



Enhancing Reliability

SLAAASMB

Sri Lanka Accounting and Auditing
Standards Monitoring Board

2024
ANNUAL
REPORT



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 60)

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Members of the Board

Ms. K M A N Daulagala FCMA (UK), MBA (USJP) MSc in Financial and Business Economics (Essex) Senior Deputy Governor - Central Bank of Sri Lanka	<i>Chairperson</i>
S Dissanayake LLM, Attorney-at-Law Registrar General of Companies	<i>Ex- Officio Member (up to 30 April 2024)</i>
W A S Chandrasekara B.Sc Business Admin (USJP), MA Econ (UoK) Commissioner General of Inland Revenue	<i>Ex- Officio Member</i>
C Mendis Attorney-at-Law Director General, Securities and Exchange Commission of Sri Lanka	<i>Ex- Officio Member</i>
W W J C Perera FCA, FCMA, B.Sc Business Admin (USJP), CFE Partner – KPMG	<i>Appointed Member (up to 16 February 2024)</i>
H M A Jayasinghe FCA, FCMA, CIPFA Past President - CA Sri Lanka, Country Managing Partner - Ernst & Young, Sri Lanka and Maldives	<i>Appointed Member (up to 16 February 2024)</i>
S M S S Bandara FCA, MBA (Col.), B.Sc (Acc. and Fin. Management) (USJP) Immediate Past President - CA Sri Lanka, Partner – B R De Silva & Company	<i>Appointed Member</i>
K A H Kuruppu FCA, MBA (PIM), MSc Fin. Economics. (Col) B.Sc Accountancy (USJP) President of CA Sri Lanka, Advisor South Asian Federation of Accountants (SAFA), Group Finance Director – David Pieries Group of Companies	<i>Appointed Member (w.e.f. 14 March 2024)</i>
T H Subasinghe FCA, CPFA (UK), FCMA, CISA (USA), MBA (Fin) (Col), LLB (Hons), Attorney-at-Law Vice President of CA Sri Lanka, Member of South Asian Federation of Accountants (SAFA), Member of Confederation of Asian and Pacific Accountants (CAPA), Managing Partner – Moore Aiyar	<i>Appointed Member (w.e.f. 14 March 2024)</i>
P R A I Gunarathna ACMA (UK), CGMA, ACCA Affiliate, Dip.in Banking and Fin., B.Sc. Eng. (Hons), MBA (UK) Director, Corporate Finance – Cinnamon Hotels and Resorts Director – Wake up Zone (Pvt) Ltd	<i>Appointed Member (Up to 1 March 2024)</i>
M Amarasiri MBA, FCMA (UK), CGMA, B.Sc (Eng.) Group Chief Financial Officer – ACL Cables PLC,	<i>(w.e.f. 18 April 2024)</i>
R T Amarasuriya LLB (Hons.) (Col.), FCMA (UK), FCMA (SL), CGMA, AFGG-Raisina Fellow, Attorney-at-Law Immediate past Secretary - Bar Association of Sri Lanka, Former Commission Member Securities and Exchange Commission of Sri Lanka, Executive Committee Member of LAWASIA	<i>Appointed Member (up to 9 June 2024)</i>
N Gunawardena Attorney-at-Law, CFA, ACA, ACMA Precedent Partner – Nithya Partners	<i>(w.e.f. 11 July 2024)</i>

Members of the Board

Ms. M P Abeysekera FCMA (UK), CGMA, FCA, B.Sc (Hons.) (Col.), MBA (Col.), GSLID
Independent Non-Executive Director-Kapruka Holdings PLC

Appointed Member
(up to 1 March 2024)

Ceylon Chamber
of Commerce

Ms. R M R D Rajapaksa FCMA(UK), CGMA, CFA
Independent Non-Executive Director –
First Capital Holdings PLC,

(w.e.f. 18 April 2024)

KK S Gunawardane
BA (Hons.) Econ. Sp., Dip.in Hypermedia
Eng. (Col.), Dip.in Multimedia Technology (Col.),
PGDip in Busi. and Fin. - ICA (SL)
Managing Director/ Chief Executive Officer –
Graphic Systems (Pvt) Ltd

Appointed Member
(up to 2 July 2024)

Federation of
Chambers of
of Commerce
and Industry of
Sri Lanka

W P R P H Fonseka
FCA, SFIBs (SL), B.Sc Busi. Admin (Hons.)
(USJP), PGDip in Mgmt. (PIM), MBA (Ausi.)
General Manager / Chief Executive Officer – Bank of Ceylon

Appointed Member
(up to 16 February 2024)

Sri Lanka Bank's
Association

Ms. A U Delage
FCA, ACMA, CGMA, B Sc. (Acc. and Fin Mgmt.) Hons (USJP), CPA
Chief Financial Officer – Hatton National Bank PLC

(w.e.f. 14 March 2024)

Prof. A. Jayamaha FCA, PhD (USQ-Aus.), M.Com (UoK),
B.Com(UoK)
Dean - Faculty of Graduate Studies, University of Kelaniya

Appointed Member
(up to 25 May 2024)

University Grants
Commission

Ms. D Wiratunga CCS
Secretarius (Pvt) Ltd

Secretary to the Board

Members of the Board

As at 31st December 2024



Ms. K M A N Daulagala

*FCMA (UK), MBA (USJP),
MSc in Financial and Business
Economics University of Essex UK*

Ms. Daulagala, Chairperson of the Board, is the Senior Deputy Governor at the Central Bank of Sri Lanka. She counts over 33 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.



Ms. W A S Chandrasekara

*B. Sc Business Administration (Sp.)
(USJP), MA Econ (UoK)*

Ms. Chandrasekara is the Commissioner General of the Department of Inland Revenue of Sri Lanka. She counts over 31 years of service at the Inland Revenue of Sri Lanka.



C Mendis

Attorney – at – Law

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



K A H Kuruppu

*FCA, MBA (PIM), MSc Financial
Economics (Colombo), B.Sc
Accountancy (USJP)*

Mr. Heshana Kuruppu, President of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), is a finance professional who also serves as an Advisor to the South Asian Federation of Accountants (SAFA). He currently holds the position of Group Finance Director at the David Pieris Group of Companies and serves as Board Member for several of its subsidiaries.

Mr. Kuruppu held the prestigious roles of SAFA President in 2024 and Vice President in 2023. Additionally, he is a Commissioner of the Securities and Exchange Commission of Sri Lanka.

Members of the Board

As at 31st December 2024



T H Subasinghe

*FCA, CPFA (UK), FCMA, CISA (USA)
MBA (Fin.) Col., LL.B (Hons.),
Attorney-at-Law*

Mr. Subasinghe is the Vice-President of the Institute of Chartered Accountants of Sri Lanka. He is also serving as a Board member of the South Asian Federation of Accountants (SAFA) and as an elected Board member of the Confederation of Asian and Pacific Accountants (CAPA).

At present he is the Managing Director of Moore Consulting (Pvt) Ltd and the Joint Managing Partner of Moore Aiyar. In addition, he serves as the Chairman of Sanasa General Insurance Limited and as the Senior Independent Director of Amana Bank PLC. He is also a Council Member of the University of Moratuwa and was a visiting lecturer at several government universities.

Mr. Subasinghe served as a member of the Presidential Commission on Simplification of Laws and Regulations and a member of the Committee for Revival of Failed Licensed Finance Companies established by the Central Bank of Sri Lanka.



S M S S Bandara

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

Mr. Bandara, the immediate past president of CA Sri Lanka is a Partner of B. R. De Silva & Co. Chartered Accountants and counts over 25 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 was a commissioner of the Securities and Exchange Commission of Sri Lanka.



Naomal Gunawardena

Attorney-at-Law, CFA, ACA, ACMA

Mr. Gunawardena is an Attorney-at-Law and is the Precedent Partner at M/s Nithya Partners, Attorneys at Law. His areas of expertise include financial law related areas such as debt issuances, banking regulation, derivatives, securitizations and company restructuring and tax law.

Mr. Gunawardena currently functions as a Member of the Company Law Advisory Commission, a Member of the Taxation Committee of the Ceylon Chamber of Commerce and a Member of the Corporate Governance Committee of the Institute of Chartered Accountants of Sri Lanka.



Mahesh Amarasiri

MBA, FCMA, CGMA, B.Sc (Eng)

Mr. Mahesh Amarasiri, who is currently serving as the Group Chief Financial Officer at ACL Cables PLC has over 20 years of experience in Strategic Planning and Financial Management.

Prior to joining ACL Cables, Mr. Amarasiri held senior leadership roles, including Chief Financial Officer of the DSI Group and Senior Vice President in Private Equity Management at NDB Capital Holdings PLC. He also served as Head of Strategic Planning at Etisalat Lanka (Private) Limited, NDB Investment Bank (NDBIB) and MAS Holdings.

In addition to his corporate roles, Mr. Amarasiri also serves on the Statutory Accounting Standards Committee of the CA Sri Lanka. He was previously a member of the Consumer Affairs Council of Sri Lanka and a Council Member of CIMA Sri Lanka Division.

Members of the Board

As at 31st December 2024



Ms. R M R D Rajapaksa
FCMA(UK), CGMA, CFA

Ms. Rajapaksa, an Independent Non-Executive Director at Nations Trust Bank PLC, First Capital Holdings PLC and Asia Siyaka Commodities PLC counts over 30 years of experience in the fields of fund management and finance.

Ms. Rajapaksa is also an independent financial consultant and an Advisory Committee Member of the Tennyson & Vinitha Rodrigo Trust.

Ms. Rajapaksa is a founder member of the CFA Society Sri Lanka and has served as a Director for many years. She started her career journey at Pricewaterhouse Coopers, Sri Lanka and thereafter spent most of her work life at Ceybank Asset Management Ltd as a Senior Fund Manager. She has also served as the Chief Financial Officer of IBM Sri Lanka & Bangladesh.



Ms. A U Delage
FCA, ACMA, CGMA, B.Sc Accountancy and Financial Management (Hons.) (USJP), CPA

Ms. Delage, Chief Financial Officer of Hatton National Bank PLC, counts over 22 years of experience in the field of Finance. She serves as a member of the Board of Directors of Sithma Development (Pvt) Ltd.

Observers / Invitees of the Board

As at 31st December 2024

Chairman of Statutory Auditing Standards Committee



T.J.S. Rajakarier
FCA, FCCA, FCMA, CGMA

Mr. Rajakarier, Senior Partner at KPMG Sri Lanka, counts over 38 years of service in public accounting practice. He is the Chief Operating Officer of KPMG. He was the Head of Financial Services for the Middle East and Southern Asian Region of KPMG and continues to Head the Audit practice 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 CA Sri Lanka and is a member of the Statutory Accounting Standards Committee. He has been actively involved in setting policies and providing guidance by serving on several other committees and faculties at the CA Sri Lanka.

Chairman of the Accounting Standards Committee



H M A Jayasinghe
FCA, FCMA, CIPFA

Mr. Jayasinghe, a past President of the CA Sri Lanka was the immediate past Country Managing Partner of Ernst & Young, Sri Lanka and Maldives. He has also been the Head of Assurance in-charge of Banking and Finance Services Practice at Ernst & Young.

Mr. Jayasinghe having 41 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 of the CA Sri Lanka. He serves as a member in many other statutory bodies and professional associations. He also serves on the International Panel on Accountancy Education of IFAC.

Observer of the Board – Treasury Representative



M T V I Amarasekara
B.Sc (Hons) Economics & Management, MA

Ms. Amarasekara, is an Additional Director General of the Department of External Resources of the General Treasury and counts over 22 years of experience in the public sector. She has served as a member of the Boards in a number of institutions and is currently on the Boards including the Sri Lanka Tourism Promotion Bureau, Sri Jayawardenapura Hospital and the Sri Lanka Biotechnology Institute.

Director General



A I Mohotti
FCA, FCMA (UK), CGMA, MBA (Leicester), BBA (Hons.)(Col),

Ms. Mohotti, Director General of Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) has over 36 years of experience in the field of financial and business management and in auditing. Her experience includes 24 years of service at SLAASMB regulating the preparers of financial statements and audits for compliance with accounting and auditing standards. Prior to becoming a part of the regulatory team at SLAASMB, she served in the Carsons group and at Ernst & Young.

Board appointed sub – committees during the year 2024

Audit Committee

Mr. S M S S Bandara – Chairman
 Ms. A U Delage - Member
 Ms. M T I V Amarasekara – Member
 Ms. L D R L Liyanage – Auditor Generals' Representative – Observer
 Non member Secretary – Ms. H B Razzak (Deputy Director General)

Remuneration Committee

Ms. K M A N Daulagala – Chairperson
 Mr. N Gunawardena
 Mr. T H Subasinghe - Member
 Ms. R M R D Rajapaksa – Member
 Ms. M T I V Amarasekara – Member
 Non member Secretary – Ms. A I Mohotti (Director General)

Technical Sub – Committee

Ms. R M R D Rajapaksa – Chairperson
 Mr. S M S S Bandara - Member
 Mr. A U Delage – Member
 Mr. M Amarasiri - Member
 Non member Secretary – Ms. A Ahamath (Deputy Director General)

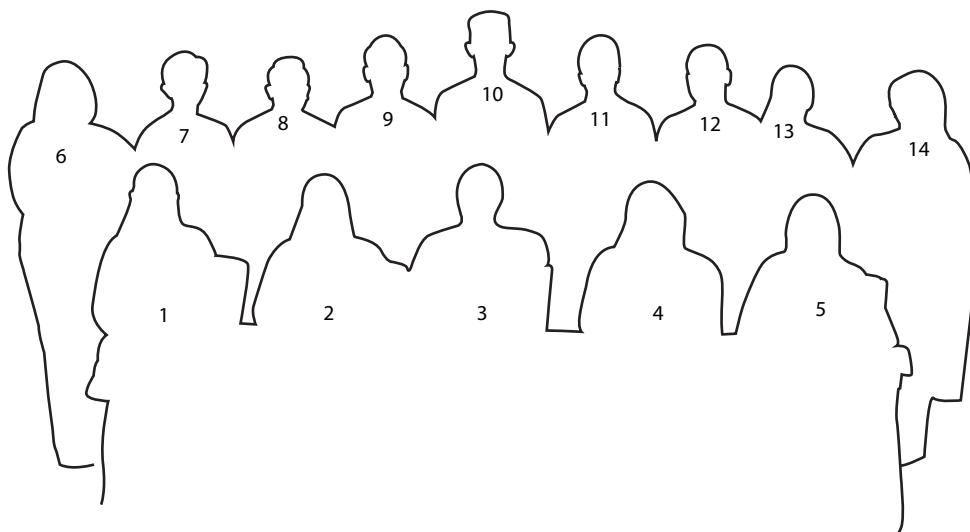
Ethics Committee

Mr. N Gunawardana - Chairman
 Ms. K M A N Daulagala - Member
 Mr. C Mendis – Member
 Mr. T H Subasinghe – Member
 Mr. T J S Rajakarier
 Non member Secretary – Ms. A Ahamath (Deputy Director General)

Exit Interview

Ms. R M R D Rajapaksa - Member

Staff of the Board during 2024



1. Mrs. H.A. Kalani S Hettiarachchi	6. Ms. M.Nuska F Naleem	11. K.H.P. Binara L. Amarasinghe
2. Mrs. Asha Ahamath	7. Mrs. F Shiromi Abeykoon	12. K. Rasika S. Bandara
3. Mrs. Anusha I Mohotti	8. D.G. Sanka S Kumarasiri	13. Mrs. U.D.N. Malshani
4. Mrs. Hafsa B Razzak	9. Tharaka R Jayasekara	14. Mrs. Dumindha K. Guruwatta
5. Mrs. Agra M Dodamgoda	10. B.T. A. Pathum Bandara	

Supervision Staff of the Board as at 31 December 2024

Ms. Anusha I. Mohotti

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

Director General

Ms. Asha Ahamath

FCA, MBA (Col)

Deputy Director General

Ms. Hafsa B Razzak

FCA, ACMA (UK), CGMA, MBA (USJP)

Deputy Director General

Ms. H A Kalani S Hettiarachchi

FCA, ACCA, MBA (PIM_USJP), B.Sc (Acc) Sp (Hons) (USSP)

Director Supervisor

Ms. Agra M. Dodamgoda

FCA, MBA(USQ), PGDBF, BBA(Hons)(Col).

