance	Planned short term measures	Planned long term measures
Receipt of financial statements to be expanded to cover all entities falling within the definition of SBE	<ul style="list-style-type: none"> Follow up lists published by co-regulators to identify SBEs Follow up on identified entities to ascertain whether SBE criteria is met Enhance awareness of requirement to submit financial statements to stakeholders of co-regulators Regular publications in newspapers and in the website 	Address through the new Act pending enactment
Enhance coverage of financial statement reviews	<ul style="list-style-type: none"> Engage more external reviewers to conduct preliminary review of financial statements Engage interns to assist existing staff to complete financial statement reviews 	<ul style="list-style-type: none"> Application of the recommendations of the consultant on the most appropriate number of financial statements to review and the most effective financial statement review mechanism considering global best practices <p>Address the issues with the salary scales and experience requirements in the Scheme of Recruitment applicable to recruit Chartered Accountants well versed in accounting and auditing standards, with the line Ministry and the Department of Management Services and recruit competent and experienced staff to fill all existing vacancies</p>
Meet planned number of audit inspections	<ul style="list-style-type: none"> Reduce focus areas in audit inspections <p>Conduct a reduce number of financial statement reviews to save time to conduct audit inspections</p>	<ul style="list-style-type: none"> Address the issues with the salary scales and experience requirements in the Scheme of Recruitment applicable to recruit Chartered Accountants well versed in accounting and auditing standards, with the line Ministry and the Department of Management Services and recruit competent and experienced staff to fill all existing vacancies

Short term and medium term measures to be followed to improve the performance of SLAASMB

Issues relating to organizational performance	Planned short term measures	Planned long term measures
<p>Difficulties to recruit experience competent staff.</p> <p>Currently 5 vacancies in existing cadre apart from 7 vacancies in new approved cadres</p>	<ul style="list-style-type: none"> There is no planned short term measures 	<ul style="list-style-type: none"> To seek approval of the Ministry for new salary structure to recruit and retain competent Chartered Accountants. <p>The need to pay marked based salaries to professional staff was recommended in the Report on the Observance of Standards and Codes (ROSC), Accounting and Auditing 2015, issued by the World Bank and by the Asian Development Bank in the Sri Lanka Capital Market Assessment Report.</p>
<p>Absence of a Management Information System (MIS) and a business continuity plan</p>	<p>Information maintenance in Excel and Microsoft access to be maintained accurately with proper security measures and back up arrangements</p>	<p>Proceed with the currently commenced MIS Development project with the Information and Communication Technology Agency of Sri Lanka (ICTA) as the consultants to the project</p>
<p>Office space to accommodate increased staff</p>	<p>Purchase basic furniture and fittings, in the absence of fund allocation for 2021 for Interior Construction work in order to provide and appropriate work environment</p>	<p>Continue to commence the interior design and refurbishment work of office space</p>

Performance Scorecard

SLAASMB uses the Performance Scorecard to plan its annual performance. The plan for 2020, actual for 2020 and plan for 2021 are given below;

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

Goals	Measures	2020 Plan (Revised) (Note 1)	2020 Actual		2021 Plan (Note 2)
			Number	As a % of plan	
Financial Statements of SBE's to present a true and fair view	Review financial statements to determine compliance with Sri Lanka Accounting Standards	725 sets of financial statements	732 sets of financial statements	101	475
	Inspect audits to determine compliance with Sri Lanka Auditing Standards	27 audits	27 audits	100	33

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

Goals	Measures	2020 Plan	2020 Actual		2021 Plan
			Number	As a % of plan	
Collection of financial statements	Number of financial statements received	1,608	1,232 (Number of SBE's 1,194)	77 (Note 3)	1,657*

Performance Scorecard

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

Goals	Measures	2020 Plan	2020 Actual		2021 Plan (Note 2)
			Number	As a % of plan	
Employee performance	Achieve targeted performance points for the year	22,572	22,076 (Note 4)	98	19,164
Eliminate obstacles in meeting present mission goals by enhancing knowledge	Weekly learning activity (internally)	35 presentations on Standards	37	106	33
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 days excluding the date of receipt and date of response	-	Within an average of 5 days excluding the date of receipt and date of response

Note 1

The original plan for 2021 was revised taking into consideration the restrictions to work processes experienced during the 1st and 2nd wave of the Covid 19 pandemic in the country, which required close attention to be given to social distancing and health and safety of the staff and other stakeholders as control measures.

Note 2

The targets of 2021 is based on the existing technical staff strength. The staff available to conduct and finalise the financial statement reviews and audit inspections declined during the year due to reduction in staff engaged in review activities due to resignations, maternity leave and inability to fill existing vacancies. However, the targets will be revised when the recruitments are successful.

Note 3

Number of financial statements received reduced due to deferral in the timing of follow up by SLAASMB due to closure of offices of SBEs and the consequential delays in finalising the preparation of financial statements and audits and the delay in resumption of postal service due the COVID 19 pandemic prevailed in the country.

Note 4

Performance points are based on the nature and extent of work required to complete the tasks.

** Based on actual number of SBEs as at 31 December 2020*

Financial Statements of Specified Business Enterprises (SBEs) Reviewed during 2020- Compliant with Sri Lanka Accounting Standards

	Specified Business Enterprise	Financial Year End		Specified Business Enterprise	Financial Year End
1	A. Baur and Co. (Pvt) Ltd	31 December 2018	36	Asia Pacific Institute of Information Technology Lanka (Pvt) Ltd	31 December 2018
2	Abans Environmental Services (Pvt) Ltd	31 December 2018	37	Asia Power (Pvt) Ltd	31 December 2018
3	Abans PLC	31 March 2019	38	Asia Siyaka Warehousing (Pvt) Ltd	31 March 2019
4	Access Realities2 (Pvt) Ltd	31 March 2019	39	Asiri Hospital Holdings PLC	31 March 2018
5	ACE Containers (Pvt) Ltd	31 March 2019	40	Associated Ceat (Pvt) Ltd	31 March 2019
6	ACE Distriparks (Pvt) Ltd	31 March 2019	41	Associated Electrical Corporation Ltd	31 March 2019
7	ACE Exports (Pvt) Ltd	31 March 2019	42	Associated Motorways (Pvt) Ltd	31 December 2018
8	ACE Power Embilipitiya (Pvt) Ltd	31 March 2019	43	Assocoiated Property Development Ltd	31 December 2018
9	ACE Wind Power (Pvt) Ltd	31 March 2019	44	Assetline Leasing Company Ltd	31 March 2019
10	ACL Electric (Pvt) Ltd	31 March 2019	45	Astrue Alpha Fund	31 March 2019
11	Acquity Securities Ltd	31 December 2018	46	Astrue Gilt-Edged Fund	31 March 2019
12	Acuity Stockbrokers (Pvt) Ltd	31 December 2019	47	Astrue Money Market Fund	31 March 2019
13	Advantis Projects and Engineering (Pvt) Ltd	31 March 2019	48	ATG Ceylon (Pvt) Ltd	31 March 2019
14	AEN Palm Oil Processing (Pvt) Ltd	31 March 2019	49	Avery Dennison Lanka (Pvt) Ltd	31 December 2018
15	Agalawatte Plantations PLC *	31 December 2018	50	Balfour Beatty Ceylon (Pvt) Ltd	31 March 2019
16	Ahungalla Holiday Resorts (Pvt) Ltd	31 March 2019	51	Bartleet Religare Securities (Pvt) Ltd	31 March 2019
17	Airport Garden Hotel (Pvt) Ltd	31 March 2019	52	Beruwala Holiday Resorts (Pvt) Ltd	31 March 2019
18	Aitken Spence Hotels International (Pvt) Ltd	31 March 2019	53	Blue Diamond Jewellery Worldwide PLC	31 March 2019
19	Aitken Spence plantation Management PLC	31 March 2019	54	Blue Oceanic Beach Hotel (Pvt) Ltd and Its Subsidiaries	31 March 2019
20	Akzo Nobel Paints Lanka (Pvt) Ltd	31 March 2019	55	BOC Property Development and Management (Pvt) Ltd	31 December 2018
21	Alliance Finance Co. PLC	31 March 2019	56	Bogo Power Ltd *	31 March 2020
22	Allianz Insurance Lanka Ltd	31 December 2019	57	Bonteea Ltd	31 March 2019
23	Allianz Life Insurance Lanka Ltd	31 December 2018	58	Brandix Apparel Limited	31 March 2019
24	Alpha Apparels Ltd	31 December 2018	59	Browns Hotels and Resorts Ltd	31 March 2019
25	Amana Candor Shariah Balanced Fund	31 December 2019	60	Built Element Ltd	31 March 2019
26	Amana Candor Shariah Income Fund	31 December 2018	61	CT Holdings PLC	31 March 2019
27	Amana Takaful Life PLC	31 December 2019	62	Cambio Software Engineering (Pvt) Ltd	31 December 2019
28	Amana Takaful PLC	31 December 2019	63	Camso Trading (Pvt) Ltd	31 March 2019
29	American & Efrd Lanka (Pvt) Ltd	30 September 2018	64	Candor Asset Management (Pvt) Ltd	31 December 2018
30	American Education Centre Ltd	31 December 2018	65	Candor Equities Ltd	31 December 2019
31	Anilana Hotels and Properties PLC	31 March 2019	66	Candor Growth Fund	31 December 2018
32	Arpico Ataraxia Asset Management (Pvt) Ltd	31 March 2019	67	Candor Money Market Fund	31 December 2018
33	Arpico Ataraxia Cash Management Trust Fund	31 March 2019	68	Candor Opportunities Fund	31 December 2019
34	Arpico Ataraxia Equity Income Fund	31 March 2019	69	Cape Weligama (Pvt) Ltd	31 December 2018
35	Arpico Insurance PLC	31 December 2019	70	Capital Alliance Corporate Balanced Fund	31 March 2019

Financial Statements of Specified Business Enterprises (SBEs) Reviewed during 2020- Compliant with Sri Lanka Accounting Standards

