







CMA, the Premier National Professional Management Accounting Body.

## MISSION

To train and develop Management Accounting professionals who are: innovative, socially responsible, knowledgeable & capable of sustainable value creation.

## VALUES

Excellence in everything we do Trust & Integrity, Openness, Honesty, & Transparency, Embracement of diversity, Professionalism, Adaptability & Innovation, Supportiveness & Responsiveness.



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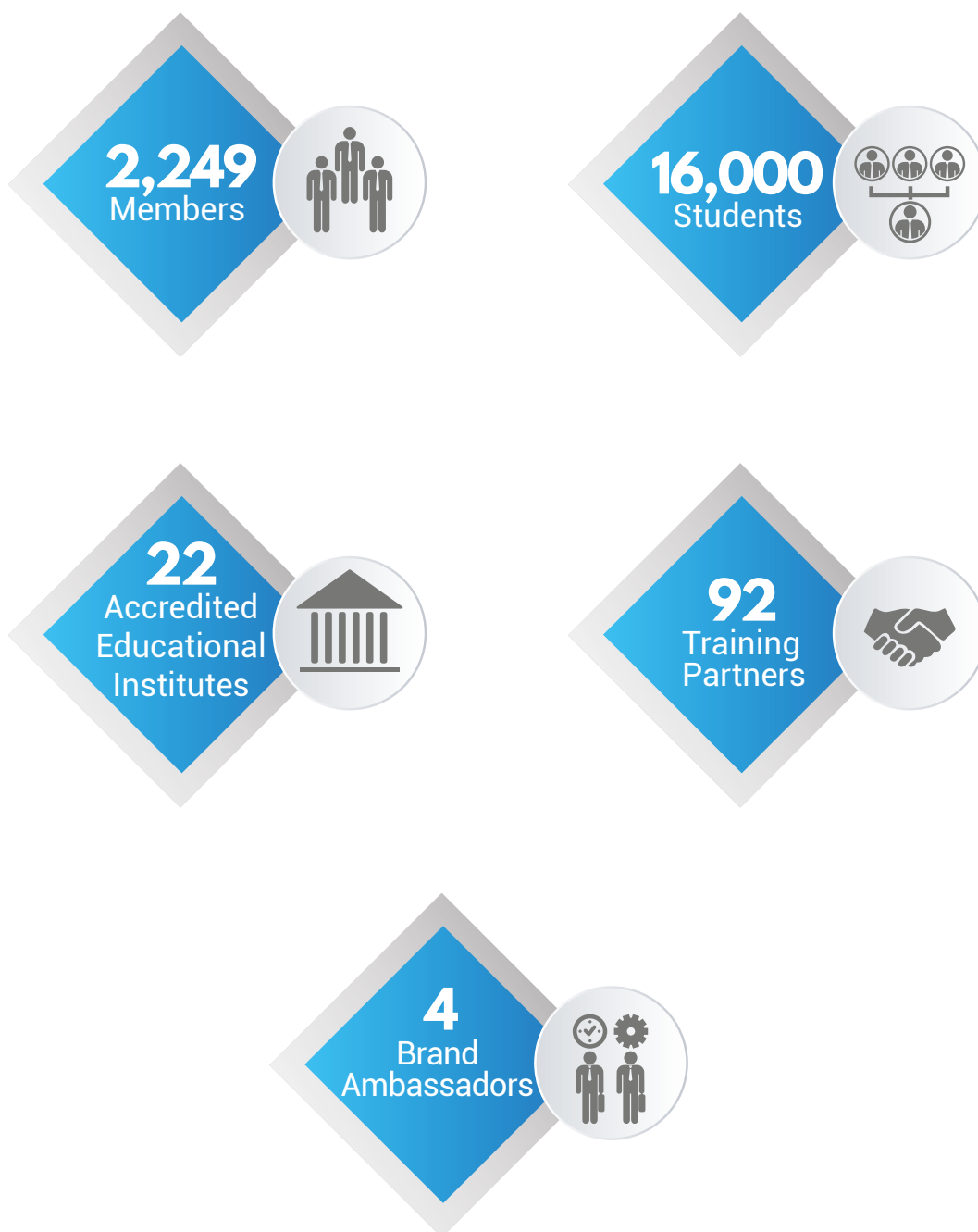
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## OUR OBJECTIVES

### **"To be the Centre of Excellence in Management Accountancy Education"**

- 1) Improve quality of education in Management Accounting.
- 2) Improve quality of the examination process and enhance recognition of the qualification.
- 3) Improve CPD and member development.
- 4) Increase industry adoption of Cost and Management Accounting standards.
- 5) Establish and issue Management Accountancy standards, and encourage the application of correct principles, techniques, Cost Accounting Record Rules, and practices of Management Accountancy.
- 6) To take necessary steps to promote the profession and its practice to industry, commerce, service, education, finance, public service and IT sectors.
- 7) To provide for a postgraduate management accounting qualification for the professional development of members.
- 8) To collaborate with recognised local and foreign professional and educational institutions to promote studies in such institutions and to obtain exemptions and recognition in the field of Management Accountancy for members of the Institute.

## KEY ENABLERS





## Legal Status: Incorporated in Sri Lanka: Parliament Act No. 23 of 2009

### Patrons

Role: Ambassadors of the Institute

Hon. Ravi Karunanayake; Minister of Power, Energy and Business Development

Hon. Bandula Gunawardena; Member of Parliament, Former Minister of Education

Prof. G.L. Peiris; Former Minister of External Affairs

H/E David McKinnon; Canadian High Commissioner in Sri Lanka

### Governing Council

Role: Providing strategic direction, monitoring performance and ensuring good corporate governance practices.

#### President

**Prof. Lakshman R. Watawala**

FCMA, FCA, FCMA(UK), CGMA, FCPM, FMAAT

#### Vice President

**Mr. H.M. Hennayake Bandara**

FCMA, FCA, FMAAT, BCom(Sp), Dip.in Acc., FCPM

#### Members

**Mr. W.A.A.D Perera**

FCMA, FCMA(UK), CGMA, FCCA(UK)  
MBA(Sri.J), FCPM

**Mr. M.R.A. Perera**

FCMA, FCMA(UK), CGMA, BSc(Acc.), MBA(PIM)

**Mr. J. M. U. B Jayasekera**

FCMA, FCA, BSc (Mgt-USJ), FMAAT, FPFA

**Dr. Harendra Kariyawasam**

PhD (Mgt.) (Malaysia), MCom (Kelaniya),  
Dip. in FM (India) BSc Mgt. (Pub) (Spc) (SJP), MAAT  
Nominee: University of Sri Jayawardenapura

**Mr. H.M.A. Jayasinghe**

FCMA, FCA, FCMA(UK), CGMA  
Nominee – CA Sri Lanka

**Mr. P.V.L. Nandasiri**

ACMA, FCA(UK), BSc (Sri.J)  
(served from 20-4-2017 to 31-12-2018)  
Nominee – Central Bank of Sri Lanka

**Ms. Kumari Wijewardane**

ACMA, FCA, Masters in Economics and Finance  
B.Com (Sp)  
(commenced term on 01-01-2019)  
Nominee – Central Bank of Sri Lanka

### Advisory Council

Role: Supportive and advisory. Includes academics and professionals of local and international repute.

**Mr. H. D. S. Amarasuriya**

FCMA, FCA, FCMA(UK), CGMA  
Former Chairman, Singer Sri Lanka and  
Former Chairman, Sri Lanka Insurance Corporation Ltd.

**Ms. Joy Thomas**

MBA, FCMA, C.Dir  
CEO of CPA Canada, Board Member IFAC

**Prof. John O Miller**

AO, BA, B Com, PhD, FCPA, FAICD, FCMA  
Former Head, Graduate School of Management, Swinburne  
University of Technology Australia; Former Prof. Monash  
University; Past President,  
Confederation of Asian and Pacific Accountants (CAPA).

**Prof. David Hunt**

MSc, FCA, FCIPD, CPFA, FFA, FMAAT, FCMA, FRSA  
President, Institute of Financial Accountants, Former  
PKF International Partner (Pannell Kerr Forster); Past  
UK representative on IFAC Education Committee; Past  
Chairman of British Isles Accountancy Profession's Education  
Committee; Past President, AAT (UK)

**Mr. A. N. Raman**

FCMA, FCMA (India), ACA, CPA (Aus.)  
Management Consultant; Former Central Council Member,  
ICWA India; Past President, SAFA; and Former Member,  
Financial and Management Accounting Committee (FMAC)  
and Former PAIB, Committee of the International Federation  
of Accountants (IFAC)

**Prof. P.R. Mather**

MA, PhD, FCA (E&W), FCPA  
Professor of Accounting and Corporate Governance and  
Former Head, School of Accounting La Trobe University,  
Australia; Former Assoc. Dean (Higher Research Degrees),  
Faculty of Business and Economics, Monash University,  
Australia

**Mr. S.E. Satharasinghe**

FCMA, FCA, BSc.  
Financial Advisor; Former Chairman, Brooke Bond.

**Mr. F.H. Puvimanasinghe**

FCMA, FCA  
Former Senior Partner Puvimanasinghe and Company



## Governing Council



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



**Mr. H.M. Hennayake Bandara**  
FCMA, FCA, FMAAT, BCom(Sp), Dip.in Acc., FCPM  
Vice – President



**Mr. W.A.A.D. Perera**  
FCMA, FCMA(UK), CGMA, FCCA(UK)  
MBA(Sri.J), FCPM  
Member



**Mr. M.R.A. Perera**  
FCMA, FCMA(UK), CGMA, BSc(Acc.),  
MBA(PIM)  
Member



**Mr. J.M.U.B. Jayasekara**  
FCMA, FCA, BSc (Mgt-USJ), FMAAT,  
FPFA  
Member



**Dr. Harendra Kariyawasam**  
PhD (Mgt.) (Malaysia), MCom (Kelaniya),  
Dip. in FM (India) BSc Mgt.  
(Pub) (Spc) (SJP), MAAT  
Nominee: University of Sri Jayawardenapura  
Member



**Mr. Manil Jayasinghe**  
FCMA, FCA, FCMA(UK), CGMA  
Nominee – CA Sri Lanka  
Member



**Ms. Kumari Wijewardane**  
ACMA, FCA, Masters in Economics and  
Finance  
B.Com (Sp)  
(commenced term on 01-01-2019)  
Nominee – Central Bank of Sri Lanka  
Member

# Management

## Chief Executive Officer

**Mr. D. W. S. Narangoda**  
FCMA, BSc. (Bus.Ad), M.Sc (UK)

**Mr. L.B Wattegedara**  
**Consultant**  
BA (Hons), FCPM, JP (A.I)

**Mr. Kosala Dissanayake**  
**Consultant**  
FCMA, FCA

**Mr. B. M. Premarathna**  
**Consultant**  
FCMA, B.Com(Sp),  
MBA (Bus.Admin.), FIB

**Operations**  
**Mrs. Sumudu Pagoda**  
Senior Director  
Operations  
MBA (HRM) PGDHRM,  
Dip HRM, Dip LL,  
PQHRM, FCMI (UK)

**Membership**  
**Mrs. Shanthi Maheswaran**  
Director Member Services

**Examinations**  
**Mrs. M.P Ginigaddarage**  
Director Examinations,  
MBA (Finance), UoK  
BA 1st Class UoK, ACS

**Finance**  
**Mrs. J.A.G Dilhani Jayasinghe**  
Head of Finance  
B. Com Sp (Kel), AMA,  
MCPM

**Education & Training**  
**Mrs. L.J.R Chandraratne**  
Senior Assistant Director  
Education, Training &  
Research  
MBA (PIM – SJP), B.Com.  
Sp.(SJP), CIMA (UK) Passed  
Finalist

**Registrations**  
**Mr. Bhanuka Harischandra**  
Manager – Student Affairs  
CIMA Passed Finalist,  
Dip ICT

**Marketing**  
**Mr. Nalinda Thilakaratne**  
Manager Marketing  
  
**Mr.J.R.A Indika Kumara**  
Asst. Manager Marketing  
BSc (Bus. Admin)

**Mr. Pradeep Jayatissa**  
Assistant Director  
Examinations,  
BSc (Business Admin)  
CBA

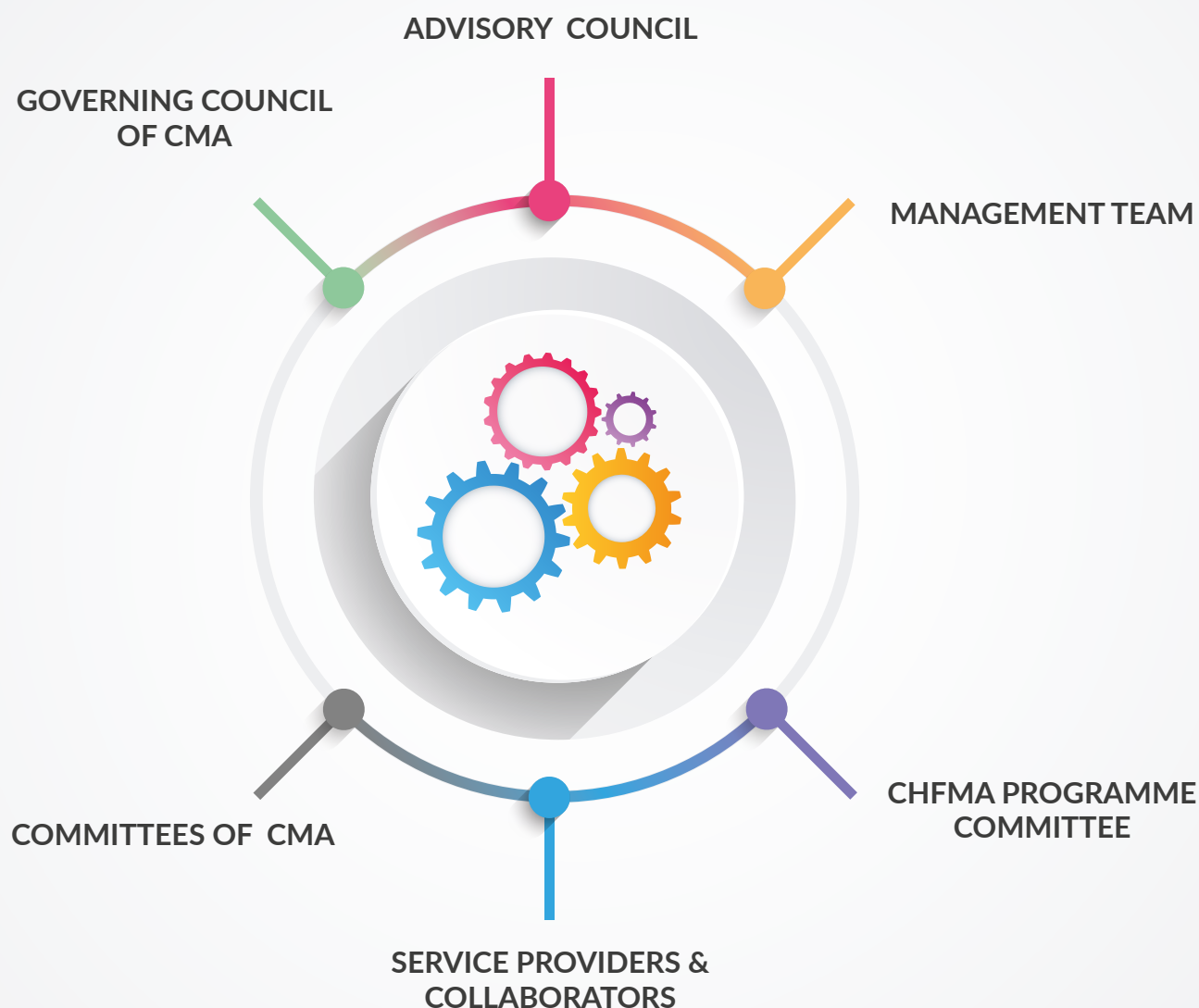
**Secretariat**  
**Mrs. Ramyani Wickramasinghe**  
Secretary

**Computer Centre**  
**Ms. Sandeepika Jayatilaka**  
Manager  
BSc. Hons (MIS), Dip  
Computer Sys Design,  
ACS 11

**Ms. Madushi Hapuarachchi**  
Manager Education  
Training & Research  
ACMA (UK) CGMA, Msc.  
Fin (USJ) reading

# INTRODUCTION

## Our Operations



Established in 1999 as the Society of Certified Management Accountants of Sri Lanka, CMA has grown steadily with a sizeable network of students and members whose needs are catered to through its organisational structure.