Director Supervisor

Mr. K. H. P. Binara L. Amarasinghe

ACA, B.Com (Specialization in Acc. & Finance) (EUSL)

Assistant Director Supervisor

Mr. T.R. Jayasekara

CA Finalist, B.Com (Special) (USJP)

Assistant Director Supervisor

Mr. T. I. Samarasinghne

CA Passed Finalist, BBA (Special) (UOP)

Assistant Director Supervisor

Review of Activities of SLAASMB - 2024

1. Introduction

The Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) established as a regulatory body under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 commenced its active operations in the year 2000. The Act defines certain entities as Specified Business Enterprises (SBEs – see page 60 for definition of SBEs) and such SBEs are required to comply with Sri Lanka Accounting Standards (SLASs) when preparing and presenting their financial statements and their auditors are required to comply with Sri Lanka Auditing Standards (SLAuSs) when conducting 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 SLASs and SLAuSs.

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 regarding non-compliances with standards by SBEs and their auditors. Under the Act, SLASs and SLAuSs 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 have been established under the Act. CA Sri Lanka adopts accounting standards based on International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) developed by the International Accounting Standards Board (IASB). Similarly, the auditing standards adopted are based on the International Standards on Auditing (ISAs) developed by the International Auditing and Assurance Standards

Board (IAASB). Presently, CA Sri Lanka has adopted nearly 41 Accounting Standards and 38 Auditing Standards aligning with the said International Standards, which are required to be complied with by the SBEs and their auditors.

2. Review of Financial Statements

2.1. Methodology followed on Reviews

SLAASMB conducts the reviews of financial statements to ensure the SBEs comply with SLASs when preparing and presenting their annual financial statements. Accordingly, SLAASMB reviews the financial statements with focus on recognition and measurement requirements as well as presentation and disclosure requirements of SLASs. When SLAASMB detects noncompliance with standards, the action is instigated based on the materiality of such noncompliance. Accordingly, where a cause for concern relating to material noncompliance with standards is not observed, such financial statements are considered as compliant with SLASs. However, when issues have been identified in financial statements that are material but do not require to use statutory provisions, such financial statements are considered as compliant with observations and the findings are communicated to the respective SBEs in the form of a letter of assistance to improve compliance in the future.

In instances where the deviations from standards materially alter the financial position and financial performance, SLAASMB seeks an undertaking from such SBE to make the required corrections in the next financial statements to be issued. In this process, when the noncompliance is of a recurrent nature with no foreseeable improvements, and in instances where

information provided to SLAASMB as the regulator is misleading, SLAASMB issues a Letter to such SBE warning on the incorrect practices and informing them of the need to improve their financial reporting in the future.

When deviations from SLASs contravene the provisions of the statute, but the contravention is not of a serious nature, a Direction is issued by the Board. However, where deviations from SLASs has a pervasive impact on fair presentation on financial statements which makes the financial statements misleading, legal action is instigated based on the statute.

2.2. Highlights of Review of Financial Statements

As at 31 December 2024, 1,708 entities were identified by SLAASMB to have met the criteria laid down by the Act. No 15 of 1995 termed as SBEs, to be monitored under the Act. During the year, 1,708 SBEs had submitted 1,718 sets of financial statements of which some financial statements were in relation to prior years. Similarly, during the preceding year, 1,566 SBEs had submitted 1,732 sets of financial statements to SLAASMB.

SLAASMB functioned during the year 2024 continuing with the acute shortage of professional staff technically competent to perform the review functions and to liaise with the Head of Finance of SBEs and with auditors as in 2023. This is a result of the difficulties faced by SLAASMB to attract and retain professional staff due to the low salary scales on offer and the slow progress in receiving applicable approvals from the Ministry of Finance (MoF). The prolonged overdue resolution resulted in a significant number of competent staff resigning and SLAASMB not being successful in filling the key supervision staff

Review of Activities of SLAASMB - 2024

positions during the year. However, by revising the entry requirements, SLAASMB was successful in engaging four supervision staff. As a result, SLAASMB completed reviews of 388 sets of financial statements relating to 381 SBEs in comparison with the review of 261 sets of financial statements relating to 261 SBEs during 2023.

Based on the recommendations made by a foreign consultant in the past to facilitate more effective coverage of financial statement reviews, SLAASMB conducted the reviews by adopting a mixed model on selecting financial statements for review, during the current year too, which combined a risk-based approach with random and rotation approaches. The public accountability of the entities were also considered when determining the selection of high-risk entities in the aforesaid selection of reports, and thereby as stated previously, of the

reviews completed, 60% comprised of regulated entities while the balance represented economically significant private entities. This composition of SBEs reviewed is expected to facilitate financial statements of private entities to be covered within the planned 3-5 year cycle based on resource availability.

Reviews under the risk-based approach were conducted on pre-determined themes based on industry-focused risk criteria. The said theme focus review approach enabled staff to focus in to greater-depth on specific aspects of standards that paved way to identify aspects that are important for a high quality corporate reporting.

The key themes focussed by SLAASMB during the year included recognition, measurement and disclosures in relation to impairment of financial assets of banks and finance companies

as well of non-financial assets of listed companies, presentation of statement of cash flows of private entities, and recognition, measurement and disclosures in relation to property plant and equipment and investment property of private entities.

Review of Activities of SLAASMB - 2024

2.3. Performance Statistics of the Board

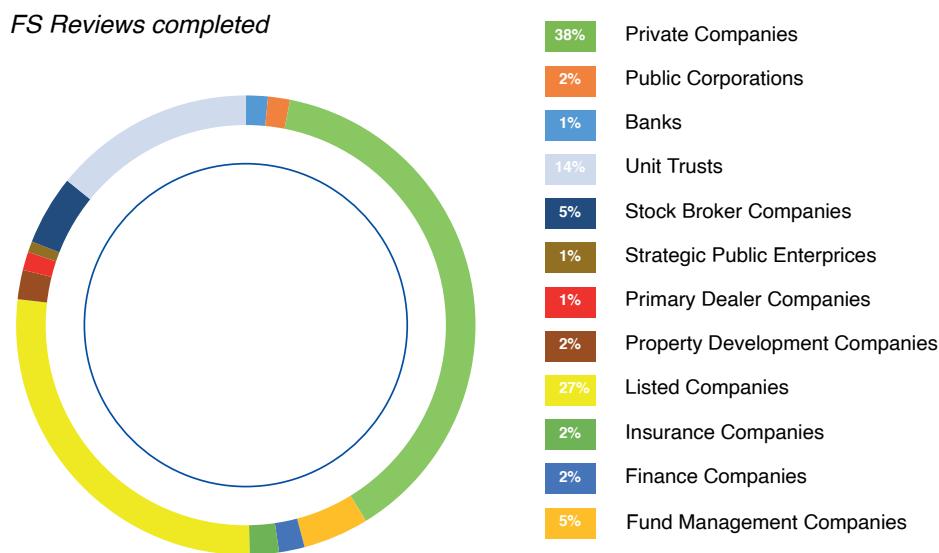
	2024	2023
1. No. of SBEs Identified (as at period end)	1,708	1,707
2. Financial statements received		
No of financial statements (including relating to multi years)	1,718	1,732
No. of SBEs	1,708	1,566
3. Financial statements reviewed (completed)		
No. of Reviews	388	261
No. of SBEs	381	261
4. Findings from financial statements Reviews		
4.1 Compliant		
No. of financial statements	198	192
No. of SBEs*	197	192
4.2 Compliant with observations		
No. of financial statements	190	66
No. of SBEs*	184	66
4.3 Non-compliant		
(Undertakings, Directions, Warnings)		
No. of financial statements	-	3
No. of SBEs*	-	3
5. Findings of financial statements		
as % of financial statements reviewed		
Compliant	51%	74%
Compliant with Observations	49%	25%
	100%	99%
Non-compliant (Undertakings, Directions, Warnings)	-	1%
6. Audit Inspections (completed)		
No. of Inspections	22	16
No. of audit firms	6	6
7. Findings from Audit Inspections		
7.1 Compliant		
No. of Inspections	19	13
No. of audit firms	4	5
7.2 Compliant with observations		
No. of Inspections	3	3
No. of audit firms	3	3
8. No of inspection staff engaged (at year end) **	7	4

* excludes multi-years reviewed

** including the two Deputy Director Generals

Review of Activities of SLAASMB - 2024

Sectoral representation of the completed financial statement reviews are as follows



The review findings during the year 2024 showed that, based on the areas focused in the reviews, 51% of financial statements reviewed were compliant and 49% of the financial statements were compliant with observations communicated by letters of assistance.

Departures from Sri Lanka Accounting Standards detected, which were not material to require the use of procedures using statutory provisions, were informed to SBEs, as observations, by letters, without extensive inquiries, so that the SBEs could, where necessary, improve on the compliance, on their own. During the year, letters of observations were issued in respect of 190 sets of financial statements.

(see page 31 for details on Findings on the review of financial statements during 2024).

3. Inspection of Audits

During the year, 22 audits carried out by 6 firms of practicing Chartered Accountants were inspected, compared with the 16 audits carried out by 6 firms that were inspected during the preceding year. The increase in the number of inspections is due to the two

Deputy Director General too engaging in audit inspections due to the reduced number of inspection staff available at SLAASMB as detailed in 7.1 below.

The audit files on which the inspections were carried out during the year were selected on a risk-based approach. Based on the findings from the inspections, 19 audits were compliant with SLAuSs in respect of the areas focused at the inspections. Findings in balance 3 inspections did not require further action under the statute and the said findings were communicated to the respective auditors by letters of observation. These findings were related to audit deficiencies in areas of planning of audits, risk assessment, gathering audit evidence, sample selection, communicating with Those Charged with Governance (TCWG), Engagement of Quality Control Reviewers, Auditor's Report and going concern.

The 3 audits relating to which observations were communicated in respect of deficiencies were conducted by 3 firms similar to the 3 audits conducted by 3 firms for which observations were communicated during 2023.

(See page 22 for Findings on inspection of audits during 2024).

4. Investigations and matters referred to Attorney General

4.1. Adam Capital PLC

Consequent to the Board issuing a direction requesting Adam Capital PLC to re-audit the financial statements for the year ended 31 March 2016 as the auditor of the said audit had issued an unqualified opinion when the Company had failed to maintain proper books of accounts and related records, the Company was not willing to bear the additional costs of a re-audit.

In response, SLAASMB having observed the continuous violation of the Auditing Standards by the said auditor and failure by the said auditor to address the matters communicated by SLAASMB in the audit of the subsequent year's financial statements, has taken measures to instigate legal action against the Auditor and the Company, based on the advice of the Attorney General.

4.2. Bimputh Finance PLC

SLAASMB had observed that Bimputh

Review of Activities of SLAASMB - 2024

Finance PLC had published incomplete and erroneous information in their financial statements for the year ended 31 March 2021 and thereby had failed to maintain proper books of accounts for the year ended 31 March 2021 as required by section 6 (1) of the Act No. 15 of 1995 and their auditor had expressed a disclaimer of opinion on the said financial statements.

In light of the above, based on the advice of the Attorney General, SLAASMB, is in the process of instituting legal action.

5. 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 the Council of CA Sri Lanka in adopting accounting and auditing standards in Sri Lanka.

During the year, the activities performed by the aforesaid Committees included the following:

- Publishing Sri Lanka Accounting Standards (SLFRSs/ LKASs) Bound Volume 2024 in compliance with standards issued by the International Accounting Standards Board (IASB)
- Adopting, publishing and initiating the gazetting process for;
 - Sustainability Disclosure Standards SLFRS S1- General Requirements
 - Sustainability Disclosure Standards SLFRS S2 - Climate Related Disclosure
- Adopting following International Auditing Standards as Sri Lanka Auditing Standards:
 - International Auditing Standard for Less Complex Entities (ISA for LCE),
 - International Auditing Standard ISA 600, Special Considerations- Audits of Group Financial Statements (Including the Work of Component Auditors), and
 - International Auditing Standard ISA 250, Consideration of Laws and Regulations in an Audit of Financial Statements effective for audits of financial statements
- Updated the Annexure of the Sri Lanka Related Services Practice Statements (SLRSPS) 4755 on guidance checklist of agreed upon procedures that prescribe the minimum requirements to ensure that the Money Laundering and Terrorist Financing (ML/TF) risk management framework and practices of identified financial institutions are subject to procedures of an audit nature and to report on factual findings, for better clarity
- Continued providing assistance to the Central Bank of Sri Lanka on Government Debt Restructuring Programme
- Issued Frequently Asked Questions (FAQs) on the Accounting Treatment for International Sovereign Bonds in line with SLFRS 9 Financial Instruments.
- Amending and gazetting revised SLFRSs/ LKASs and SLAuSs including translation of such pronouncements into Sinhala and Tamil languages

- Responding to the exposure drafts and deliberating on IFRSs/ ISAs and the amendments issued by the International Accounting Standards Board and International Auditing and Assurance Standards Board and,
- Conducting awareness programs/ sessions and webinars on the new or amended standards.

In continuing the past arrangement with the Ministry of Finance to provide an annual grant to CA Sri Lanka to assist the standard-setting activities to cover the cost of the two Committees and to adopt SLFRSs/ LKASs, Rs. 2 million was paid during the year.

(See page 35 Activities relating to Standard Setting by CA Sri Lanka during 2024).

6. 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 holds 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 has been maintaining membership of the International Forum of Independent Audit Regulators (IFIAR) since its first plenary meeting held in 2007. In addition, the staff of SLAASMB has been representing Sri Lanka at the sessions of the Intergovernmental Group of Experts on International Standards of Accounting and Reporting (ISAR) conducted annually by the

Review of Activities of SLAASMB - 2024

United Nations. SLAASMB has also been representing the ASEAN Audit Regulators Group (AARG) as an observer since 2018.

Due to the stringent budgetary controls enforced by the Government due to the challenging economic situation in the country, SLAASMB was not able to participate in any of the physical sessions conducted by the above International Organizations. However, due to the conduct of a limited number of sessions in virtual form during the year, the staff were able to participate in the webinars conducted by IFIAR, namely on Introduction to AI in auditing and oversight, on challenging individuals and non-cooperative tactics and on inspections of Crypto-related Audits.

As the sessions conducted by IFIAR are attended by independent audit regulators around the world, these meetings and conferences usually provide an informative knowledge-sharing platform for SLAASMB. However, the staff of SLAASMB could not reap the benefits of the sessions due to the inability to attend the sessions presently conducted in the physical form.

Attendance at these global sessions has 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 discussions and networking with fellow audit regulators throughout the world. Insights into global best practices in the past have resulted in SLAASMB modifying its regulatory mechanism to strengthen the regulatory environment in the country. Similarly, through these networking mechanisms, SLAASMB has been able to identify experts in the

fields of regulating financial reporting and auditing, to improve the regulatory methodologies adopted over the years.