	Specified Business Enterprise	Financial Year End		Specified Business Enterprise	Financial Year End
71	Capital Alliance Corporate Debt and Gilt Trading Fund	31 March 2019	106	Ceylon Holiday Resorts Ltd	31 March 2019
72	Capital Alliance Corporate Treasury Fund	31 March 2019	107	Ceylon Hotel Holdings (Pvt) Ltd	31 March 2019
73	Capital Alliance Gilt Fund	31 March 2019	108	Ceylon Income Fund	31 December 2018
74	Capital Alliance Gilt Money Market Fund	31 March 2019	109	Ceylon Index Fund	31 December 2018
75	Capital Alliance Gilt Trading Fund	31 March 2019	110	Ceylon Investment PLC	31 March 2020
76	Capital Alliance High Yield Fund	31 March 2019	111	Ceylon IPO Fund	31 December 2018
77	Capital Alliance Income Fund	31 March 2019	112	Ceylon Money Market Fund	31 December 2018
78	Capital Alliance Investment Grade Fund	31 March 2019	113	Ceylon Tea Brokers PLC *	31 March 2020
79	Capital Alliance Investments Ltd	31 March 2019	114	Ceylon Theaters (Pvt) Ltd	31 March 2019
80	Capital Alliance Ltd	31 March 2019	115	Ceylon Tobacco Co. PLC	31 December 2019
81	Capital Alliance Medium Risk Debt Fund	31 March 2019	116	Ceylon Tourism Fund	31 December 2018
82	Capital Alliance Quantitative Equity Fund	31 March 2019	117	Chas. P. Hayley & Company (Pvt) Ltd	31 March 2020
83	Capital Alliance Securities (Pvt) Ltd	31 March 2020	118	Chemane PLC	31 March 2020
84	Capitol Crescendas (Pvt) Ltd	31 March 2020	119	Chevron Ceylon Ltd	31 December 2018
85	Cargills Distributors (Pvt) Ltd	31 March 2020	120	CIC Agri Produce Marketing (Pvt) Ltd	31 March 2019
86	Cargills Food Procerrors (Pvt) Ltd	31 March 2020	121	CIC Agro Produce Exports (Pvt) Ltd	31 March 2019
87	Cargills Food Services (Pvt) Ltd	31 March 2019	122	CIC Feeds (Pvt) Ltd	31 March 2019
88	CBL Cocos (Pvt) Ltd	31 March 2019	123	CIC Grains (Pvt) Ltd	31 March 2019
89	CCS Lanka (Pvt) Ltd	31 December 2018	124	CIC Holdings PLC	31 March 2019
90	Central Finance Co. PLC	31 March 2020	125	Clark Spence and Company (Pvt) Ltd	31 March 2019
91	Central Transport and Travels Ltd	31 March 2020	126	CMA CGM Lanka (Pvt) Ltd	31 March 2020
92	Ceybank Asset Management Limited	31 March 2019	127	Coca-Cola Beverages Sri Lanka Limited *	31 December 2018
93	Ceybank Century Growth Fund	31 March 2019	128	Colombo Fort Investments PLC	31 March 2020
94	Ceybank Unit Trust Fund	31 March 2019	129	Colombo Investment Trust PLC	31 March 2020
95	Ceylinco General Insurance Ltd	31 December 2019	130	Colombo Stock Exchange	31 December 2018
96	Ceylinco Life Insurance Ltd	31 December 2019	131	Com trust Money Market Fund	31 March 2019
97	Ceylon Asset Management Company Limited	31 December 2018	132	Commercial Bank of Ceylon PLC	31 December 2019
98	Ceylon Cold Stores PLC	31 March 2019	133	Comtrust ADL Mudarabah Fund	31 March 2019
99	Ceylon Dollar Bond Fund	31 December 2018	134	Comtrust Asset Management (Pvt) Ltd	31 March 2019
100	Ceylon Electricity Board	31 December 2018	135	Comtrust Gilt-Edged Fund	31 March 2019
101	Ceylon Financial Sector Fund	31 December 2018	136	Contrust Equity Fund	31 March 2019
102	Ceylon Galvanising Industries Ltd	31 March 2020	137	CPC Lanka Ltd	31 March 2019
103	Ceylon Gilt-Edged Fund	31 December 2018	138	Creative Cycles (Pvt) Ltd	31 March 2019
104	Ceylon Grain Elevators PLC	31 December 2019	139	Crystal Martin Ceylon (Pvt) Ltd	31 December 2018
105	Ceylon Guardian Investment Trust PLC	31 March 2020	140	CT CLSA Securities (Pvt) Ltd	31 March 2019

Financial Statements of Specified Business Enterprises (SBEs) Reviewed during 2020- Compliant with Sri Lanka Accounting Standards

	Specified Business Enterprise	Financial Year End		Specified Business Enterprise	Financial Year End
141	Cultural Heritage (Pvt) Ltd	31 March 2019	176	Galle Face Hotel Company Ltd	31 March 2019
142	Culture Club Resorts (Pvt) Ltd	31 March 2019	177	Gardian Acuity Equity Fund	31 December 2018
143	D H L Keels (Pvt) Ltd	31 March 2019	178	George Steurt Teas (Pvt) Ltd	31 March 2020
144	D P L Universal Gloves Ltd	31 March 2019	179	Good Hope PLC	31 March 2020
145	D. R. Enterprises (Pvt) Ltd	31 March 2018	180	Green Orchard Property Investments (Pvt) Ltd	31 March 2019
146	Delmege Forsyth & Co (Shipping) Ltd	31 March 2020	181	Guardian Acuity Asset Management Ltd	31 December 2018
147	Dial Textile Industries (Pvt) Ltd	30 November 2018	182	Guardian Acuity Money Market Fund	31 December 2018
148	Dialog Broadband Networks (Pvt) Ltd	31 December 2018	183	Guardian Acuity Money Market Gilt Fund	31 December 2018
149	Dickwella Resorts (Pvt) Ltd	31 March 2019	184	H.S. Fabric Collection Company Ltd	31 March 2019
150	Diesel & Motor Engineering PLC	31 March 2020	185	Habarana Lodge Ltd	31 March 2019
151	DKW-Acqua International (Pvt) Ltd	31 March 2020	186	Habarana Walk Inn Ltd	31 March 2019
152	Dufry Shops Colombo Ltd	31 December 2018	187	Hanwella Rubber Products Ltd	31 March 2020
153	Durdans Heart Centre (Pvt) Ltd	31 March 2019	188	Hattion National Bank PLC	31 December 2019
154	Durra Building Systems (Pvt) Ltd	31 March 2019	189	Haycarb Value Added Products (Pvt) Ltd	31 March 2019
155	EAM Malliban Textiles (Pvt) Ltd	31 March 2019	190	Hayleys Fabric PLC	31 March 2020
156	Eastern Development Enterprises (Pvt) Ltd	31 March 2019	191	Hayleys Fiber PLC	31 March 2020
157	Eastern Hotels (Pvt) Ltd	31 March 2020	192	Hayleys PLC	31 March 2019
158	Eastern Merchants PLC	31 March 2020	193	Hayleys Travels (Pvt) Ltd	31 March 2019
159	eChannelling PLC	31 December 2019	194	Haymat (Pvt) Ltd	31 March 2020
160	Elevators (Pvt) Ltd	31 March 2019	195	Hedges Court Residencies (Pvt) Ltd	31 March 2019
161	Elpitiya Plantations PLC	31 March 2019	196	Hemas Capital Hospital (Pvt) Ltd	31 March 2019
162	Emergent Cold (Pvt) Ltd	31 December 2019	197	Hemas Transportation (Pvt) Ltd	31 March 2019
163	Energynet (Pvt) Ltd	31 March 2019	198	Heritage (Pvt) Ltd	31 March 2019
164	Ericsson Telecommunications Lanka (Pvt) Ltd	31 December 2018	199	Hidramani Industries (Pvt) Ltd	31 March 2019
165	Esquel Sri Lanka Ltd	31 December 2018	200	Highland Energy Developments (Pvt) Ltd	31 March 2019
166	Expolanka (Pvt) Ltd	31 March 2019	201	Hirdmani (Pvt) Ltd	31 March 2019
167	Fairfirst Insurance Limited	31 December 2019	202	HNB Assurance PLC	31 December 2019
168	Finetex (Pvt) Ltd	31 December 2018	203	HNB General Insurance Ltd	31 December 2019
169	Finlay Properties (Pvt) Ltd	31 December 2018	204	Hotel Developers (Lanka) PLC	31 December 2018
170	First Capital Equities (Pvt) Ltd	31 March 2020	205	Hotel Sigiriya PLC	31 March 2019
171	First Guardian Equities (Pvt) Ltd	31 December 2019	206	HSBC Electronic Data Processing Lanka (Pvt) Ltd	31 December 2018
172	Fonterra Brands Lanka (Pvt) Ltd	31 July 2018	207	Hunas Falls Hotels PLC	31 March 2019
173	GAC Marine Services (Pvt) Ltd	31 December 2019	208	Hydro Trust Lanka (Pvt) Ltd	31 March 2020
174	GAC Shipping Ltd	31 December 2019	209	International Construction Consortium (Pvt) Ltd	31 March 2019
175	Galadari Hotels (Lanka) PLC	31 December 2018	210	International Tourists & Hoteliers Ltd	31 March 2019

Financial Statements of Specified Business Enterprises (SBEs) Reviewed during 2020- Compliant with Sri Lanka Accounting Standards