The Parliament Act No. 23 of 2009 recognised CMA's function as the National Professional Management Accounting Institute in Sri Lanka, addressing the need for training of students in Management Accounting who can competently handle real life experience in a

local context as well as a global context.

CMA's emphasis on Continuing Professional Development ensures that members continue to update their knowledge and skills and change with the needs of the work environment through shared expertise and experiences.

CMA recognises the need for global and local collaboration and exchange of ideas, adoption of standards and best practices.

## International Recognition

### Membership

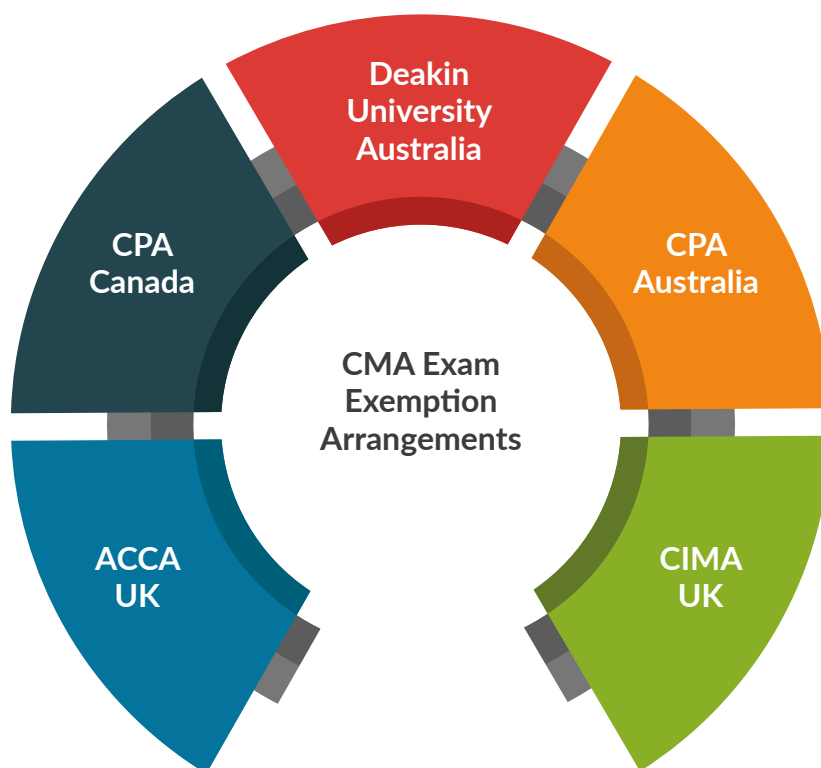
International Recognition



South Asian Federation of Accountants



### Exam Exemption Arrangements



## Recognition For Postgraduate MBA Programmes

- Deakin University – Melbourne Australia
- Postgraduate Institute of Management – Sri Lanka
- University of Colombo – Sri Lanka
- Open University of Sri Lanka
- University of Sri Jayawardenapura – Sri Lanka
- Commonwealth Executive Master of Business

## Other Collaborations

- ICMA Bangladesh
- ICMA Pakistan
- Institute of Cost Accountants of India
- Sri Lanka Institute of Advanced Technological Education (SLIATE)
- University of Colombo
- University of Wayamba
- University of Kelaniya
- University of Jaffna
- University of Sri Jayewardenepura
- South Eastern University
- Uwa Wellassa University
- Sabaragamuwa University
- Eastern University
- The Sri Lanka Foundation Institute
- Sri Lanka Institute of Tourism & Hotel Management
- Sri Lanka Institute of Information Technologies (SLIIT)
- National Institute of business Management (NIBM)
- Sri Lanka Institute of Marketing (SLIM)
- National Chamber of Commerce Sri Lanka
- International Chamber of Commerce Sri Lanka (ICC)
- Pearson Vue Computer Based Testing

# ABOUT THIS REPORT

This Integrated Report has been prepared to be presented by the Governing Council at the 19<sup>th</sup> Annual General Meeting of the Institute of Certified Management Accountants of Sri Lanka.

2018 was an eventful year for CMA, with many developments and opportunities for its stakeholders. The Institute's premier event – the Global Management Accounting Conference – was an unparalleled knowledge-sharing opportunity, featuring eminent speakers of local and international calibre from diverse backgrounds. This year's theme, **“Integrated Reporting – Future of Corporate Reporting”**, addressed the changing needs of corporate reporting and value creation. The presence of IFAC President Ms. Rachel Grimes and her contribution as keynote speaker were among the highlights of the event.

The conference was also an opportunity to recognise excellent reporting amongst institutions and notable achievements of professionals in the field of Management and Financial Accountancy. We are proud to be headed by the winner of the CMA Lifetime Achievement Award for outstanding leadership and contribution to the profession, the Founder President of CMA, Professor Lakshman R. Watawala.

## Compliance

The guidelines provided by the International Integrated Reporting Council (IIRC) [www.theiirc.org](http://www.theiirc.org) have been our beacon since 2014.

This year, we have endeavoured to enhance connectivity of information and present a concise and holistic picture which is easily comprehensible, while maintaining consistency.

## Reporting boundary

The report contains quantitative and qualitative information for the period ending 31<sup>st</sup> December 2018, in keeping with the standards expected of a professional body incorporated in Sri Lanka. The integrated report combines financial and non – financial performance metrics.

## Reliability and Assurance

The Corporate Governance and Integrated Reporting Committee of CMA heads the reporting process to ensure materiality, relevance and accuracy. The full responsibility for the content of the document lies with the Governing Council of CMA.

## Auditor's Report

The Institute's auditors, KPMG (Chartered Accountants) have carried out an independent audit on CMA's financial statements and their audit report has been included with this annual report.

## President's Message



In a globally connected world, we are often faced with conflicting ideas and systems that need to be considered when making decisions. How leaders think is becoming crucial to an organisation's survival and success. Most successful leaders are integrated thinkers who are good at problem solving. CMA has been championing this cause through the Excellence in Integrated Reporting Awards, since 2015.

Integrated thinkers see the organisation holistically and are able to visualise the interconnectedness of internal units and the external environment. Today's chaotic environments are best handled by integrated thinkers who embrace complexity and are tolerant of uncertainty while resolving conflicting issues through creativity. We are becoming increasingly aware that there are no common solutions for all. The integrative process of thought and the blend of ideas generated which result in limitless opportunities will become the way into the future.

Integrated reporting encourages embedding such thinking into the activities of the organisation. Preparing insightful integrated reports which meet stakeholders' information requirements is facilitated by the cohesion in an organisation's processes. The challenges we face today, including the conventional mindset of people and the necessity for organisations to train their people, have never been greater.

As an institute that has influence over how tomorrow's management accountants and decision-makers

think, CMA's priority for the year has been providing opportunities for training through workshops, seminars and conferences on related topics. CMA's Excellence in Integrated Reporting Awards is an initiative that encourages adoption of the process and creation of awareness of the value it brings to an organisation. This year, we published our Journal with Integrated Reporting as the theme, to further assist organisations through the transition from traditional practices to integrated thinking and reporting and to coincide with the Global Management Accounting Conference.

Lifetime awards of achievement and awards of excellence are recognitions of service rendered which have helped influence the management accounting profession and how business is conducted in the community. We strive to remain a sustainable and positive presence by adapting and embracing diversity. In 2019, we look forward to celebrating 20 years of service, as a fitting tribute to all those who have been a part of this historic mission.

We understand that this is an effort that has not reached its full potential and welcome the participation of all stakeholders on this continuous journey of development.

**President**  
Prof. Lakshman R. Watawala



# KEY MILESTONES

**Set up with technical assistance of CMA**

**Canada** (now CPA Canada), initial funding from Canadian International Development Agency (CIDA)

**Syllabus & Examination developed** with the

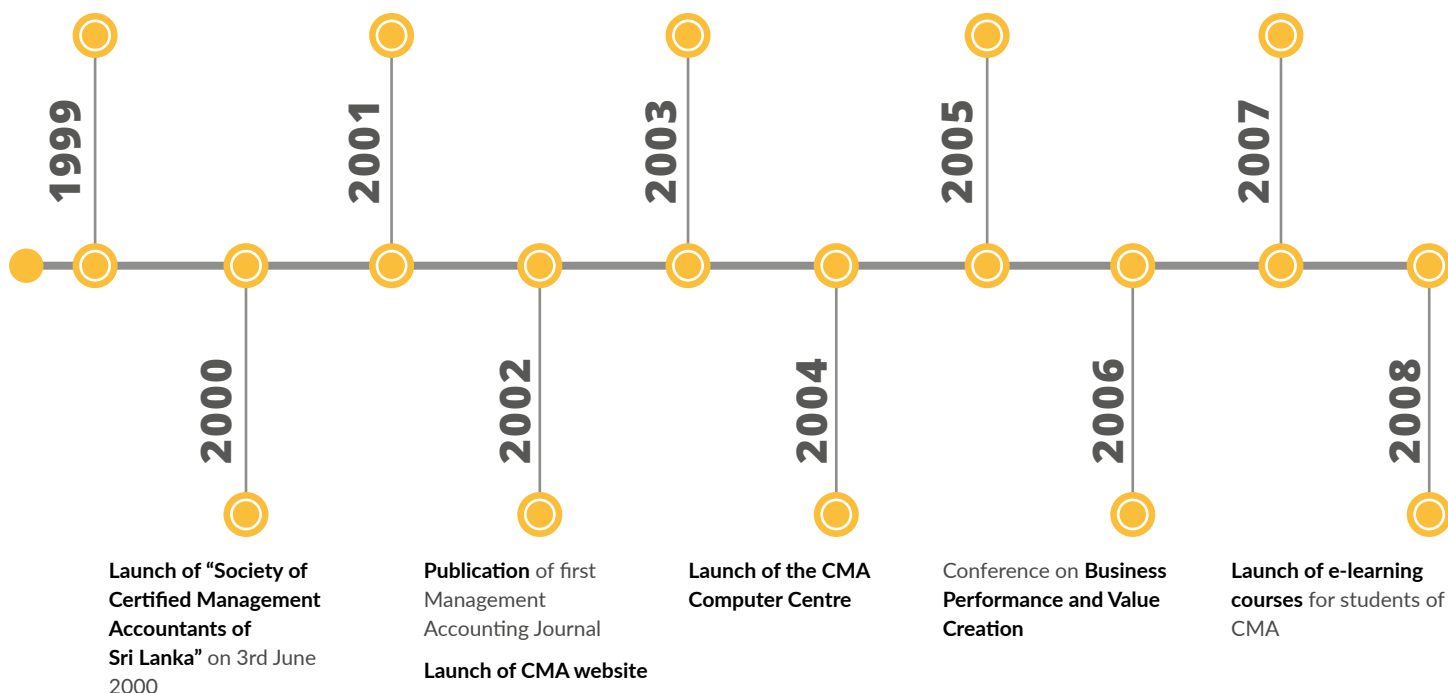
technical assistance of CMA Canada now CPA Canada

**Expansion of services** to all geographical regions in Sri Lanka

**First Graduation Ceremony**

**First CMA Business Excellence Awards** to recognise Professional Accountants

Signed MoU with All-India Management Association New Delhi, India



**Tabling of Draft Bill in parliament by the Hon Bandula Gunawardena, Minister of cooperatives and International Trade for incorporating CMA Sri Lanka** and unanimous passing of the bill in March 2009

**Incorporation** of the Institute of Certified Management Accountants of Sri Lanka by Parliament Act No. 23 of 2009.

**Obtained Membership of SAFA** (South Asian Federation of Accountants)

Signed MoU with the **Association of Chartered Certified Accountants UK and Young Entrepreneurs of Sri Lanka (YESL)**

First overseas examination centre in Dubai

**State sector employees' empowerment programmes** initiated by conduct of programme for Samurdhi Authority

**Appointment of committees by the Governing Council** to undertake various activities

**Commencement of CMA Speech Craft programme**  
**Formed CMA Toastmasters club**

**Commencement of CMA Excellence in Integrated Report Awards competition** & first IR Awards presented by HE President of Sri Lanka Maithripala Sirisena & President of IFAC Ms. Olivia Kirtly

**Visit by IFAC President** Ms. Olivia Kirtly to CMA head office

**CMA Global Management Accounting Summit Inauguration** was presided over by H.E. Maithripala Sirisena and IFAC president