7. Human Resources

7.1. Staff

As of 31 December 2024, SLAASMB had a total staff of fifteen (15) in service out of its thirty three (33) cadre positions. With the two (2) resignations during the year, SLAASMB made many attempts to fill the vacancies but was not successful and thereby functioned with an acute staff shortage during the year. As of the year end, the total technical staff comprised of six (6) Chartered Accountants, all of whom were employed on a permanent basis, comprising of the Director-General, two (2) Deputy Director-Generals, two (2) Directors Supervision and one (1) Assistant Director Supervision. SLAASMB also had two (2) Assistant Directors Supervision who are finalist of the CA Sri Lanka.

SLAASMB commenced the year having vacancies in the Supervision staff positions since 2019 without being successful in filling the said vacancies despite the numerous attempts made. A resignation of a Director Supervision during the year with over ten years of exposure in regulatory functions at SLAASMB resulted in reducing the total supervision staff strength to 2 from 12. In this situation, the Board made a concerted effort to fill the posts and was able to fill the post of one Director Supervision. Similarly, by reducing the entry requirements, SLAASMB recruited three (3) Assistant Director Supervision increasing the total technical staff strength to seven (7). As a result, at the end of the year, total existing vacancies of supervision staff remained

at seven (7). The said seven (7) vacant positions comprised of four (4) Director Supervision and the three (3) Assistant Director Supervision posts. Existence of these vacancies reflect the difficulties faced by SLAASMB in attracting well-experienced, technically competent Chartered Accountants at the salary scales on offer. The said salary- issue to attract and retain professional staff to fill the vacancies was deliberated with the Ministry of Finance over a decade. Currently, the special approval granted to SLAASMB by the Honourable Minister of Finance, Economic Stabilization and National Policies in August 2023 to facilitate a resolution to the prolonged salary issue of the professional staff too has not been sufficient to attract professionally competent staff due to the salaries applicable being the salary scales approved by the Cabinet of Ministers in 2021.

Arising from resignations during the year, the Finance and Administration division functioned for almost 6 months without a divisional head while some of the other key positions in the division were filled.

The continuous shortage of competent supervision staff engaged in the review functions resulted in limiting the conduct of the anticipated number of financial statement reviews. The increase in audit inspections is mainly due to the two Deputy Director Generals directly being engaged in conducting these inspections while limiting their time on decision-making activities. This is further affected by the remaining supervision staff requiring to oversee the key finance and administration roles that remain vacant.

In this background, as a measure to enhance the review coverage, SLAASMB

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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 review coverage had to be limited as finalization tasks of the reviews of which the preliminary reviews were carried out by the external review panel too are required to be performed by the existing supervision staff in addition to the reviews performed by them in full. Similarly, audit inspections too need to be performed by the staff of SLAASMB.

7.2. External Panel of Reviewers

In pursuance of the recommendations of the COPE in 2012, SLAASMB continued to obtain the services of external reviewers during the year to review financial statements received in its attempt to increase the number of financial statements being reviewed. In the backdrop of the acute staff shortage, the External Review Panel was increased during the last month of the year by recruiting 15 external reviewers. Accordingly, SLAASMB had twenty five 25 external reviewers as at the end of the year compared with twelve (12) reviewers of 2023.

With the aim of enhancing the quality of the reviews conducted by the external reviewers, a workshop was held to enhance the knowledge on the review process which was attended by members of the new external review panel. Similarly, an evaluation of the quality of the reviews performed by the external reviewers is conducted on a periodic basis. Based on the results of the evaluation of reviewers, the reviewers' services are continued or discontinued. This also enables the identification of areas for improvement in reviewers and facilitates the enhancement of the quality of the reviews conducted by the external

reviewers.

Of the reviews completed during the year, the preliminary reviews were carried out on 43 sets of financial statements by the external reviewers and Rs 0.58 million was expended to obtain their services.

In completing the reviews of the said 43 sets of financial statements, based on the findings of external reviewers, the staff of SLAASMB had to analyze the findings, obtain additional information, issue observation letters and take corrective actions under the statute. In addition, of the financial statement reviews completed during the year, the preliminary review of 345 sets of financial statements too was carried out by the staff of the Board.

8. 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 (CBSL), 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 the University Grants Commission. The term of office of a member is four years.

Ms. K M A N Daulagala, Senior Deputy Governor of the CBSL served as the Chairperson during the year.

Ms. M P Abeyesekera, Ms. A U Delage and Ms. R Rajapaksa and P.M Amarasiri, W P R P H Fonseka, P R A I Gunarathna, N, Gunawardena, K K S Gunawardane, Prof. A Jayamaha, K A H Kuruppu, and T.H Subasinghe, members of the Board appointed in terms of the statute, served as directors or senior officers of some of the SBEs during the year. Similarly, Messrs. S M S S Bandara, W W J C Perera, and T H Subasinghe who were also members of the Board, served as partners of firms of practicing accountants that audit some of the SBEs and as directors or consultants to Audit Committees in some of the SBEs.

During the said period, Mr. T J S Rajakarier, Invitees to the Board, served as a partner of a firm of practicing accountants that audit some of the SBEs. Similarly, Mr. H M A Jayasinghe an Invitee to the Board, served as a director in some SBEs. Further, during the said period, Ms. K V C Dilrukshi, and Ms. V Amarasekara who succeeded Ms. K V C Dilrukshi, Treasury Representative served as an Observer of the Board.

In order to ensure the independence of the Board, all members of the Board, Invitees as well as Observers disclose their connected party relationships with SLAASMB as well as with the SBEs and auditors, on a quarterly basis. Accordingly, all papers relating to matters concerning a SBE or its auditor are omitted from the papers sent to members who have a connection with the relevant SBE or its auditor and such members do not participate in discussions on subjects relating to those SBEs or auditors.

The Board convened the meetings as scheduled and had 8 meetings during the year.

The deliberations of the Board during the year covered the performance of

Review of Activities of SLAASMB - 2024

the staff in terms of overall operational indicators and action required to resolve significant technical issues relating to SBEs and auditors. The Board also focused on issues relating to non-compliance with standards by SBEs and by auditors, approving annual financial statements, annual budget, and the action plan of the Board. Further, the Board was engaged in reviewing the progress of the development of the Management Information System in order to enhance the effective functioning of SLAASMB and the amendments to the SLAASMB Act which currently is in the process of being revised and is in the final stage of the revision.

Further, the Board made a concerted effort to resolve the ongoing issue of not being able to attract suitable professional staff to perform the technical functions as well as key administration functions and to address the issues of the offered salary scales being less attractive to recruit suitable staff. In this process, the Board had a number of communications with officials of the Ministry of Finance and reviewed alternate methods of staffing in order to perform the Supervision functions with competency.

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 available staff supervised and guided by the Director General and the two Deputy Director Generals.

9. 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, based on the current Act, a cess can be levied from SBEs computed as a percentage of shareholders' equity or profit after tax whichever 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.

Continuing the past arrangements with the Ministry of Finance, SLAASMB provided an annual grant of Rs. 2 million to the Institute of Chartered Accountants of Sri Lanka during the year to part finance the standard-setting activities. As in last year, due to budgetary constraints, this year's grant was also reduced by 50% of the annual grant provided in the past.

During the year Rs. 104,668,457/- was expended on operational activities by SLAASMB higher than the operational expenses for 2023 of Rs. 71,544,975/- as a result of the higher staff cost, as 2024 was the first full year in which the salary increases adopted in the last quarter of 2023 based on the Cabinet-approved salary structure of 2021 were in effect. Additionally, the increase in staff costs was also attributed to the payment of long-outstanding salary arrears to three professional staff members, with the necessary approvals from the Ministry.

The above increase in operational expenses are also due to the increase in rent expenses as a result of value added taxes of 18% being applicable for rent expenses from 2024, higher support and maintenance costs following the implementation of the Management

Information System, increase in professional fees to external reviewers, increase in vehicle and equipment maintenance expenses due to aging of vehicles and equipment and increased computer maintenance costs due to cost escalations.

Further, as a result of the commencement of amortisation of the completed software development, a substantial increase was noted in depreciation and amortisation expenses during the year.

However, certain operational expenses decreased during the year, particularly in press notices and advertisements due to a lower number of vacancies advertised in 2024, in the wake of continuous unsuccessful attempts to fill vacancies in professional staff positions based on the current salary level and staff incentives included in staff costs which decreased substantially as they became non-operational for professional staff following the adoption of revised salaries.

Of the operational expenses, staff costs amounted to Rs. 53,418,460/- compared with Rs. 35,050,482/- of 2023, indicating a 52% increase from the previous year due to the full years impact of salary increases effected in 2023 as explained above. As a result, the staff costs of SLAASMB represented 51% of the operating expenses of 2024, 3% higher than of the previous year.

10. Development of SLAASMB Management Information System (MIS)

SLAASMB completed the development of a centralized MIS for its operations in order to minimize the load of manual documentation, to improve the information store, and to enable an efficient exchange of information

Review of Activities of SLAASMB - 2024

among the internal staff as well as with key stakeholders, namely the entities and their auditors during 2023. This process is expected to free up the professional staff from routine database management functions, enabling them to maximize the professional competencies towards the regulatory mechanism.

Since 2024 was the first year of operations, a number of issues relating to improvement to the system has been noted by the users and had been rectified through Change Requests (CR) by the Developer. Further migration of information from the legacy system was also carried out by the developer. Accordingly, a sum of Rs. 2,579,900/- was paid to the developer for such services. Further an amount of Rs. 1,632,333/- was expensed as first year of support and maintenance of the MIS.

11. Act amendments

During the year, SLAASMB was actively engaged in the process of reviewing the draft Act to be enacted as a new Act, repealing Act of No. 15 of 1995. The new Act which is in the draft form with the Ministry of Finance is expected to expand the regulatory mandate to monitor the adoption of the Sri Lanka Public Sector Accounting Standards, and the Sri Lanka Sustainability Standards by the specified entities and the auditors of specified entities in addition to the currently applicable Sri Lanka Accounting and Auditing Standards.

Findings on review of financial statements during 2024

1. Overview

Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) continued to monitor compliance with Sri Lanka Accounting Standards (SLFRSs/LKASs) by the Specified Business Enterprises (SBEs) when preparing and presenting the annual audited financial statements. In performing the said function, SLAASMB reviews the financial statements in order to induce the SBEs to comply with the applicable standards in its move to enhance the reliability of the financial reporting in the country.

2. Monitoring Financial Statements by SLAASMB

During the year, SLAASMB completed reviews of 388 sets of financial statements representing 381 SBEs. To ensure the coverage of financial statements during the year is appropriate, SLAASMB adopted a risk-based approach to select financial statements for review. As a result, reviews completed during the year included 120 entities listed in the Colombo Stock Exchange and in total, 60% entities reviewed represented regulated entities while the balance represented economically significant private entities in order to facilitate financial statements of private entities to be covered within the planned 3-5 year cycle based on resource availability.

SLAASMB selected financial statements for review based on a risk-based criteria. Accordingly, focus was made during the year to cover high risk private entities every 3 years. Therefore, out of total private entities reviewed, 98% were large private entities that had not been reviewed within the last three year review cycle.

When performing the review function, SLAASMB has adopted the review approaches detailed in section (3)

below and has made every attempt to ensure that the SBEs reviewed represented all categories specified in the Act.

3. Selection of Financial Statements for monitoring

This year too, SLAASMB continued to adopt the financial statement review methodology adopted during the preceding year which was recommended by the foreign consultant in the move to enhance the review coverage in an effective manner while aligning with the global best practices. Accordingly, SLAASMB adopted a mixed model to select financial statements for review, combining a risk-based approach with random and rotation approaches. During the year, under the risk-based approach, reviews were conducted on pre-determined themes based on industry-focused risk criteria. Further, SBEs not subject to the said industry-focused risk criteria were selected in a manner that cyclical coverage is made of such SBEs, with the selection made on a random basis.

Accordingly, the approaches adopted for financial statements review function are as follows;

- Comprehensive review of the financial statements
- Theme-focused review based on industry-focused risk criteria

4. Results of monitoring compliance with Sri Lanka Accounting Standards (SLFRS/LKAS)

The review findings during the year 2024 revealed 51% of financial statements reviewed being compliant, and 49% of the financial statements being compliant with observations communicated by letters of assistance. The observations made during the year have been communicated by letters of assistance in respect of 190 sets of financial statements with the aim of improving their financial reporting.

5. Matters referred to Attorney General

SLAASMB continued the process of instituting legal action against the Auditors of Adam Capital PLC for failing to audit the financial statements of Adam Capital PLC for the year ended 31 March 2017 in accordance with Sri Lanka Auditing Standards as well as against Adam Capital PLC on failing to take all necessary measures to ensure that the financial statements have been audited in accordance with Sri Lanka Auditing Standards as required by the statute. As a result, Attorney General being the legal advisors to SLAASMB, is in the process of finalizing the plaint.

SLAASMB is also in the process of instituting legal action against Bimputh Finance PLC based on the advice of the Attorney General on the failure by the Company to maintain proper books of accounts and for publishing financial statements for the year ended 31 March 2021 containing incomplete and erroneous information, with auditors expressing a disclaimer of opinion. Currently SLAASMB is in the process of gathering the required evidence to instigate legal action.

6. Observations communicated to enhance compliance with standards

Departures from SLFRSs/LKASs detected, which are material, but do not require the use of procedures using statutory provisions, are informed to SBEs as observations, by letters of assistance, so that the SBEs could, where necessary, improve on the compliance, on their own in the future.

The core findings relating to non-compliances observed in the review of financial statements are in respect of the following;

Findings on review of financial statements during 2024

informed to SBEs as observations, by letters of assistance, so that the SBEs could, where necessary, improve on the compliance, on their own in the future.

The main findings on the review of financial statements, based on the two approaches of conducting such reviews explained in section (3) above, are as follows.

- The nature and extent of risks arising from financial instruments to which the entity is exposed, and quantitative and qualitative information about the amounts arising from expected credit losses, have not been adequately disclosed at the end of the reporting period (Reference; SLFRS 7 paragraphs 31 to 42).
- Undiscounted cash flows of the financial liabilities have not been disclosed in the maturity analysis and Financial liabilities have not been appropriately classified in the maturity analysis within the relevant maturity period (Reference; SLFRS 7 paragraphs 39 (a)).
- When objective evidence of impairment in respect of a financial asset or a group of financial assets exists, not recognizing the loss allowance for expected credit losses on financial assets that are measured at amortized cost (Reference; SLFRS 9 paragraph 5.5.1).
- 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, have not been adequately made (Reference; SLFRS 13 paragraphs 93).
- Recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity does not expect to be entitled in exchange for those goods or services (Reference; SLFRS 15 paragraph 2).
- Information on the performance obligations relating to the contracts with customers such as details as to when performance obligations had been typically met, significant payment terms, nature of goods/ services promised, return/refund obligations and types of warranties etc. have not been sufficiently disclosed (Reference; SLFRS 15 paragraph 119).
- Classifying cash payments relating to the interest portion of the lease liability within financing activities of the cash flow statement (Reference; SLFRS 16 paragraph 50).
- Not disclosing reliable and comparable information in the financial statements including accounting policies. (Reference; LKAS 1 paragraphs 117).
- 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 relevant for an understanding of the financial statements have not been made (Reference; LKAS 1 paragraphs 112 and 117).
- Adequate disclosure of the relationship between tax expense and accounting profit and evidence to support the recognition of deferred tax assets arising due to tax losses have not been made (Reference; LKAS 12 paragraphs 81 and 82).
- Useful life of an asset not being reviewed at least at each financial year-end (Reference; LKAS 16 paragraph 51).
- Adequate disclosure relating to the nature of the related party relationships as well as information about the transactions with related parties have not been made (Reference; LKAS 24 paragraph and 82).
- Adequate disclosures for each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives have not been made in these financial statements (Reference; LKAS 36 paragraph 134).
- Deficiencies existing in adjustments to profit or loss in arriving at the net cash flows from operating activities in the statement of cash flows (Reference; LKAS 7 paragraph 20).
- Adequate disclosures in relation to the property, plant and equipment stated at revalued amounts have not been made in the financial statements (Reference; LKAS 16 paragraph 77).

