



# **Excellence in Integrated Reporting Awards - 2015**

## **Global Management Accounting Summit**



**BUSINESS RESILIENCE  
THROUGH  
INTEGRATED  
REPORTING**

**27<sup>th</sup>, 28<sup>th</sup> & 29<sup>th</sup> July 2015**

## CMA EXCELLENCE IN INTEGRATED REPORTING AWARDS 2015

The Institute of Certified Management Accountants of Sri Lanka (CMA) has organized the “CMA Excellence in Integrated Reporting Awards” which will be held to coincide with the Global Management Accounting Summit on the theme “Business Resilience through Integrated Reporting “ from 27 - 29 July 2015 at Hotel Cinnamon Lakeside, Colombo.

The purpose of the Excellence in <IR> Awards is to promote Sri Lankan companies both listed and unlisted and state institutions to undertake integrated reporting which will be beneficial to investors and stakeholders. The integrated reports are evaluated by using guidelines applicable in the International <IR> framework issued in December 2013. The evaluation will take into account not only the accounting and financial information but also non-financial information provided in <IR>.

We are pleased to invite your organization to take part in the competition and to send us your Annual Report on or before 05<sup>th</sup> July 2015 to CMA Head Office.

For Banks and Insurance companies the annual report is upto 31<sup>st</sup> December 2014 and other companies 31<sup>st</sup> March 2015.

The Global Management Accounting Summit will have the participation of the president International Federation of Accountants, International Integrated Reporting Council, Management Accounting bodies in South Asia, USA, Canada and SAFA members.

The judging will include the extent to which the frameworks fundamental concepts such as an explanation of the business models and how value is created have been incorporated to the integrated report. The importance of exercising a clear, concise, connected and comparable presentation will be given preference.

**Guide lines and application form are enclosed herewith and should be returned on or before 05<sup>th</sup> July 2015.**

**Prof. Lakshman R. Watawala** FCMA, FCA, FCMA(UK), CGMA  
President

## APPROACH

Integrated reporting is new to Sri Lanka and there are no legislative or other requirements for organisations to prepare integrated reports. Therefore organisations include the principles of integrated reporting in their annual reports on a voluntary basis.

The annual reports currently produced by organisations will be reviewed for the purposes of the Award.

The International <IR> Framework will be used as the basis for the mark plan. The <IR> Framework was published in December 2013 and therefore would have been available to organisations for the whole of 2014. However depending when the organisation's year end occurs, some organisations will have had more time to prepare their reports.

This is the first year that the Award is being presented and therefore the panel of judges will view the reports from a perspective of achieving the integrated principles and not on a compliance basis. Furthermore, integrated reporting will differ from organisation to organisation depending upon the industry and the material issues faced by the entity. History shows that implementation of integrated reporting is a journey and that it takes organisations some years to be able to produce high quality reports.

The reporting years for the different sectors will be as follows:

- **Banking and Insurance Sectors**  
31st December 2014
- **Other Sectors**  
31st March 2015

## OBJECTIVE

The main objective of the Award is to promote the adoption of integrated reporting in Sri Lanka and to enhance the quality of corporate reporting in the country.

## QUALIFYING REPORTS

Reports of the top 50 companies listed on the Colombo Stock Exchange will be considered after a review of all applications received for the Award as these companies are likely to be producing the better reports. The top 50 companies will be assessed in terms of the size of their market capitalization and categorized into Large, Medium and Small.

The competition will also be open to overseas companies in the South Asian Region.

## MARKING PROCESS

The marking process will be done in two steps. The top 50 reports will be marked on a simple basis to measure whether or not the companies are addressing the principles of integrated reporting. Out of the top 50 companies 15 will be chosen for marking by the panel of judges. The 15 reports chosen will be marked by at least three of the panel of judges.

## APPLICATIONS

All companies entering the competition should send six hard & soft copies of their Annual Report on or before 05<sup>th</sup> July 2015. The Annual Reports should be for the period ended 31<sup>st</sup> December 2014 for Banking and Insurance Companies and for other companies it will be 31<sup>st</sup> March 2015.

## TECHNICAL EVALUATION PANEL

A Panel of 3 will do the initial evaluation to select 15 best Integrated Reports for submission to panel of judges.

## PANEL OF JUDGES

A minimum of three local and foreign judges will serve on the panel of judges and will be responsible for the selection of 10 Excellent Integrated Reports and 1st, 2nd and 3rd place winners. The decision of the panel of judges will be final and binding on all applicants.

## MARK PLAN

The mark plan will be based on the guiding principles, content elements and fundamental concepts that appear in the International <IR> Framework.

- Equal weightage will be given in the awarding of marks for each of the **guiding principles** which are:
  - strategic focus and future orientation
  - connectivity of information
  - stakeholder relationships
  - materiality
  - conciseness
  - reliability and completeness
  - consistency and comparability
- Similarly, an equal weightage of marks will be awarded for each of the **content elements** which are as follows:
  - organizational overview and external environment
  - Governance,
  - Business Model
  - strategy and resource allocation
  - risks and opportunities
  - performance
  - outlook
  - basis of preparation and presentation.
- In addition an equal weightage will be awarded for the extent to which the Framework's **fundamental concepts**
  - explanation of the value creation process
  - and the capitals have been incorporated into the integrated report.