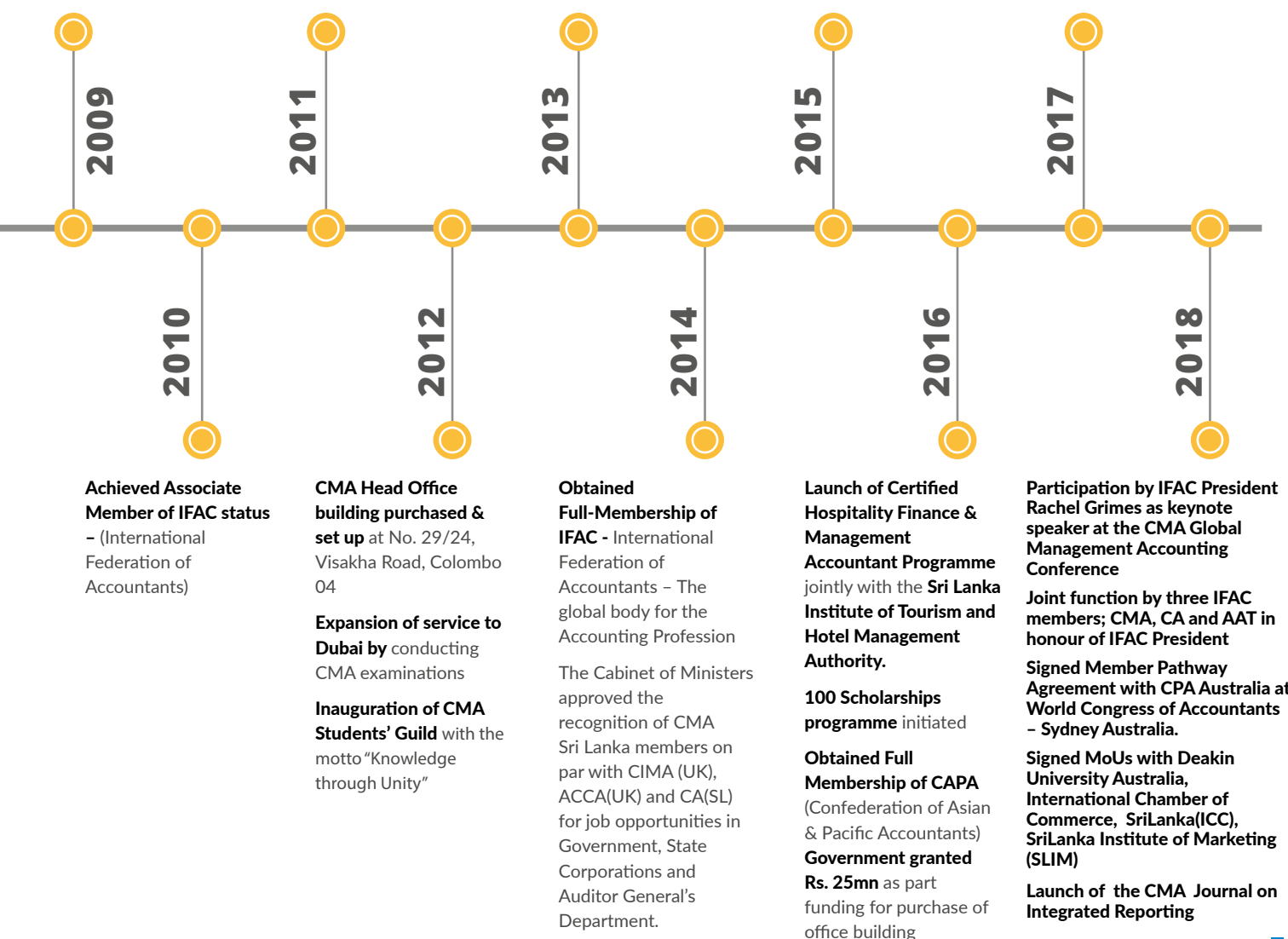
**Hosted SAFA board meeting** in Colombo

**Signed MoU with Pearson VUE** for conduct of computer-based examinations

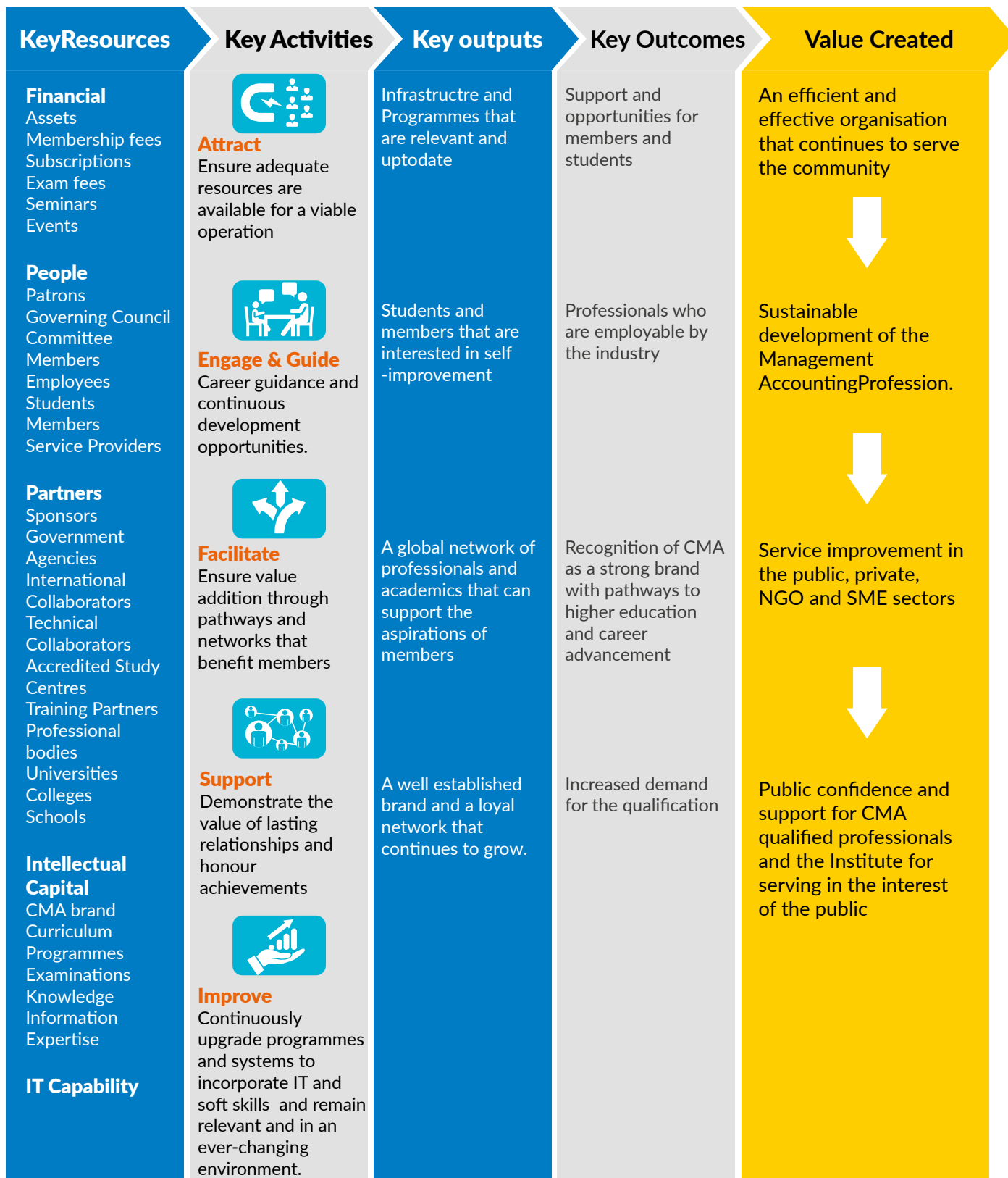
**Commencement of First batch of CHFMA classes** at Sri Lanka Hotel School premises.

**Chief Guest and Key Note Speaker at CMA Excellence in Integrated Reporting Awards** was Mr Richard Howitt CEO International Integrated Reporting Council (IIRC)

**The Treasury Secretary** sent a circular to all Ministry Secretaries as per cabinet decision of September 2014 to include in the schemes of recruitment (SOR) of all state corporations, state owned enterprises the CMA qualification on par with the other local and foreign professional accounting qualifications



# Value Creation



## 2018 Highlights



CMA Global Management Accounting Conference 2018 at Cinnamon Lakeside, Colombo  
Keynote speaker IFAC President Ms. Rachel Grimes



Technical Session 2 -  
The Role of  
Integrated Thinking

Technical Session 4 -  
Panel Discussion -  
Practical Experiences and  
Way Forward in <IR>



Technical Session  
3 - Implementing  
Integrated Reporting

Launch of Journal on  
Integrated Reporting





## 2018 Highlights



### IFAC President's Visit

IFAC president Ms. Rachel Grimes meeting with Central Bank of Sri Lanka, Governor, Dr. Indrajit Coomaraswamy



Presidents of three IFAC-member Professional Accounting Bodies of Sri Lanka; CA, CMA & AAT presented a plaque of appreciation to IFAC President, Ms Rachel Grimes at the joint dinner to felicitate IFAC President

IFAC President's meeting with Securities Exchange Commission Chairman, Mr. Ranel Wijesingha



Presenting of CMA Journal to Hon. Prime Minister Ranil Wickremesinghe by IFAC President Ms. Rachel Grimes, and CMA President Prof. Lakshman R. Watawala



## 2018 Highlights



**CMA Lifetime Achievement Award presented to Prof. Lakshman R. Watawala**  
by Hon. Speaker Karu Jayasuriya and IFAC President Ms. Rachel Grimes

Recognition of Outstanding Leadership and Contribution to the Accountancy Profession Life Time Achievement Award presented by Chief Guest Speaker of Parliament Hon. Karu Jayasuriya and International Federation of Accountants (IFAC) President Rachel Grimes to CMA President Prof. Lakshman R. Watawala. Accompanied by (from left) South Asian Federation of Accountants (SAFA) President Dr. Suvod Kumar Karn, CMA Vice President Mr. Hennayake Bandara, Institute of Chartered Accountants of Sri Lanka President Mr. Jagath Perera, Canadian High Commissioner H/E David McKinnon and Prof. Ho Yew Kee, Professor of Accounting and Associate Provost (Skills Future and Staff Development) Singapore Institute of Technology



**Granting of Fellow Membership of CMA to IFAC President Ms. Rachael Grimes**



**Student Recognition – CMA Sri Lanka IFAC President Ms. Rachel Grimes awarding a certificate to CMA student**



**Honouring Achievements: Winners of Excellence in Integrated Reporting Awards 2018**



**Professional Excellence Awards 2018**

# REPORT OF THE GOVERNING COUNCIL

## Economic and Local Industry Environment

The slow down in economic growth of Sri Lanka has had an impact on the choices made by parents and students. Migration for better opportunities has become a common trend. While education is still a thriving sector, most of the options available to students have been above the reach of average wage earners.

CMA has made every effort to ensure that its qualifications are affordable and accessible from all corners of the country. The affordability combined with international collaborations offers students hope that they can reach their potential and become part of a globally recognised profession.

CMA's strategy has great potential in the local community, as it combines tapping into human potential with economic development. There is an urgent need for training of cost accountants who can help ease the current economic situation where an organisation should focus on cost efficiency rather than wasting valuable resources.

CMA's members are well placed to provide expertise in Cost and Management Accountancy to the government sector, private sector, state institutions, export industry, service sector, banks and financial institutions, SMEs. The country's middle income status and greater increase in ICT literacy is opening new doors for delivery of education and training and CMA is alert and responsive to these developments.



# CAPITAL MANAGEMENT



- Financial Capital
- Manufactured Capital
- Human Capital
- Natural Capital
- Intellectual Capital
- Social and Relationship Capital

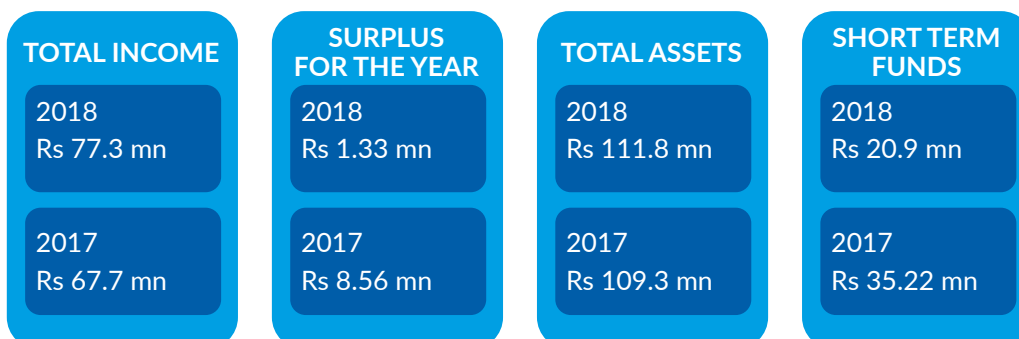
# Financial Capital



CMA was initially funded by the Canadian International Development Agency (CIDA) and has progressed since then, becoming a self funding institution through the growth of student numbers, members and industry support for the organisation's continuing development programmes.

In 2016, CMA also received Rs. 25mn as a government grant with the approval of the cabinet of ministers. This was part contribution towards purchase of the Institute's own building.

Below is a representation of how CMA performed in 2018, compared to 2017.



## Manufactured Capital

The manufactured capital value is mainly that of CMA's own building which is being maintained at Visakha Pvt Road, Bambalapitiya. In 2018, The facility is already fully equipped to service stakeholder requirements.



The dedicated student Information Centre at the head office plays a critical role in handling students inquiries effectively and continues to improve service delivery.





A state-of-the-art Computer Centre is available to cater to the online examination requirement of Pearson Vue

**Accredited Study Centres** are very often the first point of contact for students and members. CMA maintains a close relationship with the network of centres throughout the country, and supports them in their efforts to attract, engage and train students to complete the qualification.

To make entry into the qualification accessible, we have supported Sinhala and Tamil medium students by offering the initial stages of the qualification in those languages as well.

**CMA Information Centers** are being setup at various locations in the country to facilitate access to information and enhance communication with the head office. The first such centre was opened in Gampaha.



CMA also has access to a network of training partners who assist in the holistic development of students and members by offering real life work environments in which students and members can gain hands-on work experience.

# Human Capital



## Resource People

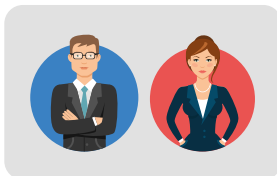
CMA's strength stems from a large network of people who have numerous years of experience in the academic, professional and technical spheres. CMA's patrons, council members, advisors and committee members comprise a remarkable network who are positioned to provide strategic direction, and corporate governance and further CMA's causes. The Governing Council plays a vital role in the success of the organisation and is elected once in two years as per the Parliamentary Act.

The **Management and Employees** are key to the effective delivery of service at the operational level. CMA recognises the importance of a motivated and informed team who uphold the organisation's values. The processes of recruitment, talent management, leadership management, performance management and participative management ensure effective selection and skills development.