Matters referred for legal advice during 2024

Adam Capital PLC

Consequent to the Board issuing a direction requesting Adam Capital PLC to re-audit the financial statements for the year ended 31 March 2016 as the auditor had issued an unqualified opinion when the Company had failed to maintain proper books of accounts and related records, the Company was not willing to bare the additional costs of a re-audit.

SLAASMB having observed the continuous violation of the Auditing Standards by the said auditor in the audit of the financial statements of Adam Capital PLC for the year ended 31 March 2017, based on the Attorney General's advice has taken measures to instigate legal action against the Auditor for failing to audit the financial statements for the year ended 31 March 2017 in accordance with Sri Lanka Auditing Standards and against the Company, Adam Capital PLC on failing to take all necessary measures to ensure that the financial statements have been audited in accordance with Sri Lanka Auditing Standards.

for the year ended 31 March 2021 as required by section 6 (1) of the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The auditor had expressed a disclaimer of opinion on the said financial statements.

SLAASMB, based on the advice of the Attorney General is in the process of instituting legal action against Bimputh Finance PLC and is in the process of gathering the required evidence to instigate legal action.

Bimputh Finance PLC

SLAASMB had observed that Bimputh Finance PLC, a Company listed in the Colombo Stock Exchange engaged in providing financial services had published incomplete and erroneous information in the financial statements for the year ended 31 March 2021. Accordingly, the Company had failed to present a true and fair view of the financial performance and financial condition of the financial statements of the Company for the year ended 31 March 2021 and thereby had failed to maintain proper books of accounts

Findings on inspection of audits during 2024

1. Overview

Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) continued its function of monitoring compliance with Sri Lanka Auditing Standards (SLAuS) by the auditors of Specified Business Enterprises (SBEs) when they conduct audits of financial statements of SBEs. The inspections of the audits of SBEs are carried out with the overall objective of enhancing the audit quality in the country. In doing so, audits are selected for inspection through a risk-based approach as well as a random selection approach.

Accordingly, SLAASMB based the selection of audits for inspection during the year on a mixed model where the risk-based approach was combined with a random sampling approach.

SLAASMB conducted audit inspections with special focus on Accounting estimates in relation to individual and collective assessment of impairment of loans and advances of banks and finance companies. In addition to the aforesaid focus area of audit inspections, certain audit inspections were carried out to assess the professional judgement and skepticism exercised by the auditors when conducting the audits of financial statements.

2. Regular Audit inspections

During the year, 22 audit engagements carried out by 6 audit firms were inspected, compared with the 16 audits carried out by 6 firms that were inspected during the preceding year. 15 of the audits inspected during the year were carried out by 5 firms that are members of international networks. Of the inspection findings, 19, audits were compliant with SLAuSs in respect

of the areas focused at the inspections. The findings of the balance 3 inspections did not require further action under the statute and the said findings were communicated to the respective auditors by letters of observation.

3. Enforcement

3.1. Overview of enforcement actions

Based on the severity of the observations made during the inspection of audits, SLAASMB adopts diverse measures in its attempt to make the auditors improve themselves, in achieving SLAASMB's objective of improving the audit quality environment of Sri Lanka. When non-compliances with SLAuSs are observed during regular audit inspections that do not require further action under the statute, such deficiencies are communicated to the audit firm by a letter of assistance termed "Letters of Observations". When improvements are required to improve the audit quality, such improvements are communicated as "Suggestions for improvements".

In addition, when the auditor is observed to have failed to exercise the fundamental ethical principles in the conduct of an audit of a SBE, a "Letter of Warning" is issued to the audit firm with the approval of the Board, requiring the said firm to act diligently and in accordance with the requirements of the applicable auditing standards, when they conduct audits of financial statements in the future. Further, based on the significance of the issues, where necessary, where the deficiencies are in the audit quality, such matters are directed to CA Sri Lanka, the licensing authority of the auditors, and to any other regulator governing the entity being audited, as applicable.

3.2. Enforcement Actions taken during the year

3.2.1. Letter of Assistance

During the year, letters of assistance termed "Letters of Observations" were issued to 3 firms in respect of 3 audit engagements, communicating the non-compliance with SLAuSs observed when conducting the audits where such non-compliances did not require further action under the statute. In comparison Letters of observations were issued communicating deficiencies observed in 3 audits conducted by 3 auditors during 2024.

4. Significant Findings

Significant findings communicated to auditors during the year are stated below.

4.1 Planning an audit of financial statements

The auditor is required to develop an overall audit strategy and an audit plan in accordance with SLAuS 300 to perform the audit in an effective manner. It was observed that the auditor had not developed an overall audit strategy and an audit plan for the engagement

4.2. Risk assessment

The auditor is required to perform risk assessment procedures to identify and assess the risks of material misstatements through an understanding of the entity, and its environment including the entity's internal controls, enabling the auditor to provide a basis for designing and implementing responses to the assessed risks of material misstatement.

The deficiencies communicated

Findings on inspection of audits during 2024

in relation to performing such risk assessment procedures are;

- A comprehensive risk assessment had not been performed.
- Adequate audit procedures had not been performed to identify the risks of material misstatements due to fraud.
- An understanding of the journal entry recording process of the entity and of the controls that have been implemented over the journal entries had not been obtained by the auditor.

4.3. Auditor's responses to assessed risks

The auditor is required to design and implement appropriate responses to address the assessed risk of material misstatements in order to obtain sufficient appropriate audit evidence.

The deficiencies communicated relating to the auditor's responses to the assessed risks are as follows.

- An appropriate cut-off testing on revenue had not been performed focusing on different series of invoices generated for different streams of revenue.
- The auditor had not performed adequate testing of journal entries focusing the journal entries passed at the year end.
- Not performing the designed audit procedure to obtain audit evidence through external confirmation procedure and to obtain sufficient appropriate audit evidence to identify any unrecorded transactions or any misstatements recorded in the financial statements.

- Not evaluating whether the audit evidence obtained provides insights about the risk of material misstatements due to fraud and whether there is a need to perform additional or different audit procedures, when there are missing invoice numbers.

4.4. Audit evidence

The auditor is required to design and perform audit procedures in such a way as to enable the auditor to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the auditor's opinion.

- Sufficient appropriate audit evidence had not been obtained by the auditor by performing audit procedures relating to Certain account balances reflected in the statement of financial position.

4.5. Sample selection

The auditor is required to design and select a representative sample from the population by use of statistical and non-statistical sampling to provide a reasonable basis for the auditor to draw conclusions about the population from which the sample has been selected.

Deficiencies identified relating to sample selection are;

- No evidence in the audit working papers of the basis used to select the sample to perform test of details.
- No evidence of the basis used to select one journal entry as the sample and whether the sample selected was representative of the population.

4.6. Communication with those charged with governance (TCWG)

The auditor is required to communicate with TCWG, the responsibilities of the auditor in relation to the financial statements and audit, to provide an overview of the planned scope and timing of audits, and to provide timely observations significant and relevant to their responsibility to oversee the financial reporting process and to promote an effective two-way communication between the auditor and TCWG.

Observations were communicated relating to the absence of evidence of the auditor having effective two-way communication with TCWG

4.7. Quality control

The auditor is required to engage an Engagement Quality Control Reviewer (EQCR) to perform an objective evaluation of the significant judgments made by the engagement team, and the conclusions reached in formulating the audit report. Deficiency relating to the engagement of EQCR was observed by failing to appoint an engagement quality control reviewer for audit of financial statements of a listed entity.

4.8. Auditor's report

The auditor is required to form an opinion on the financial statements based on an evaluation of the conclusions drawn from the audit evidence obtained and to express clearly that opinion through a written report.

Deficiencies were observed in respect of the following.

Findings on inspection of audits during 2024

- Failure to provide proper description for the matter giving rise to the modification to the audit opinion.
- Failure to describe the key audit matters using an appropriate sub-heading.

4.9. Going concern

The auditor is required to obtain sufficient appropriate audit evidence regarding the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements, and to conclude, based on the audit evidence obtained, whether a material uncertainty exists about the entity's ability to continue as a going concern and to determine the implications for the auditor's report.

The following deficiency was communicated in relation to the evaluation of the appropriateness of management's use of going concern basis of accounting in the preparation of financial statements;

- Failure to obtain sufficient appropriate audit evidence and to conclude on the appropriateness of management's use of the going concern basis of accounting in preparing financial statements.

5. Suggestions for improvements

With the aim of enhancing the audit quality minor deficiencies observed are communicated to the auditor as suggestion for improvements.

6. Other measures taken by SLAASMB to enhance audit quality

Audit quality is a key factor in building public confidence in financial reporting. Accordingly, SLAASMB has taken the

following measures to enhance the audit quality of the country.

6.1. Communicating Findings of audit inspections to Audit Committees

Audit Committee forms a part of Those Charged with Governance, and are vested with the responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. Accordingly, the Audit Committee plays a significant role in ensuring the quality of the financial reporting process of a company and in maintaining appropriate relationships with the auditor. SLAASMB continues to recognize the contribution of the Audit Committees as Those Charged with Governance towards enhancing the quality of the financial reporting and the audit environment. Accordingly, SLAASMB continued to communicate the outcomes of the audit inspections of companies listed on the Colombo Stock Exchange to the respective Chairs of the Audit Committees to foster effective oversight of financial reporting.

6.2. Communicating Findings of audit inspections to stakeholders of SLAASMB

SLAASMB identifies the preparers of financial statements, auditors, peer regulators, government of Sri Lanka and the general public as its stakeholders. By enhancing the knowledge of the stakeholders SLAASMB leads the pathway in achieving its objective of enhancing reliability of the financial reporting in Sri Lanka. Accordingly, SLAASMB with the collaboration of the CA Sri Lanka, the Accounting and Auditing standards setter and the licensing authority of the auditors, conducted a session for its stakeholders to share the common findings SLAASMB

has encountered during the audit inspections carried out during the recent years. SLAASMB expects to continue sharing findings with its stakeholders to educate the auditors who conducts audits of SBEs as well as members of the Audit Committees who are expected to have effective communication with the auditor.

6.3. International Affiliations to support audit quality

SLAASMB being a member of the International Forum of Independent Audit Regulators (IFIAR) since its first plenary meeting held in 2007, participated in the sessions of IFIAR that were conducted as virtual sessions during the year, and contributed towards the information gathering activities of the IFIAR and participated in its routine surveys.

6.4. Participation at IFIAR's 25 % reduction initiative

IFIAR being committed towards improving audit quality on a global basis, has implemented a 25% reduction target initiative to monitor changes in the rate of audits inspected with findings over four years, considering the findings of the survey in 2023 as the base year, for comparison. Accordingly, the Global Public Policy Committee (GPPC) firms which include BDO, Deloitte, Ernst & Young, Grant Thornton, KPMG and PWC have agreed to IFIAR measuring results of findings, relating to the listed public interest entity (PIE) engagements, with one or more finding. At the local level, SLAASMB has undertaken to submit to IFIAR, the relevant findings from audit inspections finalized during the survey period relating to the local firms of the said international networks, on an annual basis.

Short term and medium term measures to be followed to improve the performance of SLAASMB -2025

Key Focus Areas	Short term measures	Medium 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 on lists published by co-regulators or other Institutions and identify/ascertain SBEs Follow up on other identified entities to ascertain whether SBE criteria is met Engage with co-regulators and other institutions to disseminate the requirement for submitting financial statements. Recruit an assistant to assist the SBE Administration Officer 	Address through the new Act in the process of being enacted
Addressing Staff shortage crisis	<ul style="list-style-type: none"> To continue discussions with the Department of Public Enterprises (PED) to obtain approval on the proposed salary structure to succeed with the recruitment of professional staff. To engage Corporate level Students of CA Sri Lanka and undergraduates as Interns, to assist technical staff with reviews of financial statements To recruit and train External Reviewers to conduct financial statement reviews Increase knowledge enhancement by way of work specific training and personal development programs 	<ul style="list-style-type: none"> To fill all technical staff vacancies subsequent to obtaining required approvals on the salary scales submitted to PED As a way of retaining current staff <ul style="list-style-type: none"> - To avail overseas training opportunities with bonding arrangements -To assess the possibilities of staff working with overseas peer regulators
Optimizing resources to conduct financial statements reviews and audit inspections	<ul style="list-style-type: none"> Develop a risk methodology to select financial statements for reviews based on Industry risk exposure Adopt a selection process to ensure financial statements selected cover all SBEs within a stipulated time period Select high risk audits to conduct audit inspections on an annual basis 	
Providing timely information to stakeholders	<ul style="list-style-type: none"> To continue to publish the annual regulatory activity report on the findings from financial statement reviews and audit Inspections To publish a comprehensive report on the findings from financial statement reviews on each focus area, in addition to the annual publications Continue to Conduct sessions on SLAASMBs common findings on non- compliances of accounting and auditing standards in collaboration with CA Sri Lanka as a mechanism of providing awareness to preparers and auditors Continue to publish the enforcement actions taken, on SLAASMB website within a stipulated time period 	<ul style="list-style-type: none"> To focus on timing the reviews of financial statements to enable the corrections to be reflected in the next published set of financial statements
Implement the Phase II of the Management Information System (MIS) to enhance the review function	<ul style="list-style-type: none"> Identify the key features required for Phase II of MIS 	<ul style="list-style-type: none"> Implementation of the development of phase II of the MIS project

Performance Scorecard

Performance for the Year ended 31 December 2024

SLAASMB uses the performance scorecard to plan its annual performance. The plan for 2024, actual for 2024 and plan for 2025 are given below

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

Goals	Measures	2024 Plan	Actual	
		Annual	Annual	As a % of target
Financial Statements of SBE's to present a true and fair view	Reviewing financial statements to determine compliance with Sri Lanka Accounting Standards	500 sets of financial statements (Note 1) 375 sets of financial statements (Note 2)	-- Completed – 388 sets of financial statements (In-progress- 05 sets of financial statements)	-- 103% (Completed) 1% (Total)
	Reviewing audits to determine compliance with Sri Lanka Auditing Standards	24 audits	22 (Note 3)	92%

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

Goals	Measures	Target	Actual	
		Annual	Annual	As a % of target
Collection of financial statements	Number of financial statements received	1,707	1,718 (Number of SBE's 1,708)	101

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

Goals	Measures	Target	Actual	
		Annual	Annual	As a % of target
Employee performance	Achieve targeted performance points for the year	25,272*	11,486**	45**
Eliminate obstacles in meeting present mission goals by enhancing knowledge	Weekly learning activity (internally)	30	55 (Note 4)	183
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	-	-

Performance Scorecard

* Based on the assumption that reviews will be performed by 6 Directors Supervision (DS) and 6 Assistant Directors Supervision (ADS) effective from 1 April 2024

** Actual number of staff engaged as at 31 December 2024 was 2 DSs and 3 ADSs

Note 1

Plan was decided as 500 financial statement reviews to be performed by 4 DSs and 3 ADSs (Grade II) supported by 10 external reviewers.