	Specified Business Enterprise	Financial Year End		Specified Business Enterprise	Financial Year End
211	Interocean Lubricants (Pvt) Ltd	31 March 2019	246	Lanka Milk Foods (CWE) PLC	31 March 2019
212	IRIS Eco Power Lanka (Pvt) Ltd	31 March 2019	247	Lanka Orenit Express Lines Ltd	31 March 2020
213	J Cey Tea (Pvt) Ltd	31 March 2019	248	Lanka Orix Leasing Company PLC	31 March 2020
214	Jafferjee Brothers Exports (Pvt) Ltd	31 March 2019	249	Lanka Securities (Pvt) Ltd	31 March 2019
215	Jakay Marketing Services (Pvt) Ltd	31 March 2019	250	Lanka Walltiles PLC	31 March 2020
216	Jay Jay Childrenswear Lanka (Pvt) Ltd	31 March 2019	251	Lankaclear (Pvt) Ltd	31 March 2019
217	JB Vantage Money Market Fund	31 March 2019	252	Lankapura Apparel (Pvt) Ltd	31 March 2019
218	JB Vantage Short Term Gilt Fund	31 December 2018	253	Lankem Developments PLC	31 March 2019
219	JB Vantage Value Equity Fund	31 December 2018	254	Laugfs Leisure Ltd	31 March 2019
220	Jetwing Kaduruketha (Pvt) Ltd	* 31 December 2018	255	Laugfs Property Developers (Pvt) Ltd	31 March 2019
221	JF Packaging Ltd	31 March 2020	256	Lee Hedges PLC	31 March 2020
222	Jinasena Industrial Parks (Pvt) Ltd	31 March 2019	257	Lexinton Resorts (Pvt) Ltd	31 March 2020
223	JK Property Developments (Pvt) Ltd	31 March 2018	258	Life Insurance Corporation (Lanka) Ltd	31 December 2019
224	JK Thudella Properties (Pvt) Ltd	31 March 2020	259	Lignocell (Pvt) Ltd	31 March 2019
225	John Keells Properties Ja Ela (Pvt) Ltd	31 March 2020	260	Lion Brewery (Ceylon) PLC	31 March 2020
226	John Keells Stock Brokers (Pvt) Ltd	31 March 2020	261	Logistics International Ltd	31 March 2020
227	John Keells Warehousing (Pvt) Ltd	31 March 2019	262	LOLC Finance PLC	* 31 March 2020
228	K.I.K Lanka (Pvt) Ltd	31 March 2019	263	LTL Energy (Pvt) Ltd	31 March 2020
229	Kalutara Luxury Hotels and Resorts (Pvt) Ltd	31 March 2019	264	LTL Transformers (Pvt) Ltd	31 March 2020
230	Kandalama Hotels (Pvt) Ltd	31 December 2018	265	Mack Air (Pvt) Ltd	31 March 2019
231	Kandy Walk Inn Ltd	31 March 2020	266	Mackinnons Keells Ltd	31 March 2019
232	Kandyan Resorts (Pvt) Ltd	31 March 2019	267	Maersk Lanka (Pvt) Ltd	31 December 2018
233	KBSL Information Technologies Ltd	31 March 2019	268	Mahaweli Coconut Plantations Ltd	31 March 2019
234	Keells Realtors Ltd	31 March 2020	269	Mainnetech Lanka (Pvt) Ltd	31 March 2019
235	La Forteresse (Pvt) Ltd	31 March 2019	270	Maritime Agencies (Pvt) Ltd	31 March 2020
236	Lakdhanavi Ltd	31 March 2019	271	MAS Fabrics (Pvt) Ltd	31 December 2019
237	Lake House Printers and Publishers PLC	31 March 2019	272	Mascons (Pvt) Ltd	31 March 2019
238	Lanka Ashok Leyland PLC	31 March 2019	273	McLarens Holdings Ltd	31 March 2019
239	Lanka Ceramic PLC	31 March 2020	274	Mercantile Shipping Company PLC	31 March 2019
240	Lanka Commodity Brokers Ltd	31 March 2018	275	MIT Cargo (Pvt) Ltd	31 March 2020
241	Lanka Communication Services (Pvt) Ltd	31 March 2019	276	MJF Beverages (Pvt) Ltd	31 March 2019
242	Lanka Credit and Business Finance Ltd	31 March 2019	277	MJF Properties (Pvt) Ltd	31 March 2020
243	Lanka Energy International (Pvt) Ltd	31 March 2019	278	MJF Tea Gardens (Pvt) Ltd	31 March 2020
244	Lanka IOC PLC	31 March 2019	279	Moceti International (Pvt) Ltd	31 March 2020
245	Lanka Marine Services (Pvt) Ltd	31 March 2020	280	Moody's Analytics Knowledge Services Lanka (Pvt) Ltd	31 March 2019

Financial Statements of Specified Business Enterprises (SBEs) Reviewed during 2020- Compliant with Sri Lanka Accounting Standards

	Specified Business Enterprise	Financial Year End		Specified Business Enterprise	Financial Year End
281	Morison PLC *	31 March 2020	316	NYK Lanka (Pvt) Ltd	31 March 2019
282	Mountain Hawk Express (Pvt) Ltd	31 March 2020	317	Ocean Lanka (Pvt) Ltd	31 December 2019
283	Multi Finance PLC	31 March 2019	318	Odel Lanka (Pvt) Ltd	31 March 2019
284	Namal Aquity Value Fund	31 March 2019	319	Odel PLC	31 March 2019
285	Namal Growth Fund	31 March 2019	320	Odel Properties (Pvt) Ltd	31 March 2019
286	Namal High Yield Fund	31 March 2019	321	Oki Doki (Pvt) Ltd	31 March 2020
287	Namal Income Fund	31 March 2019	322	Orient Insurance Ltd	31 December 2019
288	Namal Money Market Fund	31 March 2019	323	Orit Trading Lanka (Pvt) Ltd	31 December 2019
289	National Asset Management Ltd	31 December 2018	324	Overseas Realty (Ceylon) PLC	31 December 2019
290	National Development Bank PLC *	31 December 2018	325	Pan Asia Banking Corporation PLC	31 December 2019
291	National Equity Fund	31 March 2019	326	Pegasus Hotels Ceylon PLC	31 March 2020
292	National Wealth Corporation Ltd	31 December 2018	327	Pelwatte Dairy Industries Ltd	31 March 2019
293	Nations Trust Bank PLC	31 December 2019	328	Perfetti Van Melle Lanka (Pvt) Ltd	31 December 2018
294	Natwealth Securitoes Ltd	31 December 2019	329	Periceyl (Pvt) Ltd	31 March 2020
295	NDB Capital Holdings Ltd	31 December 2018	330	Piramal Glass Ceylon PLC	31 March 2019
296	NDB Securities (Pvt) Ltd	31 December 2018	331	Plastipak Lanka (Pvt) Ltd	31 March 2019
297	NDB Wealth Gilt Edged Fund	31 December 2018	332	Pottuvil Point (Pvt) Ltd	31 March 2020
298	NDB Wealth Growth and Income Fund	31 December 2018	333	Premier Guilt Edge Fund	31 March 2019
299	NDB Wealth Growth Fund	31 December 2018	334	Premier Income Fund	31 March 2019
300	NDB Wealth Income Fund	31 December 2018	335	Prima Land (Pvt) Ltd	31 December 2018
301	NDB Wealth Income Plus Fund	31 December 2018	336	Property Development PLC	31 December 2019
302	NDB Wealth Islamic Money Plus Fund	31 December 2018	337	Quality Seed Company (Pvt) Ltd	31 March 2019
303	NDB Wealth Management Ltd	31 December 2018	338	Raigam Wayamba Salterns PLC	31 March 2019
304	NDB Wealth Money Fund	31 December 2018	339	Regency Teas (Pvt) Ltd	31 March 2019
305	NDB Wealth Money Plus Fund	31 December 2018	340	Regnis (Lanka) PLC	31 March 2020
306	Negambo Landmark (Pvt) Ltd	31 March 2020	341	Renuka Agri Organics Ltd	31 March 2019
307	Nestle Lanka PLC	31 December 2019	342	Renuka Capital PLC	31 March 2019
308	New Nawaloka Medical Centre (Pvt) Ltd	31 March 2019	343	Resources Development Consultants (Pvt) Ltd	31 March 2019
309	Newest Capital Ltd	31 March 2019	344	Richard Pieris & Co. PLC	31 March 2019
310	Nilkamal Eswaran Plastics (Pvt) Ltd	31 March 2019	345	Richard Pieris Distributors Ltd	31 March 2019
311	Nividu Assupiniella (Pvt) Ltd	31 March 2020	346	Richard Pieris Natural Foams Ltd	31 March 2019
312	Nobles Manufactures (Pvt) Ltd	31 March 2019	347	RIL Property PLC	31 March 2018
313	North Manufacturing (Pvt) Ltd	31 December 2018	348	Rileys (Pvt) Ltd	31 March 2019
314	NSB Fund Management Co. Ltd	31 December 2019	349	Riverina Resorts (Pvt) Ltd	31 March 2020
315	Nuwara Eliya Holiday Resorts (Pvt) Ltd	31 March 2019	350	Royal Ceramics Lanka PLC *	31 March 2020

Financial Statements of Specified Business Enterprises (SBEs) Reviewed during 2020- Compliant with Sri Lanka Accounting Standards

	Specified Business Enterprise	Financial Year End
351	Royal Palms Beach Hotels PLC	31 March 2020
352	RPC Plantation Management (Pvt) Ltd	31 March 2019
353	Rubber Investment Trust Limited	31 March 2019
354	S C Johnson & Son (Pvt) Ltd	31 July 2019
355	Sampath Information Technology Solutions Ltd	31 December 2018
356	Sathosa Motors PLC	31 March 2019
357	SC Securities (Pvt) Ltd	31 December 2019
358	Selinsing PLC	31 March 2020
359	Shalimar (Malay) PLC	31 March 2020
360	Siam City Cement Lanka Ltd	31 December 2018
361	Singer Digital Media (Pvt) Ltd	31 March 2020
362	Singer Industries (Ceylon) PLC	31 March 2020
363	Sinhaputhra Finance PLC *	31 March 2019
364	SMB Leasing PLC	31 December 2018
365	Softlogic Brands (Pvt) Ltd	31 March 2019
366	Softlogic Holdings PLC	31 March 2018
367	Softlogic Life Insurance PLC	31 December 2019
368	Softlogic Restorents (Pvt) Ltd	31 March 2019
369	Softlogic Stockbrokers (Pvt) Ltd	31 March 2019
370	Sonic Steel Industries (Pvt) Ltd	31 March 2018
371	Southern Petroleum (Pvt) Ltd	31 March 2019
372	Sunshine Holdings PLC	31 March 2020
373	Superfine Teas (Private) Limited	31 March 2019
374	Tangerine Beach Hotels PLC	31 March 2020
375	Taprobane Securities (Pvt) Ltd	31 March 2019
376	Tea Tang (Pvt) Ltd	31 December 2018
377	Teejay Lanka Prints (Pvt) Ltd	31 March 2020
378	The Capital Maharaja Organization Limited	31 March 2019
379	The Colombo International School (Sri Lanka) Ltd	31 March 2020
380	The Fortress Resorts PLC	31 March 2020
381	The Kelani Cables PLC	31 March 2020
382	The Kingsbury PLC	31 March 2020
383	The Lanka Hospitals Corporation PLC	31 December 2018
384	The Riverbank (Pvt) Ltd	31 March 2020
385	The Swadeshi Industrial Works PLC	31 March 2020
386	Thermax Energy & Environment Lanka (Pvt) Ltd	31 March 2020