## CMA's human resource approach includes



**EQUAL  
OPPORTUNITY**



**GENDER  
INTELLIGENCE**



**DIVERSITY  
OF SKILL**

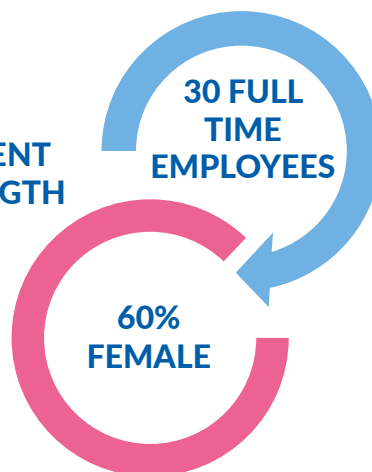


**CULTURE AND  
IDENTITY**



**DIFFERENT  
NATIONALITIES**

**CMA'S CURRENT  
STAFF STRENGTH**



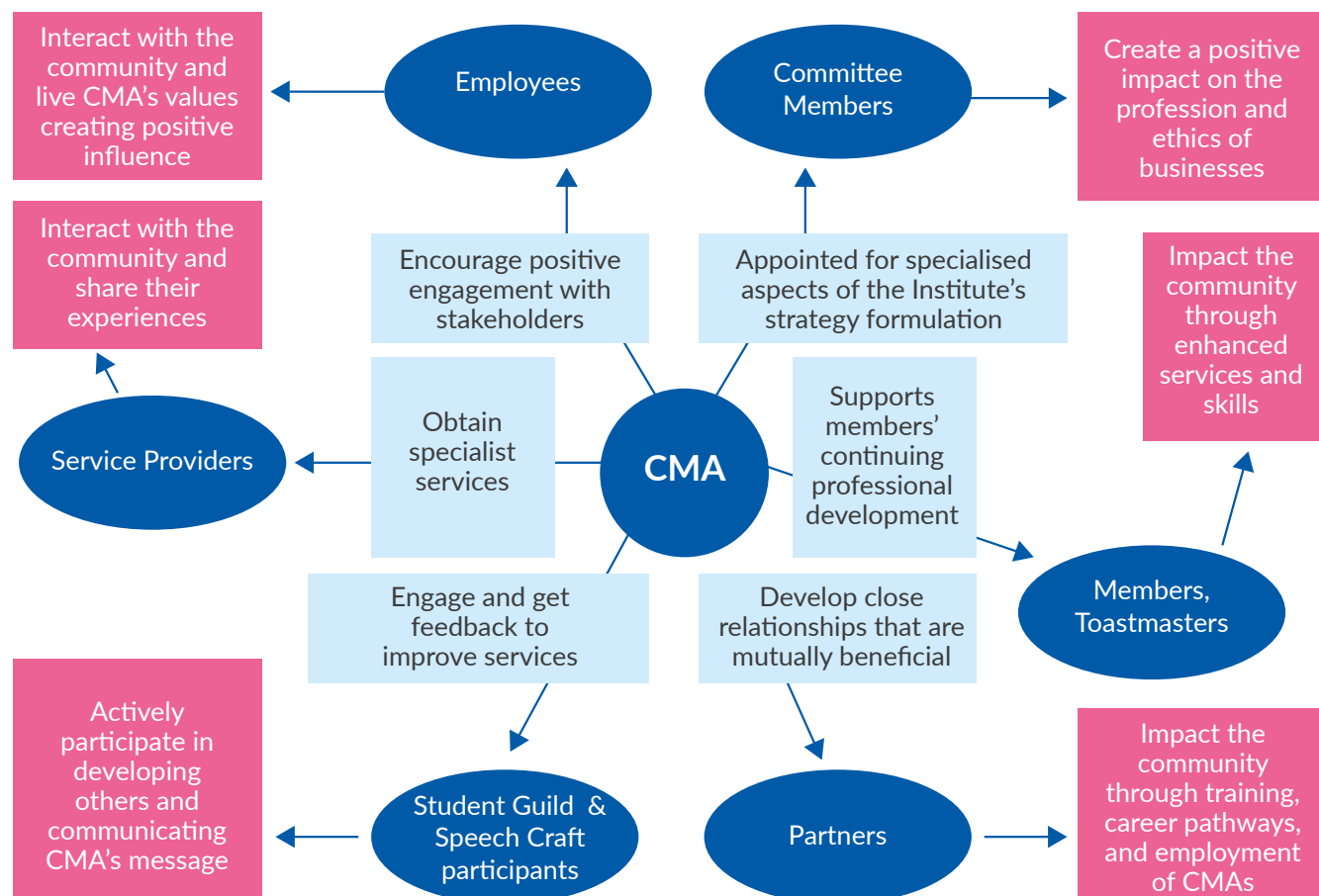
### **CMA fosters:**

- Teamwork
- Recognition of individual performance through performance appraisals
- A culture of independent thought
- On-the-job learning

### **CMA's efforts to retain talent is through:**

- A combination of rewards and recognition
- Employee engagement and development
- Encouraging work-life balance

Below is how CMA engages with and taps into the human potential of its well-established network, and creates a positive influence on the work environment and the local community.





# Natural Capital



CMA understands the impact of natural capital and the need to manage it carefully to support a high quality of life and strong economy, for today and the future. Although as a service organisation the Institute's operations do not have the pronounced ecological effects a manufacturing organisation might, CMA has taken action to mitigate any that may arise.

Proper use of CMA's natural capital would not be possible without whole-hearted effort from all staff members. It is their continuous vigilance and cooperation based on recognition of the need for responsible use that reduces waste and conserves resources.

While working toward developing a cohesive strategy to ensure that CMA's approach to using natural resources is sustainable, the Institute has put measures into place that minimise the footprint of its operations and interactions.





### Paper reduction initiatives

- e-learning facilities replaced study packs, and other resource material
- Educating students and staff on reducing paper
- Enhancing technological capability
- Provision of a free-of-charge e-learning facility to students, encouraging them to switch from paper-based systems to technology.
- Past papers are accessible on the CMA website.
- Encouraging the use of documentation and handbooks in electronic form.
- Communication between students and the institute conducted through e-mail
- Staff are encouraged to think before printing
- Re-use of one-sided paper is encouraged
- Efforts are being made to switch to an Integrated Management Information System which would facilitate reduction of paper usage on processes like applications and report generation.
- Storage of data on digital format.



### Waste Management

Staff and students are trained and reminded to segregate waste into plastics, food waste, and waste paper prior to disposal. Appropriately demarcated receptacles have been provided to ensure this policy is adhered to.



CMA conserves energy and water through creation of awareness among staff and students. A “use only when required” policy is in place.

# Intellectual Capital

CMA being a professional institute involved in the development, transfer and sharing of knowledge, Intellectual Capital is at the core of its operations. The Institute recognises the value of intangible assets like corporate reputation, brand recognition, licenses, patents, copyrights, trademarks, data, business processes and relationships.

CMA constantly upgrades its offerings to students and members, ensures the brand offers value for money and is conscious of the fact that stakeholder satisfaction is key to success in a dynamic environment.

## Brand Recognition and Reputation

**CMA** is recognised as **Sri Lanka's National Professional Management Accounting body**. It is the most accessible qualification due to entry criteria that are suited to the local education system. The brand is also associated with affordability due to the emphasis placed on local systems which are compliant with IFAC SMOs and International Education Standards (IES) for Professional Accountants.

Students and members act as brand ambassadors and contribute to the increase in numbers that lead to a sustainable operation. The Institute manages its reputation and those of the members through a strong code of ethics and practical training which offers exposure to real-life work situations

The Institute constantly introduces new pathways, affiliations and collaborations that help students and members realise their dream of reaching new heights and staying relevant. Current affiliations and collaborations are illustrated on Page 10 - 11



## Curriculum development and collaborations

Special Committees setup for the purpose develop CMA programmes and revise them periodically. IFAC requires that syllabuses be updated every 5 years. The last syllabus change took effect in 2018. However, annual changes are to be implemented shortly to revise syllabuses to reflect current technological changes, accounting standards and taxation.

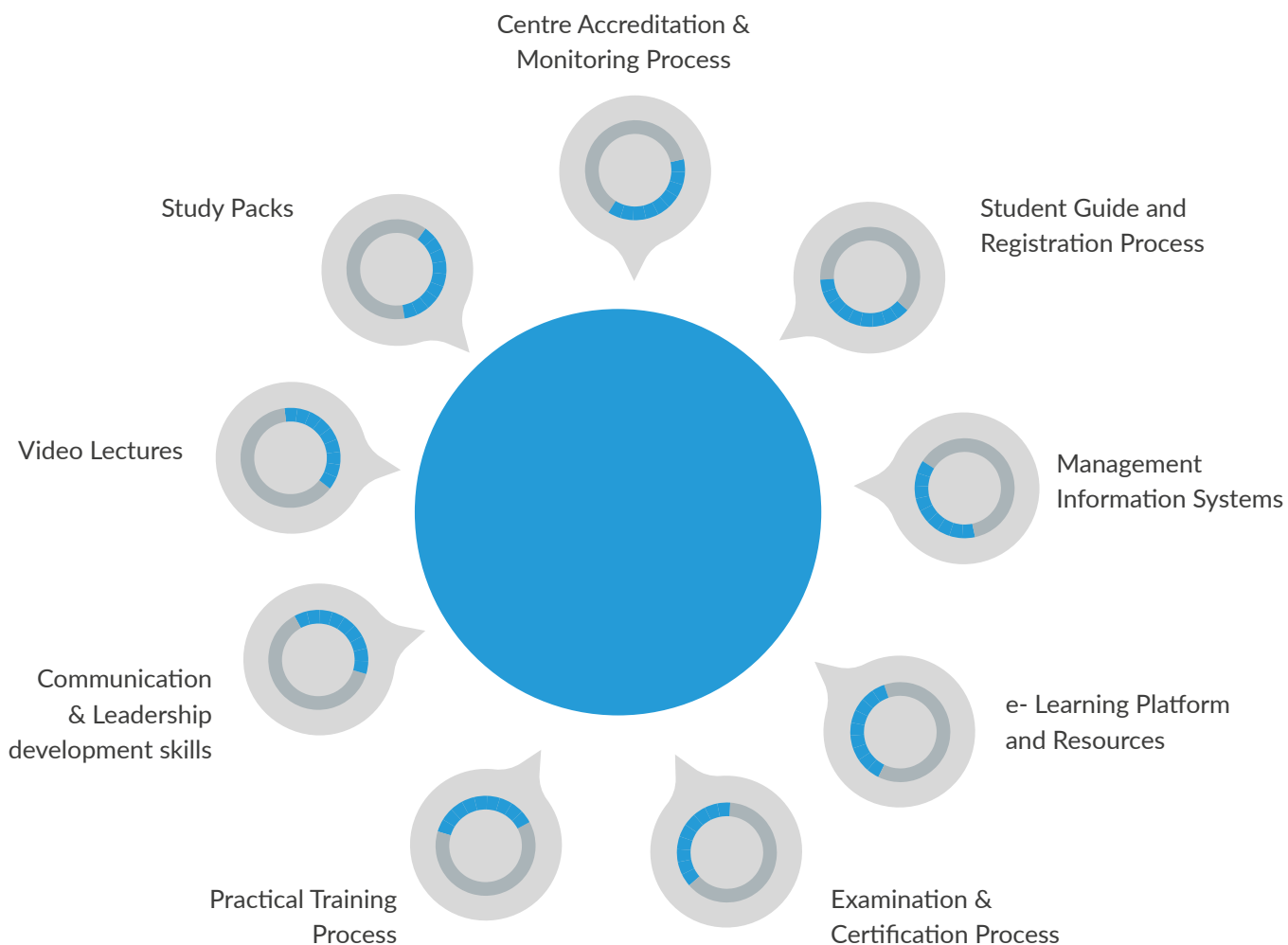
The Education and Training Committee of CMA maintains the quality of programmes and ensures that effective delivery systems are in place and are compliant with Statement of Member Obligations (SMOs) and IFAC's International Education Standards.

Practical training is mandatory for students to develop skills applicable to the industry, commerce, audit firms. Membership is gained after further practical training to become an effective management accountant.

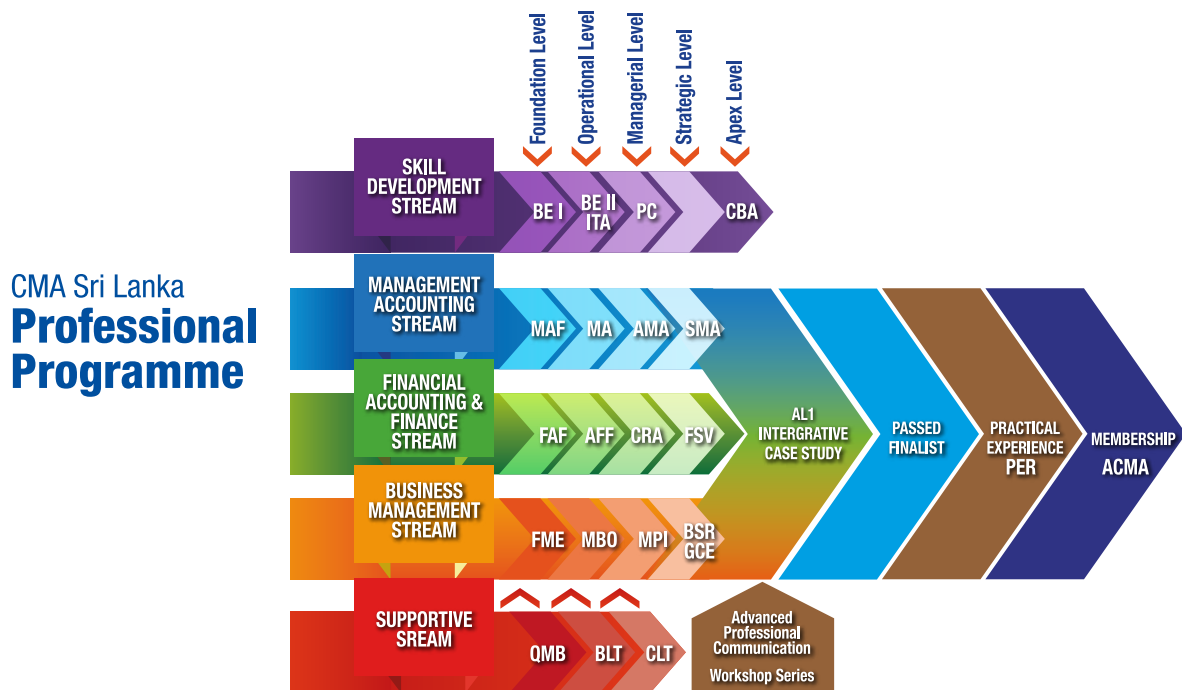
CMA's collaborations enhance students' and members' progression to higher academic or professional qualifications. They also provide exemptions to ensure prior learning is recognised. Some arrangements provide the support system for holistic development, improved platforms, enhanced digital capability, quality assurance and value addition.

### Program Delivery Systems

CMA has developed systems to ensure effective delivery and monitoring of the programmes. These systems comprise the intellectual capital of the organisation and are updated from time to time.



## Professional Programme Structure and Progression



### Foundation Level

BE I	Business English I
MAF	Management Accounting Fundamentals
FAF	Financial Accounting & Finance Fundamentals
FME	Fundamentals of Management Economics
QMB	Quantitative Methods for Business

### Operational Level

BE II	Business English II
ITA	Information Technology Applications)
MA	Management Accounting
AFAF	Advanced Financialial Accounting & Finance
MBO	Managing Business Operations
BLT	Business Law and Taxation

### Managerial Level

PC	Professional Communication
AMA	Advanced Management Accounting
CRA	Corporate Reporting and Analysis
MPI	Managing Project & Information System
CLT	Corporate Law and Advanced Taxation

### Strategic Level

SMA	Strategic Management Accounting
FSV	Financial Strategy & Valuation
BSR	Business Strategy & Risk Management
CGE	Corporate Governance, Control Strategy & Ethics

### Apex Level

CBA	Computer Based Accounting
	Integrative Case Study
	Speech Craft Programme



## Other Programmes

### The Certified Hospitality Finance and Management Accountant Programme

This is a specialised programme, offered jointly by Sri Lanka Institute of Tourism and Hotel Management (SLITHM) and CMA to address the accounting needs of the hospitality sector.