Note 2

SLAASMB continued the year with 2 DSs and 3 ADSs (Grade II) together with 10 External Reviewers. As a result, target achievable for the year with existing staff and external reviewers is as follows;

Total Annual Target	500
Less: No planned to be reviewed by new external reviewer panel (i.e. Retired Auditor General's Dept staff and other external reviewers)	(125)
Target to be achieved by existing staff and external reviewers	
	375

Note 3

Due to the staff available to conduct audit inspections reducing

Note 4

Due to new staff being trained

List of SBEs of which financial statements reviewed during 2024 were compliant with Sri Lanka Accounting Standards

	Specified Business Enterprise	Financial Year End
1	A G Melco Elevator Company Lanka (Pvt) Ltd	31 December 2023
2	Abans PLC	31 March 2024
3	Ace Power Embilipitiya (Pvt) Ltd	31 March 2023
4	Acuity Securities Ltd *	31 December 2023
5	Acuity Stockbrokers (Pvt) Ltd	31 December 2023
6	Agalawatte Plantations PLC	31 December 2023
7	Agstar PLC	31 March 2024
8	AIA Insurance Lanka Ltd	31 December 2023
9	Aitken Spence Travels (Pvt) Ltd	31 March 2023
10	Alpha Wealth Ltd	31 December 2022
11	Alumex PLC	31 March 2024
12	American & Efird Lanka (Pvt) Ltd	30 September 2023
13	Amsafe Bridport (Pvt) Ltd	31 December 2023
14	Ansell Textiles Lanka (Pvt) Ltd	30 June 2023
15	Arpico Ataraxia Asset Management (Pvt) Ltd	31 March 2023
16	Arpico Ataraxia Sri Lanka Bond Fund	31 March 2023
17	Associated Motorways (Pvt) Ltd	31 December 2023
18	ASTRUE Alpha Fund	31 March 2023
19	Balangoda Plantations PLC	31 December 2023
20	Benji Limited	31 December 2023
21	BPPL Holdings PLC	31 March 2024
22	Brandix Apparel (Pvt) Ltd	31 March 2023
23	Browns Agri Solutions (Pvt) Ltd	31 March 2024
24	Camso Trading (Pvt) Ltd	31 December 2023
25	Capital Alliance Corporate Treasury Fund	31 March 2023
26	Capital Alliance Fixed Income Opportunities Fund	31 March 2023
27	Capital Alliance Investments Ltd	31 March 2023
28	Capital Alliance Medium Risk Debt Fund	31 March 2023
29	Capital Alliance PLC	31 March 2023
30	Capital Alliance Securities (Pvt) Ltd	31 March 2023
31	Cargills Convenient Foods Ltd	31 March 2024
32	Carlton Garments (Pvt) Ltd	31 December 2023
33	CBC Finance Ltd	31 December 2023
34	CBL Foods International (Pvt) Ltd	31 March 2023
35	Central Industries PLC	31 March 2024
36	Ceva Logistics Lanka (Pvt) Ltd	31 March 2024
37	Ceybank Century Growth Fund	31 March 2023
38	Ceybank Unit Trust Fund	31 March 2023
39	Ceylinco General Insurance Ltd	31 December 2023

	Specified Business Enterprise	Financial Year End
40	Ceylinco Homes International (Lotus Tower) Ltd	31 March 2023
41	Ceylon Asset Management Company Ltd	31 December 2022
42	Ceylon Beverage Holdings PLC	31 March 2024
43	Ceylon Biscuits Ltd	31 March 2023
44	Ceylon Chocolates Limited	31 March 2021
45	Ceylon Grain Elevators PLC	31 December 2023
46	Ceylon Income Fund	31 December 2022
47	Ceylon Investment PLC	31 March 2024
48	Ceylon Steel Corporation Ltd	31 December 2023
49	Ceylon Tobacco Company PLC	31 December 2023
50	Ceylon Tourism Fund	31 December 2022
51	Ceylon Treasury Income Fund	31 March 2023
52	Chemanex PLC	31 March 2024
53	Chevron Lubricants Lanka PLC	31 December 2023
54	CIC Cropguard (Pvt) Ltd	31 March 2024
55	CIC Holdings PLC	31 March 2024
56	Citrus Leisure PLC	31 March 2024
57	Coats Thread Exports (Pvt) Ltd	31 December 2023
58	Coca-Cola Beverages Sri Lanka Ltd	31 December 2023
59	Comtrust Gilt Edged Fund	31 March 2023
60	Comtrust Equity Fund	31 March 2023
61	David Pieris Motor Company (Pvt) Ltd	31 March 2024
62	Dialog Broadband Networks (Pvt) Ltd	31 December 2022
63	Dialog Television (Pvt) Ltd	31 December 2023
64	Dilmah Ceylon Tea Company PLC	31 March 2024
65	Dipped Products PLC	31 March 2024
66	Douglas & Sons (Pvt) Ltd	31 March 2023
67	Dufry Shops Colombo Ltd	31 December 2023
68	Elsteel (Pvt) Ltd	31 August 2023
69	Emerchemie NB (Ceylon) Ltd	31 March 2023
70	Ericsson Telecommunication Lanka (Pvt) Ltd	31 December 2023
71	Ex-Pack Corrugated Cartons PLC	31 March 2024
72	Finlays Colombo Ltd	31 December 2023
73	First Capital Asset Management Ltd	31 March 2023
74	First Capital Treasuries PLC	31 March 2023
75	First Guardian Equities (Pvt) Ltd	31 December 2022
76	Galle Face Capital Partners PLC	31 March 2024
77	GPV Lanka (Pvt) Ltd	31 December 2023
78	Hatton Plantations PLC	31 March 2024
79	Haycarb PLC	31 March 2024

List of SBEs of which financial statements reviewed during 2024 were compliant with Sri Lanka Accounting Standards

	Specified Business Enterprise	Financial Year End
80	HayleyLines Limited	31 March 2024
81	Hayleys Agriculture Holding Ltd	31 March 2024
82	Hayleys Fibre PLC	31 March 2024
83	Hayleys Leisure PLC	31 March 2024
84	Hedges Court Residencies (Pvt) Ltd	31 March 2024
85	Hemas Manufacturing (Pvt) Ltd	31 March 2024
86	Hemas Pharmaceuticals (Pvt) Ltd	31 March 2023
87	Hirdaramani Industries (Pvt) Ltd	31 March 2023
88	HNB Assurance PLC	31 December 2023
89	HNB Finance PLC	31 March 2023
90	HVA Foods PLC	31 March 2024
91	Indo-Malay PLC	31 March 2023
92	International Construction Consortium (Pvt) Ltd	31 March 2023
93	International Distillers Ltd	30 September 2023
94	Intercean Energy (Pvt) Ltd	31 March 2023
95	Intertea (Pvt) Ltd	31 December 2023
96	Jay Jay Mills Lanka (Pvt) Ltd	31 March 2024
97	JB Vantage Money Market Fund	31 December 2022
98	JB Vantage Short term Gilt Fund	31 December 2022
99	Jetwing Travels (Pvt) Ltd	31 March 2023
100	JK Apparel Manufacturing Ltd	31 December 2023
101	John Keells Stock Brokers (Pvt) Ltd	31 March 2023
102	Kahawatte Plantations PLC	31 December 2023
103	Kelani Cables PLC	31 March 2024
104	Kohoku Lanka (Pvt) Ltd	31 December 2023
105	Kotmale Holdings PLC	31 March 2024
106	Lanka Ashok Leyland PLC	31 March 2024
107	Lanka Maritime Services Ltd	31 March 2024
108	Lanka Tiles PLC	31 March 2024
109	Lankem Ceylon PLC	31 March 2024
110	LAUGFS Gas PLC	31 March 2024
111	LB Finance PLC	31 March 2024
112	Lee Hedges PLC	31 March 2023
113	Lion Brewery (Ceylon) PLC	31 March 2024
114	LOLC Finance PLC	31 March 2024
115	LOLC General Insurance PLC	31 December 2023
116	Lotus Hydro Power PLC	31 March 2024
117	Luminex PLC	31 March 2024
118	Lynear Wealth Dynamic Opportunities Fund	31 March 2023
119	Lynear Wealth Income Fund	31 March 2023
120	Mabroc Teas (Pvt) Ltd	31 March 2023
121	Maliban Biscuit Manufactories (Pvt) Ltd	31 March 2023

	Specified Business Enterprise	Financial Year End
122	Marawila Resorts PLC	31 March 2024
123	MAS Active Trading (Pvt) Ltd	31 December 2023
124	MAS Fabrics (Pvt) Ltd	31 December 2022
125	Michelin Lanka (Pvt) Ltd	31 December 2023
126	Midas Safety Lanka (Pvt) Ltd	31 December 2023
127	Millennium Housing Developers PLC	31 March 2023
128	Namal Bank Fund	30 June 2022
129	Namal Income Fund	31 March 2023
130	NDB Wealth Income Plus Fund	31 December 2022
131	Nestle Lanka Ltd	31 December 2023
132	Next Manufacturing (Pvt) Ltd	31 January 2023
133	Noyon Lanka (Pvt) Ltd	31 December 2023
134	NSB Fund Management Company Ltd	31 December 2023
135	Ocean Lanka (Pvt) Ltd	31 December 2023
136	Omega Line Ltd	31 December 2023
137	Panasian Power PLC	31 March 2024
138	Perera & Sons Bakers (Pvt) Ltd	31 March 2023
139	PGP Glass Ceylon PLC	31 March 2024
140	PH Resorts (Pvt) Ltd	31 December 2023
141	Piyestra Furniture (Pvt) Ltd	31 March 2023
142	Pradeshiya Sanwardana Bank	31 December 2022
143	Pussalla Meat Producers (Pvt) Ltd	31 March 2023
144	Ramboda falls PLC	31 March 2024
145	Reckitt Benckiser (Lanka) Ltd	31 December 2023
146	Regnis (Lanka) PLC	31 January 2024
147	Regnis Appliances (Pvt) Ltd	31 March 2024
148	Renuka City Hotels PLC	31 March 2023
149	Resus Energy PLC	31 March 2023
150	Rockland Distilleries (Pvt) Ltd	31 March 2022
151	Royal Ceramics Lanka PLC	31 March 2024
152	Royal Palms Beach Hotels PLC	31 March 2023
153	Sampath Bank PLC	31 December 2023
154	Samson International PLC	31 March 2024
155	SANASA Development Bank PLC	31 December 2023
156	Screenline (Pvt) Ltd	31 March 2023
157	Senfin Dividend Fund	31 December 2023
158	Senfin Insurance Sector Fund	31 December 2022
159	Senfin Shariah Income Fund	31 December 2023
160	Serendib Land PLC	31 March 2023
161	Seylan Bank PLC	31 December 2023
162	Seylan Developments PLC	31 December 2023
163	Sierra Cables PLC	31 March 2023

List of SBEs of which financial statements reviewed during 2024 were compliant with Sri Lanka Accounting Standards

	Shaw Wallace Investment PLC	31 March 2022
164	Sierra Construction Ltd	31 March 2023
165	Silueta (Pvt) Ltd	31 December 2023
166	Singer Digital Media (Pvt) Ltd	31 January 2023
167	Singer Industries (Ceylon) PLC	31 January 2024
168	Sirio Limited	31 December 2023
169	Siyapatha Finance PLC	31 December 2023
170	Softlogic Life Insurance PLC	31 December 2023
171	Softlogic Stockbrokers (Pvt) Ltd	31 March 2024
172	South Asia Gateway Terminals (Pvt) Ltd	31 March 2024
173	South Asia Textiles Ltd	31 March 2023
174	Sri Lankan Airlines Ltd	31 March 2023
175	Stassen Exports (Pvt) Ltd	31 March 2023
176	Stretchline (Pvt) Ltd	31 December 2023
177	Sunshine Healthcare Lanka Ltd	31 March 2024
178	Sunshine Holdings PLC	31 March 2024
179	Supermet Building Solutions Ltd	31 March 2024
180	Tangerine Beach Hotels PLC	31 March 2023
181	Tea Smallholder Factories PLC	31 March 2024
182	Teejay Lanka PLC	31 March 2024
183	The Arunadisi (Pvt) Ltd	31 December 2023
184	The Autodrome PLC	31 March 2024
185	The Lanka Hospitals Corporation PLC	31 December 2023
186	The Nuwara Eliya Hotels Co. PLC	31 March 2024
187	Three Acre Farms PLC	31 December 2023
188	Trischel Fabric (Pvt) Ltd	31 December 2023
189	Tudawe Brothers (Pvt) Ltd	31 March 2023
190	Unilever Lanka Consumer Ltd	31 December 2023
191	Union Bank of Colombo PLC	31 December 2023
192	United Motors Lanka PLC	31 March 2024
193	Variosystems (Pvt) Ltd	31 December 2023
194	Virtusa (Pvt) Ltd	31 March 2024
195	Walkers Tours Ltd	31 March 2024
196	Waterfront Properties (Pvt) Ltd	31 March 2023
197	Weligama Hotel Properties Ltd	31 December 2023

* Multiple years have been reviewed

List of SBE's of which Financial Statements Reviewed during 2024 were Compliant with Observations Communicated by Letters of Observations

	Specified Business Enterprise	Financial Year End
1	A Baur and Company (Pvt) Ltd	31 December 2023
2	A. F. Jones Exporters Ceylon (Pvt) Ltd	31 March 2024
3	Access Engineering PLC	31 March 2023
4	ACL Cables PLC	31 March 2024
5	Agricultural and Agrarian Insurance Board	31 December 2022
6	Aitken Spence PLC	31 March 2023
7	Akzo Nobel Paints Lanka (Pvt) Ltd	31 March 2024
8	Almas Equities (Pvt) Ltd	31 March 2023
9	Alpha Apparels Ltd	31 December 2023
10	Amana Bank PLC	31 December 2023
11	Amana Takaful PLC	31 December 2023
12	Ambeon Securities (Pvt) Ltd	31 March 2023
13	Ambeon Holdings PLC	31 March 2023
14	Arpico Ataraxia Equity Income Fund	31 March 2023
15	Asha Securities Limited	31 March 2023
16	Asia Broadcasting Corporation (Pvt) Ltd	31 March 2023
17	Asia Capital Stock Brokers (Pvt) Ltd	31 March 2023
18	Asia Securities (Pvt) Ltd	31 March 2024
19	Asia Securities Wealth Management (Pvt) Ltd	31 March 2023
20	Asiri Hospital Holdings PLC	31 March 2024
21	Asiri Surgical Hospital PLC*	31 March 2024
22	Asset Trust Management (Pvt) Ltd	31 March 2023
23	Assetline Capital (Pvt) Ltd	31 March 2023
24	Assetline Finance Ltd	31 March 2024
25	Astrue Active Income Fund	31 December 2022
26	Avery Dennison Lanka (Pvt) Ltd	31 December 2023
27	Bukit Darah PLC	31 March 2023
28	Cambio Software Engineering (Pvt) Ltd	31 December 2022
29	Capital Alliance Balanced Fund	31 March 2023
30	Capital Alliance Gilt Fund	31 March 2023
31	Capital Alliance Gilt Money Market Fund	31 March 2023
32	Capital Alliance Gilt Trading Fund	31 March 2023
33	Capital Alliance High Yield Fund	31 March 2023
34	Capital Alliance Income Fund	31 March 2023
35	Capital Alliance Quantitative Equity Fund	31 March 2023
36	Capital Trust Securities (Pvt) Ltd	31 March 2023
37	Cargills Quality Diaries (Pvt) Ltd	31 March 2023
38	Central Hospital Ltd	31 March 2023
39	Cey Bank Asset Management Limited	31 March 2023
40	Ceylex Engineering (Pvt) Ltd	31 March 2023
41	Ceylon Agro Industries Ltd	31 December 2023

