

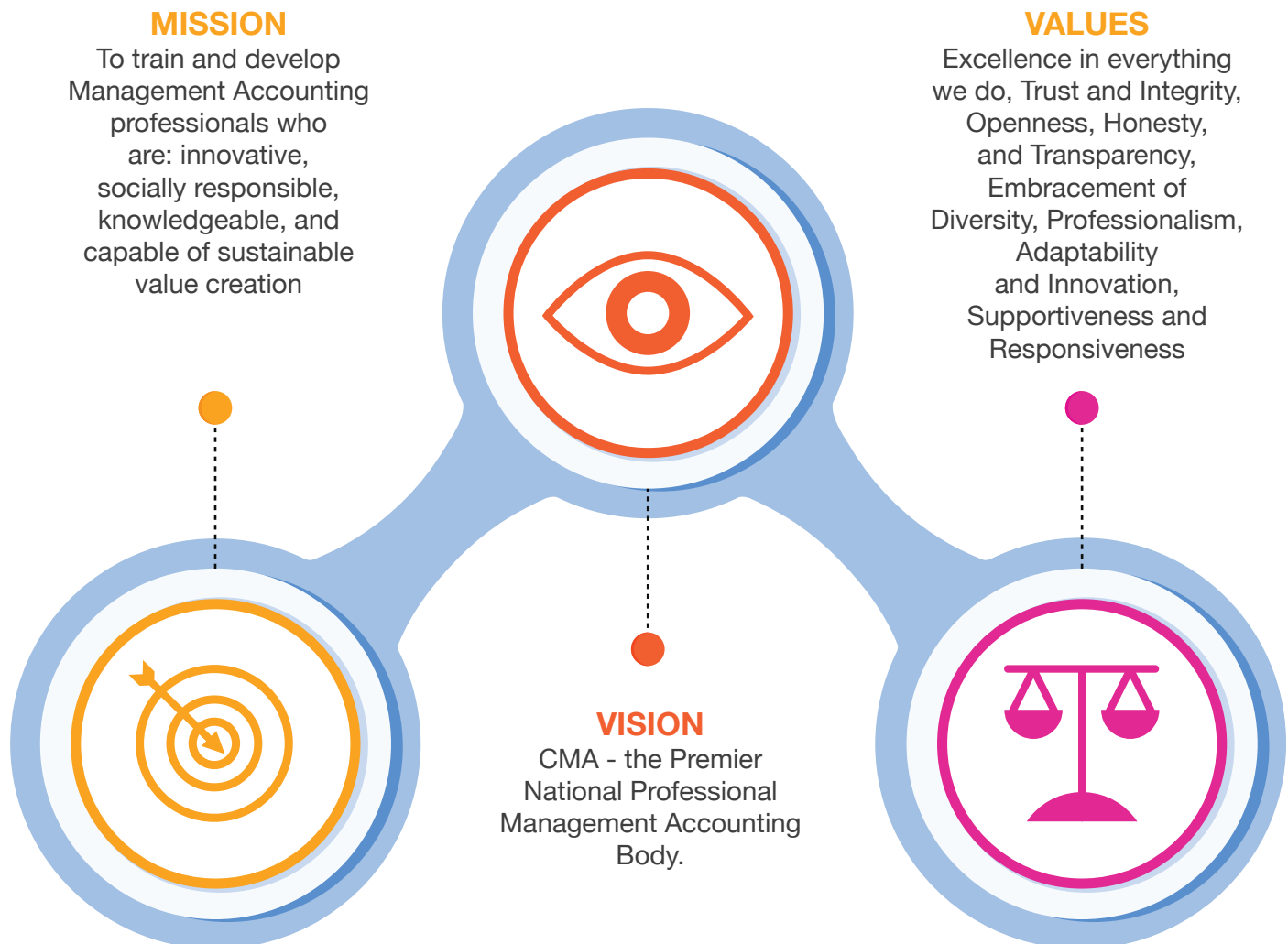


**INSTITUTE OF CERTIFIED MANAGEMENT  
ACCOUNTANTS OF SRI LANKA**

Incorporated by Act of Parliament No. 23 of 2009











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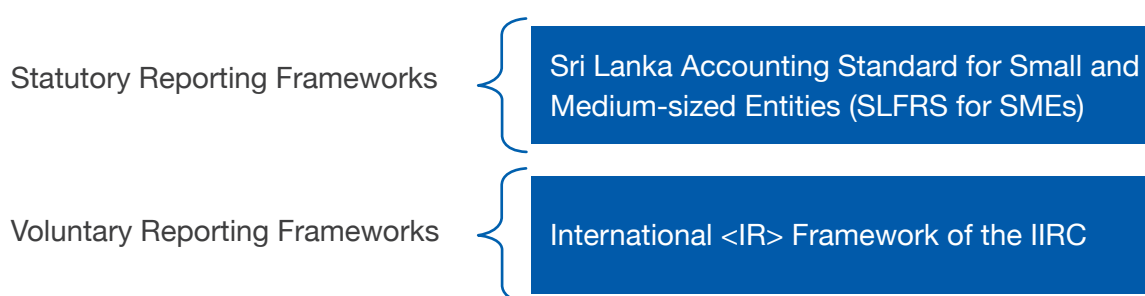
## ABOUT THE REPORT

The Annual Integrated Report of the Institute of Certified Management Accountants of Sri Lanka (CMA) has been prepared in accordance with the guidelines of the International Integrated Reporting <IR> framework published by the International Integrated Reporting Council. Our aim has been on communicating the value we have created during the year in a concise manner that provides a balanced overview of our strategy, governance, performance, and prospects in the context of the external environment we operate in.

### Scope and Boundary

The Report covers the operations of CMA for the period from 1st January 2020 to 31st December 2020. Material events occurring after 31st December 2020 up to the date of sign off by the Governing Council of CMA on 24th March 2021 have been included in this Report.

Financial and non-financial information presented are limited to CMA and adhere to the reporting requirements of the respective regulatory bodies.



The financial statements of CMA have been audited by Messrs. KPMG, Chartered Accountants.

### Feedback

We hope this Annual Report incorporating the principles of <IR> gives you a better understanding of CMA. Integrated Reporting is a journey of continuous improvement and we welcome your comments and queries which will be helpful in improving our Integrated Report. Please direct your feedback to Ms. Dhushianthy Nallathamby on 0772394029.

# CMA SRI LANKA

## THE CMA QUALIFICATION

The Certified Management Accounting programme leads to a professional qualification in management accounting. Successful completion of a five-level examination structure that includes an integrative case study and a three-year period of industrial training is required to obtain associate membership.

### STUDENTS

18,465

### MEMBERS

2,520

### TRAINING PARTNERS

92

CMA ensures accessibility of education to students throughout the country. Accredited study centres offer programmes in Sinhalese, Tamil, and English at the first two levels and thereafter, in the English medium. The course is also of an affordable cost to students, with scholarships awarded to deserving students.

## INCLUSIVITY AND AFFORDABILITY

### ACCREDITED EDUCATIONAL INSTITUTES 32

### COMPUTER BASED EXAMINATIONS

### ONLINE LECTURES

## LOCAL/GLOBAL COLLABORATION

CMA is a member of the International Federation of Accountants, the South Asian Federation of Accountants, and the Confederation of Asian and Pacific Accountants. The CMA qualification is recognised by many local and international professional accounting bodies, universities, and educational institutions.

CMA regularly organises events including its annual conference and many sessions on current and emerging topics related to the profession, enabling members to network, advance their career, update their skills and knowledge, and meet CPD requirements.

## CONTINUING PROFESSIONAL DEVELOPMENT

### ANNUAL CONFERENCE – 2020 HELD VIRTUALLY 534 PARTICIPANTS

### ANNUAL INTEGRATED REPORT COMPETITION AWARDS CEREMONY HYBRID BASIS

### 15 PROGRAMMES FOR CPD

CMA was established in 1999 as the Society of Certified Management Accountants of Sri Lanka, with the technical assistance of CMA Canada, currently CPA Canada, and the financial assistance of the Canadian International Development Agency. The professional body was launched on 3rd June 2000. It was thereafter incorporated by an Act of Parliament No. 23 of 2009 as the Institute of Certified Management Accountants as the National Professional Management Accounting Institute in Sri Lanka.

## BRIEF HISTORY OF THE FOUNDATION OF CMA

CMA Sri Lanka was incorporated in 1999 as the Society of Certified Management Accountants of Sri Lanka and launched on 3rd June 2000 with technical assistance of CMA Canada and the financial assistance of Canadian International Development Agency (CIDA) and supported by the Ministry of Trade and Commerce. Prior to this period, Sri Lanka did not have a local Management Accounting body and this was the main reason that Founder of CMA Sri Lanka, Prof. Lakshman R Watawala a Past President of the Institute of Chartered Accountants of Sri Lanka and Founder of AAT Sri Lanka took the initiative to set up the Society of Certified Management Accountants of Sri Lanka a National body for Professional Management Accountants to serve the Sri Lankan student population and to provide a quality professional management accounting qualification at an affordable price.

In the year 2009 the then Minister of Trade and Commerce Hon Bandula Gunawardena published an order paper which was a Bill for the Establishment of the Institute of Certified Management Accountants of Sri Lanka. The Bill was tabled in parliament on 18th March 2009 for debate for half a day and passed unanimously and the Hon Speaker gave assent to the Act No 23 of 2009 incorporating the Institute of Certified Management Accountants of Sri Lanka on 20th April 2009.

The membership of the South Asian Federation of Accountants (SAFA) which was supported by the Institute of Cost Accountants of India resulted in CMA Sri Lanka obtaining membership in December 2009 and the first meeting was attended by Prof Lakshman R Watawala President in January 2010. The same year CMA applied for Associate membership of the International Federation of Accountants (IFAC) and received it in November 2010 and thereafter in 2014 received the full membership of IFAC the global body for the accounting profession. The membership of the Confederation of Asian and Pacific Accountants (CAPA) was received thereafter. These recognitions have placed CMA in the international map and brought recognition to our Motherland.

The CMA Professional Qualification was revised with the issue of the CMA Professional Programme

in 2018 to produce competent management accountants with a global – local outlook endowed with capabilities and competencies to fit the dynamic and complex business environment. The practical experience of three years is an essential part of the professional qualification required for the grant of professional membership and the prestigious designation ACMA.

CMA was the first Sri Lanka professional accounting body to commence the Computer Based Testing in 2018, carried out with the assistance of Pearson VUE USA and bringing CMA on par with other international professional accounting bodies.

In addition to that, CMA qualification was recognized by the Post Graduate Institute of Management (PIM) for the MBA programme and the Masters in Accounting from the University of Sri Jayawardenapura. Furthermore, the BMS degree program with the Open University of Sri Lanka grants exemptions to CMA students to obtain a Bachelor's degree together with the CMA Professional qualification.

During the past 21 years, we have made a rapid progression in our activities to the students, members and the society. Moreover, we conduct Continuing Professional Development Programmes (CPD) and our National Management Accounting Conference has become our annual flagship event. In order to recognize the private and public sector organizations in Sri Lanka, since 2015 CMA conducts the CMA Excellence in Integrated Reporting Awards competition as per the framework of the International Integrated Reporting Council (IIRC).

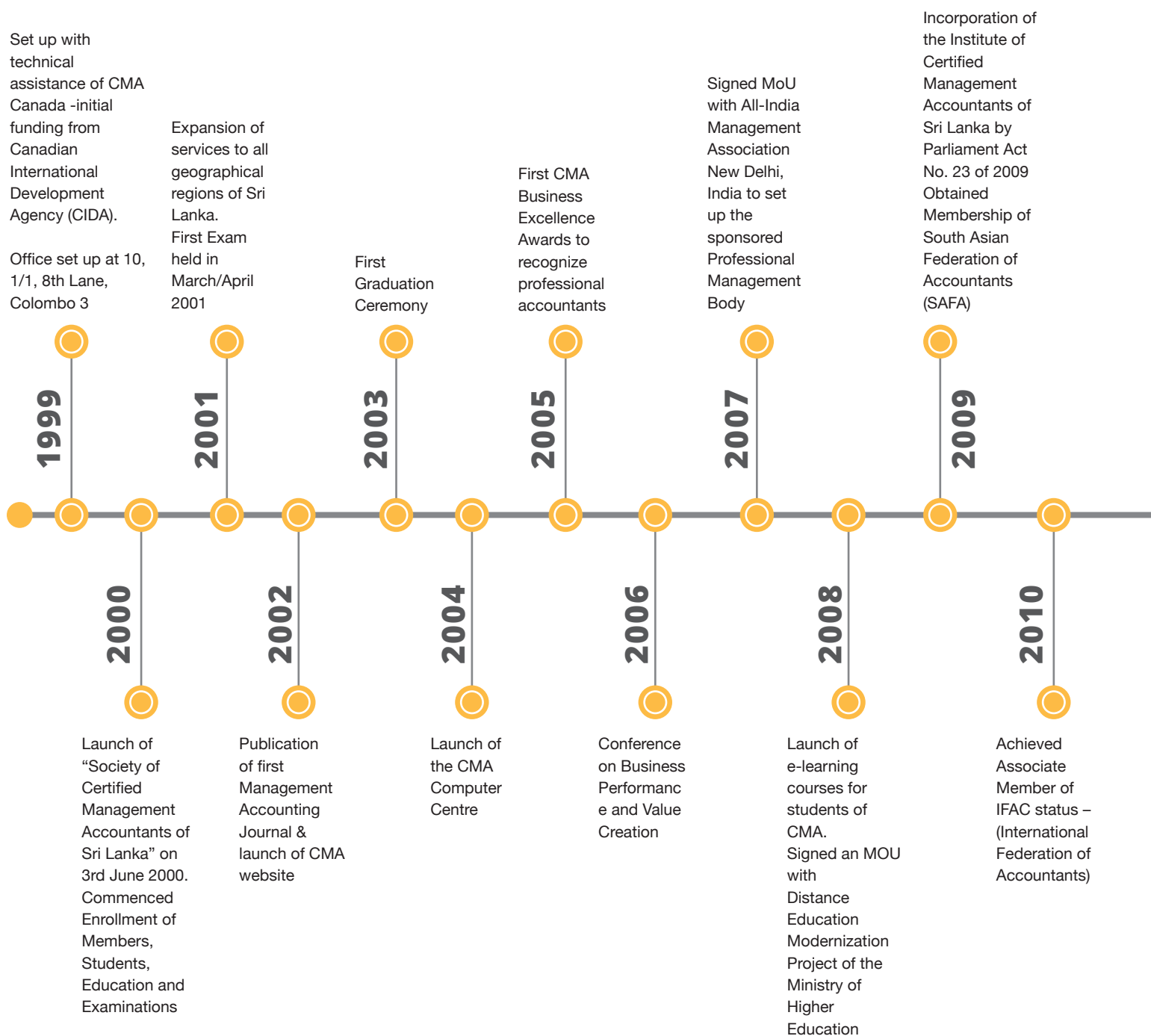
During the last 5 years three IFAC Presidents have visited to CMA Sri Lanka bringing credit to the accounting profession in Sri Lanka.

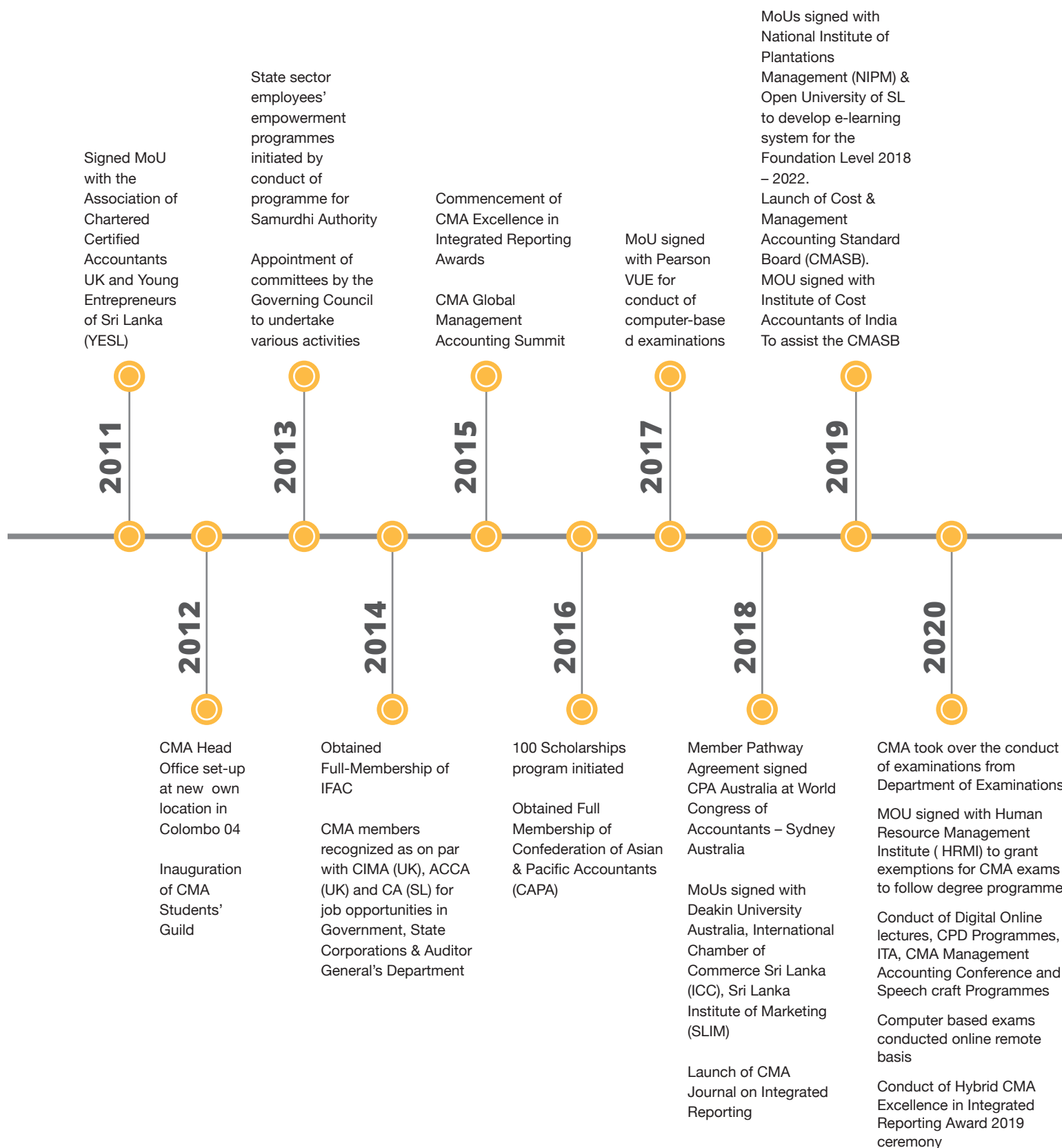
Professionals of a country are an essential and valuable component who can contribute positively for the country's Economic Development. The Institute of Certified Management Accountants (CMA), Sri Lanka, is engaged in producing Management Accounting Professionals with an all embracing knowledge to serve in any sector of the economy either in the public or private sector and to meet

the growing needs of government, industry and commerce and state owned enterprises. The Cabinet of Ministers in 2014 approved the recognition of the CMA Sri Lanka qualification on par with the other local and foreign professional accounting bodies. In 2021 the Public Service Commission Gazetted the CMA qualification for entry into the Government Accountancy Services seven years after the grant of the Cabinet approval.