#### **FCHFMA**

#### **Fellow of CHFMA**

- 5 years' Senior Executive experience

#### **ACHFMA**

#### **Associate of CHFMA**

- 3 years' work experience in the Hospitality industry as per Practical Training Guide

#### **12 months**

#### **Professional**

- Certified Hospitality Finance and Management Accountant

#### **12 months**

#### **Diploma**

- Diploma in Hospitality Finance and Management Accounting

#### **6 months**

#### **Certificate**

- Certificate in Hospitality Finance and Management Accounting

#### **6 months**

#### **Foundation**

- Foundation Certificate in Accounting

### **Certificate in Computerised Accounting Programme**

This programme targets Ordinary Level students and used as an introduction to Accounting through Information Technology. The CMA computer centre, Kuliyaipitiya and Giriulla Centres conduct the programme.





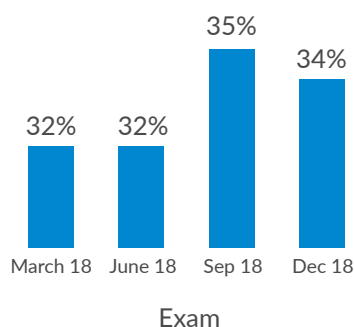
## Examinations process

The Examinations Committee of CMA is responsible for the conduct of the examinations in Sri Lanka as well as in Dubai. Examinations in Dubai commenced in May 2012, with the assistance of the Sri Lanka Consul General in Dubai and the Ministry of External Affairs.

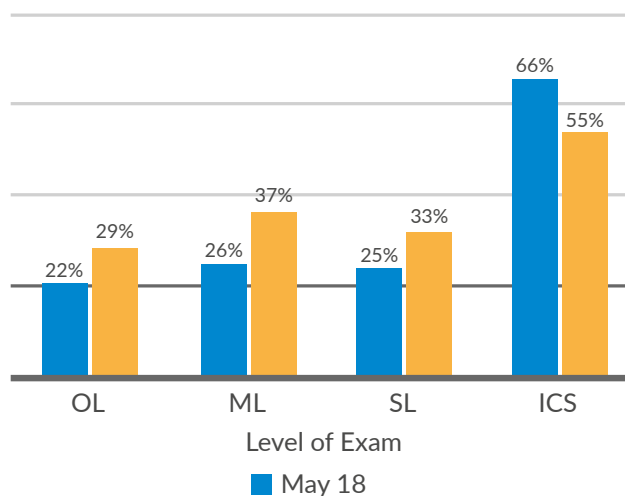
Foundation examinations are now conducted online, commencing March 2018. Online examinations are implemented every three months, via the Pearson Vue platform. Operational to Apex level examinations are paper-based and conducted through the Department of Examinations of Sri Lanka.

The state-of-the-art computer centre at the CMA premises facilitates conduct of the online examinations and the new practical-based IT modules that are part of the 2018-2022 syllabus. Prior mock examination sessions ensure that students are able to handle online examinations. Gaining competency in an IT environment is part of the requirement and the CMA computer centre ensures students are familiar with accounting software and other applications that complement the theory.

### STUDENTS COMPLETED FOUNDATION LEVEL



### STUDENTS COMPLETED OPERATIONAL TO APEX LEVEL EXAMINATIONS



OL : Operational level  
ML: Managerial level

SL: Strategic level  
ICS: Integrative case study

## Membership process

**CMA Exams** have been structured into five levels and five streams.  
(Refer Page 38)

**Practical Experience Requirement Guide(PER)** has been developed based on International Education Standard (IES 5) of the International Federation of Accountants and it focuses on 4 skill areas required to become a competent Professional Management Accountant.

**Continuing Professional Development (CPD) Guide** is developed to the specifications setout by IES7 of

IFAC. It is a mandatory requirement for members to complete 20CPD hours per year. Attendance at CMA programmes and conferences for fifty percent of these hours is compulsory.

**Code of Ethics and Disciplinary Code** is applicable to all members and was published in Government Gazette No. 1853/52 on 15 March 2014. This code of ethics is based on the Code of Ethics for Professional Accountants of IFAC. Any changes that come into effect will be applicable to all members.

## Information, Knowledge, and Expertise

**Orientation programmes** for those who have completed Integrative Case Study at the Apex level in November 2017 and May 2018 Examinations were held on 2nd June 2018 and 26th August 2018 respectively at the Auditorium of CMA Sri Lanka. Students were awarded the result sheets of their Integrative Case study and educated on the next step of their CMA Journey to becoming a Professional Management Accountant in a dynamic environment. Topics covered included ethics, integrity, governance, disciplinary procedures, transformation from student to CMA member, procedure for submitting practical training, job opportunities within public & private Sector for CMA professionals, importance of life skills development and opportunities provided by CMA such as Speech Craft programme, and the Toastmasters Club.

**CMA Excellence in Integrated Reporting Awards** for the corporate and state corporation sectors is an opportunity to apply knowledge and expertise to a real-life situation. The awards motivate the Sri Lankan business community to make the change from traditional reporting methods and embed integrated thinking and reporting practices by using the framework of International Integrated Reporting Council (IIRC). Since 2015, CMA has held these awards annually.

## CMA Global Management Accounting Conference

Institute held its Global Management Accounting Conference on the 5th July 2018 at the Cinnamon Lakeside, Colombo on the theme **“Integrated Reporting – Future of Corporate Reporting”**. The conference highlighted the importance how a company can create value during the short, medium and long term to its stakeholders. The keynote speaker at the conference was Ms. Rachael Grimes, President of the International Federation of Accountants (IFAC), the global body for the accounting profession.

The conference was a success and include a total of 30 eminent speakers both foreign and local, chairmen, co-chairmen and panelists took part in the sessions. They brought with them a wealth of experience from

UK, USA, Canada, Singapore, South Africa, Australia, India, Pakistan, Bangladesh and leading practitioners, professionals and academics from Sri Lanka.

Details of the sessions are as follows.

- Integrated Reporting and Value Creation
- The Role of Integrated Thinking
- Implementing Integrated Reporting
- Practical Experience and Way Forward in <IR>

The fourth ‘CMA Excellence in Integrated Reporting Awards – 2018’ was presented at the conference on the 5th July 2018. The Overall Winner for the Gold Trophy was Diesel and Motor Engineering Co. PLC., the Overall 1st Runner Up John Keells Holdings PLC, winning the Silver award and Overall 2nd Runner up Peoples Leasing and Finance Plc. winning the Bronze Award.

The awards were presented by the Chief Guest Hon. Karu Jayasuriya speaker of the Democratic Socialist Republic of Sri Lanka and associated with him were Ms. Rachael Grimes, President of the International Federation of Accountants (IFAC), Prof. Ho Yew Kee, Professor of Accounting, Singapore Institute of Technology. Mr. Graham Terry, an expert in Integrated Reporting from South Africa, Mr. A.N. Raman, Advisory Council Member CMA Sri Lanka, Past President SAFA and President of CMA Prof Lakshman R Watawala,

The selection process of CMA Excellence in Integrated Reporting Awards was based on two phases, first being the short-listing of companies by a panel of technical evaluators and second being the final judgment by both local & foreign judges. As an innovation CMA introduced a new awards category for five business sectors and an overwhelming 40 companies applied for the competition this time.

Recognition of Outstanding Leadership and Contribution to the Accountancy Profession Life Time Achievement Award presented by Chief Guest Speaker of Parliament Karu Jayasuriya and International Federation of Accountants (IFAC) President Rachel Grimes to CMA President Prof. Lakshman R. Watawala.

CMA honored prominent Accountants who have excelled in the field of Management & Financial Accountancy

## CMA Excellence in Integrated Reporting Awards – 2018

The fourth 'CMA Excellence in Integrated Reporting Awards – 2018' awards presentation ceremony was held on 5th of July 2018 at Cinnamon Lakeside, Colombo in line with CMA Global Management Accounting Conference under the theme of 'Integrated Reporting – Future of Corporate reporting'.

The Chief Guest at the Awards ceremony was Hon. Karu Jayasooriya; speaker of parliament.

The event was graced by the presence of the President of the International Federation of Accountants (IFAC)

The results were as follows;

Ms. Rachel Grimes, Prof.Yew Kee Ho, Associate Provost of Singapore Institute of Technology, Mr. Graham Terry, an IIRC Ambassador from South Africa and various other distinguished representatives from the Industry as well as academia both local & foreign.

The selection process of CMA Excellence in Integrated Reporting Awards was based on two phases, first being the short-listing of companies by a panel of technical evaluators and second being the final judgment by both local & foreign judges.

### Overall Winner



Diesel & Motor  
Engineering  
Company PLC

### First Runner-up



People's Leasing & Finance  
Company PLC

### Second Runner-up



John Keells Holdings PLC

## Merit Award for Integrated Thinking- Sponsored by Deakin University Business School.

People's Leasing & Finance PLC

### Ten Best Integrated Reports

- Citizens Development Business Finance PLC
- Diesel and Motor Engineering PLC
- Hatton National Bank PLC
- John Keells Holdings PLC
- LB Finance PLC
- Mercantile Investments and Finance PLC
- National Savings Bank
- People's Insurance PLC
- People's Leasing & Finance PLC
- Softlogic Life Insurance PLC
- The Lanka Hospitals Corporation PLC

### Sector Awards

- **Banking:** Hatton National Bank PLC
- **Finance & Leasing:** People's Leasing & Finance PLC
- **Insurance:** Softlogic Life Insurance PLC
- **Industry & Commerce:** Diesel & Motor Engineering PLC
- **Conglomerates:** John Keells Holdings PLC
- **State Owned Enterprises / Companies:** National Savings Bank
- **Hotels:** The Nuwara Eliya Hotels Co. PLC
- **Plantations:** Talawakelle Tea Estates PLC
- **Small & Medium Enterprises:** Ceylon Tea Brokers PLC
- **Non-state Organizations (NGOs) / Not-for-Profit Organizations (NPOs) / Chamber of Commerce / Educational Institutes** - Not awarded.

### Special Awards

- **Conciseness:** Diesel & Motor Engineering PLC
- **Capitals:** Diesel & Motor Engineering PLC
- **Materiality:** John Keells Holdings PLC
- **Value Creation:** Diesel & Motor Engineering PLC
- **Strategic Focus:** LB Finance PLC
- **Most Improved Integrated Report:** National Savings Bank

### Certificates of Merit

- Alliance Finance Company PLC
- Aitken Spence PLC
- Ceylinco Life Insurance Limited
- Ceylon Tea Brokers PLC
- Dipped Products PLC
- HNB Assurance PLC
- Lanka IOC PLC
- National Development Bank PLC
- People's Bank
- The Nuwara Eliya Hotels Co. PLC
- Talawakelle Tea Estates PLC



## Ten Best Integrated Reports -2018



Citizens Development  
Business Finance PLC



Diesel & Motor  
Engineering PLC



HNB Hatton National  
Bank PLC



John Keells Holdings



LB Finance PLC



Mercantile Investments  
and Finance PLC



National Savings Bank



People's Insurance PLC



Peoples Leasing &  
Finance PLC



Softlogic Life Insurance PLC



The Lanka Hospitals  
Corporation PLC



# Publications

CMA keeps its stakeholders constantly updated through its website and other publications. The **Certified Management Accountant** which is published twice a year serves the dual purpose of sharing knowledge and ideas and providing a platform for success. The publication on SME's will help small and medium enterprises share their stories.

The **Journal on Integrated Reporting** educates readers on the changing needs of corporate reporting.

**Conference handbooks** and publications relating to seminars and workshops are a source of information that participants value.



# Social and Relationship Capital



CMA's social capital is built on trust, recognition and confidence gained through nearly 20 years of service to the community and the value that has been created in a sustainable manner.

## Ensuring Relevance

Among CMA's most valued social capital are the students and members who represent the organisation at various forums and workplaces. This network that has grown over the years to a total of around 18,000 provides valuable support and represents the profession in the community, encouraging others to choose CMA. The social media platform of CMA keeps students engaged by providing necessary support, information and knowledge about the profession.

Members are encouraged to maintain the network by attending Continuing Professional Development programmes which also provide an opportunity for social interaction and provide valuable feedback to the Institute. The journals also provide members a platform to communicate their ideas and support others.

CMA has access to Sri Lanka's diverse communities through strategically located accredited centres. CMA maintains an open dialogue with the centres and exchanges information to support student needs and ensure effective programme delivery.

The curriculum is developed and periodically updated with the needs assessed through feedback from relevant stakeholders, including training partners and employers. National interest is placed first and CMA is in constant communication with relevant government institutions and policy makers who are frequent invitees at CMA's workshops, seminars and events.

The need to be relevant in a dynamic world includes the global environment and CMA has maintained the right professional memberships in the region and across the globe, ensuring members have the necessary exposure and access to expertise.

# Strategic tie-ups for the year 2018

## Memorandum of Understanding with Deakin University



CMA Head office in Colombo, Sri Lanka on 3<sup>rd</sup> July 2018.

*L – R: Dr. Luckmika Perera, Director Professional Programmes and Partnerships, Faculty of Business and Law, Deakin University, Prof. Kim Watty, Associate Dean (Quality Standards & Accreditation) Faculty of Business and Law, Deakin University, Prof Lakshman R. Watawala President- CMA Sri Lanka, Mr. Kanishka Jayasinghe, CEO - CMA Sri Lanka and Dr. Swineetha De Livera, Senior Director Examination & Education - CMA Sri Lanka”*

This collaboration gives CMA members and business leaders access to the Deakin MBA pathway with exemptions. The collaboration focuses on development of cost and management accounting theories and practices applicable to industries, services and the SME sector in areas of research that promote integrated reporting and develop professional education and continuing professional development for mutual benefit.

Full professional members of CMA and those who have completed Apex level are eligible for 6 credit points into the Deakin University M701 Master of Business Administration programme.

Deakin Business School (DBS) is accredited by the Association to Advance Collegiate Schools of Business (AACSB), a hallmark of excellence that has been achieved by only 5% of business programmes that comply with standards of quality, academic and professional excellence. It is known worldwide as the longest standing and most recognised form of professional accreditation an institution and its business programmes can earn.

Deakin University was also associated with the CMA Excellence in Integrated Reporting Awards 2018 where they sponsored the Merit Award for Integrated Thinking.



## **MOU with International Chamber of Commerce – Sri Lanka**



CMA Head Office in Colombo, Sri Lanka on 20<sup>th</sup> July 2018

*L – R: Mr. Hennayake Bandara, Vice President, CMA, Prof. Lakshman R. Watawala, President, CMA, Mr. Dinesh Weerakkody, President ICC, Mr. Shanil Fernando, Hony. Secretary, ICC and Mr. Sheanath de Soysa, Hony. Treasurer, ICC”*

This memorandum of understanding provides an opportunity to establish areas of cooperation between CMA and ICC, jointly promoting the qualification and sharing information to develop relevant qualifications for the industry. The agreement was signed with the broad view of jointly undertaking research to impact the economic development of Sri Lanka.