	Specified Business Enterprise	Financial Year End
42	Ceylon Cold Stores PLC	31 March 2023
43	Ceylon Dollar Bond Fund	31 December 2022
44	Ceylon Fertilizer Company Ltd	31 March 2023
45	Ceylon Index Fund	31 December 2022
46	Ceylon IPO Fund	31 December 2022
47	Ceylon Money Market Fund	31 December 2022
48	Ceylon Petroleum Storage Terminals Ltd	31 December 2023
49	Ceylon Tea Marketing Ltd	31 March 2024
50	Chrissworld PLC	31 March 2023
51	CIC Feeds (Pvt) Ltd	31 March 2024
52	Colombo Land & Development Company PLC	31 December 2023
53	Colombo Stock Exchange	31 December 2023
54	Comtrust Money Market Fund	31 March 2023
55	Crystal Martin Ceylon (Pvt) Ltd	31 December 2023
56	CT CLSA Asset Management (Pvt) Ltd	31 March 2023
57	D R Home Appliance (Pvt) Ltd	31 March 2023
58	D. Samson Industries (Pvt) Ltd	31 March 2023
59	D.R. Enterprises (Pvt) Ltd	31 March 2023
60	David Pieris Motor Company (Lanka) Ltd	31 March 2024
61	Delmege Forsyth & Company Ltd	31 March 2023
62	Development Lotteries Board	31 December 2022
63	Diesel & Motor Engineering PLC	31 March 2023
64	Dolphin Hotel PLC	31 March 2023
65	E. B. Creasy & Company PLC	31 March 2024
66	Eden Hotel Lanka PLC *	31 March 2024
67	EMJAY International (Pvt) Ltd	31 March 2024
68	Exterminators PLC	31 March 2023
69	Fairfirst Insurance Ltd	31 December 2023
70	First Capital Equities (Pvt) Ltd	31 March 2023
71	Fishermen Social Security Benefit Scheme	31 December 2022
72	George Steuart Engineering (Pvt) Ltd	31 March 2023
73	George Steuart Teas (Pvt) Ltd	31 March 2023
74	Guardian Acuity Equity Fund	31 December 2022
75	Guardian Acuity Income Fund	31 December 2022
76	Guardian Acuity Money Market Fund	31 December 2022
77	Guardian Fund Management Ltd	31 March 2024
78	Hayleys PLC	31 March 2023
79	Hemas Holdings PLC	31 March 2023
80	Hemas Hospitals (Pvt) Ltd	31 March 2024
81	Hirdaramani International Exports (Pvt) Ltd	31 March 2024

List of SBE's of which Financial Statements Reviewed during 2024 were Compliant with Observations Communicated by Letters of Observations

	Specified Business Enterprise	Financial Year End
82	Hotel Sigiriya PLC	31 March 2024
83	HSBC Electronic Data Processing Lanka (Pvt) Ltd	31 December 2023
84	hSenid Business Solutions PLC	31 March 2023
85	Hutchison Telecommunications Lanka (Pvt) Ltd	31 December 2023
86	I Capital Partners Ltd	31 December 2022
87	International College of Business & Technology Ltd	31 December 2023
88	Janashakthi Insurance PLC	31 December 2023
89	JAT Holdings PLC	31 March 2023
90	Jay Kay Marketing Services (Pvt) Ltd	31 March 2023
91	JB Financial (Pvt) Ltd	31 March 2023
92	JB Securities (Pvt) Ltd*	31 March 2024
93	JB Vantage Value Equity Fund	31 December 2022
94	Jetwing Symphony PLC	31 March 2023
95	JF&I Packaging (Pvt) Ltd	31 March 2023
96	John Keels Office Automation (Pvt) Ltd	31 March 2023
97	Keells Food Products PLC	31 March 2023
98	Kotmale Dairy Products (Pvt) Ltd	31 March 2024
99	Lanka Coal Company (Pvt) Ltd	31 December 2023
100	Lanka Marine Services (Pvt) Ltd	31 March 2024
101	Lanka Securities (Pvt) Ltd	31 December 2023
102	Lanka Ventures PLC	31 March 2024
103	LAUGFS Petroleum (Pvt) Ltd	31 March 2023
104	LAUGFS Supermarkets (Pvt) Ltd	31 March 2023
105	Litro Gas Lanka Ltd	31 December 2023
106	Litro Gas Terminal Lanka (Pvt) Ltd	31 December 2023
107	Logiwiz Ltd	31 March 2024
108	LOLC Securities Ltd	31 March 2024
109	Mackwoods Energy PLC	31 March 2023
110	Maga Engineering (Pvt) Ltd	31 March 2023
111	Mahaweli Coconut Plantations PLC	31 March 2024
112	Mahaweli Reach Hotel PLC	31 March 2024
113	Maliban Milk Products (Pvt) Ltd	31 March 2023
114	MAS Capital (Pvt) Ltd	31 December 2023
115	Melstacorp PLC	31 March 2023
116	Millennium I.T.E.S.P (Pvt) Ltd	31 March 2023
117	Millennium IT Software (Pvt) Ltd	31 December 2023
118	Mireka Capital Land (Pvt) Ltd	31 December 2022
119	Mireka Homes (Pvt) Ltd	31 December 2023
120	Muller & Phipps (Ceylon) PLC	31 March 2024
121	Namal Growth Fund	31 March 2023
122	Namal High Yield Fund	31 March 2023

	Specified Business Enterprise	Financial Year End
123	National Asset Management Ltd	31 December 2023
124	National Equity Fund	31 March 2023
125	National Institute of Business Management	31 December 2022
126	Nawaloka Hospitals PLC	31 March 2023
127	NDB Securities (Pvt) Ltd	31 December 2021
128	NDB Wealth Gilt Edged Fund	31 December 2022
129	NDB Wealth Growth and Income Fund	31 December 2022
130	NDB Wealth Growth Fund	31 December 2022
131	NDB Wealth Income Fund	31 December 2022
132	NDB Wealth Islamic Money Plus Fund	31 December 2022
133	NDB Wealth Management Ltd	31 December 2023
134	NDB Wealth Money Fund	31 December 2022
135	NDB Wealth Money Plus Fund	31 December 2022
136	ODEL PLC	31 March 2024
137	Orel Corporation (Pvt) Ltd	31 March 2023
138	Pegasus Hotels Of Ceylon PLC	31 March 2024
139	Peoples Bank	31 December 2023
140	People's Leasing & Finance PLC	31 March 2023
141	Peri Logistics (Pvt) Ltd	31 March 2024
142	Phoenix Industries Ltd	31 March 2023
143	Premier Growth Fund	31 March 2023
144	Premier Money Market Fund	31 March 2023
145	Premier Wealth Management Limited	31 March 2023
146	Prime Lands (Pvt) Ltd	31 March 2023
147	Pulses Splitting & Processing Industry (Pvt) Ltd	31 March 2023
148	Renuka Hotels PLC	31 March 2024
149	Rhino Products Ltd	31 March 2024
150	Rhino Roofing Products Ltd	31 March 2024
151	Richard Pieris & Company PLC	31 March 2024
152	Rizing Lanka (Pvt) Ltd	31 March 2024
153	Samson Rubber Industries (Pvt) Ltd	31 March 2023
154	Sathosa Motors PLC	31 March 2024
155	SC Securities (Pvt) Ltd	31 December 2023
156	Senfin Asset Management (Pvt) Ltd	31 March 2023
157	Senfin Dynamic Income Fund	31 December 2023
158	Senfin Growth Fund	31 December 2022
159	Senfin Money Market Fund	31 December 2023
160	Senok Trade Combine (Pvt) Ltd	31 March 2023
161	Serendib Engineering Group PLC	31 March 2023
162	Serendib Hotels PLC *	31 March 2024
163	SMT Apparel (Lanka) Ltd	31 December 2023

List of SBE's of which Financial Statements Reviewed during 2024 were Compliant with Observations Communicated by Letters of Observations

	Specified Business Enterprise	Financial Year End
164	Softlogic Asset Management (Pvt) Ltd	31 March 2023
165	Softlogic Holdings PLC	31 March 2022
166	Sri Lanka Bureau of Foreign Employment	31 December 2022
167	Sri Lanka Catering Limited	31 March 2023
168	Sri Lanka Shipping Company Ltd	31 March 2024
169	Sri Lanka Transport Board	31 December 2022
170	Swisstec (Ceylon) PLC	31 March 2023
171	Tess Agro PLC	31 March 2023
172	The Colombo Fort Land & Building PLC	31 March 2023
173	The Swadeshi Industrial Works PLC	31 March 2023
174	Timex Garments (Pvt) Ltd	31 March 2023
175	Tokyo Eastern Cement Company (Pvt) Ltd	31 March 2023
176	Toyota Lanka (Pvt) Ltd	31 March 2023
177	Trillium Property Management & Services (Pvt) Ltd	31 March 2023
178	TVS Lanka (Pvt) Ltd *	31 March 2024
179	Ultratech Cement Lanka (Pvt) Ltd	31 March 2023
180	Unichela (Pvt) Ltd	31 December 2023
181	Unilever Sri Lanka Ltd	31 December 2022
182	Vogue Jewellers (Pvt) Ltd	31 March 2023
183	Welworth Lanka (Pvt) Ltd*	31 March 2024
184	Wickramaratne's (Pvt) Ltd	31 March 2023

* Multiple years were reviewed

Listed Companies and Public Sector Entities which have not submitted Audited Financial Statements as at 31 December 2024

Listed Companies which have not submitted financial statements for the year ended 31 March 2024:

- Anilana Hotels & Properties PLC*
- Bimputh Lanka Investments PLC*
- Blue Diamonds Jewellery Worldwide PLC*
- City Housing & Real Estate Company PLC*
- Kelsey Developments PLC*
- Standard Capital PLC*
- Unisyst Engineering PLC**

Public Sector entities which have not submitted financial statements for the year ended 31 December 2023:

- Building Materials Corporation Limited
- Ceylon Fisheries Corporation
- Ceylon Electricity Board
- Employees Trust Fund Board***
- Janatha Estates Development Board
- National Film Corporation
- National Livestock Development Board
- National Insurance Trust Fund
- National Institute of Business Management***
- Paddy Marketing Board
- Sri Lanka Cashew Corporation
- Sri Lanka Handicrafts Board
- Sri Lanka Land Development Corporation
- Sri Lanka Standards Institution
- State Engineering Corporation of Sri Lanka
- State Development and Construction Corporation
- The Co-operative Wholesale Establishment
- Urban Development Authority

Public Sector entities which have not submitted financial statements for the year ended 31 March 2024 :

- National Paper Company Limited
- Ceylon Shipping Corporation

* Trading Suspended at CSE

** Watch List

*** Subsequently received by the Board

Activities relating to Standard Setting by CA Sri Lanka during 2024

In terms of the past arrangements with the Ministry of Finance, SLAASMB continued to provide a grant to the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) to part finance the development of the standards to enable the monitoring function of SLAASMB.

During the year, SLAASMB provided a grant of Rs. 2 million to CA Sri Lanka similar to 2023. However, the current grant reflects a 50% decrease from the previously provided grants of Rs. 4 million. Reduction in the grant was a direct consequence of the budgetary constraints faced by SLAASMB during the years 2023 and 2024.

This grant is provided to CA Sri Lanka to meet a part of the cost of facilitating activities of the Accounting Standards Committee and the Auditing Standards Committee and the 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 regularly. 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.

This year, CA Sri Lanka conducted an awareness session in collaboration with SLAASMB on non-compliances with Sri Lanka Accounting Standards and Auditing Standards identified by SLAASMB with the objective of educating the preparers and auditors of financial statements to improve their financial reporting.

During the year, CA Sri Lanka was successful in adopting the International Sustainability Disclosure Standards in Sri Lanka as Sri Lanka Sustainability Disclosure Standards SLFRS S1- General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate Related Disclosure. Due to complexity in implementing these standards, CA Sri Lanka has formulated a roadmap for implementation whereby the effective date of these standards expands over a period of five years beginning from 1 January 2025 based on the nature of entities.

The main activities carried out during the year in relation to Accounting and Auditing standards by CA Sri Lanka are as follows:

Accounting Standards

- Published the Sri Lanka Accounting Standards (SLFRS/ LKAS) Bound Volume 2024

- Adopted, published and initiated gazetting process for Sustainability Disclosure Standards SLFRS S1- General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate Related Disclosure.
- Published support material for implementing Sustainability Disclosure Standards and conducted awareness programmes targeting different stakeholders.
- Conducted workshops, awareness sessions, seminars and webinars on existing and revised Sri Lanka Accounting Standards throughout the year.
- Issued Frequently Asked Questions (FAQs) on the Accounting Treatment for International Sovereign Bonds in line with Sri Lanka Financial Reporting Standard SLFRS 9 Financial Instruments.
- Provided guidance in compliance with Sri Lanka Accounting Standards to following government agencies and other commercial establishments in response to their requests:
 - Central Bank of Sri Lanka on Debt Restructuring and Sovereign Bond Accounting and on designing a simplified financial statement format for licensed banks.
 - Colombo Stock Exchange
 - Sri Lanka Accounting and Auditing Standards Monitoring Board
 - People's Bank, Commercial Bank, Sri Lanka Ports Authority and Information and Communication Technology Agency.

Auditing Standards

- Adopted following International Auditing Standards as Sri Lanka Auditing Standards with the effective date as indicated:
 - International Auditing Standard for Less Complex Entities (ISA for LCE) effective for audits of financial statements of less complex entities for periods beginning on or after 15th December 2025
 - International Auditing Standard ISA 600, Special Considerations-Audits of Group Financial Statements (Including the Work of Component Auditors) effective for audits of group financial statements for the periods beginning on or after 15 December 2024
 - International Auditing Standard ISA 250, Consideration of Laws and Regulations in an Audit of Financial Statements effective for audits of financial statements for the periods beginning on or after 15 December 2024

Activities relating to Standard Setting by CA Sri Lanka during 2024

- Submitted comments for Exposure Draft (ED) of Proposed ISA 240 (Revised), the Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements to the International Auditing and Assurance Standards Board.
- Approved new wording to be incorporated and adopted locally and for the illustrative example to be published on the web, based on the wording of the Auditor's Report as per International Auditing Standards.
- Updated the Annexure of the Sri Lanka Related Services Practice Statement 4755 on guidance checklist of agreed upon procedures that prescribe the minimum requirements to ensure that the Money Laundering and Terrorist Financing (ML/TF) risk management framework and practices of identified financial institutions are subject to procedures of an audit nature and to report on factual findings, for better clarity.
- Continued development of an Automated Audit Toolkit for Small & Medium-sized practitioners.
- Conducted introductory awareness session and three workshops on implementation of Sri Lanka Quality Management Standards.



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NATIONAL AUDIT OFFICE



ඒවා අභ්‍යන්තර අධ්‍යක්ෂක මණ්ඩල මූල්‍ය ත්‍රිතුව නිල.] TPD/A/SLAASMB/FA/2024/16 එවා අභ්‍යන්තර අධ්‍යක්ෂක මණ්ඩල මූල්‍ය ත්‍රිතුව නිල.]
 My No. Your No.]

දිනය ත්‍රිතුව] 08 September 2025
 Date]

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 2024 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 (the “Board”) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance and other comprehensive income, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with 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 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

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 Other information included in the Board's 2024 Annual Report.

The other information comprises the information included in the Board's 2024 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

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

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

1.4 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.