Being the National Professional Management Accounting body CMA has been entrusted with the responsibility of issuing Cost and Management Accounting Standards which will provide the framework to the industries and services sector to maintain cost accounting records and adopt required tools in cost accounting to become more efficient and competitive in the local and global market. The Cost and Management Accounting Standards Board was launched in 2019 and an MOU was signed with Institute of Cost Accountants of India to obtain their assistance in this regard at the launch.

# MILESTONES





# INTERNATIONAL RECOGNITION, MEMBERSHIPS, AND COLLABORATIONS



International Recognition	Recognition in Sri Lanka
Professional Accounting Bodies	Universities
<ul style="list-style-type: none"> <li>Institute of Cost Accountants of India</li> <li>ICMA Bangladesh</li> <li>ICMA Pakistan</li> <li>CPA Australia</li> <li>CPA Canada</li> <li>ACCA UK</li> </ul>	<ul style="list-style-type: none"> <li>Postgraduate Institute of Management – Sri Lanka</li> <li>University of Colombo</li> <li>Open University of Sri Lanka</li> <li>University of Sri Jayawardenapura</li> <li>University of Wayamba</li> <li>University of Kelaniya</li> <li>University of Jaffna</li> <li>South Eastern University</li> <li>Uwa Wellassa University</li> <li>Sabaragamuwa University</li> <li>Eastern University</li> </ul>
Universities	Other Institutions
<ul style="list-style-type: none"> <li>Deakin University – Melbourne Australia</li> <li>Commonwealth Executive Master of Business (MBA)</li> </ul>	<ul style="list-style-type: none"> <li>The Sri Lanka Foundation Institute</li> <li>Sri Lanka Institute of Tourism &amp; Hotel Management</li> <li>Sri Lanka Institute of Information Technologies (SLIIT)</li> <li>Sri Lanka Institute of Advance Technological Education (SLIATE)</li> <li>National Institute of business Management (NIBM)</li> <li>Sri Lanka Institute of Marketing (SLIM)</li> <li>National Chamber of Commerce Sri Lanka</li> <li>International Chamber of Commerce Sri Lanka (ICC)</li> <li>Pearson Vue Computer Based Testing</li> <li>National Institute of Plantations Management (NIPM)</li> <li>Human Resource Management Institute (HRMI)</li> </ul>

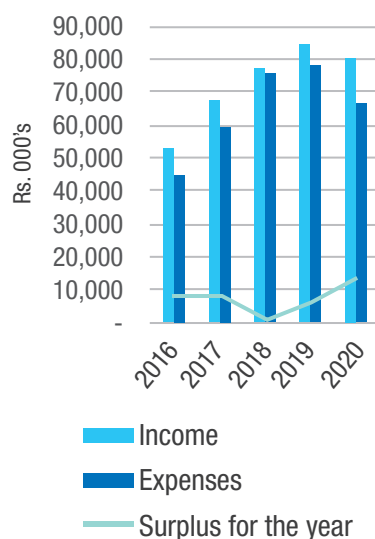


# PERFORMANCE HIGHLIGHTS

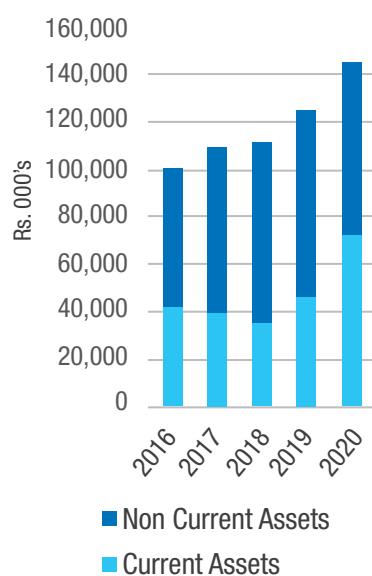
## Financial Indicators

	Unit	2020	2019	Change %
<b>Financial Performance</b>				
Revenue	Rs. Mn	80.4	84.2	-4.5
Profit before tax	Rs. Mn	13.5	5.8	132.8
Profit after tax	Rs. Mn	13.1	5.8	125.9
<b>Financial Strength</b>				
Non-current assets	Rs. Mn	72.4	78.3	-7.5
Current assets	Rs. Mn	71.3	46.7	52.7
Total assets	Rs. Mn	143.7	125.0	15.0
Total funds	Rs. Mn	97.4	83.0	17.4
Non-current liabilities	Rs. Mn	24.3	24.7	-1.6
Current liabilities	Rs. Mn	22.0	17.3	27.2

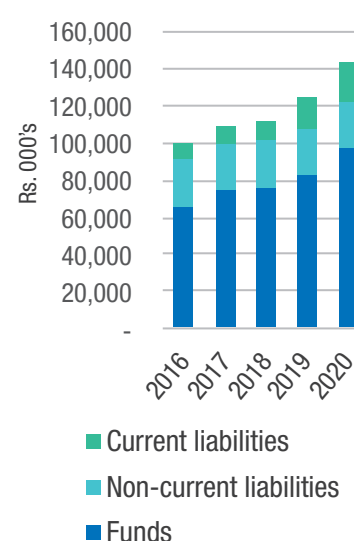
Income, Expenses and Surplus



Total Assets

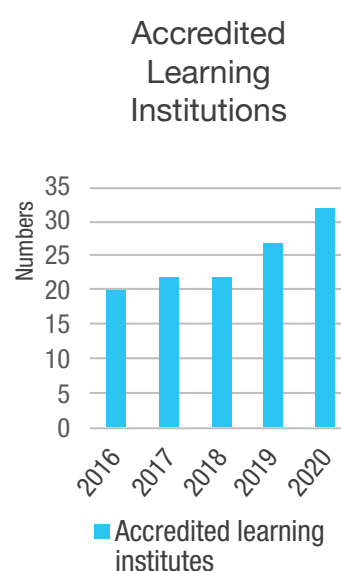
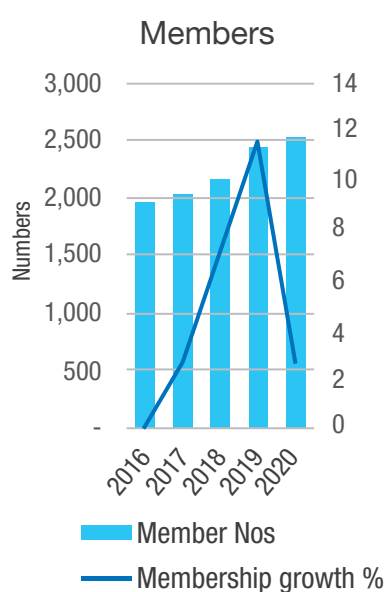


Total Funds & Liabilities



## Non-Financial Indicators

	Unit	2020	2019	Change %
<b>Human Capital</b>				
Employees	Nos	24	24	-
<b>Social and Relationship Capital</b>				
Students	Nos	18,465	17,265	7.0
Members	Nos	2,520	2,410	4.6
Passed finalists	Nos	53	67	-20.8
Passed finalists awarded ACMA	Nos	57	110	-48.1
Passed finalists awarded AMA	Nos	16	7	128.5
Accredited educational institutes	Nos	32	27	18.5
Scholarships awarded	Nos	16	85	-81.2
<b>Intellectual Capital</b>				
Knowledge and expertise programmes	Nos	15	13	15.3
Publications	Nos	1	2	-50.0



## LEADERSHIP

### PRESIDENT'S MESSAGE

It was an unprecedented year dominated by the effects of the COVID-19 pandemic. Governments around the world imposed lockdowns, border controls, and stringent health and safety measures to curb the spread of the virus. Businesses were faced with uncertainty as they adapted to the new norm by changing the ways of doing business and work. Schools and educational institutions were also affected as students were unable to be physically present at classes during lockdowns, resulting in a shift to online learning. Amidst these challenges, CMA Sri Lanka continued to create value for all its key stakeholders by strategically focusing on enhancing the profession of management accounting within the country.

#### Creating value for our stakeholders as we adapted to new norms

To ensure minimal disruption to students in their aspiration to become professionals, digitization of all activities was given priority and we launched "CMA Sri Lanka Virtual Learning" platform through which online lectures were conducted during the year. In partnership with Pearson VUE, we continued providing computer-based examinations for the foundation level. The November 2020 examination, which was held in February 2021 for all levels except the foundation level, was conducted online on a remote basis. The Speechcraft programme and the



Computer based Accounting programme, the completion of which is mandatory to apply for membership, was also shifted online providing students working overseas and out of Colombo the opportunity to join and complete the courses without delay.

CPD programmes and annual events of CMA Sri Lanka, such as the National Management Accounting Conference, were conducted online and was free of charge to members and participants. The 6th Annual 'CMA Excellence in Integrated Reporting Awards 2020' competition was held during the year, although the number of companies that participated

was lower than in previous years. CMA Sri Lanka duly recognised those companies that prepared high quality integrated reports amidst the challenges posed by the COVID-19 pandemic. The awards ceremony was held on a hybrid basis with eminent speakers from different parts of the world contributing to the event digitally and the awards granted physically. The health and safety of our staff were primary concerns during the year. We adhered to all health and safety regulations mandated by the Ministry of Health, enabled working from home (WFH) for staff by investing in laptops and internet connections ensured that support facilities were available to seamlessly WFH.

## CMA Sri Lanka COVID-19 SME Development Committee

During the first wave of the COVID-19 pandemic businesses faced challenges in making operational and cash flow decisions not knowing the trajectory of the pandemic. The government stepped in at this time, requesting financial institutions to provide relief through concessionary financing and moratoriums to businesses affected by the pandemic. To help the SME sector, the backbone of the economy, overcome the challenges during this time, CMA Sri Lanka initiated the 'CMA Sri Lanka – Covid-19 SME Development Committee' comprising of other professional bodies, chambers of commerce, commercial banks, and industry experts. Webinars were conducted for the SME sector that provided expert advice on a wide range of relevant topics and a help desk facilitated through the support of participating chambers of industry/trade/commerce. CMA Sri Lanka also co-hosted the COVID-19 SME Development Regional Conference held at Hambantota with the Hambantota District Chamber of Commerce on the theme 'Solutions to meet challenges faced by SMEs in financial management, bank funding, and entrepreneurial leadership in the post Covid - New Economy'. The conference had over 300 participants including representation by nine commercial banks supported by the Ministry of Industries, and the Chief Guest was Hon. Mahinda Rajapakse, Prime Minister. Many seminars were held to educate the SME sector about the budget proposals in English,

Sinhalese combined with English, and Tamil combined with English with chambers of commerce, commercial banks, and by CMA.

## Representations

CMA was represented on the Board of Directors of the South Asian Federation of Accountants (SAFA) by me as the President of CMA Sri Lanka and the alternate Mr Hennayaka Bandara, the Vice President. I also served as the Chairman of the International Relations Committee of SAFA which played a major role in the setting up of the Institute of Chartered Accountants of the Maldives. CMA also participated in the committee activities of SAFA. As members of IFAC and CAPA, CMA attended the Annual General Meetings and Members' Meetings.

## Performance

Total income decreased by 4.4% mainly as examination/exemption fees declined by 15.6%, to Rs.43.3Mn. The number of students sitting for examinations dropped due to various challenges that arose from the COVID-19 pandemic, affecting both exemption and examination fees negatively. Total costs contracted 14.6% to Rs.66.9Mn, driven by a decrease in administration and establishment expenses by 21.1% as advertising and promotional expenses, general overheads, and overseas travel expenses declined during the year. After taxation, CMA Sri Lanka reported a surplus of Rs.13.1Mn, reflecting a growth of 122% during the year. Our

cashflows also remained strong with cash and cash equivalents increasing by 27% as at December 31, 2020.

## Outlook

The trajectory of the COVID-19 pandemic remains uncertain with Sri Lanka experiencing its third wave and having challenges in procuring vaccines for its entire populace eligible for vaccination. In this environment, CMA Sri Lanka will continue to expand its online delivery of lectures to include all study levels and encourage accredited learning institutes to conduct lectures online or on a hybrid basis to ensure minimal disruption to students. We are also partnering with Pearson Vue to extend computer-based examinations for the Operational and Managerial levels with the option of conducting remote examinations under strict supervision. To develop management accounting standards in the country, the cost and management accounting standards committee of CMA Sri Lanka will actively look at best practices, publish their findings, and conduct awareness programmes. The profession of accountancy has been evolving with the needs of the times, and CMA Sri Lanka will continue to focus on its qualification being relevant and meeting the expectations of its key stakeholders.

## Acknowledgements

I wish to thank the members of the Governing Council for their invaluable contribution to CMA during the year under review and our staff for their dedication and commitment to ensure that the

Institute is run as a viable self-sustaining institution maintaining the high quality and standards in all its activities. I would also like to thank our students for the confidence placed in our qualification, especially during the unprecedented challenges we have faced during this year. We will strive to ensure that you receive the highest quality education and professional training required to fulfil your future aspirations of being a professional in management accountancy. In conclusion, I thank our members who have placed their trust in us and elevating CMA to even greater heights.



**President**

Prof. Lakshman R. Watawala

## REPORT OF THE GOVERNING COUNCIL

The year 2020 was a year of new challenges amidst the COVID 19 Pandemic, resulting in the digitisation of all activities resulting in a performance development for CMA with a growth in membership and revenue. CMA's 2020 revenue of Rs.80.4 M and a positive surplus after tax of Rs. 13.1M, up from the previous year's performance, is the result of this upward trend. Engagement with members and students was consistent throughout the year, with the Institute organising professional development activities. The CPD events and seminars which were conducted online were well-attended and free of charge for all attendees. Students and members also benefited from the conduct of speechcraft programmes providing communication skills and leadership qualities.

The flagship management accounting conference for 2020 addressed a timely subject, that of 'Business 2030 – Global Impact and Value Creation in the Next Normal'. The excellence in Integrated Reporting awards 2019 was applauded for its role in creating engagement with Integrated Reporting for Sri Lankan businesses.

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, offer students hope that they can reach their potential and become part of a globally recognised profession.

CMA's members are well placed in the Government sector, Private sector, State Institutions, export industry, service sector, banks, and financial institutions to provide expertise in Strategic Cost & Management Accounting, resulting in value creation to organisations.

The organisation has done well as a self-funding non-profit making institution with sustainability as its way forward. This is reflected in all spheres of our activities from the choices we make to the impact we create in the community.

The audit on CMA's Financial Statements for the year ended 31st December, 2020 was carried out by KPMG (Chartered Accountants), the Institute's auditors and the Auditor's Report has been included with this annual report.



## CMA SRI LANKA

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

### Patrons

#### **Role: Ambassadors of the Institute**

Hon. Prof. G.L. Peiris; Member of Parliament, Minister of Foreign Affairs

Hon. Dr. Bandula Gunawardena; Member of Parliament, Minister of Trade

Mr. Ravi Karunanayake; Former Minister of Power and Energy

His Excellency 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

**Prof. Harendra Kariyawasam**

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

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

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

**Ms. Kumari Wijewardena**

ACMA, FCA, Masters in Economics and Finance B.Com (Sp)  
Nominee – Central Bank of Sri Lanka

### ADVISORY COUNCIL

**Role: Provides a supportive and advisory role and comprises of leading academics/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. Ho Yew Kee**

PhD, FCA (S'pore), FCPA(Aust) CFA  
Associate Provost (Skills Future & staff Development) Singapore Institute of Technology, Former Head, Department of Accounting & vice Dean of NUS Business School, The National University of Singapore

**Mr. Mark Chau**

BBA (RMIT)  
Regional General Manager, Business Development – International for CPA Australia, Former Advisor for Australian Trade Commission

**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, Former Council Member CMA

**Mr. F.H. Puvimanasinghe**

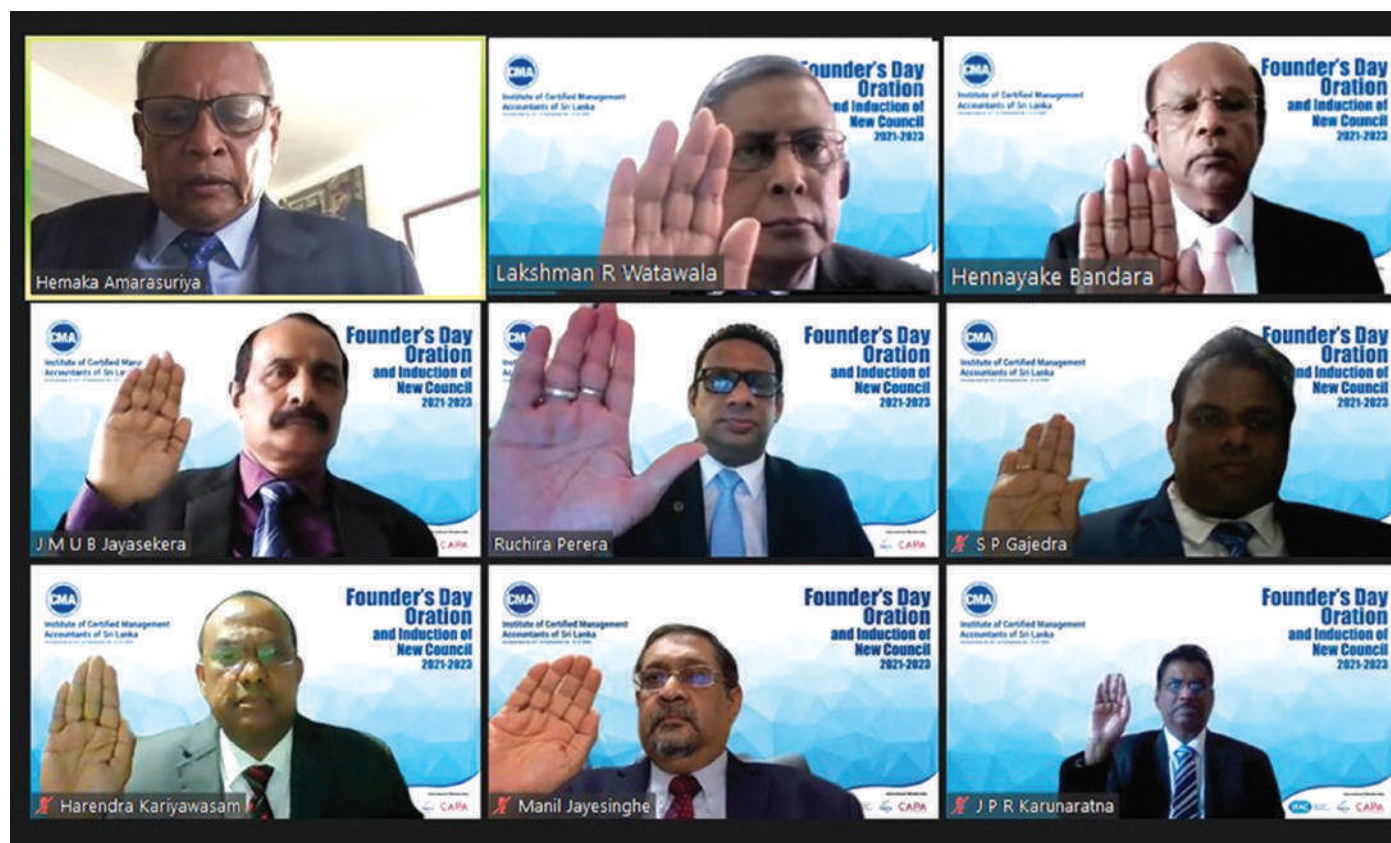
FCMA, FCA  
Former Senior Partner Puvimanasinghe and Company, Former council Member