Founded in 1919, the International Chamber of Commerce (ICC) is a world business organization, with national committees in 130 countries and consultative status at the United Nations. It is a body that has a very strong network and is the voice of international businesses and investment. ICC can provide valuable support to CMA in its effort to promote, update and add industry-relevant qualifications.

## **Memorandum of Understanding with Sri Lanka Institute of Marketing**



CMA Head Office in Colombo, Sri Lanka on 29th November 2018

*L to R Mr. Kosala Dissanayake- Consultant CMA, Mr. Kanishka Jayasinghe – CEO-CMA, Mr. H.M. Hennayake Bandara - Vice President CMA, Prof. Lakshman R. Watawala-President CMA, Mr. Pradeep Edward - President SLIM, Mr. Suranjith Swaris - Vice President-SLIM, Mr. Sanath Senanayake – CEO-SLIM*

The understanding with SLIM allows for subject exemptions between CMA and SLIM programmes, allowing students to gain access to both a marketing and financial qualification, which would help open doors for greater opportunities in terms of the employment and business spheres. It would also help create synergy between finance and marketing professionals.

It allows members of both institutes to draw advanced and contemporary knowledge from workshops, seminars and international academic and professional

events organized by CMA & SLIM to develop the competencies in Management Accounting, Finance & Marketing disciplines. Other areas of interest include the opportunity for scholarships and joint research programmes.

Our vision in bringing together the members of these two local institutes for mutual benefit is in keeping with the need for integrated thinking in the business environment.

## **CMA Sri Lanka signs membership pathway agreement with CPA Australia**



International Convention Centre (ICC) Sydney Australia during the World Congress of Accountants held from 5<sup>th</sup>- 8<sup>th</sup> November 2018

*L – R: H.M. Hennayake Bandara - Vice President, CMA, Prof. Lakshman R. Watawala - President, CMA, Peter Wilson - President and Chairman, Board of CPA & Andrew Hunter - CEO, CPA Australia.*

The membership pathway agreement signed between CMA and CPA Australia during the World Accountants' Congress in Sydney, Australia allows CMA members to become Associate Members of CPA with exemptions for the professional programme.

CPA Australia is one of the world's largest accounting bodies with a global membership of more than 163,750 members in 125 countries around the world.

This provides a pathway for CMA members to obtain a globally recognised designation from CPA Australia.

## Continuing Professional Development

### Certificate Program on Forensic Accounting & Financial Frauds



20<sup>th</sup> – 22<sup>nd</sup> September 2018 at the Renuka City Hotel, Colombo

Forensic Accounting is used to uncover, resolve and analyse financial irregularities in different sectors. CMA conducted a certificate programme in Forensic Accounting and Financial Fraud in association with Gujarat Forensic Sciences University – India.

## SAFA – CMA Sri Lanka Workshop 2018



18th October 2018 at the Hotel Citrus, Waskaduwa, Sri Lanka.

The Institute of Certified Management Accountants of Sri Lanka (CMA) hosted a SAFA – CMA Sri Lanka Workshop on Sustainable Development Goals (SDGs) conducted by IFAC Professional Accountancy Organisational Development PAO Development Committee Workshop.



## **SAFA Strategy Meeting – 2018**



17<sup>th</sup> October 2018 at the Hotel Citrus, Waskaduwa, Sri Lanka.

The Institute of Certified Management Accountants of Sri Lanka (CMA) hosted the 'SAFA Strategy Meeting' prior to SAFA Board Meeting.

### **Other Seminars and Workshops**

The following additional Continuing Professional Development programmes covered areas of interest for the profession during this period.

1. Company Secretarial Practice was held on the 25<sup>th</sup> and 26<sup>th</sup> January 2018 at the Renuka City Hotel, Colombo
2. RAMIS' Tax Systems & Practical Issues Faced by Tax Payers was held on the 21<sup>st</sup> February at the CMA Auditorium
3. How Important Ratings are in A Capital Market was held on the 7<sup>th</sup> March 2018 at the Dorchester, The Kingsbury.
4. Fraud Risk Management was held on the 3<sup>rd</sup> April 2018 at Winchester Ballroom, The Kingsbury.
5. Digital Innovation and the Future of Accounting was held on the 21<sup>st</sup> August 2018 at the Faculty of Management and Finance, University of Colombo.
6. Practitioners' Guide to Integrated Reporting was held on the 14<sup>th</sup> December 2018 at the Renuka City Hotel, Colombo



## CMA Sri Lanka Toastmasters club

Since its inception in 2015, the CMA Sri Lanka Toastmasters club has played a vital role in ensuring that the members of CMA have the necessary communication skills required to work in today's globally connected work environment. It is the ideal platform for gaining confidence in public speaking and developing leadership skills. The theme for the year 2018/2019 is 'Leaders for the Next Generation'.

### Installation of the 4<sup>th</sup> President and Executive Council



CEY-NOR Auditorium, Colombo on the 1<sup>st</sup> August 2018.

*L – R: President: TM Anil Indika, Vice President Education: TM Shermal Fenandopulle, Vice President Membership: TM Jayanga Jayawickrama, Vice President Public Relations: TM Dilhani Jayasinghe, Secretary: TM Dhammika Prasanna, Treasurer: TM Aruni Fernando, Sergeant at Arms: TM Kasun Dilshan*

Toastmaster Anil Indika Kodikara was installed as President by TM Chathushika Wijayasinghe, Area Director D82 A2, together with the incumbent Executive Committee.

Among the distinguished participants were Council Member, Mr. Ruchira Perera, Vice President, Mr. H.M. Hennayake Bandara, CEO, TM Kanishka Jayasinghe, Mr. Kosala Dissanayake Consultant CMA, members of the CMA Management team and other Toastmasters.

Toastmaster Anil Indika Kodikara, the incumbent President thanked Professor Lakshman R. Watawala

and the Council of CMA Sri Lanka for the visionary initiative of introducing Speech Craft to all students, and members. The art of communication and leadership skills developed by CMA members since 2015 is evidence of the benefits of the programme.

The continuing professional development provided by the Speech Craft programme of the Toastmasters' club helps members improve the skills learnt, progress in their career and reach leadership roles. It is also an opportunity for members to participate in local and international events and network.



This year, CMA Sri Lanka Toastmasters Club won many awards. Two members placed third at the Toastmaster Division 82 Area A2 Humour and Evaluation Contests held in November 2018.

The Charter President TM Chanada Samaraweera and TM. Achala Perera completed Advanced Leader Bronze (ALB). TM. Jayanga Jayawickrama of CMA Sri Lanka Toastmasters Club completed Competent Communicators (CC) and Competent Leaders (CL).

### **Speech Craft programme**



CMA Sri Lanka Apex Level Batch 8 and 9 Group successfully completed the workshop series on Speech Craft, acquiring the necessary communication skills to qualify for the Toastmasters' club.

The requirement that CMA finalists complete this programme ensures they have the right skills to progress in the work environment where presentation, communication, and negotiation are a part of everyday life.

## Students Guild

Incorporated in 2012, the Student Guild of CMA is a vital link between the community, student members and the Institute. It is uniquely placed to influence decision making and build relationships that help support student needs.

## Awareness creation

CMA Sri Lanka carried out several activities throughout Sri Lanka with a view to increasing goodwill and brand awareness. For the first time, the island's first place winners at A'Level and AAT were recognised as brand ambassadors. They were awarded full scholarships into the programme.

Ms. Dulani Rasanthika,  
2017 A/L Commerce



Ms. Dilini Sadunika  
Palihakkara,  
2017 A/L Science



Ms. W V Kanchana  
Nadeeshani  
2017 AAT



## **Advanced Level Seminar Programme- Island wide**



CMA assisted A' Level students of the Commerce Stream by conducting seminars on Business Studies topics.

Commerce teachers, Zonal Education Directors in Commerce of Uva Province, Western Province and Wayamba Province took part in these sessions during February, March and May 2018.

### **Brand Awareness Programme for Zonal Education Directors and Teachers' Instructors**

CMA Sri Lanka conducted an awareness programme for Zonal Education Directors & Teachers' Instructors of the Commerce Stream in the Western Province. This platform was used to increase awareness of the CMA qualification.



12th January 2018 at Hotel Janaki

## Teachers' Awareness Programme

CMA Sri Lanka, in collaboration with the Provincial Education Departments, successfully conducted a series of awareness programmes for A/L Business Studies teachers. The first programme was conducted in the Wayamba Province at Wariyapola Education Development Centre on 20<sup>th</sup> September 2018. The second programme was in the Rajarata province at Kalawewa on 9<sup>th</sup> October 2018.

The Uva Province seminar was held at the Public Library – Badulla on 29<sup>th</sup> May 2018. Senior Lecturers from the University of Kelaniya and University of Sri Jayewardenepura participated as resource people.



Wariyapola Education Development Training Centre

## Education Exhibitions



With Hon. Eran Wickramaratne at CMA stall  
at EDEX Exhibition

CMA participated in the EDEX 2018 and Future Minds exhibitions.

These education exhibitions provide ample exposure and ensure that the Institute is represented at the country's educational platforms.

On 17<sup>th</sup> January 2018, Sabaragamuwa University held an exhibition which gave CMA access to A' Level and university students.



## Opening of First Information Centre (IC)



Prof. Lakshman R Watawala, President of CMA Sri Lanka as Chief Guest for the opening

CMA Sri Lanka in collaboration with Chamber of Commerce opened an information centre at Gampaha District on 16<sup>th</sup> February 2018.

The main objective is to provide easy access to CMA information and study materials for students who are in the vicinity of the information centres. This is hoped to increase student numbers from areas that are further away from CMA head office at Colombo.

## International Accounting Day Programme

This programme was organised in association with the Ministry of Education of Sri Lanka at Gothami Balika Vidyalaya, Colombo 10. It was a first for Colombo district A' Level students, who participated with enthusiasm.

Prof. Lakshman R. Watawala, President of CMA Sri Lanka was the Chief Guest at this programme.



15<sup>th</sup> November 2018 at Colombo 10

## University and SLIATE Awareness Programme

The lateral entry pathways into the CMA programme help provide local university students with the added advantage of a professional qualification. CMA conducted awareness programmes in 12 Universities and 10 SLIATE Higher Education Institutions.

## Access through Direct Membership

CMA Sri Lanka periodically provides concessionary membership for those with relevant qualifications and experience for inclusive professional development. This year 191 members gained entry through direct membership.

# Events

## CMA Sri Lanka 15<sup>th</sup> Graduation Ceremony 2018



11<sup>th</sup> December 2018 at The Kingsbury Balmoral Ballroom

The Institute of Certified Management Accountants of Sri Lanka (CMA) held its 15<sup>th</sup> Graduation Ceremony under the distinguished patronage of the Australian High Commissioner in Sri Lanka H/E Bryce Hutchesson.

The keynote speaker was Prof. Peter Carey, Head of Accounting of Deakin University Australia. Other distinguished guests included Mr. Leslie Leow – Regional Manager- MESA, CPA Australia and Chair and

Mr. Sunil Hettiarachchi, The Secretary of Ministry of Skills Development and Vocational Training.

The institute honoured 128 CMA members with the title ACMA and membership certificates. It was also a day of recognition for the 89 passed finalists and 44 prize winners. In addition, those who completed the examination at the different levels of CMA and CHFMA were awarded certificates of completion.

## SAFA Committee Meetings & SAFA 55<sup>th</sup> Board Meeting 2018



19<sup>th</sup> October 2018 Hotel Citrus, Waskaduwa, Sri Lanka

The Institute of Certified Management Accountants of Sri Lanka (CMA) conducted a SAFA Committee Meeting & the 55<sup>th</sup> SAFA Board Meeting in Sri Lanka.



## **Excellence in Integrated Reporting Awards 2018**



The fourth CMA Excellence in Integrated Reporting Awards saw participation from 40 members of the business community, of which 10 Excellence in Integrated Reporting Award Winners were recognised.

The Gold Trophy went to Diesel and Motor Engineering Co. Plc, the Silver Award to John Keells Holdings Plc and the Bronze Award to People's Leasing & Finance Plc.

The aim of this award is the creation of awareness among Sri Lankan organisations on the adoption of integrated thinking and reporting, which is envisaged to have a positive impact on the Sri Lankan business community.



## Community Engagement and CSR

CMA believes in inclusiveness of all members of the community within the profession regardless of ethnic background, race, social or financial status. To encourage cultural and religious harmony, CMA organises events that are open to all members.

As a responsible corporate citizen, CMA ensures its impact on the community is positive and contributes to worthy causes.

This event showed unity and religious harmony among CMA members. All staff joined in and sang to celebrate the occasion.



*CMA Vesak Bakthi Geetha 2018 at CMA Auditorium.*



*Ice cream dansala on 2<sup>nd</sup> May 2018, in front of the Visakha Private Road*



To commemorate the Vesak festival, the staff of the Institute organized a dansala in front of the Institute. The united and participative atmosphere created by the institute extended into the neighbourhood.

### **X' mas Carols**

X' mas Carols held on 18<sup>th</sup> December 2018 at CMA Auditorium. Rev. Dr. Rienzie Perera graced the occasion and all members and staff irrespective of race or religion joined in the singing to bring in the festive season.

### **Empowering women**

CMA Sri Lanka formed the Women's Leadership Committee during the year. Its mission is to educate, encourage, and mentor the Institute's female students, members and other women to become leaders in their field with the intention of adding value to the Sri Lankan economy by encouraging participation.



*Women 's Committee meeting - 55<sup>th</sup> SAFA Committee Meetings 19<sup>th</sup> October 2018 Hotel Citrus, Waskaduwa, Sri Lanka*



## Scholarships

CMA continually supports deserving students through scholarships and access to programmes such as workshops, seminars and conferences.



## Corporate Social Responsibility



*Siri Vajiraramaya Temple on 17<sup>th</sup> May 2018*

The blood donation campaign conducted with the aim of helping those in need, was held in association with the Bambalapitiya Police at the Sri Vajiraramaya Temple.

The event was appreciated by the officers of the national blood bank who collected blood from more than 130 donors. Several organisations and schools in the Bambalapitiya area participated in the event to ensure a successful campaign.



# Corporate Governance

Good corporate governance practices are essential to remaining a sustainable organisation that is mindful of its impact on all stakeholders and the operating environment. Pursuing profit in a responsible manner which protects all the stakeholders, makes a healthy, accountable, and transparent organisation.

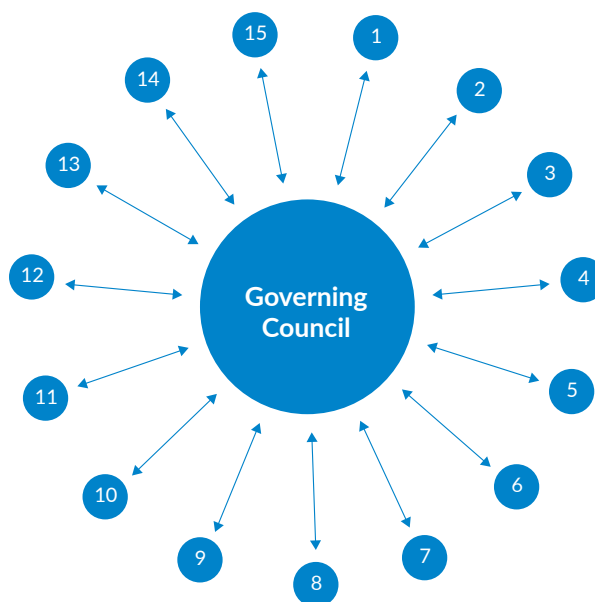
CMA, as the national professional body for management accounting, is mindful of its responsibility to inculcate values and ethical conduct which are vital to the survival

of the profession. The cultural context in which an organisation operates may require that systems and processes change with time and context.