	Specified Business Enterprise	Financial Year End
387	Three Acre Farms PLC	31 December 2019
388	Thuryaa (Pvt) Ltd	31 March 2019
389	Trade Finance & Investments PLC	31 March 2019
390	Tree of Life (Pvt) Ltd	31 March 2019
391	Trinco Holiday Resorts (Pvt) Ltd	31 March 2020
392	Trinco Walk Inn Ltd	31 March 2019
393	Tropikal Life International (Pvt) Ltd	31 March 2020
394	Turyaa Resort (Pvt) Ltd	31 March 2019
395	Twin Star Clothing (Pvt) Ltd	31 March 2019
396	Unilever Ceylon Services (Pvt) Ltd	31 December 2018
397	Union Assurance PLC	31 December 2019
398	Union Bank of Colombo PLC	31 December 2018
399	Union Chemicals Lanka PLC	31 December 2019
400	Unisyst Engineering PLC	31 March 2020
401	Unit Energy Lanka (Pvt) Ltd	31 March 2019
402	United Motors Lanka PLC	31 March 2019
403	Uppuveli Beach (Pvt) Ltd	31 March 2020
404	Usui Lanka (Pvt) Ltd	31 December 2019
405	Vallibel One PLC	31 March 2019
406	Vallibel Plantation Management Ltd	31 March 2020
407	Vallibel Power Erathna PLC	31 March 2019
408	Vauxhall Property Developments (Pvt) Ltd	31 March 2019
409	Venigros (Pvt) Ltd	31 March 2020
410	Vidullanka PLC	31 March 2020
411	Vivo Mbile Lanka (Pvt) Ltd	31 March 2019
412	Vogue Jewellers (Pvt) Ltd	31 March 2019
413	Waldock Mackenzie Ltd	31 December 2018
414	Waskaduwa Beach Resorts PLC	31 March 2019
415	Watawala Dairy Ltd	31 March 2019
416	Watawala Plantations PLC	31 March 2019
417	Whittall Boustead (Travel) Ltd	31 March 2019
418	Whittall Boustead (Pvt) Ltd	31 March 2019
419	Yala Properties (Pvt) Ltd	31 March 2019
420	Yala Village (Pvt) Ltd	31 March 2019
421	York Arcade Holdings PLC	31 March 2020
422	Yusen Logistics & Kusuvara Lanka (Pvt) Ltd	31 March 2020

* Multiple years were reviewed.

Financial Statements of Specified Business Enterprises (SBEs) Reviewed during 2020- Compliant with Observations Communicated by letters of observations.

	Specified Business Enterprise	Financial Year End		Specified Business Enterprise	Financial Year End
1	AB Developments (Pvt) Ltd	31 March 2019	36	Ceyko Projects (Pvt) Ltd	31 March 2020
2	Abans Electricals PLC	31 March 2019	37	Ceylinco Insurance PLC	31 December 2019
3	Abans Retails (Pvt) Ltd	31 March 2019	38	Ceylon Bulbs and Electricals Ltd	31 March 2019
4	Adam Capital PLC	31 March 2017	39	Ceylon Fertilizer Company Ltd	31 March 2019
5	Agro Technica Ltd	31 March 2019	40	Ceylon Hospitals PLC	31 March 2020
6	AIA Insurance Lanka Limited	31 December 2019	41	Ceylon Oxygen Ltd	31 December 2018
7	Airport and Aviation Services (Sri Lanka) Ltd	31 December 2018	42	Ceylon Petroleum Corporation	31 December 2017
8	Aitken Spence Hotel Managements (Pvt) Ltd	31 March 2019	43	Ceylon Shipping Corporation Ltd	31 March 2017
9	Akbar Brother Exports (Pvt) Ltd	31 March 2019	44	Ceylon Tea Marketing (Pvt) Ltd	31 March 2019
10	Alumex PLC	31 March 2020	45	Ceymac Rubber Company Ltd	31 March 2019
11	Amana Bank PLC	31 December 2018	46	Ceysand Resorts Ltd	31 March 2019
12	Amana Wealth Ltd	31 December 2018	47	CIC CropGuard (Pvt) Ltd	31 March 2019
13	Amsafe Bridport (Pvt) Ltd	31 December 2018	48	Citrus Leisure PLC	31 March 2019
14	AMW Capital Leasing and Finance PLC	31 December 2018	49	City Housing & Real Estates Company PLC	31 March 2019
15	Arpico Ataraxia Sri Lanka Bond Fund	31 March 2019	50	CKT Apparel (Pvt) Ltd	31 March 2019
16	Arunadisi (Pvt) Ltd	31 December 2018	51	Commercial Bank of Ceylon PLC	31 December 2018
17	Asia Capital PLC	31 March 2019	52	Commercial Development Company PLC	31 December 2019
18	Asia Securities (Pvt) Ltd	31 March 2019	53	Commercial Leasing & Finance PLC *	31 March 2018
19	Asian Paints (Lanka) Ltd	31 March 2019	54	Continental Insurance Lanka Ltd	31 December 2018
20	Asiri Hospital Galle (Pvt) Ltd	31 March 2019	55	Co-operative Insurance Co. Ltd	31 December 2018
21	Assetline Securities (Pvt) Ltd	31 March 2019	56	Co-operative Wholesale Establishment *	31 December 2016
22	Bairaha Farms PLC	31 March 2019	57	Cooplife Insurance Ltd	31 December 2019
23	Balangoda Plantations PLC	31 December 2018	58	Convenience Foods (Lanka) PLC	31 March 2019
24	Bernard Botejue Industries (Pvt) Ltd	31 March 2019	59	CT Land Development PLC	31 March 2019
25	Bratex (Pvt) Ltd	31 December 2018	60	D P Global Ventures (Pvt) Ltd	31 March 2019
26	Brown and Company PLC	31 March 2019	61	D R Homes Appliances (Pvt) Ltd	31 March 2018
27	Browns Investments PLC	31 March 2019	62	Dankotuwa Porcelain PLC	31 March 2020
28	Busan Dipping KO-Lanka (Pvt) Ltd	31 March 2019	63	David Pieris Information Technologies (Pvt) Ltd	31 March 2019
29	C.W.Mackie PLC	31 March 2019	64	David Pieris Racing & Leisure (Pvt) Ltd	31 March 2020
30	Campion Hydro (Pvt) Ltd	31 March 2020	65	Dehigama Hotels Company Ltd	31 March 2020
31	Capital Trust Securities (Pvt) Ltd	31 March 2019	66	Development Holdings (Pvt) Ltd	31 December 2019
32	Cargills (Ceylon) PLC *	31 March 2019	67	Development Lotteries Board *	31 December 2018
33	Cargills Bank Ltd *	31 December 2019	68	Diana Chocolates (Pvt) Ltd	31 March 2019
34	Ceat Kelani International Tyres (Pvt) Ltd	31 March 2019	69	Diana Trading Co. (Pvt) Ltd	31 March 2019
35	Central Industries PLC	31 March 2020	70	Digital Mobility Solutions Lanka (Pvt) Ltd	31 March 2019

Financial Statements of Specified Business Enterprises (SBEs) Reviewed during 2020- Compliant with Observations Communicated by letters of observations.

	Specified Business Enterprise	Financial Year End		Specified Business Enterprise	Financial Year End
71	Distilleries Company of Sri Lanka PLC	31 March 2020	106	Hirdaramani Apparel Holdings (Pvt) Ltd	31 March 2019
72	DSI Samson Group (Pvt) Ltd	31 March 2019	107	Hirdaramani Clothing (Pvt) Ltd	31 March 2019
73	Durtek Lanka (Pvt) Ltd	31 December 2018	108	Hunter & Co. PLC	31 March 2019
74	E. B. Creasy & Company PLC	31 March 2019	109	HVA Foods PLC	31 March 2019
75	E.W. Balasuriya & Company (Pvt) Ltd	31 March 2019	110	Hynford Water Power (Pvt) Ltd	31 March 2019
76	East West Properties PLC	31 March 2019	111	International College of Business & Technology Ltd	31 December 2018
77	ECO Holdings Ltd	31 March 2019	112	J. B. Securities (Pvt) Ltd	31 March 2019
78	Eco Power (Pvt) Ltd	31 March 2019	113	J. F & I Packaging (Pvt) Ltd	31 March 2019
79	Eco Power Global (Pvt) Ltd	31 March 2019	114	Janashakthi Insurance PLC	31 December 2018
80	Eden Hotel Lanka PLC	31 March 2019	115	Janashakthi PLC	31 March 2019
81	EFL Global Freeport (Pvt) Ltd	31 March 2020	116	JB Financial (Pvt) Ltd	31 March 2019
82	Elphis Lanka (Pvt) Ltd	31 December 2018	117	Jetwing Hotels Ltd	31 March 2019
83	EMJAY International (Pvt) Ltd	31 March 2019	118	Jinasena (Pvt) Ltd	31 March 2019
84	Employee Trust Fund Board	31 December 2018	119	John Keells Information Technology (Pvt) Ltd	31 March 2020
85	Enterprise Ceylon Capital (Pvt) Ltd	31 March 2019	120	Kahawatte Plantations PLC	31 December 2018
86	Equity One Ltd	31 March 2020	121	Kalubowitiyana Tea factory Ltd	31 March 2019
87	Equity Two PLC	31 March 2020	121	Kandy Private Hospitals Ltd	31 March 2019
88	Eskimo Fashion Knitwear (Pvt) Ltd	31 December 2018	123	Kelani Tyres PLC	31 March 2020
89	Eswaran Brothers Exports (Pvt) Ltd	31 March 2019	124	Kotagala Plantations PLC	31 March 2019
90	Expolanka Holdings PLC *	31 March 2020	125	Kotmale Holdings PLC	31 March 2019
91	Express Newspapers (Ceylon) (Pvt) Ltd	31 March 2019	126	Kurunegala Plantations Ltd	31 December 2018
92	Finlay Rentokil Ceylon (Pvt) Ltd	31 December 2018	127	Lalan Rubbers (Pvt) Ltd	31 March 2018
93	First Capital Asset Management Ltd	31 March 2019	128	Lanka Industrial Estates Ltd	31 March 2019
94	Frederick North Hotel Company Ltd	31 March 2019	129	Lanka Maritime Services Ltd	31 March 2019
95	Glaxo Wellcome Ceylon Ltd	31 December 2017	130	Lanka Mineral Sands Ltd	31 December 2018
96	Great Cycles (Pvt) Ltd	31 March 2019	131	Lanka Phosphate Ltd	31 March 2019
97	GTB Steel Corporation (Pvt) Ltd	31 March 2019	132	Lankem Ceylon PLC	31 March 2019
98	Hands International Intimates (Pvt) Ltd	31 March 2019	133	Leson Ltd	31 March 2019
99	Hapugastenne Plantations PLC	31 December 2018	134	Lexinton Holdings (Pvt) Ltd	31 March 2020
100	Havelock City (Pvt) Ltd	31 December 2019	135	LOLC General Insurance Ltd	31 December 2019
101	Hayleylines Ltd	31 March 2019	136	LOLC Life Assurance Ltd	31 December 2019
102	Hayleys Aventura (Pvt) Ltd	31 March 2019	137	LOLC Securities (Pvt) Ltd	31 March 2019
103	Hayleys Free Zone Ltd	31 March 2019	138	LOLC Technologies Ltd	31 March 2019
104	Hela Clothing (Pvt) Ltd	31 March 2018	139	LOLC Technology Services Ltd	31 March 2019
105	Hemachandras (Kandy) Ltd	31 March 2019	140	LTL Galvanizers (Pvt) Ltd	31 March 2020

Financial Statements of Specified Business Enterprises (SBEs) Reviewed during 2020- Compliant with Observations Communicated by letters of observations.