In assessing reports, the judges will apply considerable judgement and discretion taking into account the newness of the process and the variable conditions under which organisations operate. The reports will be initially evaluated by a technical evaluation panel and they will select 15 for evaluation by the panel of judges.

## AWARDS

An award will be presented to companies producing the 10 best integrated reports. In addition trophies will be presented to the company producing the best report, runner up and third place.

Certificates of Merit will be awarded to those companies who have fulfilled the criteria of Integrated Reporting.

**The awards will be presented in Colombo at the inauguration of the Global Management Accounting Summit on 27th July 2015. The theme of the Summit is "Business Resilience through Integrated Reporting" and the Awards ceremony will also be part of the main celebrations of the event where the President of the International Federation of Accountants, Directors and senior officials from International Integrated Reporting Council, Global Reporting Initiative and Presidents from South Asian Accounting bodies will be present.**

## SIX CAPITALS

### 1. Financial Capital

Financial capital is broadly understood as the pool of funds available to an organization. This includes both debt and equity finance. This description of financial capital focuses on the source of funds, rather than its application which results in the acquisition of manufactured or other forms of capital.

### 2. Manufactured Capital

Manufactured capital is seen as human-created, production-oriented equipment and tools. A distinction is drawn between inventory (as a short term asset) and plant and equipment (tangible capital). Although the identification of these items is generally agreed, their accounting treatment, particularly in terms of valuation, depreciation and taxation, is more contentious.

### 3. Intellectual Capital

Intellectual capital is a key element in an organization's future earning potential, with a tight link and contingency between investment in R&D, innovation, human resources and external relationships, which can determine the organization's competitive advantage.

### 4. Human Capital

Is "generally understood to consist of the individual's capabilities, and the knowledge, skills and experience of the company's employees and managers, as they are relevant to the task at hand, as well as the capacity to add to this reservoir of knowledge, skills, and experience through individual learning".

### 5. Social Capital and Relationship Capital

Aspects of social and relationship capital in a business context relevant to <IR> include: the strength/ efficacy of supply chain relationships (e.g., establishing quality expectations, just-in-time delivery systems, and recycling programmes), community acceptance, government relations, relationships with competitors (e.g., coming together to develop industry standards), and customer loyalty. It is only by building relationships that an organization can retain its social licence to operate.

### 6. Natural Capital

There is a broad consensus in the literature that natural capital includes resources, such as timber, fish, water, minerals, etc., which can be used by humans to provide a return. In addition to these resources, there are a number of processes from which humans benefit that are provided by nature, which some sources define as "ecosystem services".

## GUIDING PRINCIPLES

The following Guiding Principles underpin the preparation of an integrated report, informing the content of the report and how information is presented:

- **Strategic focus and future orientation:**  
An integrated report should provide insight into the organization's strategy, and how it relates to the organization's ability to create value in the short, medium and long term, and to its use of and effects on the capitals
- **Connectivity of information:** An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time
- **Stakeholder relationships:** An integrated report should provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests
- **Materiality:** An integrated report should disclose information about matters that substantively affect the organization's ability to create value over the short, medium and long term
- **Conciseness:** An integrated report should be concise
- **Reliability and completeness:** An integrated report should include all material matters, both positive and negative, in a balanced way and without material error
- **Consistency and comparability:** The information in an integrated report should be presented:  
(a) on a basis that is consistent over time; and  
(b) in a way that enables comparison with other organizations to the extent it is material to the organization's own ability to create value over time.

## CONTENT ELEMENTS

An integrated report includes eight Content Elements that are fundamentally linked to each other and are not mutually exclusive:

- **Organizational overview and external environment:** What does the organization do and what are the circumstances under which it operates?
- **Governance:** How does the organization's governance structure support its ability to create value in the short medium and long term?
- **Business model:** What is the organization's business model?
- **Risks and opportunities:** What are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them?
- **Strategy and resource allocation:** Where does the organization want to go and how does it intend to get there?
- **Performance:** To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?
- **Outlook:** What challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?
- **Basis of presentation:** How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?



## Institute of Certified Management Accountants of Sri Lanka

Incorporated by Parliament Act No. 23 of 2009

### Application form

#### CMA Excellence in Integrated Reporting Awards

Duly completed Application Form for CMA Excellence in Integrated Reporting Award together with the following

1. Application fees of Rs.10,000
2. 6 Hard copies of Annual Reports
3. 6 Soft copies in CD format
4. Availability of soft copy of Annual Report on website & access details to be sent.

Cheque No : .....

Bank : .....

(Cheques in favour of "Institute of Certified Management Accountants of Sri Lanka").

#### PLEASE USE THE BLOCK CAPITALS

Organization : .....

Office Address : .....

Contact Person : .....

#### Contact Details

Office : .....

Mobile : .....

E-mail : .....

Web : .....

Market capitalization as at the balance sheet - 31/12/2014 or 31/03/2015

Date : ..... Rs. : .....

Signature : ..... Date : .....

All applications should be submitted on or before 05<sup>th</sup> July 2015 to reach

#### Executive Director

CMA Secretariat

Institute of Certified Management Accountant of Sri Lanka

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