CMA encourages its students and members to practice good governance at their places of employment and sets an example by making good corporate governance a priority.

## Governance Structure

Governance Frame Work compliant with  
Parliament Act No: 23 of 2009  
Policy clearly defined by codes of conduct,  
vision, values and best practice guides



Committee Number	Committee Name	Chairman of Committee
1	Accounting and Cost Accounting Standards Committee	Mr. Manil Jayasinghe
2	Banking and Insurance Committee	Mr V.P.I Nandasiri
3	Corporate Governance and Integrated Reporting Committee	Prof. Lakshman R. Watawala
4	Conference and Seminars Committee	Prof. Lakshman R. Watawala
5	Continuing Professional Development Committee	Mr. H.M Hennayake Bandara
6	Examination Committee	Dr Harendra Kariyawasam
7	Education and Training Committee	Mr. H.M Hennayake Bandara
8	Ethics and disciplinary Committee	Mr M.B. Ismail
9	Finance and Administration Committee	Prof Lakshman Watawala
10	Journal Committee	Mr Adrian Perera
11	Members and Students Affairs Committee	Mr Ruchira Perera
12	Professional Accountants in Business and Small and Medium Enterprises Committee	Mr Adrian Perera
13	Public Sector Accounting and Auditing Standards Committee	Mr J.M.U.B Jayasekara
14	Taxation and Law Committee	Mr M.B.Ismail
15	Women's Leadership Committee	Mrs M.R.N Casie Chetty

# Risk Management

CMA, like any other organisation, faces challenges and risks which could impact its stakeholders. The management of these risks is in-built into the system through processes that comply with international standards.

**Corporate Governance and Integrated Reporting committee** supported by auditors ensures accountability, transparency and information requirement of stakeholders are met.

**Code of conduct** encourages students and members to maintain values and ethics that help protect all stakeholders of CMA, while the Ethics and Disciplinary committee ensures such practices are adhered to.

**Regular feedback from stakeholders** helps develop Continuing Professional Development programmes and an up-to-date curriculum which ensures that the qualification does not become irrelevant.

CMA ensures the satisfaction of all stakeholders including students and members by encouraging dialogue and following through to provide the right solutions.

**International collaborations of repute and a network** of local professionals, exchange information, knowledge, and expertise, to ensure CMA is proactive rather than reactive in dealing with potential risks.

## Conclusion

Our appreciation goes out to all those involved in contributing to the development and sustainability of the organisation from its inception to this day.

The trust placed in us by all stakeholders to create sustainable value and have a positive contribution is a key driver in our activities.

The Governing Council and the staff of CMA deserve special mention and appreciation for their tireless efforts and support.

We at CMA look forward to being of service to the community by practising 'walk the talk' and are grateful for the support and assistance of the local and international collaborators.



**President**

Prof. Lakshman R. Watawala

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Internet : [www.kpmg.com/lk](http://www.kpmg.com/lk)

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## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA (INCORPORATED BY PARLIAMENT ACT NO.07 OF 2009)**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of Institute of Certified Management Accountants of Sri Lanka ("the Institute"), which comprise the statement of financial position as at 31 December 2018, and the statement of income and expenditure, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-Sized Entities. (SLFRS for SMEs).

##### **Basis for Opinion**

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institute in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Other Information**

The Council is responsible for the other information. These financial statements does not include other information.

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

##### **Responsibilities of the Council and Those Charged with Governance for the Financial Statements**

The Council is responsible for the preparation of financial statements that give a true and fair view in accordance with SLFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Council is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis



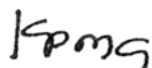
of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditors' responsibilities for the audit of the financial statements is located Sri Lanka Accounting and Auditing Standard web site at: <http://slaasc.com/auditing/auditorsresponsibility.php>. This description forms part of our auditors' report.



**CHARTERED ACCOUNTANTS**

Colombo, Sri Lanka

08 April 2019

**INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA**  
**STATEMENT OF FINANCIAL POSITION**

As at 31 December,	Note	2018 Rs.	2017 Rs.
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	2	63,040,979	62,673,378
Intangible assets	3	13,999,518	7,226,581
<b>Total non current assets</b>		<b>77,040,497</b>	<b>69,899,959</b>
<b>Current assets</b>			
Inventories	4	1,371,575	-
Deposits and prepayments	5	668,265	337,150
Income tax receivables	6	44,638	44,638
Other receivables	7	3,018,760	648,093
Short term investments	8	20,915,560	35,216,442
Cash and cash equivalents	9	8,742,615	3,203,803
<b>Total current assets</b>		<b>34,761,413</b>	<b>39,450,126</b>
<b>Total assets</b>		<b>111,801,910</b>	<b>109,350,085</b>
<b>Funds and liabilities</b>			
<b>Funds</b>			
Accumulated fund	10	76,318,417	74,981,050
Staff welfare fund		19,017	19,017
CMA members benevolent fund		87,500	-
		<b>76,424,934</b>	<b>75,000,067</b>
<b>Non current liabilities</b>			
Defined benefit obligations	11	2,057,750	2,103,254
Government grant	12	22,916,668	23,611,112
<b>Total non current liabilities</b>		<b>24,974,418</b>	<b>25,714,366</b>
<b>Current liabilities</b>			
Accrued expenses and other payables	13	4,199,716	6,115,681
Advance receipt income	14	6,030,250	2,468,250
Bank overdraft	9	172,592	51,721
<b>Total current liabilities</b>		<b>10,402,558</b>	<b>8,635,652</b>
<b>Total liabilities</b>		<b>35,376,976</b>	<b>34,350,018</b>
<b>Total funds and liabilities</b>		<b>111,801,910</b>	<b>109,350,085</b>

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Institute.

The Governing Council is responsible for the preparation and presentation of these financial statements in accordance with SLFRS for SMEs.

Approved and signed for and on behalf of the Governing Council:



President



Vice President

08 April 2019

Colombo

**INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA**  
**STATEMENT OF INCOME AND EXPENDITURE**

For the year ended 31 December,

	Note	2018 Rs.	2017 Rs.
<b>Income</b>			
Registration fees and annual subscription	15	23,647,645	23,432,594
Direct membership		8,120,000	-
Examination and exemption fees	16	40,145,968	38,078,369
Net surplus from seminars and other activities	17	2,015,103	824,252
Other income	18	2,633,163	4,439,410
Amortization of government grant	12	694,444	694,444
Government grant for recurrent expense		-	300,000
<b>Total income</b>		<b>77,256,323</b>	<b>67,769,069</b>
<b>Expenses</b>			
Staff cost	19	26,430,521	22,425,537
Administrative and establishment expenses	20	49,439,933	36,683,707
Finance cost	21	48,502	90,246
<b>Total expenses</b>		<b>75,918,956</b>	<b>59,199,490</b>
<b>Surplus before tax expense</b>		<b>1,337,367</b>	<b>8,569,579</b>
Tax expense	22	-	-
<b>Surplus for the year</b>		<b>1,337,367</b>	<b>8,569,579</b>

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Institute.

**INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA**  
**STATEMENT OF CHANGES IN FUNDS**

For the year ended 31 December,

	Accumulated fund <u>Rs.</u>	Staff welfare fund <u>Rs.</u>	CMA members benevolent fund <u>Rs.</u>	Total <u>Rs.</u>
<b>Balance as at 31 December 2016</b>	66,411,471	19,017	-	66,430,488
Surplus for the year	8,569,579	-	-	8,569,579
<b>Balance as at 31 December 2017</b>	<b>74,981,050</b>	<b>19,017</b>	<b>-</b>	<b>75,000,067</b>
Surplus for the year	1,337,367	-	-	1,337,367
Funds received during the year	-	-	87,500	87,500
<b>Balance as at 31 December 2018</b>	<b>76,318,417</b>	<b>19,017</b>	<b>87,500</b>	<b>76,424,934</b>

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Institute.

**INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA**  
**STATEMENT OF CASH FLOWS**

For the year ended 31 December,

	<b>2018 Rs.</b>	<b>2017 Rs.</b>
<b>Cash flows from operating activities</b>		
Surplus before taxation	1,337,367	8,569,579
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	2,939,982	2,245,095
Provision for gratuity	1,004,421	787,654
Disposal gain on property, plant and equipment	-	(24,000)
Amortization of intangible assets	2,453,717	-
Amortization of government grant	(694,444)	(694,444)
Interest income from fixed deposits	(2,453,163)	(4,328,198)
Deferred ex-syllabus revision	-	(7,226,581)
<b>Operating cash flows before working capital changes</b>	<b>4,587,880</b>	<b>(670,895)</b>
<b>Changes in:</b>		
Inventories	(1,371,575)	338,154
Deposits and prepayments	(331,115)	132,682
Other receivables	(2,370,667)	(288,316)
Accrued expenses and other payables	(1,915,965)	2,227,736
Advanced receipts	3,562,000	(1,908,100)
Amounts due from related party	-	351,810
<b>Cash flows generated from operating activities</b>	<b>2,160,558</b>	<b>183,071</b>
Gratuity paid	(1,049,925)	(105,000)
<b>Net cash flows generated from/ (used in) operating activities</b>	<b>1,110,633</b>	<b>78,071</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(3,307,583)	(5,568,537)
Proceeds from sale of property, plant and equipment	-	24,000
Acquisition of intangible assets	(9,226,654)	-
Investments in short term investments	(34,000,000)	283,559
Withdrawal of short term investments	48,000,000	-
Interest income received	2,754,045	4,328,198
<b>Net cash flows generated from / (used in) investing activities</b>	<b>4,219,808</b>	<b>(932,780)</b>
<b>Cash flows from financing activities</b>		
Cash receipt for CMA members benevolent fund	87,500	-
<b>Net cash flows generated from financing activities</b>	<b>87,500</b>	<b>-</b>
Net increase / (decrease) in cash and cash equivalents	<b>5,417,941</b>	<b>(854,709)</b>
Cash and cash equivalents at the beginning of the year	3,152,082	4,006,791
<b>Cash and cash equivalents at the end of the year (Note 9)</b>	<b>8,570,023</b>	<b>3,152,082</b>

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Institute.



## **INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December,

#### **1. Accounting policies**

##### **1.1 Reporting entity**

The Institute of Certified Management Accountants of Sri Lanka ("the Institute") was incorporated under Act of Parliament No.23 of 2009 on the 20 of April 2009 as the successor to the society of Certified Management Accountants of Sri Lanka ("the Society"). The Society has ceased to function with effect from 20 April 2009. The Society of Certified Management Accountants of Sri Lanka was incorporated on 29 June 1998 as an Institute in accordance with the provisions of the Societies Ordinance.

The registered office and the principle place of business of the Institute is located at No.29/24, Visaka Lane, Colombo 04.

##### **Principle activities**

The principle activities of the Institute are as follows:

- To provide membership to those accountants engaged in the profession of Management Accountancy;
- To promote the study of the theory and practice of Management Accountancy in all aspects;
- To register, educate and train any person who is contemplating to become a member of the Institute; and complied with practical training requirements.
- To conduct examinations and to grant membership to those who have passed all the examinations and complied with practical training requirements.

##### **1.2 Basis of preparation**

###### **(a) Statement of compliance**

The financial statements have been prepared in accordance with Sri Lanka Accounting Standard for Small and Medium Sized Entities (SLFRS for SMEs). The financial statements of the Institute comprise the statements of financial position, statement of income and expenditure and accumulated fund and cash flow, and notes to the financial statements.

The financial statements have been prepared on the historical cost basis. No adjustments have been made for inflationary factors in the financial statements.

###### **(c) Functional and presentation currency**

These financial statements are presented in Sri Lankan Rupees, which is the Institute's functional currency.

###### **(d) Use of estimates and judgments**

The preparation of financial statements in conformity with Sri Lanka Accounting Standard for Small and Medium Sized Entities (SLFRS for SMEs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only the financial year or in the period of the revision and future periods if the revision affects both current and future financial years.

##### **1.3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

###### **(a) Property, plant and equipment**

###### **(i) Recognition and measurement**

All items of property, plant and equipment are measured at cost less accumulated depreciation. The cost of property, plant and equipment is the cost of purchases or construction together with any expenses incurred in bringing the asset to its working condition for its intended use.

###### **(ii) Depreciation**

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of each component.

## INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December,

The estimated useful lives for the current and comparative periods are as follows:

	Years
Building	40
Computers	5
Office equipment	5
Furniture	5

All assets are depreciated from the month of the asset is available for use up to the month of disposal.

#### (b) Intangible assets

##### (i) CMA Qualification

Costs that are directly attributable to the development of curriculum and study materials of the CMA qualifications are recognized as intangible assets when it is technically feasible to implement the new accounting software and can be reliably measured and it can be demonstrated that it will generate probable future economic benefits for the Institute.

These costs are amortized over the effective period of the new curriculum and the remaining useful life is reviewed at least at each financial reporting year end.

##### (ii) Accounting software

Costs that are directly attributable to the acquisition of Sage 50 accounting software are recognized as intangible assets when it is technically feasible to implement the new curriculum, the investment attributable to the project during its development period can be reliably measured and it can be demonstrated that it will generate probable future economic benefits.

These costs are amortized over the effective period of the new accounting software and the estimated useful life for current and future periods are 5 years.

#### (c) Inventories

Inventories are stated at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expense. Cost is determined on a weighted average basis.

#### (d) Short term investments

Investments in money market instruments with a maturity period of over three months are treated as short term investments and are recognized at amortized cost.

### 1.3 Significant accounting policies (Continued)

#### (e) Other receivables

Debtors and receivables are carried at anticipated realizable value. An estimate is made for bad and doubtful receivables based on a review of all outstanding amounts at the year end.

#### (f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with bank, and investments in money market instruments with a maturity period of less than three months.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and cash with bank, and investments in money market instruments, net of bank overdraft. In the statement of financial position, bank overdrafts are included with borrowings under current liabilities.

#### Cash flow statement

Cash flow statement has been prepared using the indirect method.

#### (g) Liabilities and provisions

Liabilities are recognized in the statement of financial position when there is a present obligation as a result of past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable on demand or within one year of the reporting date are treated as current liabilities in the statement of financial position. Liabilities payable after one year from the reporting date are treated as non-current liabilities in the statement of financial position.

A provision is recognized if, as a result of a past event, the Institute has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

## **INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December,**

#### **(h) Taxation**

Current income tax asset and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

#### **(i) Employee benefits**

##### **Defined contribution plans**

Obligations to defined contribution plans are recognized as an expense in the statement of comprehensive income as incurred. The Institute contributes 12% and 3% of gross emoluments of employees as Provident Fund and Trust Fund respectively.