	Specified Business Enterprise	Financial Year End		Specified Business Enterprise	Financial Year End
141	Lucky Lanka Milk Processing Co.PLC	31 March 2018	176	Palm Garden Hotels PLC	31 March 2019
142	Lyceum International School (Pvt) Ltd	31 March 2019	177	Paranthan Chemicals Ltd	31 December 2018
143	M.P.S. Hotels (Pvt) Ltd	31 March 2019	178	PCL Solutions (Pvt) Ltd	31 March 2019
144	Mackwoods Energy PLC	31 March 2019	179	Pearl Springs (Pvt) Ltd	31 March 2020
145	Magal Ganga Power Company (Pvt) Ltd	31 March 2019	180	People's Bank	31 December 2018
146	Mahaweli Reach Hotels PLC	31 March 2020	181	People's Insurance PLC	31 December 2018
147	Maliban Milk Products (Pvt) Ltd	31 March 2019	182	People's Merchant Finance PLC *	31 March 2020
148	Math Hydro Power (Pvt) Ltd	31 March 2019	183	Pradeshiya Sanwardana Bank	31 December 2018
149	MBC Network (Pvt) Ltd	31 March 2019	184	Prime Finance PLC	31 March 2020
150	McOcean Property Developers (Pvt) Ltd	31 March 2020	185	Qualitea Ceylon (Pvt) Ltd	31 March 2019
151	Metropolitan Office (Pvt) Ltd	31 March 2019	186	Ramboda Falls PLC	31 March 2019
152	Miami Exports (Pvt) Ltd	31 March 2019	187	Ranfer Teas(Pvt) Ltd	31 March 2019
153	Millennium Housing Developers PLC	31 March 2019	188	Ravi Industries Ltd	31 March 2019
154	Mohksha Ltd	31 March 2019	189	Renuka Enterprises (Pvt) Ltd	31 March 2019
155	MTV Channel (Pvt) Ltd	31 March 2019	190	Renuka Foods PLC	31 March 2019
156	N. Vaitilingam & Company (Pvt) Ltd	31 March 2019	191	Renuka Holdings PLC	31 March 2020
157	N-Able (Pvt) Ltd	31 March 2019	192	Richard Pieris Exports PLC	31 March 2019
158	Nation Lanka Equities (Pvt) Ltd	31 March 2019	193	Richard Pieris Finance Ltd	31 March 2019
159	National Institute of Business Management	31 December 2017	194	RM holdings (Pvt) Ltd	31 March 2019
160	National Insurance Trust Fund Board	31 December 2018	195	Rosewood (Pvt) Ltd	31 March 2019
161	National Savings Bank *	31 December 2018	196	Royal Fernwood Porcelain Ltd	31 March 2019
162	National Water Supply and Drainage Board	31 December 2018	197	RPC Polymers (Pvt) Ltd	31 March 2019
163	Navara Securities (Pvt) Ltd	31 March 2019	198	Ru Salu Clothing (Pvt) Ltd	31 March 2019
164	Nawaloka Development (Pvt) Ltd	31 March 2019	199	S Samson Industries (Pvt) Ltd	31 March 2019
165	NC Fashions (Pvt) Ltd	31 December 2018	200	Sampath Bank PLC	31 December 2019
166	Nico Battery Manufacturers Ltd	31 March 2019	201	Samson International PLC	31 March 2019
167	Nidro Supply (Pvt) Ltd	31 March 2019	202	Samson Rajarata Tiles (Pvt) Ltd	31 March 2019
168	Nirmalapura Wind Power (Pvt) Ltd	31 March 2019	203	Samson Rubber Products (Pvt) Ltd	31 March 2019
169	Orel Corporation Ltd	31 March 2019	204	SANASA Development Bank	31 December 2019
170	Orient Finance PLC	31 March 2019	205	Sanasa Life Insurance Company Ltd	31 December 2019
171	Orient Motor Co.Ltd	31 March 2019	206	Sarene Pavillions (Pvt) Ltd	31 March 2018
172	Osprey Clothing (Pvt) Ltd	31 December 2018	207	Screenline (Pvt) Ltd	31 March 2019
173	Overseas Realty (Ceylon) PLC	31 December 2018	208	Senkadagala Finance PLC	31 March 2019
174	Packages Lanka (Pvt) Ltd	31 December 2019	209	Senok Tea Ceylon (Pvt) Ltd	31 March 2019
175	Packwell Lanka (Pvt) Ltd	31 March 2019	210	Senok Trade Combine (Pvt) Ltd	31 March 2019

Financial Statements of Specified Business Enterprises (SBEs) Reviewed during 2020- Compliant with Observations Communicated by letters of observations.

	Specified Business Enterprise	Financial Year End
211	Serendib Engineering & Agencies (Pvt) Ltd	31 March 2019
212	Serendib Engineering Group PLC	31 March 2019
213	Serendib Investment Holdings Ltd	31 March 2019
214	Siedles (Pvt) Ltd	31 March 2019
215	Sierra Construction Ltd	31 March 2019
216	Singer Finance (Lanka) PLC	31 March 2019
217	Singhe Hospitals PLC	31 March 2019
218	Sirio Ltd	31 December 2018
219	Siyapatha Finance PLC	31 December 2018
220	Sky Sport Lanka (Pvt) Ltd	31 March 2019
221	Smart Shirts (Lanka) Ltd	31 December 2019
222	SMB Securities (Pvt) Ltd	31 December 2018
223	Softlogic City Hotels (Pvt) Ltd	31 March 2019
224	Softlogic Finance PLC *	31 March 2020
225	Softlogic Holdings PLC	31 March 2019
226	Softlogic Properties (Pvt) Ltd	31 March 2019
227	Somerville Stock Brokers (Pvt) Ltd	31 March 2019
228	Span Engineering (Pvt) Ltd *	31 March 2020
229	Spectra Integrated Logistics (Pvt) Ltd	31 March 2019
230	Spectra Logistics (Pvt) Ltd	31 March 2019
231	Sri Lanka Broadcasting Corporation	31 December 2018
232	Sri Lanka Bureau of Foreign Employment	31 December 2018
233	Sri Lanka Cashew Corporation	31 December 2018
234	Sri Lanka Handicrafts Board	31 December 2017
235	Sri Lanka Institute of Textile and Apparel	31 December 2018
236	Sri Lanka Insurance Corporation Ltd	31 December 2019
237	Sri Lanka Land Reclamation and Development Corporation	31 December 2018
238	Sri Lanka Ports Authority *	31 December 2018
239	Sri Lanka Standards Institution	31 December 2018
240	Sri Lanka State Trading (General) Corporation Ltd	31 March 2019
241	Sri Lankan Airlines Ltd *	31 March 2019
242	Star Garments Ltd	31 December 2018
243	Stassen Exports (Pvt) Ltd *	31 March 2019
244	State Development and Construction Corporation	31 December 2018
245	State Pharmaceutical Manufacturing Corporation of Sri Lanka	31 December 2018

	Specified Business Enterprise	Financial Year End
246	Sunfrost (Pvt) Ltd	31 March 2019
247	Suntea (Pvt) Ltd	31 December 2019
248	Suwasewana Hospitals (Pvt) Ltd	31 March 2019
249	T & S Buttons Lanka (Pvt) Ltd	31 March 2019
250	TAL Lanka Hotels PLC	31 March 2019
251	Teejay Lanka PLC	31 March 2020
252	Tess Agro PLC	31 March 2019
253	The First Resort (Pvt) Ltd	31 March 2019
254	The Lighthouse Hotel PLC	31 March 2020
255	The National Film Corporation	31 December 2018
256	The Overseas School of Colombo (Gurantee) Ltd	31 July 2019
257	The Royal Heritage Hotel (Pvt) Ltd	31 March 2019
258	Topaz Hotels Ltd	31 March 2019
259	Trico Maritime (Pvt) Ltd	31 March 2019
260	Trillium Property Management & Services Ltd *	31 March 2019
261	Tropic Frozen Food (Pvt) Ltd	31 March 2018
262	TTEL Hydro Power Company (Pvt) Ltd *	31 March 2019
263	Union Residencies (Pvt) Ltd	31 December 2018
264	Unisons Capital Leasing Ltd	31 March 2019
265	Urban Investment and Development Company (Pvt) Ltd	31 December 2018
266	Uswatte Confectionery Works (Pvt) Ltd	31 March 2019
267	Vallibel Finance PLC	31 March 2020
268	Vision Packaging (Pvt) Ltd	31 March 2019
269	W A Perera & Company (Pvt) Ltd	31 March 2018
270	Wayamba Agro Fertilizer Company Ltd	31 March 2019
271	Weligama Hotel Properties Ltd	31 March 2019
272	Wickramaratne Logistics (Pvt) Ltd	31 March 2019
273	Wilton Metal Box Company (Pvt) Ltd	31 March 2019
274	York Hotels (Kandy) Ltd	31 March 2019
275	Young an International Lanka (Pvt) Ltd	31 December 2018

* Multiple years were reviewed.