## CMA GOVERNING COUNCIL 2019-2021





## CMA GOVERNING COUNCIL 2021-2023



## MANAGEMENT TEAM

Department	Name	Designation
<b>CEO's Office</b>	Mr. D.W.S Narangoda	Chief Executive Officer
	Mr. Kosala Dissanayake	Consultant
	Mr. L.B. Wattegedara	Consultant
<b>Membership Services</b>	Ms. Shanthi Maheswaran	Director – Member Services
<b>Administration &amp; Operations</b>	Ms. Sumudu Pagoda	Senior Director – Administration & Operations
	Ms. Ramyani Wickramasinghe	Secretary/HR Administration Manager
<b>Examinations</b>	Ms. M.P. Ginigaddarage	Director - Examinations
<b>Education, Training &amp; Research</b>	Ms. L.J.R. Chandraratne	Director – Education, Training & Research
	Ms. M. Hapuarachchi	Senior Manager - Education, Training & Research
<b>Finance</b>	Ms. D. Nallathamby	Head of Finance
<b>Student Services</b>	Mr. B. Harischandra	Senior Manager – Student Affairs
<b>Marketing</b>	Mr. N. Thilakaratne	Manager - Marketing
	Mr. J.R.A. Indika Kumara	Assistant Manager – Marketing
<b>Computer Centre</b>	Ms. S. Jayatilaka	Manager – Computer Centre

## CORPORATE GOVERNANCE

CMA is managed by a Governing Council comprising of eight members. The President, Vice-President and three members are elected by the members of CMA. The balance three members are the Governor of the Central Bank or his nominee, the President of the Institute of Chartered Accountants of Sri Lanka or his nominee and the Head of the Department of Accounting of the University of Sri Jayewardenepura or his nominee. The various activities of CMA are managed by committees appointed by the Governing Council. Each committee is headed by a member of the Governing Council with the committee members being volunteers from the CMA membership.

Committees	Chairman
Accounting Standards, Financial Reporting Standards, coordinating with Sri Lankan IFAC member bodies, Universities, Education Quality Control, and Education Institutes Quality Control Committee	Mr. Manil Jayasinghe
Conference and Seminars, IR Awards, Computer Centre, Business School Committee	Prof. Lakshman R. Watawala
Women Development Committee	Mrs. Kumari Wijewardena
Education, Training, Recognition, Brand building and CPD monitoring Committee	Mr. Hennayaka Bandara
Corporate Governance, Ethics and Disciplinary committee	Prof. Lakshman R. Watawala
Finance and Administration Committee	Prof. Lakshman R, Watawala
Journal, IT, Banking, Finance, Insurance, Taxation and Law Committee	Mr. Adrian Perera
Members, Students, PAIB, SME, CPD seminars committee	Mr. Ruchira Perera
Public Sector Education, Accounting Standards, Monitoring of Government and State Corporations and newsletter Committee	Mr. J.M.U.B. Jayasekera
Examination Committee	Prof. Harendra Kariyawasam

# BUSINESS MODEL

## STAKEHOLDERS

CMA engages with its key stakeholders on a continuous basis to understand their needs. Stakeholders provide useful insights about matters important to them. These insights can assist CMA to understand how stakeholders perceive value, identify emerging trends, detect risks and opportunities, develop and evaluate strategy, and implement activities as a response measure.



## OPERATING ENVIRONMENT

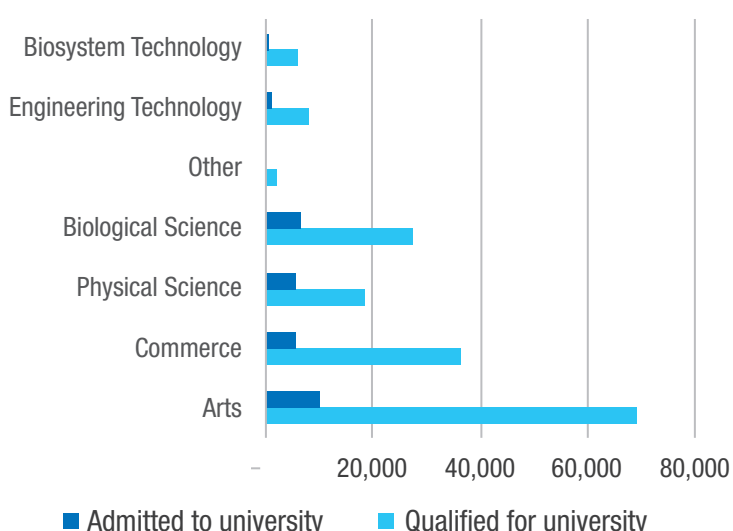
### The Economic Environment

The external environment was dominated by the COVID-19 pandemic during the year as it disrupted the very fabric of life that we knew as normal. Along with the downturn in the global economy, the Sri Lankan economy contracted by 3.6% in 2020, the deepest recession in record since independence. As government-imposed mobility restrictions and stringent health and safety guidelines to curb the spread of COVID-19 both locally and internationally, economic activity was hampered and businesses and individuals had to adapt to new ways of working and doing business. Businesses faced challenges in making operational decisions and ensuring sufficient cash flows. The accountancy profession was at the forefront at this critical time, providing financial advice, cash flow management and technical advice among many other services. CMA also played a leading role in providing support to the SME sector and conducted online education programmes to its members and the general public on navigating the challenges posed by the COVID-19 pandemic.

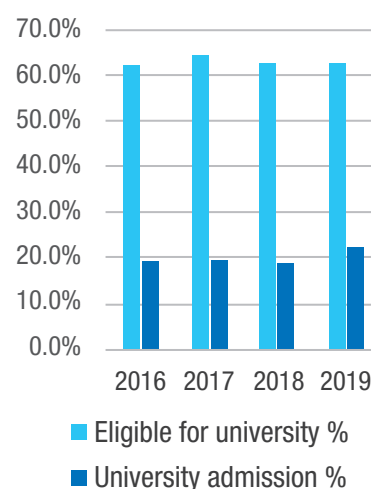
### Tertiary Education in Sri Lanka

Sri Lanka has been committed to providing free education from the kindergarten to university. Public spending on education covers general education, higher education, and most vocational educational programmes. However, educational opportunities at state universities remains limited due to capacity constraints. Although 62.4% of candidates who sat for their GCE A/L examination qualified for university entrance, only 22.5% of those qualified gained admission to state universities in 2020. The balance 77.5% of students who have passed their GCE A/L are left seeking other avenues for their future aspirations. This provides opportunities for institutions such as CMA, that provides a well-recognised and affordable professional qualification, to attract students who have passed their GCE A/L and are considering a career in management accountancy.

University Admissions by Subject Stream  
Academic Year 2018/19



University  
Admissions in  
Sri Lanka



### The Effect of Technology

Due to the disruptions caused by the COVID-19 pandemic, remote learning, online events, and conferences became the new normal. At CMA too, we adapted quickly to provide lectures online to

minimise disruptions to students. Workshops, events and the annual conference were also conducted online or on a hybrid basis when possible.

## VALUE CREATION MODEL

	Key Inputs		Key Outputs	Outcomes
Financial Capital	<ul style="list-style-type: none"> <li>Fees &amp; subscriptions</li> <li>Accumulated Fund (Page 30)</li> </ul>	<div> <h3>Key Activities</h3> </div>	<ul style="list-style-type: none"> <li>Development of a strong management accounting profession</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable businesses with strong management accounting functions</li> </ul>
Manufactured Capital	<ul style="list-style-type: none"> <li>Property, plant &amp; equipment including the CMA building located at Visakha Pvt Road, Bambalapitiya and digital infrastructure (Page 32)</li> </ul>		<ul style="list-style-type: none"> <li>Development of ethical management accountants with skills required by employers</li> </ul>	<ul style="list-style-type: none"> <li>Support and opportunities for members and students</li> </ul>
Intellectual Capital	<ul style="list-style-type: none"> <li>Our Brand</li> <li>The CMA programme</li> <li>Thought leadership (Page 33)</li> </ul>		<ul style="list-style-type: none"> <li>An affordable tertiary education pathway for youth</li> </ul>	<ul style="list-style-type: none"> <li>Professionals with a broad range of skills required by employees</li> </ul>
Human Capital	<ul style="list-style-type: none"> <li>Skilled and talented employees</li> <li>Consultants</li> <li>Volunteer members (Page 41)</li> </ul>		<ul style="list-style-type: none"> <li>A global network of professionals and academics that can support the aspirations of members</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand for the CMA qualification</li> </ul>
Social & Relationship Capital	<ul style="list-style-type: none"> <li>Students</li> <li>Passed finalists</li> <li>Members</li> <li>Accredited leaning providers</li> <li>Training partners</li> <li>Employers</li> <li>Accountancy &amp; other professional bodies</li> <li>The public</li> <li>Suppliers (Page 42)</li> </ul>		<ul style="list-style-type: none"> <li>A well-established brand recognised by employers &amp; society</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to the development of management accountancy in Sri Lanka</li> </ul>
Natural Capital	<ul style="list-style-type: none"> <li>Consumption of energy &amp; water (Page 61)</li> </ul>		<ul style="list-style-type: none"> <li>A skilled, engaged &amp; motivated team</li> </ul>	<ul style="list-style-type: none"> <li>Knowledge sharing with other accounting bodies</li> </ul>



## OUR STRATEGY

CMA's strategy is determined every four years with more frequent changes taking place due to changes in the external environmental and evolving needs of stakeholders. Six key areas have been identified to

drive CMA to achieve its strategic objectives. The strategies employed for each of these areas are summarised below.

<b>Vision</b> CMA, the premier national Management Accounting Body	
<b>Mission</b> To train and develop management accounting professionals who are innovative, socially responsible, knowledgeable and capable of sustainable value creation	
<b>Values</b>	
● Excellence in everything we do	● Openness, honesty, and transparency
● Trust and integrity	● Adaptability & innovation      ● Supportive & responsive
<b>Strategic Objectives</b>	
<ul style="list-style-type: none"> <li>● Improve quality of education in Management Accounting</li> <li>● Improve the quality of the examination process and enhance recognition of the qualification</li> <li>● Increase industry adaptation of cost and management accounting standards</li> <li>● Establish and issue management accountancy standards, and encourage the correct application of principles, techniques, cost accounting record rules, and practices of management accountancy</li> <li>● Promote the profession of management accountancy in its practice to industry, commerce, education, finance, public service, and information technology</li> </ul>	<ul style="list-style-type: none"> <li>● Undertake and regulate the professional education and practical training of students</li> <li>● To conduct examinations for the required professional qualification</li> <li>● To promote, collaborate, and assist in the study of management accountancy in universities and other higher educational institutions</li> <li>● To organise, supervise and regulate continuing professional education for the benefit of members</li> <li>● Collaborate with recognised local and international professional and educational institutions to promote studies in such institutions and obtain exemptions and recognition for members of CMA</li> </ul>

Strategy		
<b>Education, training and development of students</b> <ul style="list-style-type: none"> <li>● Practical, relevant, industry focused curriculum, and course work</li> <li>● Student-focused teaching and learning</li> <li>● Increased learning and course work access for students</li> <li>● Implement a quality assurance mechanism for education providers of CMA</li> <li>● Focus on improving students' English language and IT skills</li> <li>● Expanding the number of training partners</li> </ul>	<b>Assessments &amp; professional examinations</b> <ul style="list-style-type: none"> <li>● Strengthen the examination process and enhance recognition of the CMA qualification</li> <li>● Improve access to examinations by increasing the coverage and number of examination centres</li> <li>● Maintaining an affordable cost structure for examinations</li> <li>● Introduce computer-based examinations and remote examinations</li> </ul>	<b>Membership and Continuing Professional Development</b> <ul style="list-style-type: none"> <li>● Increase the conversion ratio of passed finalists to members</li> <li>● Increase retention rate of current members</li> <li>● Conduct CPD programmes on current topics relevant to the profession</li> <li>● Offer direct membership pathways to members of other recognised professional bodies</li> </ul>
<b>Standards on cost and management accounting</b> <ul style="list-style-type: none"> <li>● Awareness campaigns on cost and management accounting standards</li> <li>● Promote adoption of cost and management accounting standards</li> <li>● Study and review international cost and management accounting standards and issue standards relevant in the Sri Lankan context</li> <li>● Popularise the use of management accounting theory and principles among the public and private sectors</li> </ul>	<b>Building the CMA brand</b> <ul style="list-style-type: none"> <li>● Increase recognition and acceptance of the CMA qualification by the industry, public sector, students, and the market</li> <li>● Strengthen existing relationships and build new relationships with key local, regional, and international accountancy bodies</li> <li>● Promotion of CMA in the private/public sectors and the higher education sector</li> <li>● Annual conference, integrated reporting competition, research, and publication of the journal</li> <li>● Marketing and advertising</li> </ul>	<b>Improved infrastructure facilities and improved customer service</b> <ul style="list-style-type: none"> <li>● Improving educational and other physical facilities such as the library, lecture theatres, seminar facilities, and computer labs</li> <li>● Improved communication with stakeholders through website, emails etc.</li> <li>● Providing access to e-learning, web based programmes, online assessments, online registrations, interactive sessions etc.</li> <li>● Access to improved support services such as research and studies unit, career guidance unit, and registration &amp; establishment unit etc.</li> <li>● Establishment of an 'Academic Management Information System' and 'monitoring &amp; Evaluation System'.</li> </ul>



## RESPONDING TO THE EFFECTS OF A GLOBAL PANDEMIC

As the COVID-19 pandemic challenged our existing business model, we responded by WFH and shifting lectures, events, and conferences online. We paved the way for remote examinations during the year by

developing an online testing platform that resulted in the first remote examination being held in February 2021 for all levels, except the foundation level which continued to be conducted through Pearson Vue.

Education	Examinations	CPD Programmes and Other Events	WFH
<ul style="list-style-type: none"> <li>● CMA conducted lectures and revision classes online</li> <li>● Discussion forums and mentoring students were held online</li> <li>● Speech craft programme was conducted online</li> </ul>	<ul style="list-style-type: none"> <li>● Computer based examinations for the foundation level was continued</li> <li>● Development of MyExam online platform to enable remote examinations</li> <li>● Computer based applications (CBA) and information technology applications (ITA) workshops were conducted online</li> </ul>	<ul style="list-style-type: none"> <li>● CPD programmes, the annual CMA conference, and the founders day oration were held online</li> <li>● The Excellence in Integrated Reporting Awards 2020 was held on a hybrid basis</li> <li>● The Toastmasters Club continued its activities online</li> </ul>	<p>Employees WFH during lockdown periods and with minimum staff as per government regulations during other periods</p>

## RISK MANAGEMENT

CMA places high importance in the management of risk through in-built processes such as the corporate governance and integrated reporting committee, code of conduct, regular feedback from stakeholders and international collaborations of repute, and network complying with international standards in order to face the challenges and risks which could impact its stakeholders.

# CREATING VALUE

## FINANCIAL CAPITAL

### Overview

During a year in which most organisations around the globe were challenged by the effects of the COVID-19 pandemic, CMA performed strongly. Although our income decreased by 4.4% during the year, cost savings realised as we changed the way we work and operated, resulting in a surplus for the year of Rs.13.1Mn, a growth of 122.5% compared to the previous year.

### Financial Performance

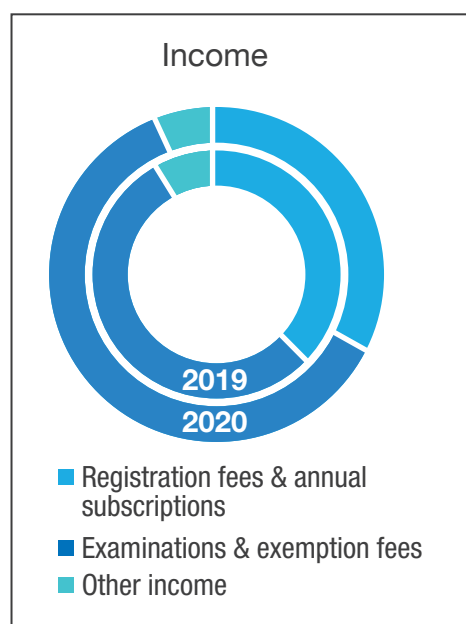
#### Income

Total income decreased by 4.4% to Rs.80.5Mn during the year, mainly as a result of a decline in examination and exemption fees by 15.6% to Rs.43.3Mn. Students faced many challenges in sitting for examinations due to the COVID-19 pandemic and the number of students that sat for the examinations during the year dropped, negatively affecting examination and exemption fee income. The registration fees and annual subscriptions together with direct membership fees increased by 9.5% to Rs.30.3Mn during the year. In our efforts to promote the management accountancy profession and the usage of management accountancy standards in industry, we invited professionals who are members of IFAC professional accounting bodies to obtain membership with CMA. The direct membership fees, as a result, contributed to the growth in membership fees. Surplus from events grew due to increased study packs sales with online lectures, additional income from a new program for Samurdhi officers and cost savings on holding events such as workshops, speechcraft, annual conference etc. online.