##### **Defined benefit plan**

Provision for retirement gratuity has been made for employee who have completed one year of service with the Institute. However, under the payment of Gratuity Act No. 12 of 1983, the liability for gratuity arises only on completion of five years continued service.

#### **(j) Government grant**

Grants are recognized in the financial statements at their fair value. When the grant or subsidy relates to an expense, it is recognized as an income over the period necessary to match it with costs, which is intended to compensate for on a systematic basis.

Grants and subsidies related to assets are generally deferred in the statement of financial position and credited to the statement of income and expenditure over the useful life of the asset.

### **1.3 Significant accounting policies (Continued)**

#### **(k) Revenue recognition**

Revenue is recognised to the extent that it is probable

that the economic benefits will flow to the institute and the revenue can be reliably measured on an accrual basis. Revenue is measured at the fair value of the consideration received or receivable. The following specific criteria are used for the purpose of recognition or revenue.

Interest income is recognized as interest accrues, taking into account the effective interest rate (EIR) of the investments.

However subscription income from members and students, and examination fee income are recognized on accrual basis.

Surplus / deficit on examination, seminars, courses and other educational and members' activities are taken to the statement of income and expenditure based on the year of completion of such activity.

#### **(l) Other non- operating expenses**

All expenditure incurred in the operations of the business and in maintaining the capital assets in a state of efficiency have been charged to income in arriving at the Institute's surplus for the year.

#### **(m) Comparative information**

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

#### **(n) Events occurring after the reporting date**

All material post reporting events have been considered and where appropriate adjustments or disclosures have been made in respective notes to the financial statements.

#### **(o) Commitments and contingencies**

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Institute's control.

Commitments and contingencies are disclosed in Note 24 to the financial statements.

## INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS

As at 31 December,

#### 2 Property, plant and equipment

Cost	Freehold land	Building	Computers	Furniture and fittings	Office equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 January 2018	32,625,000	27,629,856	6,592,348	3,384,835	5,039,513	75,271,552
Additions during the year	-	341,695	2,177,150	485,025	303,713	3,307,583
<b>Balance as at 31 December 2018</b>	<b>32,625,000</b>	<b>27,971,551</b>	<b>8,769,498</b>	<b>3,869,860</b>	<b>5,343,226</b>	<b>78,579,135</b>
<b>Accumulated depreciation</b>						
Balance as at 01 January 2018	-	3,106,071	4,139,062	2,178,483	3,174,558	12,598,174
Charge for the year	-	699,863	1,033,562	518,850	687,707	2,939,982
<b>Balance as at 31 December 2018</b>	<b>-</b>	<b>3,805,934</b>	<b>5,172,624</b>	<b>2,697,333</b>	<b>3,862,265</b>	<b>15,538,156</b>
<b>Written down value as at 31 December 2018</b>	<b>32,625,000</b>	<b>24,165,617</b>	<b>3,596,874</b>	<b>1,172,527</b>	<b>1,480,961</b>	<b>63,040,979</b>
Written down value as at 31 December 2017	32,625,000	24,523,785	2,453,286	1,206,352	1,864,955	62,673,378

#### 3 Intangible assets

Cost	Deferred Expense - syllabus revision	Deferred Expense - CHFMA syllabus	Sage 50 accounting package	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 1 January 2018	7,226,581	-	-	7,226,581
Additions during the year	7,678,894	250,000	1,297,760	9,226,654
Disposals during the year	-	-	-	-
<b>Balance as at 31 December 2018</b>	<b>14,905,475</b>	<b>250,000</b>	<b>1,297,760</b>	<b>16,453,235</b>
<b>Accumulated amortization</b>				
Balance as at 1 January 2018	-	-	-	-
Charge for the year	2,269,199	50,004	134,514	2,453,717
<b>Balance as at 31 December 2018</b>	<b>2,269,199</b>	<b>50,004</b>	<b>134,514</b>	<b>2,453,717</b>
Written down value as at 31 December 2018	12,636,276	199,996	1,163,246	13,999,518
Written down value as at 31 December 2017	7,226,581	-	-	7,226,581

This is the cost that is directly attributable to the development of curriculum and study materials of the CMA qualifications which is recognized as intangible assets.

#### 4 Inventories

Study packs	1,371,575	-
	1,371,575	-

#### 5 Deposits and prepayments

Prepayment-exhibition expenses	125,750	-
Deposit-ANCL	17,250	17,250
Deposit-CEB	165,000	165,000
Festival advance	360,265	154,900
	<b>668,265</b>	<b>337,150</b>

#### 6 Income tax receivables

Income tax recoverable	44,638	44,638
	<b>44,638</b>	<b>44,638</b>

#### 7 Other receivables

Direct membership receivables	1,890,000	-
CMA Commonwealth Association	106,260	106,260
Advance payment	135,000	224,833
Receivables-Seminar/workshops/conference		
Rent -deposit and advance	660,000	-
Receivables-CMA member journal	50,000	-
	<b>3,018,760</b>	<b>648,093</b>

**INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at 31 December,

	<b>2018</b>	<b>2017</b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
<b>8 Short term investments at amortized cost</b>		
Fixed deposits - People's bank	15,799,607	30,105,539
Fixed deposits - National savings bank	5,115,953	5,110,903
	<b>20,915,560</b>	<b>35,216,442</b>
<b>9 Cash and cash equivalents</b>		
Current account - People's bank	5,749,854	-
People's Bank- Examination	221,311	-
SPV collection - People's bank	2,500,000	2,500,000
CHFMA - People's bank	133,950	472,800
CMA members benevolent fund - current account	87,500	-
Commercial bank	-	181,003
Petty cash	50,000	50,000
Cash and cash equivalent	<b>8,742,615</b>	<b>3,203,803</b>
Bank overdraft	(172,592)	(51,721)
Cash and cash equivalent for the cash flow purpose	<b>8,570,023</b>	<b>3,152,082</b>
<b>10 Accumulated fund</b>		
Balance at the beginning of the year	74,981,050	66,411,471
Surplus for the year	1,337,367	8,569,579
Balance at the end of the year	<b>76,318,417</b>	<b>74,981,050</b>
<b>11 Defined benefit obligations</b>		
Balance at the beginning of the year	2,103,254	1,420,600
Provision for the year	1,004,421	787,654
Payment made during the year	(1,049,925)	(105,000)
Balance at the end of the year	<b>2,057,750</b>	<b>2,103,254</b>
<b>12 Government grant</b>		
Balance at the beginning of the year	23,611,112	24,305,556
Addition during the year	-	-
Charge for the year	(694,444)	(694,444)
Balance at the end of the year	<b>22,916,668</b>	<b>23,611,112</b>
<b>13 Accrued expenses and other payables</b>		
Telephone	105,175	93,282
Audit fee	178,200	147,000
EPF and ETF	232,894	275,195
Overtime	28,640	22,992
Security service	91,494	91,495
Sundry creditors	1,179,778	3,074,444
Institute of Certified Professional Managers	29,250	2,925
Provision - Examination	2,290,185	2,408,348
Other liability account	53,000	-
WHT payable	11,100	-
	<b>4,199,716</b>	<b>6,115,681</b>

A grant of Rs. 25 Mn was received on 30 March 2016 as an assistance for purchase of the Building at Visaka Road. This is amortized over the remaining usefull life time of the building.



**INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**

<b>As at 31 December,</b>		<b>2018</b>	<b>2017</b>
		<b>Rs.</b>	<b>Rs.</b>
<b>14 Advance receipt income</b>			
Member subscription	4,135,500	709,000	
Student subscription	1,489,500	1,134,000	
Examination fee	315,650	226,750	
Advance received	89,600	300,000	
Toastmaster and speech craft	-	98,500	
	<b>6,030,250</b>	<b>2,468,250</b>	
<b>For the year ended 31 December,</b>		<b>2018</b>	<b>2017</b>
		<b>Rs.</b>	<b>Rs.</b>
<b>15 Registration fees and annual subscription</b>			
Students - CMA	10,656,071	11,749,412	
Members - CMA	10,713,738	11,348,857	
Members - AMA	166,061	153,575	
Students - CA and IT	2,111,775	180,750	
	<b>23,647,645</b>	<b>23,432,594</b>	
<b>16 Examination and exemption fees</b>			
Exam & Exemp.income-CMA	39,492,168	37,182,409	
Exam & Exemp.Income- IT	653,800	895,960	
	<b>40,145,968</b>	<b>38,078,369</b>	
<b>17 Net surplus from seminars and other activities</b>			
Surplus on study packs and CMA publications	1,619,461	2,930,477	
Induction programme	-	(1,541,561)	
CMA students' conference	(317,013)	-	
Pre-examination seminar	19,029	328,321	
Graduation ceremony	(177,589)	(763,152)	
Tostmasters and speechcraft program	(425,654)	(326,010)	
Others- Seminars and Conferences	(3,520)	78,500	
Passed finalists meeting	(125,346)	(192,655)	
TCM program	(73,231)	-	
Essay competition	(4,500)	-	
BMS program	(2,700)	12,100	
TCM and CMA Awareness Program	-	10,000	
CMA founders' day	(448,790)	-	
Corporate secretaryship program	96,998	-	
Seminar on ratings	(25,863)	-	
Semianr on fraud risk management	21,550	-	
CHFMA Program	1,203,758	(65,880)	
CMA Conference and IR awards ceremony	360,949	486,561	
IR Seminar	21,650	46,530	
Capital Market seminar	-	2,775	
Big Data Analytics for Acc.	-	8,411	
Manage your Emotions -Workshop	-	(20,150)	
Highlights of CBSL Annual reports	-	(25,330)	
Tone in a Changing Landscape	-	(6,510)	
New Inland Revenue Act	-	96,867	
Seminar - Foreign Exchange Act	-	(178,074)	
Seminar on Budget 2	-	(56,968)	
RAMIS seminar	58,317	-	
Education institute - Registration	12,675	-	
Forensic accounting program	202,422	-	
E-learning course	2,500	-	
	<b>2,015,103</b>	<b>824,252</b>	

**INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December,

	<b>2018</b>	<b>2017</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>18 Other income</b>		
Fixed deposit interest	2,453,163	4,328,198
E-learning course	-	12,212
Rent income	180,000	75,000
Disposal of fixed assets	-	24,000
	<b>2,633,163</b>	<b>4,439,410</b>
<b>19 Staff cost</b>		
Staff salary	15,195,456	12,709,581
EPF/ETF	2,272,685	1,899,234
Consultancy fee	2,722,333	3,129,933
Bonus	1,512,339	1,351,730
Overtime	294,734	276,841
Gratuity provision	1,004,421	787,654
Staff welfare	684,939	596,497
Staff training and recruitment	171,144	185,200
Travelling allowance	1,890,528	1,410,097
Incentives and allowances	324,642	-
Mobile Allowance	43,300	38,400
Surcharge payment	-	40,370
Car allowance	314,000	-
	<b>26,430,521</b>	<b>22,425,537</b>
<b>20 Administrative and establishment expenses</b>		
Advertising	3,548,003	5,148,069
Printing and stationery	2,158,971	1,296,582
Expenses for exhibition	1,094,900	1,332,228
Promotion expenses	10,651,052	4,002,221
Depreciation	2,966,076	2,226,674
Examination expenses	8,518,405	6,518,175
Postage	765,907	776,703
Computer centre expenses	668,381	278,304
Other expenses	18,011	-
Telephone	1,015,870	867,979
Office maintenance	801,540	757,421
Electricity	862,772	804,345
Professional services	1,286,978	298,330
Travelling	408,869	554,750
Audit fee	226,887	186,403
Office equipment maintenance	185,833	325,071
Water	123,211	197,854
Insurance	91,468	77,590
SAFA board meeting and foreign travel	5,801,055	5,621,085
Management accounting journal	358,120	71,950
Committee meeting and discussion	257,560	226,034
Donations	38,608	19,808
AGM expenses	516,150	290,845
Agreements and annual charges	2,632,826	2,650,071
Study text and syllabus revision	2,269,199	-
CMC assessment tax	158,004	153,846
Security service	1,097,928	1,100,978
Pirith chanting ceremony	-	391,415
CMA students' guild	14,900	162,991
CMA staff activities	431,893	201,378
Scholarship awarding ceremony	-	38,806
CMA oratorical competition	445,556	80,760
Council election expenses	-	25,041
Contribution to CMA members benevolent fund	25,000	-
	<b>49,439,933</b>	<b>36,683,707</b>

**INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December,

	<b>2018</b>	<b>2017</b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
<b>21 Finance expenses</b>		
Bank charges	48,502	90,246
	<b>48,502</b>	<b>90,246</b>
<b>22 Taxation</b>		
Current tax expense	-	-
	<b>-</b>	<b>-</b>

The Institute of Certified Management Accountants of Sri Lanka established by the Institute of Certified Management Accountants of Sri Lanka Act No.23 of 2009 and it is not conducting any business activities and carrying only statutory activities. The profit of the Institute up to the 31 March 2018 is exempt from income tax according to section 7 (b) (xii) of Inland Revenue Act No. 10 of 2006. From 01 April 2018, Institute is liable for tax as per the Inland revenue Act No.24 of 2017 which is effective from April 2017.

**23 Related party transactions**
**23.1 Transactions with key management personnel**

The Institute considers its Governing Council as the key management personnel of the Institute. Compensation paid to key management personnel of the Institute is as follows:

	<b>2018</b>	<b>2017</b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
Short term employee benefits	Nil	Nil
Post employee benefits	Nil	Nil

**23.2 Transactions with related parties**

There are no any transactions with related parties during the year.

**24 Commitments and contingencies**

The Institute does not have any significant contingent liabilities and commitments outstanding as at the reporting date which require adjustments to or disclosure in the financial statements.

**25 Number of employees**

Number of employees of the Institute as at 31 December 2018 is 24. (As at 31 December 2017: 25)

**26 Litigation and claims**

There were no pending litigation or claims against the Institute as at the reporting date.

**27 Events occurring after the reporting date**

There were no material events occurring after the reporting date which require adjustments to or disclosures in the financial statements.

**28 Approval of financial statements**

These financial statements were approved by the Governing Council and authorized for issue on 08 April 2019.

# Notice of Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of the Institute of Certified Management Accountants of Sri Lanka will be held at the Hotel Taj Samudra Gregory room on Wednesday 24th April, 2019 at 5.30 p.m.to consider the matters outlined in the following agenda.

## Agenda

1. To receive and adopt the report of the Governing Council for the year ended 31st December 2018.
2. To receive and adopt the audited accounts and auditors report for the year ended 31st December 2018.
3. To re-appoint KPMG, Chartered Accountants as auditors for the ensuing year and to fix their remuneration.
4. Any other business of which prior notice had been given.

By order of the Council,



**D.W.S. Narangoda**  
Chief Executive Officer  
08.04.2019  
Colombo

## NOTES



## NOTES



**Institute of Certified Management Accountants of Sri Lanka**

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