Listed Companies and Public Sector Entities which have not submitted Audited Financial Statements as at 31 December 2020

Listed companies which have not submitted financial statements for the year ended 31 December 2019 :

- Lanka Cement PLC *

Listed Companies which have not submitted financial statements for the year ended 31 March 2020 :

- Adam Capital PLC*
- Adam Investments PLC*
- Anilana Hotels & Properties PLC**
- Blue Diamonds Jewellery Worldwide PLC **
- Ceylon & Foreign Trades PLC*
- Ceylon Printers PLC*
- City Housing & Real Estate Company PLC*
- EastWest Properties PLC
- Huejay International Investment PLC*
- Hunas Falls PLC **
- HVA Foods PLC **
- Janashakthi PLC
- Lucky Lanka Milk Processing Company PLC*
- Mackwoods Energy PLC**
- MTD Walkers PLC*
- Multi Finance PLC**
- Nation Lanka Finance PLC**
- Office Equipment PLC*
- PC Farma PLC*
- Paragron Ceylon PLC*
- Radiant Gems International PLC**
- Standard Capital PLC**
- Swarnamahar Financial Services PLC*
- Tess Agro PLC**
- The Finance Company PLC

Public Sector entities which have not submitted financial statements for the year ended 31 December 2019:

- Building Materials Corporation Limited
- Central Engineering Consultancy Bureau
- Ceylon Ceramic Corporation
- Ceylon Fisheries Corporation
- Ceylon Electricity Board
- Employees Trust Fund Board
- Janatha Estates Development Board
- Independent Television Network Limited
- National Film Corporation
- National Livestock Development Board
- National Institute of Business Management
- National Insurance Trust Fund
- National Water Supply and Drainage Board
- Paddy Marketing Board
- Sri Lanka Ayurvedic Drugs Corporation
- Sri Lanka Bureau of Foreign Employment
- Sri Lanka Broadcasting Corporation
- Sri Lanka Cashew Corporation
- Sri Lanka Cement Corporation
- Sri Lanka Transport Board
- Sri Lanka Handicrafts Board
- Sri Lanka Institute of Textile and Apparel
- Sri Lanka Land Reclamation & Development Corporation
- Sri Lanka Standards Institution***
- State Development and Construction Corporation
- State Engineering Corporation of Sri Lanka
- State Pharmaceuticals Manufacturing Corporation of Sri Lanka
- The Co-operative Wholesale Establishment
- Urban Development Authority

Public Sector entities which have not submitted financial statements for the year ended 31 March 2020 :

- National Paper Company Ltd
- Ceylon Shipping Corporation
- Ceylon Fertilizer Company Ltd
- Lanka Phosphate Limited

* Trading Suspended at CSE

** Watch List at CSE

*** Received Subsequently (Before 31 January 2020)

Activities relating to standard setting by CA Sri Lanka during 2020

In terms of the past arrangements with the Ministry of Finance and Mass Media, during the year 2020 SLAASMB continued to provide the annual grant of Rs. 4 million to the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) to assist in the development of Accounting and Auditing Standards in the country. These funds are used to meet a part of the cost of facilitating activities of the Accounting Standards Committee and the Auditing Standards Committee set up under Act No. 15 of 1995 and the activities related to adoption of Sri Lanka Accounting and Auditing Standards, including translation of such pronouncements into Sinhala and Tamil languages and the related gazetting. The Accounting and Auditing Standards Committees have their meetings once a month. A dedicated website is available for the Accounting Standards Committee and the Auditing Standards Committee, providing the public access to technical pronouncements and facilities to be aware on the developments of the related accounting and auditing standards.

The main activities carried out during the year in relation to accounting and auditing standards are as follows:

- a) Issue of the Sri Lanka Accounting Standards Bound Volume for 2020, which incorporates the latest versions of the standards based on the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and gazetting the changes from the previous bound volume.
- b) Issue of the Sri Lanka Auditing Standards Bound Volume -2020 Edition, which incorporates the latest versions of the standards based on the International Standards on Auditing (ISAs) issued by the of the International Auditing and Assurance Standards Board (IAASB) including the changes to SLAuS 540 (Revised) -Auditing Accounting Estimates and Related Disclosures and gazetting the changes from the previous bound volume.
- c) Amending following existing Sri Lanka Accounting Standards, which have been adopted and gazetted during the year:
 - Amendment to SLFRS 16 Leases - (COVID 19 Related Rent Concessions)
 - Interest Rate Benchmark Reform (Phase 01 and Phase 02) – effective for Annual reporting periods beginning on or after 1 January 2021 which includes amendments to SLFRS 9, SLFRS 7, LKAS 39, SLFRS 4 and SLFRS 16.
- d) Adoption of SLFRS 17, Insurance Contracts and announcement of the effective date as effective for annual reporting periods beginning on or after 1 January 2023. Further, deliberations of the amendments issued to SLFRS 17 are continuing at the Accounting Standards Committee of Sri Lanka.
- e) Issue of following Financial Reporting Guidance Notes and Guidance to Auditing
 - Application Guidance Notes on SLFRS 16 – Leases in March 2020
 - Guidance Notes on Accounting Considerations of the COVID 19 Outbreak (updated on 11th May 2020)
 - Frequently Asked Questions (FAQs) on Guidance Notes on Accounting Considerations of the COVID-19 Outbreak (updated on 11th May 2020)
 - COVID-19 Pandemic: Guidance Notes on the Implications on Auditing
 - FAQs and related guidance when carrying out audits based on Sri Lanka Auditing Standard for the Audits of Non-Specified Business Enterprises.
- f) Issue of following IFRIC Agenda Decisions:
 - Compilation of Agenda Decisions-Volume 1 published by the IFRS Interpretations Committee, January 2019 to September 2019
 - Compilation of Agenda Decisions-Volume 2 published by the IFRS Interpretations Committee, October 2019 to March 2020

Activities relating to standard setting by CA Sri Lanka during 2020

- g)** Amending following existing Sri Lanka Auditing Standards and issue of new pronouncements, which have been adopted and gazetted during the year:
- Adoption of SLAuS 315 (Revised), Identifying and Assessing Risks of Material Misstatement in April 2020
 - Adoption of Sri Lanka Standard on Related Services (SLSRS) 4400 (Revised), Agreed-Upon Procedures Engagements in December 2020
- h)** Responding to the following Exposure Drafts and discussion papers issued by the International Accounting Standards Board (IASB) and deliberations;
- ED/2020/2 – COVID 19 Related Rent Concessions
 - ED/2019/7 - General Presentation and Disclosures
 - Comments on Comprehensive Review of the IFRS for SMEs Standard
 - Comments on discussion paper for Business Combinations - Disclosures, Goodwill and Impairment
- i)** Continuous deliberation on the issues in the implementation and interpretation of Sri Lanka Accounting and Auditing Standards by the stakeholder groups covering various industries such as banking and insurance.
- j)** Deliberation of Comments for Exposure Drafts/ Discussion Papers issued by IAASB;
- Exposure Draft on Proposed ISA 600 (Revised): Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors) and,
 - Discussion Paper on Fraud and Going Concern in an Audit of Financial Statements and Implementation Plans for the Quality Management Standards
- k)** In consultation with the Securities and Exchange Commission and the Colombo Stock Exchange (CSE), Auditing Standards Committee has issued a sample report format with the objective to provide guidance to Auditors in communicating to the CSE about actions taken by their clients after the modified audit report was issued.



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

} TPD/B/SLAASMB/1/20/39

ඔබේ අංකය
உமது இல.
Your No.

}

දිනය
திகதி
Date

} 30 November 2021

Chairman

Sri Lanka Accounting and Auditing Standards Monitoring Board

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka Accounting and Auditing Standards Monitoring Board for the year ended 31 December 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sri Lanka Accounting and Auditing Standards Monitoring Board for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of comprehensive income, profit and loss statement, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

අංක: 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව



+94 11 2 88 70 28 - 34



+94 11 2 88 72 23



ag@auditorgeneral.gov.lk



www.naosl.gov.lk



1.2 Basis for Opinion

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

1.3 Responsibilities of Management and Those 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 Public Sector Accounting Standards, and for such internal control as management determine 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 Board'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 liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Board is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Board.



1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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 Sri Lanka Auditing Standards 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 an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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



ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

the Board'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 Board 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.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 include specific provisions for following requirements.

2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Board as per the requirement section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;



ජාතික විගණන කාර්යාලය
நேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

- 2.2.1 to state that any member of the governing body of the Board has any direct or indirect interest in any contract entered into by the Board which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.
- 2.2.2 to state that the Board has not complied with any applicable written law, general and special directions issued by the governing body of the Board as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.
- 2.2.3 to state that the Board has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.
- 2.2.4 to state that the resources of the Board had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

2.3 Other Matters

- (a) According to Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the main function of the Board is to monitor the compliance with the Sri Lanka Accounting Standard and the Sri Lanka Auditing Standards by the Specified Business Enterprises (SBEs). The total identified SBEs as at 31 December 2020 were 1,657. However, the Board had received 1,232 financial statements, including 394 financial statements relating to the preceding years during the year 2020.
- (b) Out of the above received financial statements during the year 2020, the Board had reviewed only 732 financial statements, indicating 59 per cent of the progress. Nevertheless, 619 financial statements, out of the reviewed financial statements were related to the preceding years.
- (c) Only 27 audit inspections had been conducted during the year under review covering total identified SBEs indicating 02 per cent coverage. As compared to



ජාතික විගණන කාර්යාලය
 தேசிய கணக்காய்வு அலுவலகம்
 NATIONAL AUDIT OFFICE

45 inspections carried out in the previous year, a gradual decrease in the inspections was observed.

- (d) A Management Information System (MIS) scheduled to be implemented by the Board since the year 2015, in order to conduct the monitoring functions of the Board effective manner. However, the system had not been implemented even up to 2021.
- (e) Seventeen vacancies were in the Board as at 31 December 2020. Out of these vacancies, 13 vacancies were related to executive level posts.