#### Expenses

Decrease in advertising and publicity costs, overseas travel, general overheads such as electricity and water, and examination costs as CMA started to conduct examinations in-house, rather than through the Department of Examinations, contributed to the decline in total costs by 14.6% to Rs.66.9Mn.

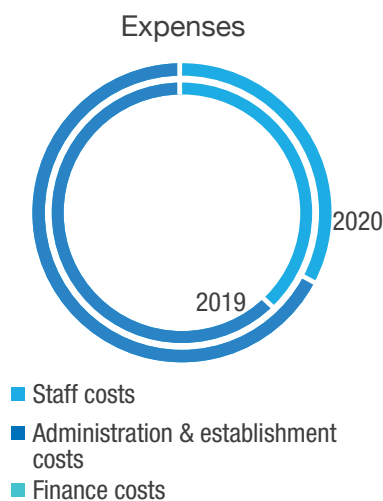
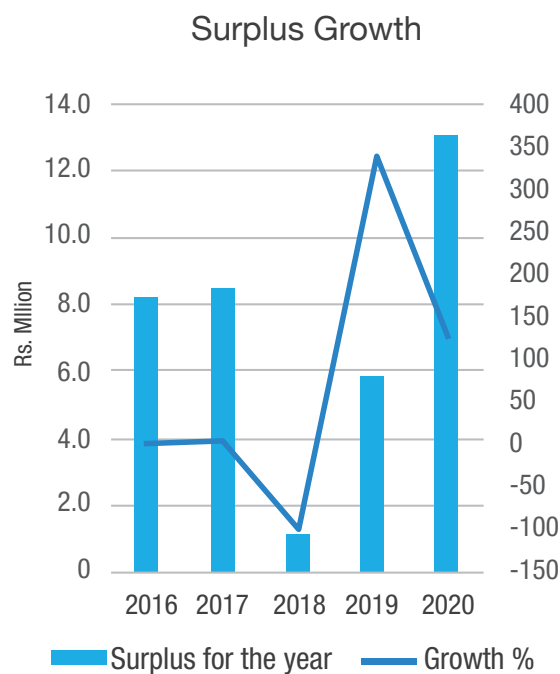
Income			
Rs.'000	2020	2019	Change %
Registration fees and annual subscriptions	25,431	27,608	-7.9
Direct memberships	4,907	109	4,401.8
Examination & exemption fees	43,301	51,303	-15.6
Surplus from events	2,240	1,033	116.8
Other income	3,910	3,461	13.0
Amortisation of government grant	694	694	-



Costs			
Rs.'000	2020	2019	Change %
Staff costs	25,111	25,439	-1.2
Administration and establishment costs	41,701	52,817	-21.0
Finance cost	78	63	23
<b>Total expenses</b>	<b>66,891</b>	<b>78,320</b>	<b>-14.6</b>

Operational Surplus

CMA recorded a surplus before tax of Rs.13.6Mn, a growth of 130.9% from the previous year. The tax expense comprised of taxation of interest income at 14% and amounted to Rs.492,383. The surplus for the year was Rs.13.1Mn, reflecting a 122.5% growth from 2019.



Financial Strength

Total assets grew by 15% to Rs.143.7Mn as cash generated from operations was invested on short term investments which increased by 71.1% to Rs.61.9Mn. Short term investments in its entirety consisted of fixed deposits at commercial banks.

Total funds increased to Rs.97.4Mn (2019: Rs.83.0Mn), supported by the growth of the accumulated fund as the surplus for the year grew.

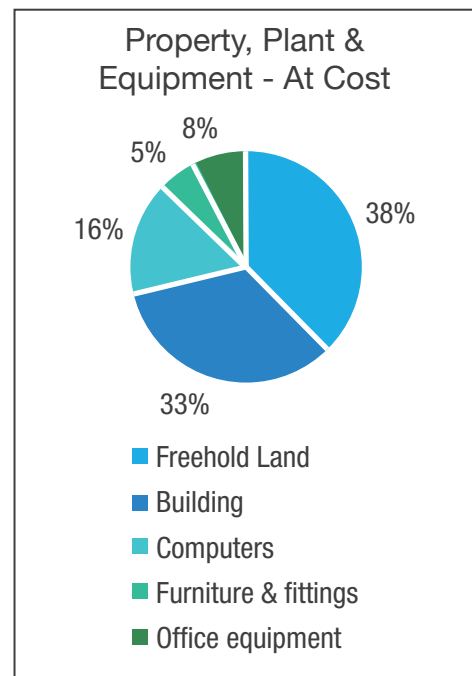
Cashflows

CMA generated strong cashflows during the year. The net cashflows from operating activities increased by 43% to Rs.24.2Mn due to the growth in the surplus for the year. Cashflows used in investing activities increased by 15.3% to Rs.24.1Mn as excess cash was placed in short term investments. Cashflows generated from financing activities also increased to Rs.1.3Mn from Rs.0.7Mn the previous year. This resulted in a net increase in cash and cash equivalents of Rs.1.4Mn and a cash and cash equivalents balance of Rs.6.7Mn at the end of the year (2019: Rs.5.3Mn).

## MANUFACTURED CAPITAL

The manufactured capital of CMA as at December 31, 2020 amounted to Rs.63.5Mn and comprised of land and building, computers, furniture and fittings, and office equipment. Additions of Rs.822,927 during the year included investment in computers, furniture and fittings, and office equipment. To facilitate WFH an investment of Rs.391,960 was incurred to purchase laptops for employees.

The main component of manufactured capital was the CMA land and head office building located at Visakha Pvt Road, Bambalapitiya, Colombo 4. The CMA head office served as the office premises and features a state-of-the-art computer centre, an auditorium, a library, meeting rooms, and a student information centre.



### Computer Centre

Utilised to conduct It related workshops and practise sessions for cumpoter based testing



### Auditorium

Small scale functions and lectures are held in the auditorium



### Student Information Centre

Handled student related services

## INTELLECTUAL CAPITAL

The nature of CMA's business model means that Intellectual Capital is crucial. As a professional body dedicated to the skill development of those working in a fast-changing environment, CMA must constantly evaluate and update its offering, ensuring that its brand reflects the same. Acceptance of students and members as employees also depends on the recognition of CMA's brand in the marketplace, so their careers rely on CMA's Intellectual Capital in a variety of ways. Recognising the weight of this responsibility, the Institute is committed to developing its brand recognition, its qualification, and its membership processes to provide the best possible result for its stakeholders.

CMA constantly upgrades its offerings to students and members to ensure that the brand offers value for money and is conscious of the fact that stakeholder satisfaction is the key to success.

### CMA Brand

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 Statements of Member

Obligations (SMOs) and International Education Standards (IESs) 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.

### The CMA Qualification

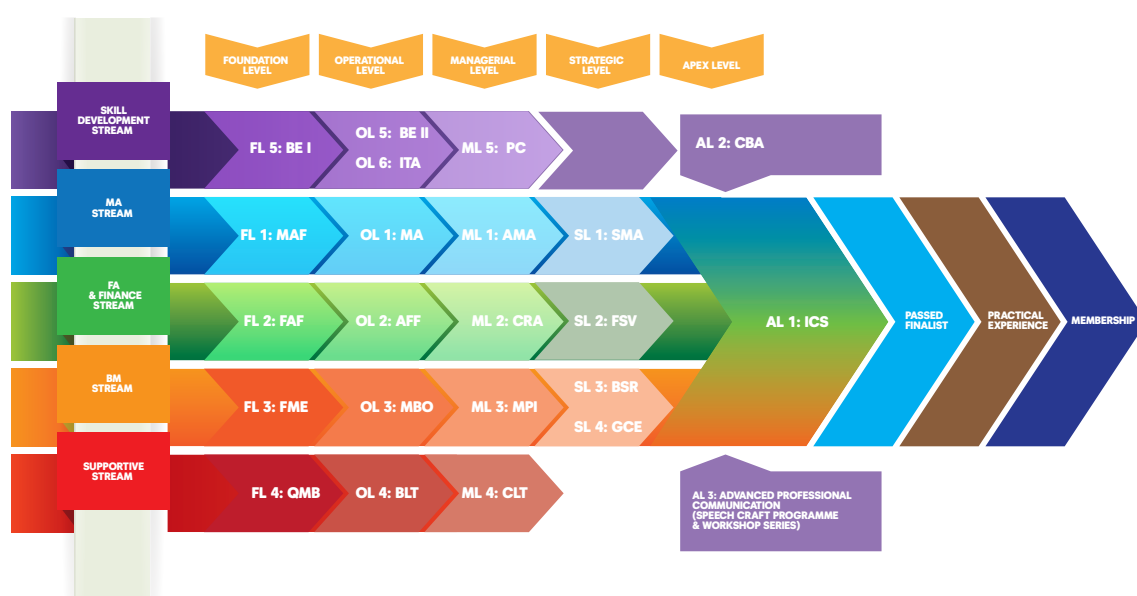
A CMA is a professional qualification specialising in strategic management accounting. The CMA designation is awarded on completion of five levels of examinations and practical training requirements. CMA is generally focussed on the future of a business rather than the past and use financial, management, and other information to facilitate strategic and operational decision-making that supports organisations to move forward. To ensure that the qualification remains relevant in an evolving environment, we revise and develop our curriculum periodically.



## Education

The Education and Training Committee of CMA maintains the quality of the qualification ensuring compliance with IFAC SMOs and IESs. IFAC requires syllabuses to be revised every five years and revisions on a more frequent basis are carried out by CMA to reflect changes in technology, accounting standards, and taxation. The CMA qualification is obtained on successful completion of five levels; foundation, operational, managerial, strategic, and apex.

Study texts for each level are developed with the assistance of experts in subjects which are relevant to CMA professional programme. Study materials for the foundation and operational levels are available in English, Sinhala, and Tamil and for the managerial, strategic, and apex levels in English. Study material are by ways of Books and CDs. These materials help students to acquire knowledge and expertise required to face the CMA examinations and to perform better.



### Level 1 – Foundation

FL 1: Management Accounting Fundamentals (MAF)  
 FL 2: Financial Accounting & Finance Fundamentals (FAF)  
 FL 3: Fundamentals of Management & Economics (FME)  
 FL 4: Quantitative Methods for Business (QMB)  
 FL 5: Business English I (BE I)

### Level 2 - Operational

OL 1: Management Accounting (MA)  
 OL 2: Advanced Financial Accounting & Finance (AFF)  
 OL 3: Managing Business Operations (MBO)  
 OL 4: Business Law & Taxation (BLT)  
 OL 5: Business English II (BE II)  
 OL 6: Information Technology Applications (ITA)

### Level 3 - Managerial Level

ML 1: Advanced Management Accounting (AMA)  
 ML 2: Corporate Reporting & Analysis (CRA)  
 ML 3: Managing Projects & Information Systems (MPI)  
 ML 4: Corporate Law & Advanced Taxation (CLT)  
 SK 5: Professional Communication (PC)

### Level 4 - Strategic

SL 1: Strategic Management Accounting (SMA)  
 SL 2: Financial Strategy & Valuation (FSV)  
 SL 3: Business Strategy & Risk Management (BSR)  
 SL 4: Corporate Governance, Control Strategy & Ethics (GCE)

### Level 5 - Apex

AL 1: Integrative Case Study (ICS)  
 AL 2: Computer Based Accounting (CBA)  
 AL 3: Advanced Professional Communication (Speech Craft Programme & Workshop Series)

### ***Practical experience***

Practical experience of three years is mandatory for passed finalists to obtain CMA membership and supports development of skills in the four key areas of technical, business, personal, and interpersonal & communication skills. CMA recognises experience in the fields of accounting, business administration, banking & finance, auditing, academic, supply chain management and project management in industry, commerce or auditing. A student or passed finalist can undergo practical training with one of the 92 training partners of CMA or another company. However, the mentor/supervisor is required to be a CMA member or a full member of an IFAC member body. A mentor from CMA will be assigned for a student/passed finalist who do not have manager/supervisor who is a member of CMA or an IFAC member body. When applying for membership, passed finalists undergo an interview to assess their practical experience. Once the interview board is satisfied that the practical experience criteria had been met, the passed finalist will be recommended for membership. During the year, interviews were carried out online due to the mobility restrictions and health and safety concerns of the COVID-19 pandemic.

### ***Examinations***

The committee for examinations is responsible for developing examination papers for all levels of the CMA qualification. Committee members comprise of professionals as well as academics selected by the committee Chairman considering both experience and subject knowledge. A rigorous process is followed to develop examination papers with several levels of review.

The COVID-19 pandemic did disrupt the examination timetable this year. As a result, CMA started to conduct examinations in-house rather than through the Department of Examinations, and the May 2020 paper-based examinations for Operational to Apex level was held as planned with CMA becoming the first professional body to conduct physical and computer-based examinations in the country after the 1st wave of COVID-19. The foundation level, which is a computer-based examination conducted by partnering with Pearson VUE was held quarterly in the months of March, June, September, and December. MyExam, an online testing platform

was developed by CMA during the year to conduct Operational to Apex level examinations. The November 2020 examination was held remotely using this platform in February 2021, under strict supervision and invigilation to ensure the quality of assessment. The Skill Level practical modules such as ITA Program, Computer-Based Testing, and Speechcraft Program workshops and assessments which are usually conducted physically as per the 2018-2022 syllabus were also conducted successfully via online platforms. These adaptive decisions taken by the management of CMA Sri Lanka benefitted the students to complete their course requirements in a timely manner

### ***Continuing Professional Development (CPD)***

Members of CMA have to comply with the CPD Guide structured in accordance with IES7 of IFAC. It is mandatory for members to complete 20 CPD hours per annum, 50% of which should be by attending CMA programmes and the annual conference. During the year, many CPD programmes were held by CMA virtually on topics relevant to the profession which was free of charge for all members.

### ***Partnerships with other institutions***

CMA's partnerships with national/international accountancy bodies and academic institutions enabled students' and members' progression to higher academic or professional qualifications. Mutual recognition of prior learning provides additional pathways for students and members through exemptions.

### ***Other Programmes Conducted by CMA Certified Hospitality Finance and Management Accountant (CHFMA)***

In 2020, we conducted all CHFMA lectures virtually and held examinations successfully. There were two intakes for the CHFMA programme in 2020 comprising of 100 and 67 students respectively. CHFMA was a programme launched in 2017, jointly with the Sri Lanka Institute of Tourism and Hotel Management (SLITHM), to provide an opportunity for finance teams in the hospitality industry to acquire a relevant professional qualification.

## Promoting Integrated Reporting in Sri Lanka

CMA has been at the forefront of championed best practices in corporate reporting and has promoted integrated reporting actively from 2015, the year in which the first excellence in integrated reporting awards was held. The purpose of the excellence in integrated reporting awards is to promote Sri Lankan companies both listed and unlisted as well as state-owned institutions/companies to prepare integrated reports. Integrated reporting focuses on the ability of an organisation to create value with a combined emphasis on conciseness, strategic focus and future orientation, connectivity of information, and the capitals and their interdependencies underpinned by integrated thinking. The integrated reports are evaluated using the International <IR> Framework issued in December 2013 as a guide. The evaluation considers not only accounting and financial information but also non-financial information provided in the integrated report. An international panel of judges, including several local judges from industry and academia, select the best integrated reports as winners of various categories. Participant companies are given a feedback on their individual reports, and a judges' report on the overall competition highlighting weaknesses and strengths in reporting is presented to all participants subsequently. This has resulted in improved integrated reports over the years.



## CMA Excellence in Integrated Reporting Awards 2020 – Hybrid Awards Ceremony

The “CMA Excellence in Integrated Reporting Awards-2020” was held for the 6th consecutive year to recognise Sri Lankan companies preparing high-quality integrated reports. This year the awards ceremony was held as a hybrid event that combined both the virtual and physical presence of the event participants on 21st December 2020 due to health and safety concerns amidst the COVID-19 pandemic.

Twenty-eight companies applied for the competition this year, including public quoted companies, state and commercial banks, and insurance companies.

Awards were given for the ten best integrated reports, the top three integrated reports including the overall winner, overall first and second runner up, sector winners, special awards, and certificates of merit.

Panel of Judges	Speakers at the event
<p><b>Chairperson:</b></p> <ul style="list-style-type: none"> <li>● Prof. Ho Yew Kee, Associate Provost (skills and future development) Singapore Institute of Technology</li> </ul> <p><b>Members:</b></p> <ul style="list-style-type: none"> <li>● Prof. Graham Terry, Integrated Reporting Ambassador and Professor in Practice from South Africa</li> <li>● Mr. A. N. Raman (India)</li> <li>● Prof. Samanthi Senarathne, Senior Professor in Accounting</li> <li>● Associate Prof. Luckmika Perera from Deakin Business School, Australia</li> </ul> <p><i>(The panel of judges were supported by a team of technical evaluators, members of CMA or IFAC member bodies)</i></p>	<p><b>Keynote address:</b></p> <p>Mr. John Stanhope, Deputy Chairman International Integrated Reporting Council (IIRC) London and Chancellor of the Deakin University Australia</p> <p><b>Distinguished Professional Address:</b></p> <p>Prof. Mervyn King, Chair Emeritus of the IIRC London, The Global Reporting Initiative (GRI) Amsterdam, Former Judge of the Supreme Court of South Africa.</p> <p><b>Address by the Chairman Panel of Judges:</b></p> <p>Prof. Ho Yew Kee, Professor in Accounting and Associate Provost (Skills Future) Singapore Institute of Technology and former Professor in Accounting</p> <p><b>Presentation of the Judges Report:</b></p> <p>Prof. Graham Terry, Professor of Practice, University of Johannesburg and Ambassador for the IIRC</p> <p><b>Other Speakers:</b></p> <p>Mr. Rajeeva Bandaranayake – Director General Colombo Stock Exchange</p> <p>Mr. Zia UI Mustafa, President of the South Asian Federation of Accountants (SAFA)</p>

## The winners of the CMA Excellence in Integrated Reporting Awards 2020 were as follows:

### Overall Winner:

Diesel & Motor Engineering PLC  
 First Runner-up:  
 National Development Bank PLC  
 Second Runners-up:  
 John Keells Holdings PLC  
 National Savings Bank

### Ten Best Integrated Reports:

- Aitken Spence PLC
- Ceylinco Life Insurance LTD.
- Commercial Bank of Ceylon PLC
- Diesel & Motor Engineering PLC
- Hatton National Bank PLC
- John Keells Holdings PLC
- National Development Bank PLC
- National Savings Bank
- Peoples Insurance PLC
- Peoples Leasing and Finance PLC
- Softlogic Life Insurance PLC
- Union Assurance PLC

### Sector Awards:

- Banking: National Development Bank PLC
- Finance & Leasing: Peoples Leasing and Finance PLC
- Insurance: Peoples Insurance PLC
- Diversified Holdings: John Keells Holdings PLC
- State Owned Enterprises/Companies: National Savings Bank
- Plantations: Elpitiya Plantations PLC
- Small & Medium Enterprises: Oxford College of Business (PVT) LTD
- Educational Sector: Association of Accounting Technicians of Sri Lanka
- Manufacturing Industry: Dipped Products PLC
- Construction Industry: Access Engineering PLC
- Power & Energy: Lanka IOC PLC

### Special Awards:

- Conciseness: Diesel & Motor Engineering PLC
- Capitals: National Development Bank PC
- Materiality: Oxford College of Business (PVT) LTD
- Value Creation: National Savings Bank
- Strategic Focus: John Keells Holdings PLC
- Integrated Thinking: Diesel & Motor Engineering PLC

### Certificates of Merit:

1. Access Engineering PLC
2. Association of Accounting Technicians of Sri Lanka
3. Bank of Ceylon
4. DFCC Bank PLC
5. Dipped Products PLC
6. Elpitiya Plantations PLC
7. HNB Assurance PLC
8. Lanka IOC PLC
9. Oxford College of Business PVT (LTD)
10. People's Bank



**Overall Winner (Gold Award)**  
**Diesel & Motor Engineering PLC**  
 Mr. Gahanath Pandithage – Group CEO  
 receiving the award.