1.5 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 skepticism 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 Board'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 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 were 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 of 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 which were limited to matters that are material, nothing has come to my attention;
- 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 course 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 except for;
 - (a) According to the section 23 of the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the function of the Board shall be to monitor the compliance with the Sri Lanka Accounting Standards and Auditing Standards by Specified Business Enterprises (SBEs). Accordingly, total number of 1,708 SBEs were identified by the Board as meeting the criteria stipulated under the Act. Of these, the Board had planned to review 500 sets of financial statements of SBEs during the year under review for the above purpose. However, 112 sets of financial statements, or 22 per cent of the planned sets of financial statements, had not been reviewed by the Board as at 31 December 2024.
- 2.2.2 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 except for;

- (a) As stated in my previous audit reports, the Board entered into an agreement with the State Engineering Corporation of Sri Lanka on 30 January 2019, for consultancy services related to the design and supervision of interior works of the Board's office premises. The consultancy fee was agreed upon as 7 per cent of the total construction cost. It was observed that the consultancy services had progressed only up to the development phase, with a total sum of Rs. 1,197,814 disbursed as of 27 October 2021. However, the remaining scope of work had not been completed as at 31 May 2025.

2.3 Other Matters

2.3.1 Management of Gratuity Fund of the Board

- (a) The gratuity provision made in the financial statements as at 31 December 2024 was Rs.9,761,906. However, a sum of Rs. 5,100,000 had been transferred to the gratuity fund using the government grants received from the General Treasury during the year under review. Consequently, the gratuity fund balance in the financial statements stood at Rs.18,920,955, resulting in an excess of Rs. 9,159,048 or approximately doubled the fund as against the gratuity provision as at 31 December 2024. Furthermore, it was noted that there is no documented basis or established methodology for determining the said amount transferred to the gratuity fund. Accordingly, the determination of the transferred amount appeared to be made solely at the discretion of management, without any objective rationale or supporting criteria.
- (b) According to the information made available with the audit, the Board is required to request funds from the General Treasury on a quarterly basis for the identified shortfall between the gratuity provision and the balance available in the fund account. However, the Board had transferred a total of Rs. 5,100,000 to the Gratuity Fund during the year under review without complying with the stipulated basis.



2.3.2 Human Resource Management

The approved cadre of the Board as at 31 December 2024 was 33 and actual cadre was 15 resulting 18 vacancies as at the date. Out of that, 16 vacancies including 01 position of Deputy/Assistant Director (Legal) had remained vacant from the inception of the Board. In addition, 4 positions of Director Supervision, 6 positions of Deputy Director Supervision, 4 positions of Assistant Director and one Executive had been remained vacant as at 31 December 2024. Remaining vacant of executive level positions may affect to the effective functioning of the Board.

G.H.D. Dharmapala
Auditor General (Actg)

Responses to the Current Status Regarding the issues addressed in the Report of the Auditor General

Observations in Audit Report dated 8 September 2025	Responses by Management
<p>Section 2.2.3 (a)</p> <p>According to the section 23 of the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the function of the Board shall be to monitor the compliance with Sri Lanka Accounting Standards and Auditing Standards by Specified Business Enterprises (SBEs). Accordingly, total number of 1,708 were identified by the Board as meeting the criteria stipulated under the Act. Of these, the Board had planned to review 500 sets of financial statements of SBEs during the year under review for the above purpose. However, 112 sets of financial statements, or 22 per cent of the planned sets of financial statements, had not been reviewed by the Board as at 31 December 2024.</p>	<p>SLAASMB selects SBEs for financial statement reviews based on a mixed model, which is a combination of a risk based approach with random and rotation approaches. Globally no regulators aim for a 100% coverage.</p> <p>Thereby, annually the Board determines the number of financial statement reviews and the number of audit inspections to be conducted by SLAASMB on a risk based, random, rotational approach. These targets are set based on an optimal level with the available resources-i.e. availability of staff. As pointed out in paragraph 2.3.2 of the audit report, 18 positions in the SLAASMB's cadre remained vacant, including 13 supervisory roles. This staffing shortfall directly contributed to the reduced number of reviews conducted. For 2024, SLAASMB planned to review 500 sets of financial statements, based on the staff available at the time of planning (2 Director-Supervision (DS)) and the anticipated recruitment of 2 additional DS and 3 Assistant Director-Supervision (ADS) at the beginning of the year.</p> <p>However, SLAASMB was only able to recruit 1 DS and 3 ADS during the period of March–April 2024. Further, one of the senior DS resigned during this period. The new staff required to be trained on standards and review process. Further during their learning period, the number of reviews they could complete were very low. As a result, the initially planned number of reviews could not be achieved. The Board subsequently revised the plan to complete 375 reviews by internal staff and the remaining 125 through external engagement, i.e. by obtaining the services of retired staff from the Auditor General's Department and recruiting more external reviewers. However, this arrangement did not materialize as expected, and external reviewers could only be engaged in December 2024 as in the absence of Administration staff, the Management had be involved in the recruitment process including finalizing the advertisement, conducting technical assessment examinations, and interviewing shortlisted candidates-on top of their regular duties.</p> <p>Despite these constraints, SLAASMB successfully completed 388 reviews in 2024, achieving 77.6% of the original target.</p>
<p>2.2.2 a)</p> <p>As stated in my previous audit reports, the Board entered into an agreement with State Engineering Corporation of Sri Lanka on 30 January 2019, for consultancy services related to the design and supervision of interior works of the Board's office premises. The consultancy fee was agreed upon as 7 per cent of the total construction cost. It was observed that the consultancy services had progressed only up to the development phase, with a total sum of Rs.1,197,814 disbursed as of 27 October 2021. However, the remaining scope of work had not been completed as at 31 May 2025.</p>	<p>As explained in previous instances, the design and supervision of interior works could not be completed due to circumstances beyond the control of both SLAASMB and the State Engineering Corporation (SEC), mainly resulting from the Government's stringent fund allocation policies for Capital Expenditure in the recent past.</p> <p>With the obtaining of approval of the Budget in March 2025, discussions with SEC were reinitiated. At present, SEC has prepared the necessary documentation, including the Bill of Quantities (BoQ) and we intend to proceed with calling for bids shortly.</p>

Responses to the Current Status Regarding the issues addressed in the Report of the Auditor General

Observations in Audit Report dated 8 September 2025	Responses by Management
<p>2.3 Other Matters</p> <p>The gratuity provision made in the financial statements as at 31 December 2024 was Rs. 9,761,906/- However, a sum of Rs. 5,100,000 had been transferred to the gratuity fund using the government grants received from the General Treasury during the year under review. Consequently, the gratuity fund balance in the financial statements stood at Rs. 18,920,955/-, resulting in an excess of Rs. 9,159,048/- or approximately doubled the fund as at 31 December 2024. Furthermore, it was noted that there is no document basis or established methodology for determining the amount transferred to the Gratuity Fund. Accordingly, the determination of the transferred amount appeared to be made solely at the discretion of management, without any objective rationale or supporting criteria.</p>	<p>Based on the circular issued by the Department of Public Enterprises in 2013, the Board decided to establish a separate fund to be utilized for gratuity payments to staff who resign after serving for more than five years.</p> <p>During 2022–2023, a higher number of long-serving professional staff resigned from SLAASMB, significantly reducing the gratuity fund due to the cash outflows required to settle their entitlements. Since then, SLAASMB has adopted the practice of assessing the adequacy of the gratuity fund at the beginning of each year by computing the actual liability for all staff who have served for over five years. The assessment conducted for 2024 revealed a shortfall of approximately Rs. 1.8 million compared to the gratuity liability recorded in the financial statements for the year ended 31 December 2023.</p> <p>Although SLAASMB requests funds for the purpose of gratuity, the stringent policy of the General Treasury in releasing funds for recurrent expenditure prevents SLAASMB from making transfers on a quarterly basis which had been the practice in the past. As a result, in 2024, SLAASMB made transfers to the gratuity fund whenever additional funds were available. We acknowledge that these additional transfers which are in excess of the actual liability were made with the intention of ensuring sufficient funds are available to meet gratuity obligations in a timely manner.</p> <p>However, going forward, we will ensure that such transfers are limited strictly to the actual liability payable to staff.</p>
<p>b) According to the information made available with audit, the Board is required to request funds from the General Treasury on a quarterly basis for the identified shortfall between the gratuity provision and the balance available in the fund account. However, the Board had transferred a total of Rs. 5,100,000 to the Gratuity Fund during the year under review without complied with the stipulated basis.</p>	<p>The information indicating that funds are requested from the General Treasury on a quarterly basis for transfer to the Gratuity Fund is based on an internal document we developed to streamline investments into the Gratuity Savings Account. However, it has not been practicable to adhere to this procedure due to the stringent processes followed by the Ministry in releasing funds. As a result, the policy of quarterly transfers was not followed, and funds have been transferred whenever excess funds were available. Therefore, as it is not always practicable to make transfers on a strict quarterly basis, we will update the internal document to more accurately reflect the actual practice.</p>
<p>2.3.2 Human Resource Management</p> <p>The approved Cadre of the Board as at 31 December 2024 was 33 and actual Cadre was 15 resulting 18 vacancies as at the date. Out of that, 16 vacancies including 1 position of Deputy / Assistant Director (Legal) had remained vacant from the inception of the Board. In addition, 4 positions of Director Supervision, 6 positions of Deputy Director Supervision, 4 positions of Assistant Director and one Executive had been remained vacant as at 31 December 2024. Remaining vacant of executive level positions may affect to the effective functioning of the Board.</p>	<p>The high number of vacant positions at SLAASMB has been consistently highlighted by the auditors over the past few years. SLAASMB has continuously explored various strategies to attract and retain qualified staff.</p> <p>To fill up these vacancies, we have regularly advertised in newspapers and across multiple media platforms, incurring a total cost of Rs.1.4 million during 2025.</p> <p>In addition, following measures were taken to make supervision positions more attractive. These include:</p>

Responses to the Current Status Regarding the issues addressed in the Report of the Auditor General

Observations in Audit Report dated 8 September 2025	Responses by Management
	<ul style="list-style-type: none"> • Reducing the entry qualifications requirement for the post of Assistant Director-Supervision from a fully qualified Chartered Accountant to candidates in their final year of Chartered Accountancy. • Lowering the required years of experience for the post of Director-Supervision, initially from 13 years to 8 years, and subsequently to 6 years. <p>We are currently in the process of shortlisting and interviewing candidates who have responded to our most recent advertisement for Supervision posts.</p> <p>With regard to the position of Assistant/Deputy Director – Legal, although we had initially finalized a suitable candidate, she declined the offer at the time of issuing the appointment letter. Subsequently, the next best candidate also declined the offer.</p> <p>SLAASMB, with its small staff cadre, has been continuously experiencing high turnover in the post of Assistant Director – Finance and Administration (ADFA), with recent recruits resigning after very short tenures (e.g., 3 days, 5 months). Further the ADFA who was scheduled to assume duties on 1 August 2025 has informed us that she is unable to accept the post, as her current employer is not in a position to release her from her duties. As a temporary measure, we had engaged the services of an ADFA through an outsourced arrangement from December 2024 to June 2025. However, this arrangement proved to be too costly. We have now re-advertised the position, and the deadline for submission of applications is 28 September 2025.</p> <p>SLAASMB's cadre at present has a position for ICT Officer, which has been filled in April 2024 on a contract basis at an agreed salary.</p>

Statement of Financial Position

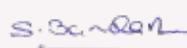
As at	Note	31-Dec-24 Rs.	31-Dec-23 Rs.
ASSETS			
Non - Current Assets			
Property, plant and equipment	3	23,007,860	25,781,785
Intangible assets	4	30,640,720	33,718,500
Deposits	5	6,979,736	6,979,736
Defined benefit assets	6	9,159,048	6,333,836
		69,787,364	72,813,857
Current Assets			
Inventories	7	538,840	728,079
Accounts receivable	8	3,926,146	3,136,467
Cash and cash equivalents	9	1,804,772	3,327,422
		6,269,758	7,191,968
Total Assets		76,057,122	80,005,825
LIABILITIES			
Non - Current Liabilities			
Deferred income - government grants	10	69,787,364	72,813,857
		69,787,364	72,813,857
Current Liabilities			
Deferred income - government grants	11	1,242,873	5,318,539
Accounts payable	12	5,026,885	1,873,429
		6,269,758	7,191,968
Total Liabilities		76,057,122	80,005,825

The notes appearing on pages 51 to 57 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


K M A N Daulagala
Chairperson


S M S S Bandara
Member


A I Mohotti
Director General


Asha Ahamath
Deputy Director General -
Finance & Administration

27 January 2025

Statement of Financial Performance and Other Comprehensive Income

For the year ended 31 December		Note	2024 Rs.	2023 Rs.
Revenue				
Government grants	13		106,668,457	73,544,975
Less: Grants released to the Institute of Chartered Accountants of Sri Lanka			2,000,000	2,000,000
			104,668,457	71,544,975
Operating Expenses				
Board Members' allowances			(1,480,474)	(1,690,300)
Auditor's remuneration	14		(400,000)	(353,030)
Staff costs	15		(53,418,460)	(35,050,482)
Fuel and lubricants			(127,550)	(144,720)
Press notices			(570,789)	(1,281,482)
Rent and building service charges			(16,858,862)	(13,963,891)
Depreciation and amortisation expenses	3 & 4		(12,312,430)	(5,468,883)
Electricity			(1,974,714)	(2,006,648)
Professional fees to Reviewers			(584,000)	(188,000)
International memberships			(2,868,450)	(2,467,303)
Books and Periodicals			(749,455)	(996,410)
Training and development			(638,292)	(58,992)
License and insurance			(1,087,126)	(1,120,870)
Stationery			(656,525)	(699,324)
Support and Maintenance-MIS			(1,632,333)	-
Other Administration expenses	16		(9,308,997)	(6,054,640)
			-	-
Other Comprehensive Income				
Gain /(loss) on remeasurement of the defined benefit obligation			(1,666,589)	(6,812,305)
Government grants related to remeasurement of defined benefit obligations			1,666,589	6,812,305
			-	-
Net surplus / (deficit) for the year			-	-

The notes appearing on pages 51 to 57 form an integral part of the financial statements.

Statement of Changes in Net Assets

	Accumulated Fund Rs.
Balance as at 31 December 2022	-
Net surplus/deficit for the year	-
Balance as at 31 December 2023	-
Net surplus/deficit for the year	-
Balance as at 31 December 2024	-

The notes appearing on pages 51 to 57 form an integral part of the financial statements

Statement of Cash Flow

For the year ended 31 December	Note	2024 Rs.	2023 Rs.
Cash flows from operating activities			
Net surplus / (deficit) for the year		-	-
Adjustments for;			
Government grants received during the year		101,232,887	89,412,934
Deferred government grants transferred to total comprehensive income	13	(109,937,046)	(80,357,280)
Depreciation	3 & 4	12,312,430	5,468,883
Interest on investment in gratuity fund		(928,215)	(1,047,684)
Defined benefit (asset) / obligation	15.1	2,274,788	6,509,764
Excess of income over expenditure / (expenditure over income) before working capital changes		4,954,843	19,986,617
Decrease /(Increase) in inventories		189,239	78,029
Decrease /(Increase) in accounts receivable		(789,679)	(60,684)
(Increase)/Decrease in accounts payable		3,153,456	(2,198,064)
Net cash flows from operating activities		7,507,859	17,805,898
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,278,825)	(1,281,600)
Payments made for the software development		(2,579,900)	(13,560,500)
Investment in gratuity fund		(5,100,000)	(3,950,000)
Interest received on investment in gratuity fund/safety locker		928,215	1,047,684
Net cash flows from investing activities		(9,030,510)	(17,744,416)
Net cash flows		(1,522,649)	61,482
Cash flows from financing activities			
Net increase / (decrease) in cash and cash equivalents		(1,522,649)	61,482
Cash and cash equivalents at the beginning of the year		3,327,422	3,265,940
Cash and cash equivalents at the end of the year	9	1,804,772	3,327,422

The note appearing on pages 51 to 57 form an integral part of the financial statements

Notes to the Financial Statements

01. Corporate Information

The financial statements of Sri Lanka Accounting and Auditing Standards Monitoring Board for the year ended 31 December 2024 were authorised for issue by a resolution of the Members of the Board on 27 January 2025. Sri Lanka Accounting and Auditing Standards Monitoring Board is a Statutory Board established by Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

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

The Board employed 14 permanent employees and 1 employee on Contract basis as at 31 December 2024 (11 permanent employees as at 31 December 2023).