W.P.C. Wickramarathna

Auditor General

Current Status regarding the issues addressed in the Report of the Auditor General

Observations in Audit Report dated 30 November 2021	Responses by Management
Section 2.3	
Other Matters	
<p>(a) When 1657 SBEs had been identified as at 31 December 2020 the Board had received 1,232 financial statements including 394 financial statements relating to the preceding years during the year 2020.</p>	<p>As Act No 15 of 1995 does not specify a time period during which the SBEs should submit financial statements to SLAASMB. As explained in our detailed response to the Auditor General's initial query dated 19 May 2021, SLAASMB has taken all possible action to obtain financial statements from the SBEs who have not submitted financial statements during 2020.</p> <p>Accordingly, requiring SBEs to submit financial statements within a specific time is beyond the control of SLAASMB. However, the new Act which is under revision, has addressed this issue.</p> <p>We wish to highlight that this matter was not included in the draft Audit Report which was discussed in detail at the Audit Committee meeting at which the Responses by Management to be made were approved.</p>
<p>(b) (i) Of the above financial statements received during the year 2020, the Board had reviewed only 732 financial statements, indicating 59 % coverage.</p>	<p>As explained in the detailed response to AG's initial audit query dated 19 May 2021, the Board is vested with the responsibility to monitor compliance with the standards and accordingly, the Board can determine the manner in which the financial statements are to be reviewed and the number of SBEs to be reviewed annually to ensure the regulatory mechanism is carried out effectively.</p> <p>SLAASMB has considered focusing on financial statement reviews of high risk SBEs annually and review of other lower risk entities within a cycle of 3-5 years, as means of maximizing on the staff availability as well as maximizing on the reliability of financial reporting.</p> <p>Accordingly, within the said coverage mix by completing 732 financial statement reviews, the staff has achieved 100% of the target set for the year 2020.</p> <p>However, the lower coverage is due to the lower staff strength caused by a number of technical staff vacancies remaining unfilled throughout 2020.</p> <p>Further, SLAASMB has explained the reasons to move away from targeting review 100% of SBEs each year, with effect from 2021 onwards as it is not a best practice. This fact was explained to the Auditor General at the meeting held with the Director General on 30 April 2021 and by letter dated 12 June 2021 of the Chairperson, which explains the said changed process of SLAASMB.</p> <p>We wish to highlight that this matter was not included in the draft Audit Report which was discussed in detail at the Audit Committee meeting at which the Responses by Management to be made were approved.</p>

Current Status regarding the issues addressed in the Report of the Auditor General

Observations in Audit Report dated 30 November 2021	Responses by Management
<p>(ii) 619 financial statements, out of the reviewed financial statements related to the preceding years.</p>	<p>Reviewing a higher percentage of financial statements relating to previous years, is mainly due to the reviews taking place during the year as a continuous process, spread equally over the year, and the submission of financial statements by SBEs to SLAASMB taking place towards the latter part of the calendar year. Usually majority of financial statements are submitted after about 6 months of the end of the year and thereby during the early part of the year, the financial statements relating to previous year are prone to be subject to review. As, this is an operational process, waiting to receive the latest financial statements and to review such financial statements during the same year is not practical.</p> <p>This matter as explained in the response to the draft Observations is beyond the control of SLAASMB and cannot be considered as a way of measuring SLAASMB's performance.</p> <p>However focus on measuring the time taken to complete a review by staff from the time the financial statements were received by SLAASMB would provide a better insight of the performance.</p>
<p>(c) Only 27 audit inspections had been conducted during the year under review covering total identified SBE's indicating 2% coverage. As compared to 45 inspections carried out in the previous year, a gradual decrease in the inspection was observed.</p>	<p>The performance of SLAASMB linked with the most appropriate coverage of financial statement reviews and audit inspections cannot be linked to the number of reviews or inspections, as the focus should be on the risk based entities and audits and the effects of non-compliances by such entities and audits on the economy. To reap the best of the regulatory mechanism, the most appropriate financial statements and audits need to be reviewed or inspected. This focus and its importance has been explained in our response to the Auditor General's initial query dated 19 May 2021 and in all responses to the Auditor General on previous audits as well. Further, the coverage is effected by the low number of staff available to engage in the regulatory activities and in such situations, SLAASMB determines the most appropriate coverage to maximize the limited resources.</p> <p>We wish to highlight that this matter was not included in the draft Audit Report which was discussed in detail at the Audit Committee meeting at which the responses to be made were approved.</p>
<p>(d) A Management Information System (MIS) scheduled to be implemented by the Board since the year 2015, in order to conduct the monitoring functions of the Board in an effective manner. However, the system had not been implemented even up to 2021.</p>	<p>As communicated to Auditor General many times, the delay in the commencement of the design, development and implementation of the MIS in 2015 was caused by the Information and Communication Technology Agency (ICTA) and was beyond the control of SLAASMB. However in 2021 SLAASMB commenced sourcing a vendor to proceed with the development of the MIS and SLAASMB was successful in contracting with the software developer- Innova IT Systems (Pvt) Ltd, to design, develop and implement the MIS after going through the due procurement process. Currently the MIS project is in the 2nd phase of the development of the system.</p> <p>This matter was explained in the Response to the draft Observations as well.</p>

Current Status regarding the issues addressed in the Report of the Auditor General

Observations in Audit Report dated 30 November 2021	Responses by Management
<p>(e) Seventeen vacancies were in the Board as at 31 December 2020. Out of these vacancies, 13 vacancies were related to executive level posts.</p>	<p>The inability to fill existing vacancies due to the inability to attract professionally competent staff at the currently applicable salaries has been a recurrent concern of the Board. Due to several efforts made by the Board, in 2021, the Board was successful in obtaining the approval of the Cabinet of Ministers on a revised Salary Scale for the professional staff of SLAASMB. Currently, SLAASMB is awaiting for the necessary approvals from the Department of Management Services to commence the long awaited recruitments of competent professional staff based on the revised salary scales.</p> <p>This matter was explained in the response to the draft Observations as well.</p> <p>However, the Post of Finance and Administration Executive officer was filled in July 2021.</p>

Statement of Financial Position


As at	Note	31-Dec-20 Rs.	31-Dec-19 Rs.
ASSETS			
Non - Current Assets			
Property, plant and equipment	3	9,345,772	11,318,497
Deposits	4	6,979,736	6,979,736
		16,325,508	18,298,233
Current Assets			
Inventories	5	783,811	642,810
Accounts receivable	6	3,651,614	3,899,093
Cash and cash equivalents	7	8,468,634	1,128,025
		12,904,059	5,669,928
Total Assets		29,229,567	23,968,161
LIABILITIES			
Non - Current Liabilities			
Deferred income - government grants	8	13,639,060	16,259,927
Defined benefit obligations	9	2,686,448	2,038,306
		16,325,508	18,298,233
Current Liabilities			
Deferred income - government grants	10	9,644,531	922,064
Accounts payable	11	3,259,528	4,747,864
		12,904,059	5,669,928
Total Liabilities		29,229,567	23,968,161

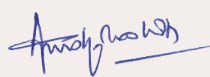
The notes appearing on pages 58 to 64 form an integral part of the financial statements.

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

These financial statements were approved by the Board and signed on their behalf


Chairman


Member


Director General


Deputy Director General
(Finance and Administration)

Date: 2 February 2021

Statement of Financial Performance and Other Comprehensive Income

<i>For the year ended 31 December</i>	Note	2020 Rs.	2019 Rs.
Revenue			
Government grants	12	69,159,150	82,511,881
Less: Grants released to the Institute of Chartered Accountants of Sri Lanka		4,000,000	4,000,000
		65,159,150	78,511,881
Operating Expenses			
Board Members' allowances		(1,252,500)	(1,327,500)
Auditor's remuneration	13	(240,100)	(240,100)
Staff costs	14	(36,922,897)	(41,487,633)
Fuel and lubricants		(1,656,830)	(1,544,609)
Press notices		(256,311)	(897,161)
Rent and building service charges		(10,061,219)	(11,871,631)
Depreciation and amortisation expenses	3	(3,078,182)	(3,141,970)
Electricity		(939,094)	(1,214,982)
Professional fees to Reviewers		(1,663,000)	(1,879,000)
International memberships		(2,420,339)	(2,240,195)
Books and Periodicals		(1,059,394)	(944,722)
International travel		(31,150)	(4,990,384)
Training and development		(183,275)	(717,362)
License and insurance		(998,698)	(1,081,768)
Stationery		(766,986)	(853,151)
Other administration expenses	15	(3,629,175)	(4,079,713)
		-	-
Other Comprehensive Income			
(Loss) /gain on remeasurement of the defined benefit obligation		(1,674,720)	(648,735)
Government grant related to remeasurement of defined benefit obligation		1,674,720	648,735
		-	-
Net surplus / (deficit) for the year		-	-

The notes appearing on pages 58 to 64 form an integral part of the financial statements.

Statement of Changes in Net Assets

	Accumulated Fund Rs.
Balance as at 31 December 2018	-
Net surplus/deficit for the year	-
Balance as at 31 December 2019	-
Net surplus/deficit for the year	-
Balance as at 31 December 2020	-

The notes appearing on pages 58 to 64 form an integral part of the financial statements.

Cash Flow Statement

<i>For the year ended 31 December</i>			2020	2019
	Note		Rs.	Rs.
Cash flows from operating activities				
Net surplus / (deficit) for the year			-	-
Adjustments for;				
Government grants received during the year			76,935,470	81,689,370
Deferred government grants transferred to total comprehensive income	12		(70,833,870)	(83,160,616)
Depreciation	3		3,078,182	3,141,970
Loss on disposal of office equipment			14	-
Interest on investment in gratuity fund			(307,160)	(338,870)
Defined benefit obligation	14.1		2,648,142	1,350,531
Excess of income over expenditure / (expenditure over income) before working capital changes			11,520,778	2,682,385
(Increase) / decrease in inventories			(141,001)	55,705
(Increase) / decrease in accounts receivable			247,479	(870,004)
Increase / (decrease) in accounts payable			(1,488,336)	(550,769)
Net cash flows from operating activities			10,138,920	1,317,317
Cash flows from investing activities				
Purchase of property, plant & equipment			(1,105,471)	(67,490)
Investment in gratuity fund			(2,000,000)	(500,000)
Interest received on investment in gratuity fund/safety locker			307,160	338,870
Net cash flows			7,340,609	1,088,697
Cash flows from financing activities			-	-
Net increase / (decrease) in cash and cash equivalents			7,340,609	1,088,697
Cash and cash equivalents at the beginning of the year			1,128,025	39,328
Cash and cash equivalents at the end of the year	7		8,468,634	1,128,025

The notes appearing on pages 58 to 64 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 2020 were authorised for issue by a resolution of the Members of the Board on 2 February 2021. Sri Lanka Accounting and Auditing Standards Monitoring Board is a Statutory Board established under 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 14 permanent employees 3 employees on contract basis and 1 employee on temporary basis as at 31 December 2020 (13 permanent, 3 on contract basis and 1 temporary employee as at 31 December 2019).