**Overall 1st Runner-up (Silver Award):**  
**National Development Bank PLC**  
 Ms. Suvendrini Muthukumarana,  
 Vice President - Finance receiving the award



**Overall 2nd Runner-up (Bronze Award):**  
**Joint Winner**  
**National Savings Bank**  
 Mrs. Keasila Jayawardena – Chairperson – NSB  
 receiving the award.



**Overall 2nd Runner-up (Bronze Award):**  
**Joint Winner**  
**John Keells Holdings PLC**  
 Mr. Mohan Thanthirige  
 Group Financial Controller receiving the award.



## 10 Best Awards



Group Photograph of 10 Best Awards



Group Photograph of speakers

## HUMAN CAPITAL

The human capital plays a pivotal role as CMA strives to achieve its vision and mission of delivering excellence, innovativeness, and sustainable value creation. Facilitating a quality professional management accounting programme within an affordable fee structure, CMA's resource persons, including employees, consultants, and member volunteers work in tandem to ensure its success and continuity.



### The CMA Team

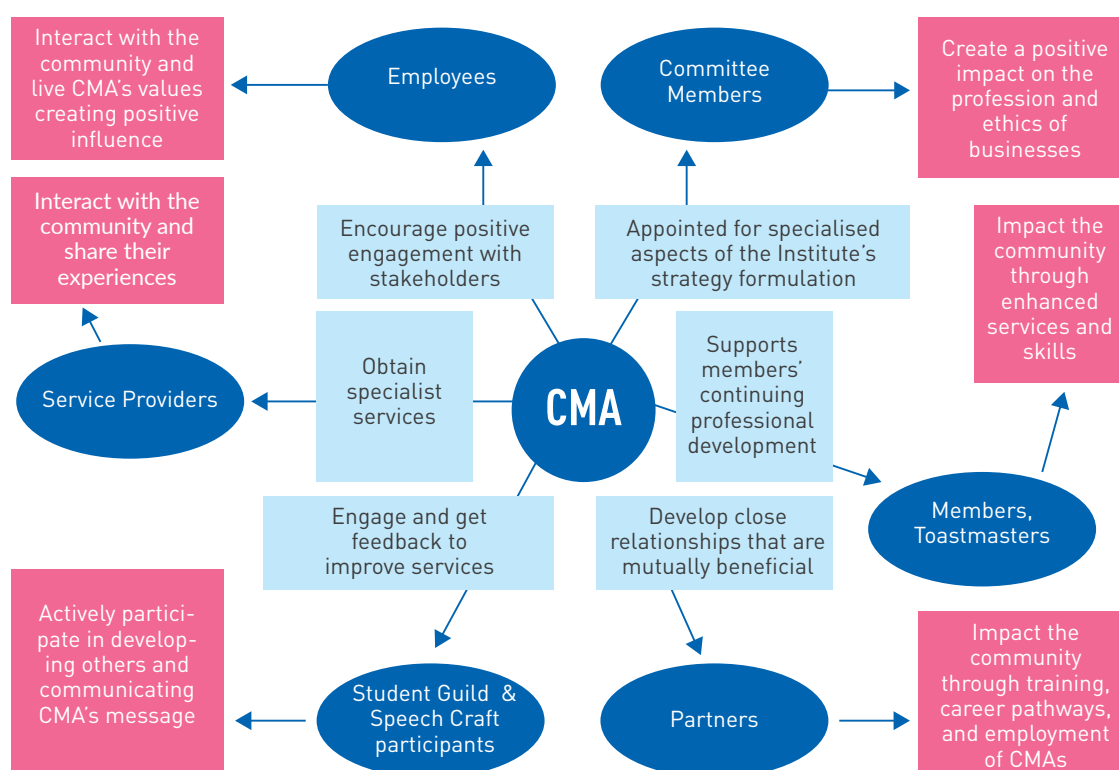
Our team is the key to effective delivery of services at the operational level and are the champions of CMA's success. CMA recognises the importance of a motivated and informed team who uphold the organisation's values. CMA's people uphold and communicate its values: excellence, trust & integrity, openness, honesty & transparency, embracing diversity, professionalism, adaptability, supportiveness and responsiveness. The processes of recruitment, talent management, leadership management, performance management, and participative management ensure effective selection and skills development.

A diverse workplace helps CMA connect with customers better, and makes it a better, more attractive workplace. While the Institute is an equal opportunity employer, the recruitment process intentionally cultivates diversity, focusing on the following key areas:

- Gender intelligence
- Diversity of skill
- Culture and identity
- Different nationalities

CMA has 24 full-time members of staff, and its overall percentage of women in the workforce has stayed constant at 54% in the year 2020.

To promote retention of talented individuals, a combination of rewards and recognition, employee engagement and development, and measures that encourage good work-life balance are employed. Experienced staff are valued, and career progression is ensured. Events are also organised that aid in team building, allow the staff to give back to the community, and foster interaction with the community and stakeholders, such as the annual Pirith chanting ceremony, CMA's Christmas carols, and alms-giving held at a local orphanage.



### Consultants

CMA also obtains the services of consultants in areas for which specialised expertise and knowledge is required. During the year, the expertise of consultants was obtained in areas such as examinations, education, strategic planning, membership pathways etc.

### Volunteer Members

The Governing Council of CMA appoints committees to steer specialised aspects of the Institute's strategy and activities, effective oversight, and implementation. The members of these committees are mostly CMA members and include several non-CMA members who are successful professionals in their own right. Volunteer members contribute their time and knowledge to ensure CMA's goals are achieved under the direction of the committee Chairpersons. The members and Chairpersons are direct links to the business environment and are able to impact CMA's strategy and activity in ways that are better aligned with stakeholder needs.

### Health and Safety

With the onset of the COVID-19 pandemic, stringent health and safety guidelines were issued by the Ministry of Health. CMA ensured that all health and safety guidelines were strictly implemented and followed by all staff and visitors. Staff were given clear and comprehensive guidance on the procedures to follow. Temperature checks were carried out on all staff and visitors, hand washing facilities were made available, sanitisers were made available, and wearing of masks made mandatory. During the lockdown period, staff worked from home and an investment of Rs.400,000 was made on purchasing additional laptops to enable WFH. During periods when lockdowns were eased, staff worked on a roster basis to ensure only minimum numbers were present at the office premises.

## SOCIAL AND RELATIONSHIP CAPITAL

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

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, 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. In the year under review, CMA had an active student base of over 18,465.

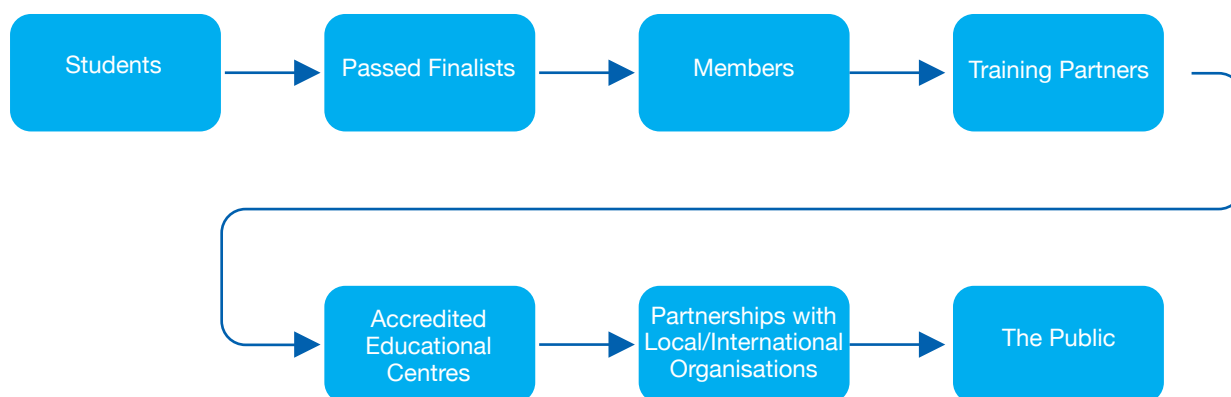
CMA's members are at the apex of the qualification. The industry looks to them as examples of professionalism and skill that CMA can build and therefore, the recognition of the qualification rests on the quality of its members and their feelings toward the Institute. CMA regularly offers its members opportunities for Continuing Professional Development, networking and engagement, maintaining a cordial relationship with them through face-to-face interaction, and communication by way of email and publications.

CMA offers an inclusive and affordable professional qualification. Study materials are available, and lectures are conducted in Sinhala, Tamil, and English for foundation and operational levels and in English for managerial, strategic, and apex levels. Students access learning through strategically located accredited educational centres island wide and online learning. CMA maintains an open dialogue with the centres and exchange information to support student needs and ensure effective programme delivery.

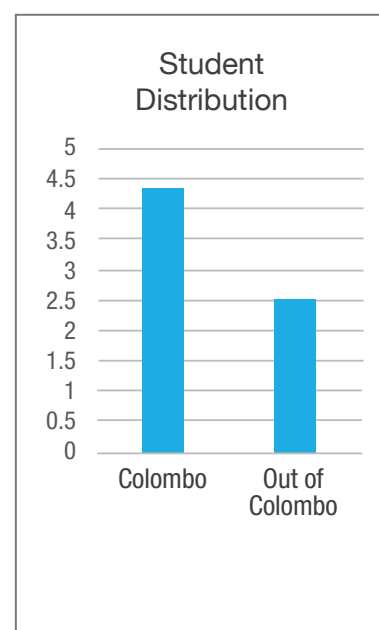
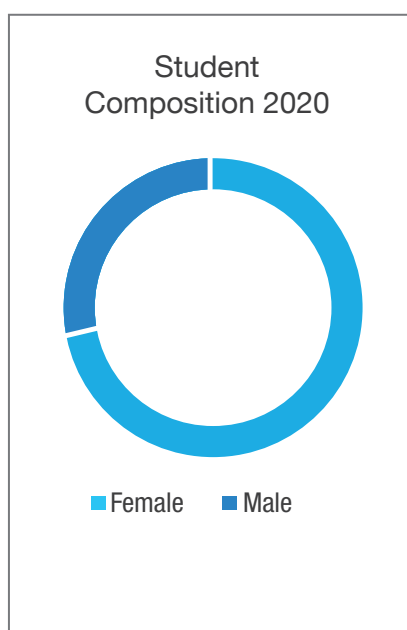
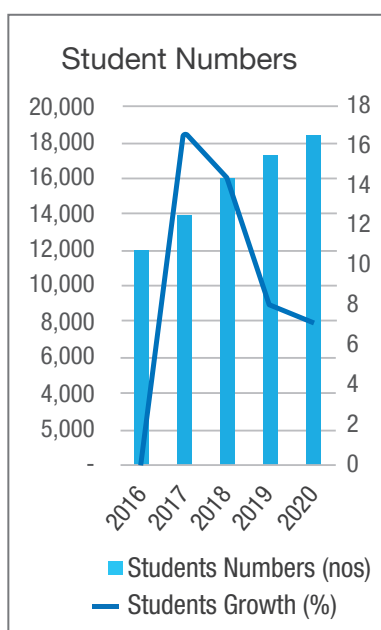
The curriculum is developed and periodically updated with the needs assessed through feedback from relevant stakeholders, including training partners and employers. National interest is given priority and CMA is in constant communication with relevant government institutions and policy makers who are 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.

Our activities during the year for each of our stakeholder groups are described in the following pages.



## Students



## Virtual Learning Platform

Since physical classroom lectures could not be held due to the COVID-19 pandemic, CMA Sri Lanka launched its own virtual learning platform in 2020 to ensure minimal disruption to students in their aspirations to becoming professional accountants. A full lecture series for the Foundation Level and the Integrative Case Study was conducted. Revision programmes were conducted for the Operational, Managerial, and Strategic Levels. An eminent panel of lecturers comprising of academics and professionals served as resource persons for the lecture series.

## Computer Centre

Skills Level practical modules such as the ITA programme and computer-based accounting lectures were conducted virtually, providing opportunities for students located abroad to complete the CMA Professional Programme successfully.



## Integrated Case Study (ICS) Seminar

The virtual orientation seminar for ICS passed students was conducted successfully on 17th October 2020. The principal focus of this programme was to encourage students to obtain the CMA membership and to educate them on the skills required to become an outstanding Management Accountant under the new normal.

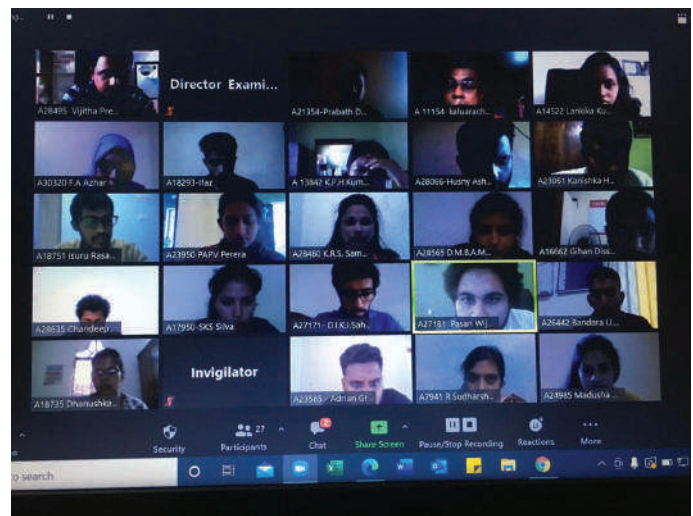
## Certified Hospitality Finance and Management Accountant (CHFMA)

During the year, the CHFMA lectures were conducted virtually, and examinations held successfully. There were two intakes for the programme in 2020, comprising of 100 and 67 students, respectively. CHFMA was a programme launched in 2017 jointly with the Sri Lanka Institute of Tourism and Hotel Management (SLITHM), to provide an opportunity for finance teams in the hospitality industry to acquire a relevant professional qualification.



## Examinations

CMA Sri Lanka set up its own Examination Unit to conduct paper-based examinations in May 2020 for Operational to Apex levels. The results were released within 20 days with CMA becoming the first professional body to conduct physical and computer-based examinations in the country after the 1st wave of COVID-19. Foundation examinations were conducted quarterly in March, June, September, and December in the Pearson Vue platform. The MyExam platform was developed during the year to enable remote testing for Operational to Apex levels. Remote examinations were held successfully for the November 2020 exam in February 2021. To ensure that students were familiar with the new platform many groups and individual briefing sessions were held, with the platform being open several weeks prior to the examination for students to practice. A separate technical team was setup to help students technically, and continuous guide and support were provided to make them prepare to face the exam successfully with the objective of enabling all the applied students to complete examinations without any disruptions or delays.



## Students' Guild

The CMA Students' Guild was incorporated in 2012 with the purpose of representing students both within the Institute and externally. It provides many services including facilitating academic conferences and seminars, coordinating student publications, and organising sports and entertainment activities. During the year, the Students' Guild activities were limited due to the challenges posed by the COVID-19 pandemic.

Ms. L. V. Achini Ruwangika Vithanage (Membership No A24777) presented a paper at the international conference for CA Students organised by ICAI and the topic was Fund Raising Avenues for Start-ups. She is presently working at ACL Cables PLC as an Executive - Finance and Credit.



## The Speechcraft Programme

The Toastmasters Club of CMA conducts the Speechcraft programme for CMA students. Students are required to participate and complete the speechcraft programme to complete the Apex level.

### Highlights of the programme during the year

- The Speechcraft programme was continued online via Zoom from April 2020 after being temporarily brought to a halt due to the lockdown imposed during the 1st wave of the COVID-19 pandemic. A total of 165 students participated in the speech craft programme in the year 2020 whereas it was only 133 in the previous year.
- The entire programme, including Keynote presentations, students Project Speeches and all other segments of learning covered in the speechcraft module, were completed as scheduled despite the many challenges of connection problems, bad weather, data issues and unexpected technical challenges.
- Conducting the programme online provided the opportunity for students working overseas such as Dubai, Saudi Arabia, the Maldives, and Qatar to attend the programme. Additionally, several students working in distant areas such as Ampara, Mannar, Vavuniya, Jaffna, Batticaloa, Trincomalee, Hambantota, Kurunegala and Kandy districts were able to join and complete the programme online.
- The final awards ceremony for batches 16 to 19 was held physically at the CMA Auditorium with strict adherence to health and safety regulations.
- Batch 20 became the first-ever batch of CMA Speech Craft to conduct the final award ceremony online in December 2020.
- Batch 21 was the first to complete all sessions online including the final awards ceremony, paving the way for future batches to continue the entire programme online.