02. 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	15 Years
Office Equipment	4-25 Years
Furniture, Fixtures & Fittings	6-30 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.25,000/-, all Accounting Standards and Auditing Standards, and other publications with a cost not exceeding Rs.10,000/- are expensed in the year of purchase.

Intangible Assets

An intangible asset is recognized if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably in accordance with Sri Lanka Public Sector Accounting Standards SLPSAS 20 – Intangible Assets. Intangible assets with finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 10 years.

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 in hand and at banks and short-term deposits are carried at cost.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits at 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.

Notes to the Financial Statements

02. Significant Accounting Policies (Continued)

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

As at	Motor Vehicles		Office Equipment		Furniture, Fixtures & Fittings		Library Books		Work-in Progress		Total	
	31-Dec-24 Rs.	31-Dec-23 Rs.	31-Dec-24 Rs.	31-Dec-23 Rs.	31-Dec-24 Rs.	31-Dec-23 Rs.	31-Dec-24 Rs.	31-Dec-23 Rs.	31-Dec-24 Rs.	31-Dec-23 Rs.	31-Dec-24 Rs.	31-Dec-23 Rs.
Cost												
At beginning of the year	51,160,000	51,160,000	14,168,643	12,887,043	12,710,538	12,710,538	3,224,599	3,224,599	1,641,054	1,641,054	82,904,834	81,623,234
Additions	-	-	1,597,820	1,281,600	678,505	-	2,500	-	-	-	2,278,825	1,281,600
At end of the year	51,160,000	51,160,000	15,766,463	14,168,643	13,389,043	12,710,538	3,227,099	3,224,599	1,641,054	1,641,054	85,183,659	82,904,834
Accumulated Depreciation												
At beginning of the year	31,510,667	28,100,000	10,928,025	9,691,736	11,461,562	10,648,367	3,222,795	3,214,063	-	-	57,123,049	51,654,166
Depreciation for the year	3,410,667	3,410,667	1,342,017	1,236,289	298,484	813,195	1,582	8,732	-	-	5,052,750	5,468,883
At end of the year	34,921,334	31,510,667	12,270,042	10,928,025	11,760,046	11,461,562	3,224,377	3,222,795	-	-	62,175,799	57,123,049
Written Down Value												
at end of the year	16,238,666	19,649,333	3,496,421	3,240,618	1,628,997	1,248,976	2,722	1,804	1,641,054	1,641,054	23,007,860	25,781,785

3.1 Capital work-in-progress includes fees paid to the consultant for the interior construction work carried out in relation to the office space during 2019 and 2021. The project has been deferred due to government's curtailment of capital expenditure and is expected to recommence in 2025.

3.2 The Management decided to change the useful life of Furniture, Fixtures & Fittings from the range 6-25 years to 6-30 years, based on the usable conditions of some of the Furniture, Fixtures & Fittings in use. The effect of these changes on depreciation expenses is as follows;

	2024	2025	2026	After 2026
Decrease/(Increase) in depreciation expenses	563,240	9,618	(153,041)	(419,811)

Notes to the Financial Statements

	As at	2024 Rs.	2023 Rs.
4	Intangible Assets (Software development)		
	Balance at the beginning of the year	33,718,500	20,158,000
	Cost incurred during the year	4,181,900	13,560,500
	Amortisation during the year	(7,259,680)	-
	Balance at the end of the year	30,640,720	33,718,500
5	Deposits (Non-current)		
	Rent Deposit	6,879,736	6,879,736
	Safety Locker Deposit	100,000	100,000
		6,979,736	6,979,736
6	Defined Benefit (Asset) / Obligations		
	Balance at the beginning of the year	8,086,804	2,580,610
	Charge for the year	670,620	459,937
	Interest for the year	865,794	285,206
	Actuarial (gains) / losses	1,666,589	6,812,305
		11,289,807	10,138,059
	Payments during the year	(1,527,900)	(2,051,255)
	Balance at the end of the year	9,761,907	8,086,804
	Gratuity Fund (Note 6.1)	(18,920,955)	(14,420,640)
	Net Defined benefit (Asset) / Obligation	(9,159,048)	(6,333,836)
	Present value of the obligation was measured using the following assumptions.		
	Expected salary increment	2%	2%
	Discount / interest rate	11.5%	13.5%
	Staff turnover factor	9%	9%
	<i>The liability for gratuity is partly funded.</i>		
6.1	Gratuity Fund		
	Balance at the beginning of the year	14,420,640	11,474,211
	Investments made during the year	5,100,000	3,950,000
	Interest received during the year	928,215	1,047,684
	Payments during the year	(1,527,900)	(2,051,255)
	Balance at the end of the year	18,920,955	14,420,640
7	Inventory		
	Stationery	538,840	728,079

Notes to the Financial Statements

As at	2024 Rs.	2023 Rs.
8 Accounts Receivable		
Prepayments	3,921,146	3,131,467
Deposits	5,000	5,000
	3,926,146	3,136,467
9 Cash and Cash Equivalents		
Cash in hand and at bank	1,804,772	3,327,422
	1,804,772	3,327,422
10 Deferred Income - Government Grants (Non-current)		
Balance at the beginning of the year	72,813,857	66,000,405
Grants received and utilised to acquire non-current assets	6,460,725	14,842,100
Grants received and invested in gratuity fund	5,100,000	3,950,000
Depreciation and amortisation expenses for the year	(12,312,430)	(5,468,883)
Interest received on gratuity fund	928,215	1,047,684
Defined benefit obligation charge for the year	(3,203,003)	(7,557,449)
Balance at the end of year	69,787,364	72,813,857
Represented by:		
Property, Plant and Equipment	23,007,860	25,781,785
Intangible Assets	30,640,720	33,718,500
Deposit (non-current)	6,979,736	6,979,736
(Provision for gratuity) / Excess of Gratuity Fund	9,159,048	6,333,836
Balance at the end of the year	69,787,364	72,813,857
11 Deferred Income - Government Grants (Current)		
Balance at the beginning of the year	5,318,539	3,076,338
(Increase) / decrease in inventories and accounts receivable	(600,440)	(17,345)
Increase / (decrease) in cash and cash equivalents	(1,522,650)	61,482
Increase / (decrease) in accounts payable	(3,153,456)	2,198,064
Balance at the end of the year	1,242,873	5,318,539
Represented by :		
Inventories	538,840	728,079
Accounts receivable	3,926,146	3,136,467
Cash and cash equivalents	1,804,772	3,327,422
Less: accounts payable	(5,026,885)	(1,873,429)
Balance at the end of the year	1,242,873	5,318,539

Notes to the Financial Statements

	As at	2024 Rs.	2023 Rs.
12 Accounts Payable			
Auditors' remuneration		700,000	300,000
EPF Payable		976,265	-
ETF Payable		146,440	-
Consultancy fee on completion of MIS		1,602,000	-
Professional fees payable to reviewers		400,000	-
Staff incentive payable		39,000	34,667
Accrued Internal Audit Fee		260,000	250,000
Accrued Annual Report Expenses		400,000	400,000
Utility expenses payable		245,421	354,537
Outsourced services payable		107,940	105,550
Other payables		149,819	428,675
		5,026,885	1,873,429
For the year ended 31st December		2024 Rs.	2023 Rs.
13 Government Grants			
Government Grants received during the year		101,232,887	89,412,934
Grants received and invested in gratuity fund		(5,100,000)	(3,950,000)
Grants used for capital expenditure		(6,460,725)	(14,842,100)
Grants used to finance net current assets		4,075,666	(2,242,201)
Depreciation and amortisation expenses for the year		12,312,430	5,468,883
Interest received on gratuity fund		(928,215)	(1,047,684)
Defined benefit liability for the year		1,536,414	745,143
Grants shown in the Statement of Financial Performance		106,668,457	73,544,974
Grant related to remeasurement of defined benefit liability shown in			
Other Comprehensive Income		1,666,589	6,812,305
Grants to be utilised as payables during the year		1,602,000	-
Total grants transferred to total comprehensive income shown in			
Statement of Cash Flows		109,937,046	80,357,280
14 Auditors' Remuneration			
Current year		400,000	300,000
(Over) / under provisions in the previous years		-	53,030
		400,000	353,030
15 Staff Costs			
Staff remuneration		40,922,211	23,233,105
Employees' Provident Fund		4,447,533	2,307,530
Employees' Trust Fund		1,111,883	576,883
Defined benefit obligation (note 15.1)		608,199	(302,541)
Other outsource services		1,991,945	2,066,720
Staff incentive		544,882	4,617,167
Staff medical insurance		1,543,084	750,636
Staff welfare		1,170,193	1,124,294
Other staff benefits		1,078,530	676,688
		53,418,460	35,050,482

Notes to the Financial Statements

<i>For the year ended 31st December</i>	2024 Rs.	2023 Rs.
15.1 Defined Benefit Obligation		
Charge for the year	670,620	459,937
Net interest for the year	(62,421)	(762,478)
	608,199	(302,541)
Actuarial gains / losses disclosed as other comprehensive income	1,666,589	6,812,305
Total Defined Benefit Obligation included in the Statement of Cash flows	2,274,788	6,509,764
16 Other Administration Expenses		
Computer maintenance	899,022	158,383
Equipment maintenance	1,395,106	850,865
Vehicle maintenance	2,145,616	1,548,125
Communication expenses	1,723,140	1,439,876
Parking expenses	528,082	404,738
Insurance of furniture & fittings and office equipment	202,402	159,279
Bank charges	85,708	138,454
Travelling expenses	125,490	138,277
Office expenses	842,294	629,154
Annual report	329,788	(268,559)
Legal and professional fees	516,148	359,750
Internal audit fees	516,201	496,298
	9,308,997	6,054,640

17. Capital Commitments

17.1 The Board had approved to re-commence the design and construction work of the interior design and partitioning of the office space as the construction work did not take place due to funding constraints despite the plan being initiated in 2019. The estimated cost of the project based on current prices is Rs. 52 million (excluding taxes).

17.2 Additional capital expenditure contracted in respect of purchasing furniture amounted to Rs. 147,007/-

18. Related Party Transactions

There were no related party transactions during the year ended 31 December 2024

19. Contingent Liabilities

There were no contingent liabilities as at 31 December 2024. (As at 31 December 2023 - nil)

20. 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.

Ten Year Summary of Performance

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1	Core/Regulatory Activities										
1	No. of SBEs Identified (As at period end)	1,410	1485	1559	1579	1608	1657	1680	1671	1707	1,708
2	Financial Statements Received										
	No of statements	1,430	1,536	1,643	1,567	1,635	1,232	1,830	1,738	1,732	1,718
	No. of SBEs	1,345	1,412	1,479	1,457	1,521	1,194	1,517	1,564	1,566	1,708
3	Review of Financial Statements										
	No. of reviews completed	1,122	731	518	638	720	732	552	541	261	388
	No. of SBEs	1,068	678	459	608	699	694	525	534	261	381
4	Financial Statement Review Findings										
	No. of financial statements Compliant	553	436	324	430	450	437	312	344	192	200
	No. of financial statements Compliant with Observations	567	291	185	202	267	293	237	194	66	188
	No. of financial statements Non-Compliant	2	4	9	6	2	2	3	2	2	-
	No. of financial statements referred to Attorney General	-	-	-	-	-	-	-	-	1	-
	No. of financial statements for which Warnings were issued	-	-	-	-	1	-	-	1	-	-
		1,122	731	518	638	720	732	552	541	261	388
5	Audit Inspection Findings										
	No. of regular audit inspections completed	91	99	85	31	33	27	34	33	16	22
	No. of thematic audit inspections completed	-	-	15	19	12	-	-	-	-	-
	No. of firm-wide inspections completed	-	-	-	2	-	-	-	-	-	-
	No. of Audit Firms Inspected	29	14	13	10	7	7	17	9	6	6
6	Audit Inspections - Findings on regular inspections										
	No. of audits Compliant	35	41	40	19	18	23	21	23	13	19
	No. of audits Compliant with Observations	56	55	42	11	13	3	12	9	3	3
	No. of audits Non-Compliant	-	2	2	-	-	-	-	-	-	-
	No. of audits referred for investigation	-	1	-	-	-	1	-	-	-	-
	No. of audits for which Warnings were Issued	-	-	1	1	2	-	1	1	-	-
		91	99	85	31	33	27	34	33	16	22
7	No. of public complaints attended to										
	-	1	1	2	2	1	-	-	-	-	-
8	No. of clarifications issued										
	7	5	6	2	6	4	2	-	4	-	-
		7	6	7	4	8	5	2	-	4	-

Ten Year Summary of Performance

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
9	No. of Board Meetings held	8	13	12	12	10	9	14	9	15	7
	90%-100% Attendance	4	3	3	1	5	5	4	3	1	1
	80%-90% Attendance	3	1	-	3	-	3	3	2	2	2
	70%-80% Attendance	1	3	1	1	2	2	2	2	3	3
	Less than 70% Attendance	3	4	7	6	9	3	5	6	7	7
10	No. of learning activities of the staff	46	13	48	48	41	37	47	33	19	55
11	Attendance at meetings of International organizations and other sessions	6	19	9	8	8	-	4 (virtual)	2 (virtual)	-	-
12	Total Staff (As at period end)	20	21	22	21	17	18	17	16	10	15
13	Total Technical staff (As at period end)	14	15	15	14	11	11	10	9	5	7
14	Operating expenses in Rs. 000										
	- Actual	69,159	72,371	84,352	90,138	78,512	65,159	71,236	77,015	71,545	104,668
	- Budget	66,000	66,000	80,000	88,000	100,000	92,657	127,036	120,000	118,496	120,000
	- Increase % in actual cost compared with previous year	13.5	4.6	16.6	6.9	-12.9	-17.0	9.3	8.1	-7.1	46.3
15	Staff cost in Rs. 000										
	- Actual	37,322	39,350	42,351	44,084	41,488	36,923	35,496	39,456	35,050	53,418
	- Budget	38,102	36,095	40,471	41,637	47,390	44,451	73,822	71,719	67,223	78,650
	- Increase % in actual cost compared with previous year	18.0	5.4	7.6	4.1	-5.9	-11.0	-3.9	11.2	-11.2	52.4
	- % of Operating expenses	54.0	54.4	50.2	48.9	52.8	56.7	49.8	51.2	49.0	51.0

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 or 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 the purpose, 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
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Auditors
Statutory Auditors
 The Auditor General
 Auditor General's Department
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Internal Auditors
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 No 100, Braybrooke Place
 Colombo 2

Bankers
 Bank of Ceylon

Legal Advisers
 Attorney General
 Attorney General's Department
 Colombo 12



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