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 Public Sector Accounting Standards for Accrual Basis of Accounting.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Events after the reporting date

All material events after the date of the Statement of Financial Position are considered and appropriate adjustments or disclosure 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	10 Years
Office Equipment	4 Years
Furniture, Fixtures & Fittings	6-10 Years
Books and 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 is arrived at by using the first-in, first-out (FIFO) basis.

Accounts Receivable

Accounts Receivable are stated at the amounts estimated to be realised, and where necessary, allowance 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 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.

Defined Benefit Costs

The defined benefit obligation for retiring gratuities payable under the Payment of Gratuity Act No.12 of 1983 recognised in the Statement of Financial Position, represent the present value of the defined benefit obligation. All actuarial gains and losses are recognised immediately in the Statement of Financial Performance and Other Comprehensive Income.

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	
As at	31-Dec-20 Rs.	31-Dec-19 Rs.	31-Dec-20 Rs.	31-Dec-19 Rs.	31-Dec-20 Rs.	31-Dec-19 Rs.	31-Dec-20 Rs.	31-Dec-19 Rs.	31-Dec-20 Rs.	31-Dec-19 Rs.
Cost										
At beginning of the year	51,160,000	51,160,000	12,400,701	12,333,211	11,420,413	11,420,413	3,198,399	3,198,399	78,179,513	78,112,023
Additions	-	-	308,613	67,490	796,858	-	-	-	1,105,471	67,490
Disposals	-	-	(1,253,257)	-	-	-	-	-	(1,253,257)	-
At end of the year	51,160,000	51,160,000	11,456,057	12,400,701	12,217,271	11,420,413	3,198,399	3,198,399	78,031,727	78,179,513
Accumulated Depreciation										
At beginning of the year	42,075,936	40,474,665	10,791,042	9,539,015	10,797,192	10,517,081	3,196,846	3,188,285	66,861,016	63,719,046
Depreciation for the year	1,601,271	1,601,271	1,084,581	1,252,027	391,250	280,111	1,080	8,561	3,078,182	3,141,970
Depreciation on disposals	-	-	(1,253,243)	-	-	-	-	-	(1,253,243)	-
At end of the year	43,677,207	42,075,936	10,622,380	10,791,042	11,188,442	10,797,192	3,197,926	3,196,846	68,685,955	66,861,016
Written Down Value at end of the year	7,482,793	9,084,064	833,677	1,609,659	1,028,829	623,221	473	1,553	9,345,772	11,318,497

Notes to the Financial Statements

As at	31-Dec-20 Rs.	31-Dec-19 Rs.
4. Deposits (Non-current)		
Rent deposit	6,879,736	6,879,736
Safety locker deposit	100,000	100,000
	6,979,736	6,979,736
5. Inventories		
Stationery	783,811	642,810
6. Accounts Receivable		
Prepayments	2,252,315	2,499,794
Part payment made to Consultant for the interior construction of office premises	1,369,299	1,369,299
Deposits	30,000	30,000
	3,651,614	3,899,093
7. Cash and Cash Equivalents		
Cash on hand and in bank	8,468,634	1,128,025
	8,468,634	1,128,025
8. Deferred Income - Government Grants (Non-current)		
Balance at the beginning of the year	16,259,927	20,184,938
Grants received and utilised to acquire non-current assets	1,105,471	67,490
Grants received and invested in gratuity fund	2,000,000	500,000
Depreciation and amortisation expenses for the year	(3,078,182)	(3,141,970)
Interest received on gratuity fund	307,160	338,870
Loss on disposal of office equipment	(14)	-
Change in defined benefit obligation for the year	(2,955,302)	(1,689,401)
Balance at the end of the year	13,639,060	16,259,927
Represented by		
Property, plant and equipment	9,345,772	11,318,497
Deposit (non-current)	6,979,736	6,979,736
(Provision for gratuity) / Excess of Gratuity Fund	(2,686,448)	(2,038,306)
Balance at the end of the year	13,639,060	16,259,927

Notes to the Financial Statements

As at	31-Dec-20 Rs.	31-Dec-19 Rs.
9. Defined Benefit Obligations / (Asset)		
Balance at the beginning of the year	6,340,193	5,047,793
Charge for the year	836,135	576,197
Interest for the year	444,447	464,469
Actuarial gains / losses	1,674,720	648,735
	9,295,495	6,737,194
Payments during the year	-	(397,001)
	9,295,495	6,340,193
Gratuity Fund (Note 9.1)	(6,609,047)	(4,301,887)
Balance at the end of the year	2,686,448	2,038,306
Present value of the obligation was measured using the following assumptions.		
Expected salary increment	10%	10%
Discount / interest rate	7.01%	10.23%
Staff turnover factor	9%	9%
The liability for gratuity is partly funded.		
9.1 Gratuity Fund		
Balance at the beginning of the year	4,301,887	4,022,968
Investments made during the year	2,000,000	500,000
Interest received during the year	307,160	338,870
Payments during the year	-	(559,951)
Balance at the end of the year	6,609,047	4,301,887
10. Deferred Income - Government Grants (Current)		
Balance at the beginning of the year	922,064	(1,531,701)
Increase / (decrease) in inventories and accounts receivable	(106,478)	814,300
Increase / (decrease) in cash and cash equivalents	7,340,609	1,088,697
(Increase) / decrease in accounts payable	1,488,336	550,768
Balance at the end of the year	9,644,531	922,064
Represented by		
Inventories	783,811	642,810
Accounts receivable	3,651,614	3,899,093
Cash and cash equivalents	8,468,634	1,128,025
Less: accounts payable	(3,259,528)	(4,747,864)
	9,644,531	922,064

Notes to the Financial Statements

<i>As at</i>	31-Dec-20 Rs.	31-Dec-19 Rs.
11. Accounts Payable		
Auditors' remuneration	417,100	560,100
Grants payable to Institute of Chartered Accountants of Sri Lanka	1,000,000	2,000,000
Professional fees payable to reviewers	300,000	567,000
Staff incentive payable	754,000	754,000
Other payables	788,428	866,764
	3,259,528	4,747,864
<i>For the year ended 31 December</i>	31-Dec-20 Rs.	31-Dec-19 Rs.
12. Government Grants		
Government Grants received during the year	76,935,470	81,689,370
Grants received and invested in gratuity fund	(2,000,000)	(500,000)
Grants used for capital expenditure	(1,105,471)	(67,490)
Grants used to finance net current assets	(8,722,467)	(2,453,765)
Depreciation and amortisation expenses for the year	3,078,182	3,141,970
Interest received on gratuity fund	(307,160)	(338,870)
Loss on disposal of office equipment	14	-
Defined benefit liability for the year	1,280,582	1,040,666
Grants shown in the Statement of Financial Performance	69,159,150	82,511,881
Grant related to remeasurement of defined benefit liability shown in Other Comprehensive Income	1,674,720	648,735
Total grants transferred to total comprehensive income shown in Statement of Cash Flows	70,833,870	83,160,616
13. Auditors' Remuneration		
Current year	240,100	200,000
(Over) / under provisions in the previous years	-	40,100
	240,100	240,100

Notes to the Financial Statements

For the year ended 31 December

	31-Dec-20 Rs.	31-Dec-19 Rs.
14. Staff Costs		
Staff remuneration	19,258,631	20,442,737
Employees' provident fund	2,452,919	2,602,828
Employees' trust fund	613,230	651,615
Defined benefit obligation (note 14.1)	973,422	701,796
Other outsourced services	727,607	1,401,215
Staff incentive	9,048,000	10,473,666
Medical insurance	517,434	654,872
Staff welfare	672,446	956,547
Other staff benefits	2,659,208	3,602,357
	36,922,897	41,487,633
14.1 Defined Benefit Obligations		
Charge for the year	836,135	576,197
Net interest for the year	137,287	125,599
	973,422	701,796
Actuarial gains / losses disclosed as other comprehensive income	1,674,720	648,735
Total Defined Benefit Obligation included in the Statement of Cash flows	2,648,142	1,350,531
15. Other Administration Expenses		
Annual report	412,512	430,000
Computer maintenance	160,558	79,494
Equipment maintenance	333,255	331,360
Communication Expenses	831,077	901,633
Vehicle maintenance	846,727	959,409
Parking Expenses	291,223	203,226
Office expenses	265,660	462,399
Legal and professional fees	112,800	220,500
Internal audit fees	174,700	193,100
Insurance of furniture & fittings and office equipment	136,379	151,671
Sundry expenses	64,284	146,921
	3,629,175	4,079,713

Notes to the Financial Statements

16. Capital Commitments

- 16.1 The Board had approved to recommence the design and construction work relating to interior partitioning of the office space rented on the first floor and refurbishment of the third floor for expansion. However no financial commitments have been made as at 31 December 2020. (As at 31 December 2019- Nil).
- 16.2 The Board has approved the Design, Development and Implementation of a Management Information System (MIS) for SLAASMB. A Memorandum of Understanding was signed between SLAASMB and Information and Communication Technology Agency (ICTA) of Sri Lanka to provide consultancy services for the said Design, Development and Implementation of the MIS, including assisting in selection of the software vendor. An amount of Rs. 2,670,000 has been agreed to be paid as the consultancy fee to ICTA for the said service. (As at 31 December 2019- Nil)

17. Related Party Transactions

There were no related party transactions during the year ended 31 December 2020

18. Contingent Liabilities

There were no contingent liabilities as at 31 December 2020. (As at 31 December 2019 - Nil)

19. Events after the Date of the Statement of Financial Position

There were no material events after the reporting date 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:

- Licensed banks.
- Companies authorised to carry on insurance business.
- Companies carrying on leasing business.
- Factoring Companies.
- Finance Companies.
- Companies licensed to carry on business as stockbrokers of stockdealers.
- Companies licensed to operate unit trust.
- Fund Management Companies.
- Companies licensed to operate a stock exchange.
- Companies listed in a Stock Exchange.
- Other Companies -
 - (a) which have an annual 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 Organization
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: 011 2301210
Fax: 011 2301211
E-mail: slaasmb@slt.net.lk

Website
www.slaasmb.gov.lk

Auditors
External Auditors
The Auditor General
Auditor General's Department
No. 306/72, Polduwa Road
Battaramulla

Internal Auditors
Edirisinghe & Company
45, Braybrooke Street,
Colombo 02

Banker
Bank of Ceylon

Legal Advisers
Attorney General
Attorney General's Department
Colombo 12