#### Batch -15

Jude Kithmal Jude, Shanthi Maheswaran, Mayuran Ramanathan, Kosala Dissanayake, Dian Abeyewardene, Prof. Lakshman R. Watawala, Achala Perera, Jinandi Chandraratne, Ashini Imalka along with speech crafter Batch 15



#### Batch-16

Mayuran Ramanathan, Dian Abeyewardene, Prof. Lakshman R. Watawala, Chandana Samaraweera, Shanthi Maheswaran along with speech crafter Batch 16



#### Batch 17 Final Meeting and Awards Ceremony was held as a hybrid event.

L-R: Shemal Fernandopulle, Dian Abeyewardene, Prof. Lakshman R. Watawala, Mohamad Zawahir, Mayuran Ramanathan and Shanthi Maheswaran  
Standing- Speech crafters Batch 17



#### Batch -18 Final Meeting and Awards Ceremony was held as a hybrid event.

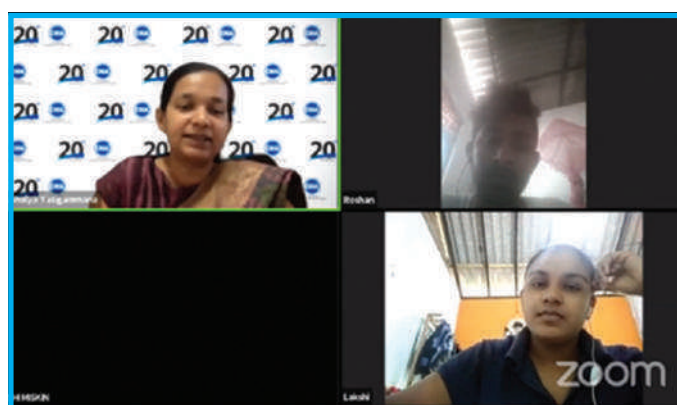
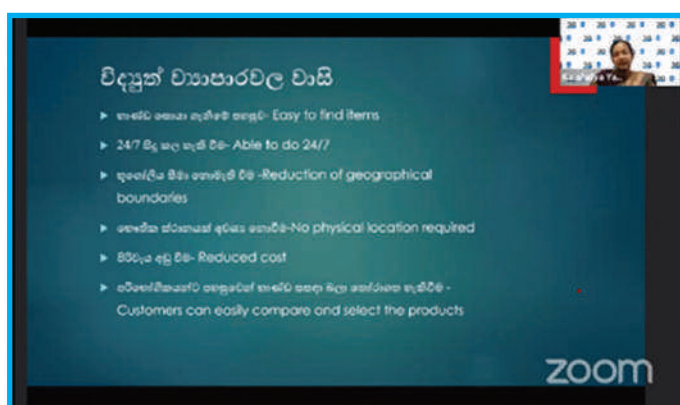
L-R. Mayuran Ramanathan, Shemal Fernandopulle, Mohamad Zawahir, Dian Abeyewardene, Prof. Lakshman R. Watawala, Niranjana De Silva and Shanthi Maheswaran  
Standing- Speech crafters Batch 18



## Seminars held for Prospective Students

### Advanced Level (A/L) Seminar Programme

CMA organised a series of four seminars for 2020 A/L students studying Business Studies in collaboration with the Ministry of Education. These seminars were held in Colombo, Biyagama, Gampaha and Kurunegala. A/L teachers and zonal Commerce Directors also participated in the programme. The marketing division of CMA also organised a virtual seminar series for A/L 2020 students during the quarantine period.



### University & SLIATE Programmes

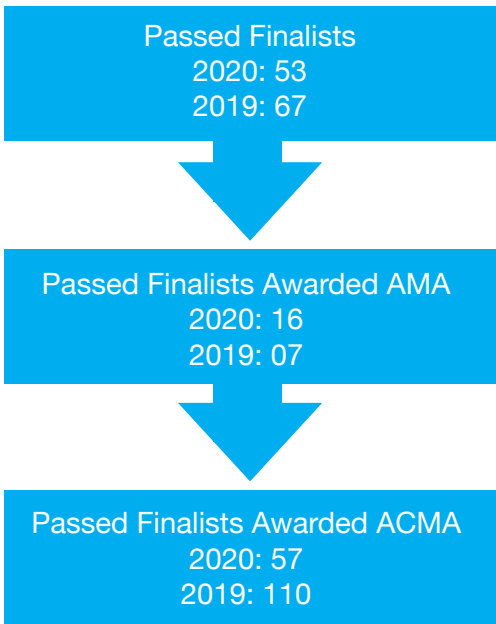
CMA conducted several guest lectures and programmes on the CMA qualification island-wide, for university students and SLIAT students in 2020.



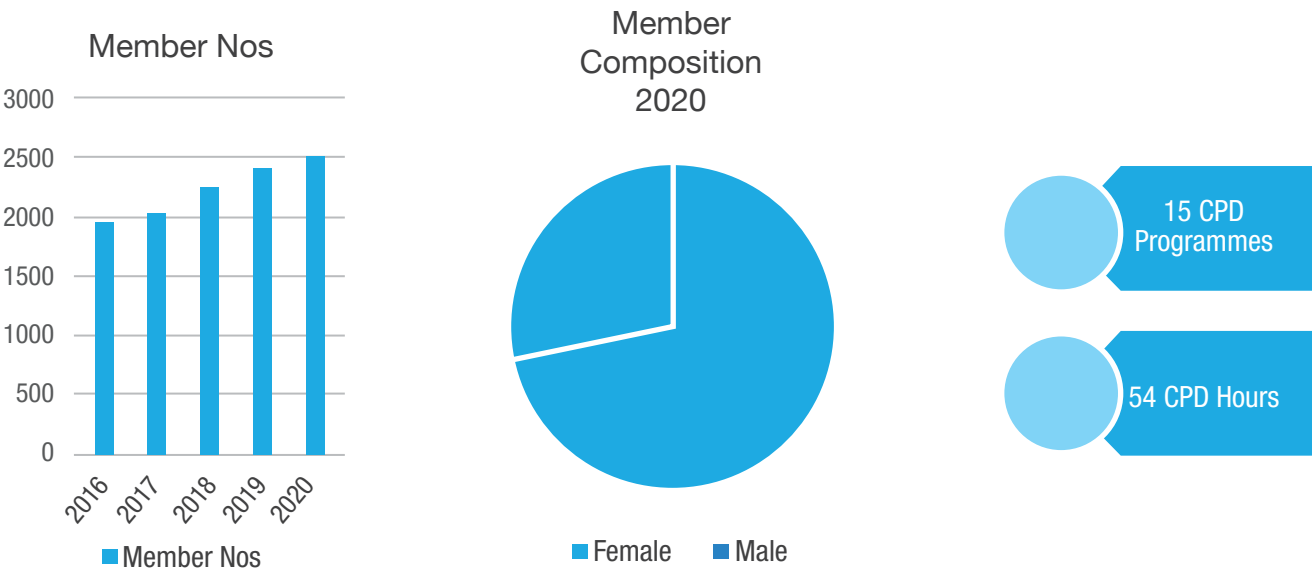
## Passed Finalists

### Guidance to Passed Finalists to obtain Membership

During the pandemic CMA carried out online information sessions via Zoom to educate and encourage CMA passed finalists to become members. Zoom seminars/sessions on “How to Apply for ACMA”, “Use Your Home Quarantine Time Effectively” and “Meet Your Mentor” were held for passed finalists to assist in completing training record logbooks, resolve issues in obtaining certification from supervisors etc. Fifty-seven passed finalists became Associate Certified Management Accountants (ACMA) and 16 passed finalists became AMA designation holders during the year.



## Members



## CPD Events

CPD events during the year were mainly held online via Zoom. Fifteen CPD events were held in 2020 with ten events being free of charge for all participants. A synopsis of the main events follows.

### ***Certificate Programme on Strategic Corporate Sustainability***

A one-day certificate programme on 'Strategic Corporate Sustainability' was organised by CMA on 4th March 2020 at the CMA Auditorium conducted by Dr. Ravi Fernando, visiting faculty member of the INSEAD Business School (France) and PIM.

The main focus areas included 'Reality - The Climate Emergency', 'The Challenge - Strategic Corporate Sustainability and TBL mind sets' and 'The Opportunity to Embed Strategic Corporate Sustainability and Climate Emergency in Corporates'.

The program concluded with a group assignment (participants were divided into five groups) to develop and present a draft 'Climate Emergency Strategy' as part of their 'Corporate Strategy'. The group representing Commercial Bank of Ceylon PLC, Expolanka Holdings PLC, National Development Bank and BOI were recognised as the winners for their unique, innovative, and practical ideas.



### ***Founder's Day Oration***

CMA Sri Lanka Founder's Day Oration was held on 17th June 2020. Assoc. Prof. Luckmika Perera, Director (Education) – Centre for Integrated Reporting, Faculty of Business and Law, Deakin University, Melbourne, Australia, delivered the Founder's Day Oration on the title 'Will there be a paradigm shift in corporate governance after COVID-19 pandemic?'

Adding value to the discussion were two leading experts, Dr. Harsha Cabral, President's Counsel and Prof. Ho Yew Kee, Associate Provost (Skills Future and Staff Development) at Singapore Institute of Technology, Former Professor in Accounting, National University Singapore and Advisory Council Member CMA Sri Lanka together with CA Sri Lanka President, CMA Council Member, Mr. Manil Jayasinghe.

At this function Prof. Luckmika Perera announced the appointment of Prof. Lakshman R. Watawala, Founder of CMA Sri Lanka as an Adjunct Professor of Deakin Business School.





## Budget Highlights 2021–Tax Proposals and Impact on Business and Economy

A webinar on the budget highlights of 2021 was held on 23rd November 2020. The focus of the webinar was to highlight the important aspects of the Budget 2021 covering the tax proposals and the resulting economic impact. Corporate taxes, personal taxes, VAT and miscellaneous taxes were addressed at the webinar.

**Keynote address:** Hon. Ajith Nivard Cabral, State Minister of Money, Capital Markets and State Enterprise Reforms

### Presentations:

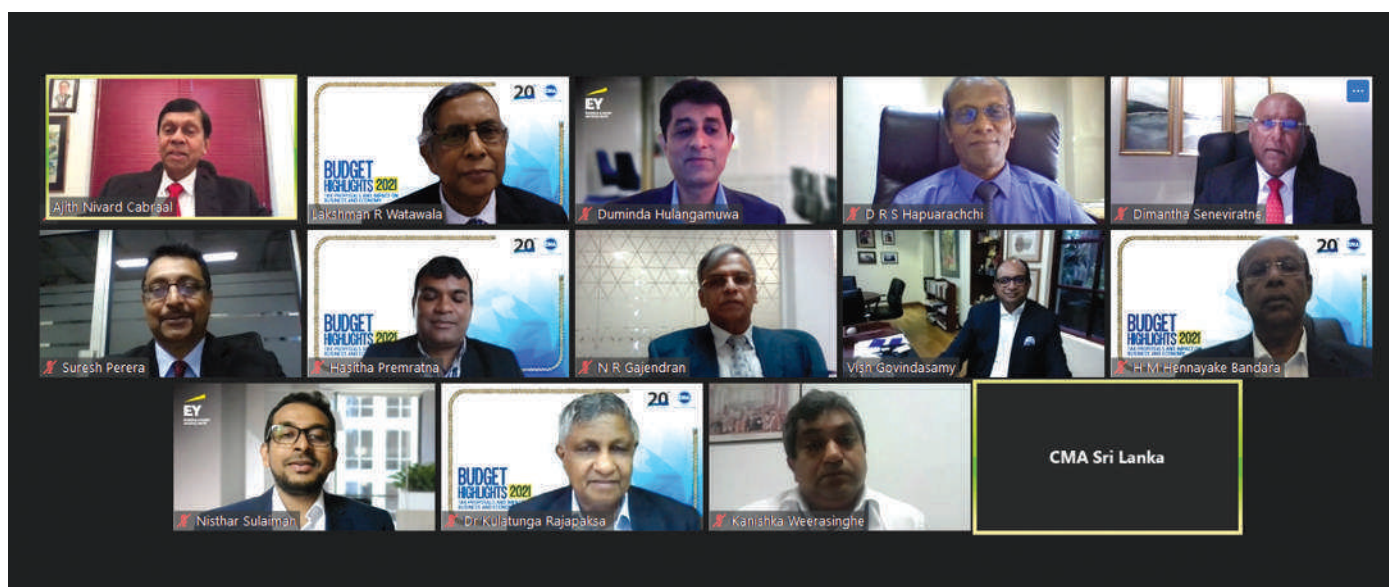
‘Taxation Proposals in Budget 2021’ by Mr. Nisthar Sulaiman, Partner Tax – Ernst & Young

‘Taxation Implications on Business and Society’ by Mr. Suresh Perera, Principal – Tax & Regulatory, KPMG

‘Economic Implication of the Budget Proposals 2021’ by Dr. Nishan De Mel, CEO, Verité Research (Pvt) Ltd

‘Budget 2021 Impact on Business’ by Dr. D. K. Rajapakse, Emeritus Managing Director, DSI Samson Group

**Moderated by:** Mr. Duminda Hulangamuwa, Tax Partner, Ernst & Young and Deputy Vice Chairperson, Ceylon Chamber of Commerce





## CMA National Management Accounting Conference 2020

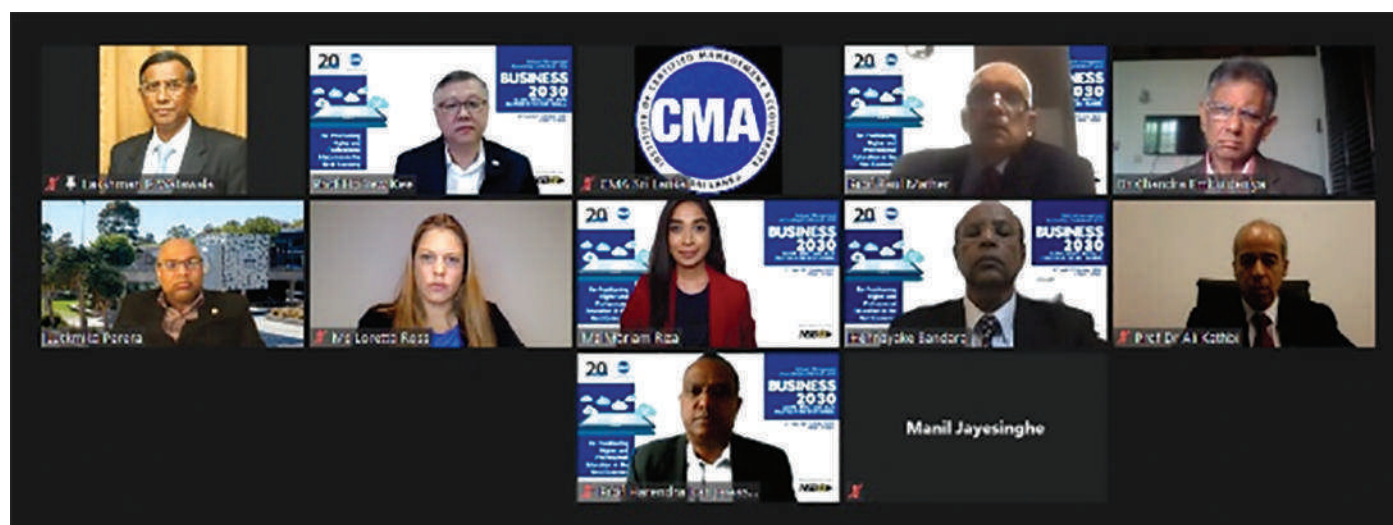
The Institute of Certified Management Accountants of Sri Lanka held its 17th annual flagship event, the 'CMA National Management Accounting Conference 2020' on the theme 'Business 2030 – Global Impact and Value Creation in the Next Normal' on the 21st and 22nd of October 2020, comprising of four technical sessions. It was held as a virtual conference due to the COVID-19 pandemic situation, with the

participation of many professionals and experts from overseas, adding value to members of CMA, the business community and the government sector. The conference was free of charge for all participants.

Each session had a keynote address followed by a discussion by eminent panellists and concluded with a Q&A session, where participants had an opportunity to pose their queries to the panellists and speakers via the Zoom chat option.

Inaugural Session	Second Session	Third Session	Fourth Session
<ul style="list-style-type: none"> <li>● <b>Topic:</b> Overcoming Covid 19 impact and Navigating to the Next Economy</li> <li>● <b>Keynote address:</b> Hon. Ajith Nivard Cabraal, State Minister of Money &amp; Capital Market and State Enterprise Reforms</li> <li>● <b>Session chairman:</b> Prof. Lakshman R. Watawala, President, CMA Sri Lanka</li> <li>● <b>Session moderator:</b> Mr. Dinesh Weerakkody, Chairman, International Chamber of Commerce in Sri Lanka</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Topic:</b> Re-Positioning Higher and Professional Education in the Next Economy</li> <li>● <b>Keynote address:</b> Prof. Ho Yew Kee, Professor of Accounting, Singapore Institute of Technology</li> <li>● <b>Session moderator:</b> Assoc. Prof. Luckmika Perera, Director (Education) – Center for Integrated Reporting, Faculty of Business and Law, Deakin University</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Topic:</b> Sustainability and Creating Long-Term Value in the Next Normal</li> <li>● <b>Keynote address:</b> Prof. Mervyn E. King, Chair Emeritus of the International Integrated Reporting Council (IIRC) London</li> <li>● <b>Session moderator:</b> Mr. A.N. Raman, Advisory Council Member, CMA Sri Lanka and past president, SAFA</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Topic:</b> The Impact of Covid 19 on Global Supply Chain in the Next Normal</li> <li>● <b>Keynote address:</b> Ms. Gayani De Alwis, Chairperson, Global WILAT</li> <li>● <b>Session moderator:</b> Mr. Adrian Perera, Council Member, CMA Sri Lanka</li> </ul>







## Publications

CMA keeps its stakeholders constantly updated through its website and other publications. The Certified Management Accountant Journal which is published twice a year serves the dual purpose of sharing knowledge and ideas and providing a platform for successful SMEs to share their stories.

We went through a global health crisis this year, which is unprecedented in our lifetime. Many lives are lost each day and the virus continues to spread everywhere in the world. We know the economy is also still taking a hard hit, and this is trickling down to each of us. Therefore, this year we collected a range of articles related to “Covid 19 Pandemic-Business and Professional Challenges”.

However, this year there was only one publication we managed to publish in August. The main article and cover page features the head of the COVID-19 Presidential Task force, General Shavendra Silva, Acting Chief of Défense Staff and Commander of the Sri Lanka Army who was appointed by HE President to establish the National Operation Centre for Prevention of COVID-19 Pandemic, and their role in controlling the pandemic.

The CEO of the International Federation of Accountants, Kevin Dancy, is also featured on the cover page representing the Global Accounting Profession, of which body CMA Sri Lanka is a member, highlighting in his article “Covid Makes Clear Why We

need To Improve Corporate Reporting”, that despite the COVID-19 pandemic, CMA provides valuable information to its stakeholders in the New Normal.

CMA provides knowledge and current news to CMA members to support continuing professional development through these publications. Moreover, journals also provide members a platform to communicate their ideas as well as support others.



## CMA Sri Lanka Toastmasters Club

Chartered in 2015, the CMA Sri Lanka Toastmasters Club represents the Institute at a national and international level by being a member of the Toastmasters International network. The members of the club not only improve their own skills, but also help other students of CMA by conducting the Speechcraft programme. Beyond the personal satisfaction and the recognition they gain from being members of the club, CMA students and members who participate in these activities also progress professionally and are seen as effective communicators within their organisations.

### Highlights of the Club during the Year

- **6th Club Officer Installation Ceremony** – The theme of the ceremony was, “Turn obstacles into opportunities” and TM Mayuran Ramanathan, an active member of the Speechcraft programme previously, was installed as President, together with the executive committee.
- **Online Meetings** – The traditions of Toastmasters, such as meeting in person and speaking in front of a physical audience was hampered by the health and safety restrictions of the COVID-19 pandemic. However, the Club continued its activities virtually via online meetings through Zoom.
- **Club Activities** – The Club conducted themed meetings, joint meetings, and regularly planned keynote sessions during the year. An anniversary themed meeting was held in September 2020 to celebrate the completion of the 5th year of the Club and a Christmas themed meeting was held in December. Joint meetings with other Clubs gave members an opportunity to meet new people from the Toastmasters’ fraternity and expand their network.
- **Speechcraft Programme** – Club members volunteered to help speechcraft students and equip them with public speaking and leadership skills.
- **International Speech and Table Topic Speech Contest (Club/Area Levels)** – TM Sinduja Kanagasundaram was placed 2nd runner up in the international speech contest. TM Achini Vithanage gave a noteworthy performance at the area level humorous speech contest.
- **Club achievements** – CMA Toastmasters Club was the only club in Division A of District 82 to

achieve the ‘Eight-80 Membership’ award of the first term of Toastmasters year 2020/21. The Club was also recognised as having a 100% pathway adoption for its excellence in training. The Club was the winner of the Smedley award for the fourth time.



## CMA Sri Lanka Training Partners

There are 92 renowned companies who have signed Training Partner certificates with CMA Sri Lanka. Audit firms, banking and finance Institutions, conglomerates and many other listed companies are included in this list. Through these arrangements, CMA has expanded its corporate partnerships to provide opportunities to CMA students and members to enhance their employability.

## CMA Accredited Education Centres (AECs)

Delivery of the CMA Professional Programme was carried out through a virtual learning platform and through AECs of CMA Sri Lanka. During the year 2020, there were 37 registered AECs with 40 branches located island wide providing lectures for foundation, operational, managerial, strategic, and apex Levels.

CMA's AECs are an essential element of service delivery, ensuring that students receive the education required to pass examinations. The 37 AECs are distributed around the island to offer students outside of Colombo equal access to high quality education. Programmes are delivered in Sinhalese, Tamil, and English at the foundation and operational levels while the managerial, strategic, and apex levels are conducted in the English medium. This is to make entry into the qualification accessible to students after their advanced level and thereafter to progress into the other stages delivered in English medium.

### Assuring the Quality of Delivery of the CMA Professional Programme

Quality assurance of the education provided to students is crucial to maintain and meet International Education Standards. CMA Sri Lanka conducted two awareness programmes during the year targeting managers and lecturers of AECs to make them aware of future CMA activities and ensure delivery of education to students meet required standards.



### Partnerships with Local/International Accounting Bodies/Academic Institutions

During the year, a MOU was signed with the Human Resource Management Institution (HRMI) in Sri Lanka. Details of local/international Institutes and Universities with which CMA has signed MOUs are given in page 12.



Full member of the  
International Federation of  
Accountants (IFAC)



Full member of the  
Confederation of Asian and  
Pacific Accountants (CAPA)



Member of the South Asian  
Federation of Accountants  
(SAFA)



MOUs with 6  
International  
Professional  
Accounting  
Bodies

MOUs with 2  
International  
universities

MOUs with  
11 Local  
Universities

MOUs with  
11 Local  
Institutions



## The Public

The effects of the COVID-19 pandemic were felt acutely by the SME sector as businesses were adversely affected due to lockdowns, mobility restrictions, and the slowdown in global markets. In this backdrop CMA took the initiative to set up the 'CMA Sri Lanka – COVID 19 SME Development Committee' in April 2020 to find solutions to problems faced by the SME sector. The Committee comprised of professional bodies, chambers of commerce, commercial banks, and industry experts.

The committee was engaged in providing urgent assistance for the revival of SMEs to prevent business close downs and the resulting job losses that would have increased the unemployment rate of the country significantly. CMA hosted several webinars to provide expert advice to SMEs on a wide range of relevant topics and maintained a Help Desk for SMEs to channel their requests to participating chambers of industry/trade/commerce. Assistance was provided in areas such as finance and accounting, human resources/labour, management and entrepreneurship, skills development, marketing, supply chain, exports, providing linkages with bigger companies, and applying for moratoriums and/or concessionary funding offered by financial institutions.

## CMA Sri Lanka – COVID 19 SME Development Committee

The Institute of Certified Management Accountants of Sri Lanka which was incorporated by an Act of Parliament took the initiative to set up the 'CMA Sri Lanka – COVID 19 SME Development Committee' in April 2020 with the lockdown to find solutions to problems faced by the SME sector which comprises of professional bodies, chambers of commerce, commercial banks and industry experts.

The SME sector forms the backbone of the economy and is found in all sectors of the economy and accounts for 52 percent of the total number of enterprises in the country.

The recent COVID-19 pandemic and the lockdown has greatly impacted the SME sector, and the committee is engaged in providing urgent assistance for their revival as many businesses may close down resulting in loss of jobs and increasing the unemployment rate significantly. It also conducted several webinars to provide expert advice and services to SMEs to channel their requests through the Help Desk maintained by the supporting chambers of industry/trade/commerce in the different specialisations of Finance and Accounting, Human Resource/Labour, Management and Entrepreneurship, Skill Development, Marketing, Supply Chain, Exports, and Linkages with bigger companies and Assistance with Banks.



## CMA Sri Lanka COVID-19 SME Development Conference 2020

The CMA Sri Lanka COVID-19 SME Development Committee hosted the SME Development Conference 2020 on the theme 'Solutions to meet challenges faced by SMEs in Financial Management, Bank Funding, and Entrepreneurial Leadership in the Post COVID-19 New Economy' in September 2020 at the Magam Ruhunupura International Convention Centre (MRICC), Hambantota, under the distinguished patronage of Hon. Mahinda Rajapakse, Prime Minister, and other distinguished invitees.

This event was co-hosted by the Hambantota district Chamber of Commerce, sponsored by nine commercial banks in the Hambantota district and supported by the Ministry of Industries and other chambers of commerce of industry. The corporate

sponsors were the Hambantota International Port Group and Sri Lanka Telecom.

The Prime Minister in his speech stated that the SME sector forms the backbone of the economy, is found in all sectors of the economy and accounts for 52 percent of the GDP, and 45 percent of the total employment, whilst making up for more than 75 percent of the total number of enterprises in the country.

The Prime Minister thanked the President of CMA Sri Lanka and the Co-ordinator of the CMA Sri Lanka Covid-19 SME Development Committee, Prof. Lakshman R. Watawala, for inviting him to inaugurate the First Regional SME Development Conference at the Magam Ruhunupura International Convention Centre.

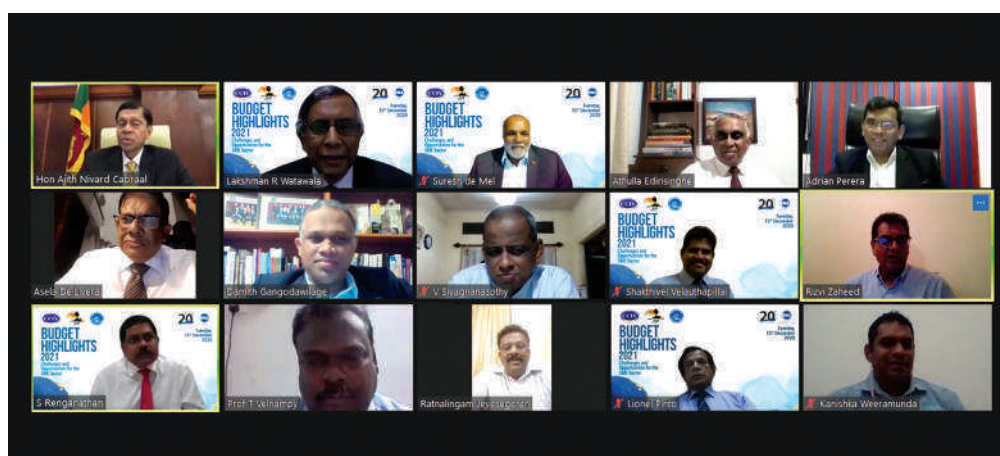
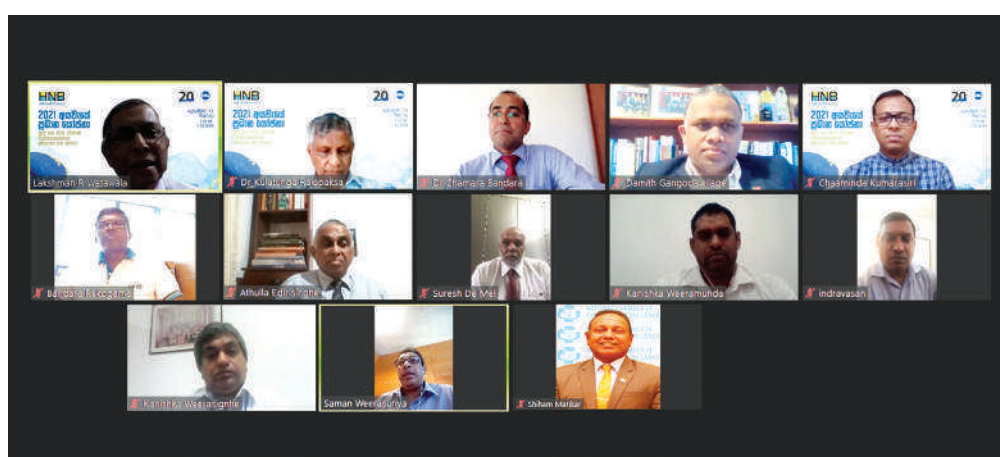
Hon. Mahinda Rajapakse Prime Minister addressing the gathering



Prof. Lakshman R. Watawala handing over the SME committee proposals to Hon. Prime Minister together with Hon. Wimal Weerawansa Minister of Industries, Hon Mahinda Amaraweera Minister of Environment, Hon. Ajith Nivard Cabraal State Minister of Money & Capital Market and State Enterprise Reforms and Hon. D.V Chanaka State Minister of Aviation and Export Zones Development, Hon Dr Upul Galappathi MP Hambantota District and Co-Chair District coordinating Committee, Dr D K Rajapakse Chairman Emeritus DSI Samson Group and Mr Suresh De Mel Director HDCC

## Budget Highlights 2021 – Tax Proposals and Impact on Business and Economy

The CMA Sri Lanka – COVID 19 SME Development Committee organised several Budget Highlights 2021 webinars jointly with Hatton National Bank, Peoples Bank, Bank of Ceylon, Chamber of Commerce and Industry of Yarlpanam, Jaffna Chamber of Commerce and Jaffna Managers Forum for the benefit of their customers and regional managers, who are playing a major role in providing the necessary finances for the SMEs and supporting their clients in all parts of the country in these difficult times.





## CMA Sri Lanka SMEs Conference

CMA held the conference 'Financial and Cost and Management Accounting for Development of SMEs' in January 2020.

The keynote address on 'Financial and Cost and Management Accounting for Development of SMEs' was delivered by Dr. In-Ki Joo, President of the International Federation of Accountants (IFAC). The Special Guest of Honour, Mr. Ajith Nivard Cabraal, State Minister of Money, Capital Markets and State Enterprise Reforms and former Governor of Central Bank of Sri Lanka delivered the address on 'The Role of Government in Promoting SME Development'.



Mr. Ajith Nivard Cabraal  
delivers special guest of honour address



Dr. In-Ki Joo delivers  
keynote address



Release of SME Conference book  
From left- Mr. S. Renganathan, Mr. Rajendra Theagarajah, Mr. Asoka Hettigoda, Mr. Adrian Perera, Mr. Ajith Nivard Cabraal, Dr. In-Ki Joo, Prof. Lakshman R. Watawala, Mr. Manil Jayasinghe, Mr. H.M. Hennayake Bandara, Mrs. Ramya Weerakoon and Mr. Sujeewa Rajapakse



At the inaugural panel discussion  
From left - Mr. S. Renganathan, Mr. Rajendra Theagarajah, Mr. Asoka Hettigoda, Mr. Adrian Perera, Dr. In-Ki Joo, Prof. Lakshman R. Watawala, Mr. Manil Jayasinghe and Mrs. Ramya Weerakoon

## Launch of CMA Management Accountancy Consultants Services

CMA launched the CMA Management Accountancy Consultants Services at the Financial and Cost and Management Accounting for Development of SMEs Conference on January 2020, taking into consideration the IFAC Global SMP Survey 2018 summary carried out in 150 countries highlighting the importance of technology, talent and advisory services. Services are to be provided on many areas and includes:

- Advisory services including corporate advisory
- Cost and management accounting
- Financial accounting
- Taxation
- Business development
- Risk management
- Corporate strategy
- Performance management
- Cost and productivity management
- Project preparation
- Compliance work relating to banks and government
- Human resource policies and procedures and employment regulations
- Restructuring of organisations
- Controls and fraud investigation

CMA members Deshapriya Senanayake, Darshika Wickramasinghe, Nishani Perera and Puvendran Gajendra received certificates from the President of IFAC Dr. In-Ki Joo together with Mr. Ajith Nivard Cabral State Minister of Money, Capital Markets and State Enterprise Reforms and President of CMA Sri Lanka Prof. Lakshman R. Watawala for CMA Management Accountancy Consultancy services.



Darshika Wickramasinghe receives certificate from IFAC President Dr. In-Ki Joo, Ajith Nivard Cabral and Prof. Lakshman R. Watawala



Nishani Perera receives certificate from IFAC President Dr. In-Ki Joo, Ajith Nivard Cabral and Prof. Lakshman R. Watawala



Deshapriya Senanayake receives certificate from IFAC President Dr. In-Ki Joo, Ajith Nivard Cabral and Prof. Lakshman R. Watawala



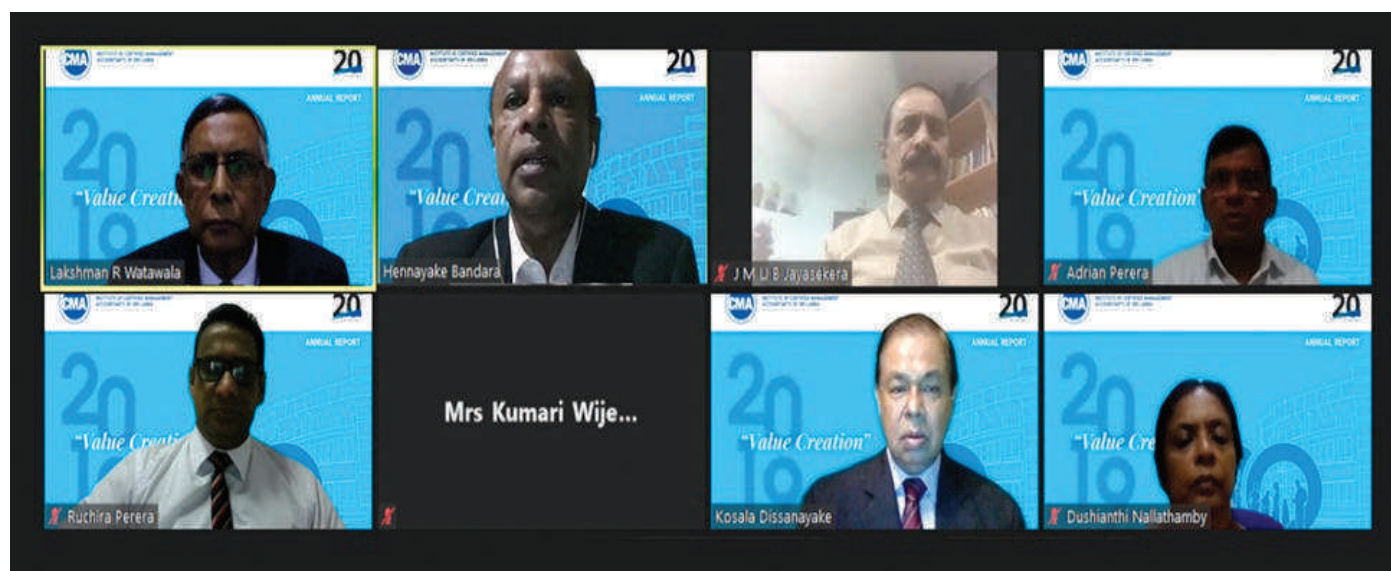
Puvendran Gajendra receives certificate from IFAC President Dr. In-Ki Joo, Ajith Nivard Cabral and Prof. Lakshman R. Watawala



## Annual General Meeting

The 20th Annual General Meeting of the Institute of Certified Management Accounting Sri Lanka was held on the 30th December 2020 via online zoom platform amidst a large gathering of our members.

The report of the Governing Council and the Auditor's Report for the year ended 31st December 2019, was unanimously passed.



## Achievements

### Special Recognition Award to Prof. Lakshman R. Watawala

At the Financial and Cost and Management Accounting for Development of SMEs conference hosted by the Institute of Certified Management Accountants of Sri Lanka (CMA-Sri Lanka) a special recognition award was presented to CMA Sri Lanka President, Prof. Lakshman R. Watawala by the President of IFAC Dr. In-Ki Joo and State Minister of Money, Capital Markets and State Enterprise Reforms, Mr. Ajith Nivard Cabral for being the instrument in pioneering Association of Accounting Technicians of Sri Lanka (AAT) and Institute of Certified Management Accountants of Sri Lanka (CMA-Sri Lanka) and designated Founder President of both these Institutes. Both institutes are members of the International Federation of Accountings (IFAC) the globally recognised hallmark of a high-quality Professional Accountancy Organisation (PAO).



## NATURAL CAPITAL

CMA understands the importance of environmental sustainability and although its operations as an educational institution has a relatively low impact on the environment, it has taken steps to minimise the usage of resources such as water and energy, reduce paper usage, and dispose of waste responsibly.

Reducing our paper usage

As an educational institution our paper usage tends to be on the higher side. We have taken many steps to reduce the paper usage within CMA.

- E-learning facilities, which include study packs that can be accessed online, reduce the necessity for printed study packs and other resources helping to cut down paper use among CMA students
- Access to such E-learning platforms is provided free of charge
- Past papers which used to be printed in bulk can now be accessed through the CMA website
- Where possible, documents such as handbooks, including conference handbooks, are provided in electronic form, such as on CDs, rather than as printed booklets
- Emails are also used more frequently as a mode of communication with students and members as opposed to sending printed letters
- CMA staff are also responsible for reducing the quantity of printing within the office by ensuring that documents are not printed unnecessarily
- Reuse of one-sided paper is also encouraged
- An integrated Management Information

System has been installed which is operational since 2018, allowing for more paperless communication between the Institute and students, including the ability to fill application forms digitally rather than on paper. In addition to reducing the use of paper, this will facilitate the storage of data, which can later be used for decision-making, and increase efficiency of application processing and communication between stakeholders.

## Responsible Waste Management

To combat Sri Lanka's present waste disposal crisis, staff have been trained and are frequently reminded to segregate waste into plastics, food waste, and paper prior to disposal. Appropriately demarcated receptacles have been provided to ensure this policy is adhered to.

## Use of Resources

CMA conserves energy and water by creating awareness among staff. A "use only when required" policy is in place.

## Conclusion

Our appreciation goes out to CMA's patrons, members of its governing council, its advisory council members, and to all those involved in contributing to the development and sustainability of CMA 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.

We at CMA are determined to carry the success achieved during the past years further to serve more and more students and member communities to be better individuals both professionally and socially in furtherance of our motto to be the Successor to the society of Certified Management Accountants of Sri Lanka.





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

Incorporated by Act of Parliament No.23 of 2009.

INSTITUTE OF CERTIFIED  
MANAGEMENT ACCOUNTANTS  
OF SRI LANKA

# FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> December 2020

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

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2020**



KPMG  
(Chartered Accountants)  
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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") and the financial statements of the Institute, which comprise the statement of financial position as at 31 December 2020, and the statement of income and expenditure, statement of changes in funds, 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 of the Institute give a true and fair view of the financial position of the Company as at 31 December 2020, and of their financial performance and 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Institute in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, 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

Council is responsible for the other information. These Financial statements do not comprise 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

Council is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities ("SLFRS for SMEs"), and for such internal control as Council 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 Council 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 financial reporting process.



**Auditor's 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 auditor's 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 auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standard website at: <http://slaasc.com/auditing/auditorsresponsibility.php>. This description forms part of our auditor's report.



**CHARTERED ACCOUNTANTS**  
Colombo, Sri Lanka  
21 April 2021

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

<i>As at 31 December,</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
		<u>Rs.</u>	<u>Rs.</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	63,503,338	66,279,638
Intangible assets	3	8,879,928	12,021,037
<b>Total non-current assets</b>		<u>72,383,266</u>	<u>78,300,675</u>
<b>Current assets</b>			
Inventories	4	1,036,106	1,673,342
Deposits and prepayments	5	182,250	324,917
Income tax receivables	6	-	44,638
Other receivables	7	1,519,080	3,185,167
Short term investments	8	61,887,555	36,177,116
Cash and cash equivalents	9	6,728,233	5,290,828
<b>Total current assets</b>		<u>71,353,224</u>	<u>46,696,008</u>
<b>Total assets</b>		<u>143,736,490</u>	<u>124,996,683</u>
<b>Funds and liabilities</b>			
<b>Funds</b>			
Accumulated fund	10	95,308,101	82,207,275
Other funds		794,492	19,017
CMA members benevolent fund		1,086,701	562,500
Common wealth association		204,233	204,805
		<u>97,393,527</u>	<u>82,993,597</u>
<b>Non-current liabilities</b>			
Defined benefit obligations	11	2,766,013	2,472,075
Government grant	12	21,527,780	22,222,224
<b>Total non-current liabilities</b>		<u>24,293,793</u>	<u>24,694,299</u>
<b>Current liabilities</b>			
Accrued expenses and other payables	13	11,903,884	10,342,308
Advance receipt income	14	9,837,541	6,966,479
Income tax payable	6	307,745	-
<b>Total current liabilities</b>		<u>22,049,170</u>	<u>17,308,787</u>
<b>Total liabilities</b>		<u>46,342,963</u>	<u>42,003,086</u>
<b>Total funds and liabilities</b>		<u>143,736,490</u>	<u>124,996,683</u>

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**

24 March 2021  
 Colombo



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

*For the year ended 31 December,*

		<b>2020</b>	<b>2019</b>
		<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
<b>Income</b>			
Registration fees and annual subscription	<b>15</b>	25,430,550	27,608,055
Direct membership		4,907,349	108,500
Examination and exemption fees	<b>16</b>	43,301,271	51,303,408
Net surplus from seminars and other activities	<b>17</b>	2,240,450	1,032,570
Other income	<b>18</b>	3,910,018	3,461,473
Amortization of government grant	<b>12</b>	694,444	694,444
<b>Total income</b>		<b><u>80,484,082</u></b>	<b><u>84,208,450</u></b>
<b>Expenses</b>			
Staff cost	<b>19</b>	25,111,810	25,439,270
Administrative and establishment expenses	<b>20</b>	41,700,841	52,816,925
Finance cost	<b>21</b>	78,222	63,397
<b>Total expenses</b>		<b><u>66,890,873</u></b>	<b><u>78,319,592</u></b>
<b>Surplus before tax expense</b>		<b>13,593,209</b>	<b>5,888,858</b>
Tax expense	<b>22</b>	(492,383)	-
<b>Surplus for the year</b>		<b><u>13,100,826</u></b>	<b><u>5,888,858</u></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	Other funds	CMA members benevolent fund	Common wealth association	Total
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<b>Balance as at 1 January 2019</b>	76,318,417	19,017	87,500	-	76,424,934
Surplus for the year	5,888,858	-	-	-	5,888,858
Funds received during the year	-	-	475,000	204,805	679,805
<b>Balance as at 31 December 2019</b>	<b>82,207,275</b>	<b>19,017</b>	<b>562,500</b>	<b>204,805</b>	<b>82,993,597</b>
Surplus for the year	13,100,826	-	-	-	13,100,826
Funds received during the year	-	775,475	525,011	-	1,300,486
Funds utilized during the year	-	-	(810)	(572)	(1,382)
<b>Balance as at 31 December 2020</b>	<b>95,308,101</b>	<b>794,492</b>	<b>1,086,701</b>	<b>204,233</b>	<b>97,393,527</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**

<i>For the year ended 31 December,</i>	<b>2020</b>	<b>2019</b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
<b>Cash flows from operating activities</b>		
Surplus before taxation	13,593,209	5,888,858
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	3,599,227	3,695,430
Provision for gratuity	662,413	672,300
Amortization of intangible assets	4,191,109	3,757,816
Amortization of government grant	(694,444)	(694,444)
Interest income from fixed deposits	(3,517,018)	(3,101,473)
<b>Operating cash flows before working capital changes</b>	<b>17,834,496</b>	<b>10,218,487</b>
<b>Changes in:</b>		
Inventories	637,236	(301,767)
Deposits and prepayments	142,667	343,348
Other receivables	1,666,087	(166,407)
Accrued expenses and other payables	1,561,576	6,142,592
Advanced receipts	2,871,062	936,229
<b>Cash flows generated from operating activities</b>	<b>24,713,124</b>	<b>17,172,482</b>
Gratuity paid	(368,475)	(257,975)
Tax paid	(140,000)	-
<b>Net cash flows generated from operating activities</b>	<b>24,204,649</b>	<b>16,914,507</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(822,927)	(6,934,089)
Acquisition of intangible assets	(1,050,000)	(1,779,335)
Investments in short term investments	(25,710,439)	(15,261,556)
Interest income received	3,517,018	3,101,473
<b>Net cash flows (used in)/ generated from investing activities</b>	<b>(24,066,348)</b>	<b>(20,873,507)</b>
<b>Cash flows from financing activities</b>		
Cash receipt for CMA members benevolent fund	524,201	475,000
Utilization of Common wealth association	(572)	-
Cash receipt for common wealth association	-	204,805
Cash receipt for other funds	775,475	-
<b>Net cash flows generated from financing activities</b>	<b>1,299,104</b>	<b>679,805</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>1,437,405</b>	<b>(3,279,195)</b>
Cash and cash equivalents at the beginning of the year	5,290,828	8,570,023
<b>Cash and cash equivalents at the end of the year (Note 9)</b>	<b>6,728,233</b>	<b>5,290,828</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 2020,*

### 1. Accounting policies

#### 1.1 Reporting entity

The Institute of Certified Management Accountants of Sri Lanka ("the Institute") was incorporated under Act 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 Institute of Certified Management Accountants of Sri Lanka was incorporated on 29 June 1998 as a company 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 to comply with practical training requirements.
- To conduct examinations and to grant membership to those who have passed all the examinations and to comply 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 statement of financial position, statement of income and expenditure and accumulated fund and cash flow, and notes to the financial statements.

##### (b) Basis of measurement

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 current financial year or in the period of the revision and future periods if the revision affects both current and future financial years.



## INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 December 2020,*

#### 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.

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

	<u>Years</u>
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.

**INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS***For the year ended 31 December 2020,***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.

**(h) Taxation**

The provision for income tax is based on the elements of income and expenses reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No.24 of 2017 and its amendments thereto.

**(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.

**INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA  
NOTES TO THE FINANCIAL STATEMENTS***For the year ended 31 December 2020,***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
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Balance as at 01 January 2020	32,625,000	29,036,151	13,075,277	4,361,479	6,415,317	85,513,224
Additions during the year	-	-	551,259	21,628	250,040	822,927
Disposals during the year	-	-	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>32,625,000</b>	<b>29,036,151</b>	<b>13,626,537</b>	<b>4,383,107</b>	<b>6,665,357</b>	<b>86,336,151</b>
<b>Accumulated depreciation</b>						
Balance as at 01 January 2020	-	4,530,546	6,867,007	3,302,361	4,533,672	19,233,586
Charge for the year	-	727,956	1,801,805	426,585	642,881	3,599,227
Disposals during the year	-	-	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>-</b>	<b>5,258,502</b>	<b>8,668,812</b>	<b>3,728,946</b>	<b>5,176,553</b>	<b>22,832,813</b>
<b>Written down value as at 31 December 2020</b>	<b>32,625,000</b>	<b>23,777,649</b>	<b>4,957,725</b>	<b>654,161</b>	<b>1,488,804</b>	<b>63,503,338</b>
Written down value as at 31 December 2019	32,625,000	24,505,605	6,208,270	1,059,118	1,881,645	66,279,638

**3 Intangible assets**

Cost	Deferred Expense - syllabus revision	Deferred Expense - CHFMA syllabus	Sage 50 accounting package	Total
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Balance as at 1 January 2020	15,033,975	640,000	2,558,595	18,232,570
Additions during the year	250,000	800,000	-	1,050,000
Disposals during the year	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>15,283,975</b>	<b>1,440,000</b>	<b>2,558,595</b>	<b>19,282,570</b>
<b>Accumulated amortization</b>				
Balance as at 1 January 2020	5,454,175	155,152	602,206	6,211,533
Charge for the year	3,266,796	412,596	511,717	4,191,109
Disposals during the year	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>8,720,971</b>	<b>567,748</b>	<b>1,113,923</b>	<b>10,402,642</b>
<b>Written down value as at 31 December 2020</b>	<b>6,563,004</b>	<b>872,252</b>	<b>1,444,673</b>	<b>8,879,928</b>
Written down value as at 31 December 2019	9,579,800	484,848	1,956,389	12,021,037

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.

*As at 31 December,*

**4 Inventories**

	<u>2020 Rs.</u>	<u>2019 Rs.</u>
Study packs	1,036,106	1,673,342
	<b>1,036,106</b>	<b>1,673,342</b>

**5 Deposits and prepayments**

Prepayment - exhibition expenses	-	-
Deposit - ANCI.	17,250	17,250
Deposit - CFB	165,000	165,000
Festival advance	-	142,667
	<b>182,250</b>	<b>324,917</b>

**6 Income tax (payable)/ receivables**

At the beginning of the year	44,638	44,638
Income tax expense for the year	492,383	-
Self assessment payments for the year	140,000	-
	<b>(307,745)</b>	<b>44,638</b>

**7 Other receivables**

CMA Common wealth association	-	106,260
Advance payment	859,080	1,871,407
Receivables-Seminar / workshops / conference	-	497,500
Rent -deposit and advance	660,000	660,000
Refundable deposit - BMICH	-	50,000
	<b>1,519,080</b>	<b>3,185,167</b>



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

As at 31 December,

	<b>2020</b>	<b>2019</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	55,852,269	31,068,042
Fixed deposits - National Savings Bank	5,060,275	5,109,074
Fixed deposits- CMA members benevolent fund	975,011	-
	<b><u>61,887,555</u></b>	<b><u>36,177,116</u></b>
<b>9 Cash and cash equivalents</b>		
Current account - People's bank	4,558,263	1,575,268
Examination account -People's bank	22,274	9,129
SPV collection - People's bank	500,000	2,500,000
CHFMA - People's bank	518,627	265,150
CMA members benevolent fund current account - People's bank	111,690	562,500
Common Wealth Association	204,233	204,805
Commercial bank	763,146	123,976
Petty cash	50,000	50,000
	<b><u>6,728,233</u></b>	<b><u>5,290,828</u></b>
<b>10 Accumulated fund</b>		
Balance at the beginning of the year	82,207,275	76,318,417
Surplus for the year	13,100,826	5,888,858
Balance at the end of the year	<b><u>95,308,101</u></b>	<b><u>82,207,275</u></b>
<b>11 Defined benefit obligations</b>		
Balance at the beginning of the year	2,472,075	2,057,750
Provision for the year	662,413	672,300
Payment made during the year	(368,475)	(257,975)
Balance at the end of the year	<b><u>2,766,013</u></b>	<b><u>2,472,075</u></b>
<b>12 Government grant</b>		
Balance at the beginning of the year	22,222,224	22,916,668
Addition during the year	-	-
Charge for the year	(694,444)	(694,444)
Balance at the end of the year	<b><u>21,527,780</u></b>	<b><u>22,222,224</u></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 useful life time of the building.		
<b>13 Accrued expenses and other payables</b>		
Telephone	152,063	119,952
Audit fee	207,606	216,000
EPF and ETF	305,019	310,341
Overtime	4,620	9,558
Security service	84,240	84,240
Sundry creditors	5,086,630	3,999,129
Institute of Certified Professional Managers	11,000	283,950
Provision - Examination	6,052,706	5,116,635
Other liability account	-	170,794
WHT payable	-	31,709
	<b><u>11,903,884</u></b>	<b><u>10,342,308</u></b>

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

As at 31 December,

	2020	2019
	<u>Rs.</u>	<u>Rs.</u>
<b>14 Advance receipt income</b>		
Member subscription	6,238,897	4,015,716
Student subscription	3,598,644	2,735,888
Examination fee	-	214,875
	<u><b>9,837,541</b></u>	<u><b>6,966,479</b></u>
<b>15 Registration fees and annual subscription</b>		
Students - CMA	10,699,037	10,707,415
Members - CMA	12,688,550	15,232,411
Students- AMA	184,177	66,835
Students - CBA and ITA	1,858,786	1,601,394
	<u><b>25,430,550</b></u>	<u><b>27,608,055</b></u>
<b>16 Examination and exemption fees</b>		
Exam & Exemption income-CMA	42,277,861	49,605,982
Exam & Exemption Income- CBA & ITA	1,023,410	1,697,426
	<u><b>43,301,271</b></u>	<u><b>51,303,408</b></u>
<b>17 Net surplus from seminars and other activities</b>		
Surplus on study packs and CMA publications	2,693,546	2,068,226
CMA student's conference	-	(1,184,594)
Pre-examination seminar	239,094	396,914
Graduation ceremony	-	163,575
Toastmasters and speech craft programme	105,833	(133,379)
Others - Seminars and Conferences	(29,450)	(42,176)
Members Meeting & Get together	-	(413,671)
BMS programme	12,000	11,476
CMA founder's day	(55,000)	-
CHFMA Program	393,435	(135,370)
CMA Conference	125,400	1,297,772
IR Seminar	-	(174,368)
Education institute - Registration	6,000	21,750
E - learning course	(707,860)	-
CMA/ Deakin Degree Program	(185,328)	(305,962)
Cost & Management Account Standards	-	(658,661)
Certificate Awarding ceremony	-	84,826
World Environmental Day- seminar	-	(27,643)
IPA Application	-	501,436
Data Analysis Workshop	-	367,428
Research Forum	-	(100,200)
Higher Education Conference	-	(657,851)
SME Conference 2020	(524,841)	-
Certificate in strategic corporate sustainability	136,332	-
MS Excel workshop	220,575	-
Tax Seminar	9,761	-
Virtual learning	(733,220)	-
Samurdhi officers' training programme	455,050	-
Certificate course on cost and management	88,623	-
Seminar on Budget 2	(9,500)	(46,958)
	<u><b>2,240,450</b></u>	<u><b>1,032,570</b></u>

**INSTITUTE OF CERTIFIED MANAGEMENT ACCOUNTANTS OF SRI LANKA**  
**NOTES TO THE FINANCIAL STATEMENTS**
*For the year ended 31 December,*

	<b>2020</b>	<b>2019</b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
<b>18 Other income</b>		
Fixed deposit interest	3,517,018	3,101,473
Rent income	393,000	360,000
	<b><u>3,910,018</u></b>	<b><u>3,461,473</u></b>
<b>19 Staff cost</b>		
Staff salary	15,674,958	15,531,136
EPI/ETP	2,352,215	2,333,920
Consultancy fee	1,249,450	1,219,250
Bonus	1,315,089	1,613,582
Overtime	51,098	159,270
Gratuity provision	662,413	672,300
Staff welfare	344,129	556,598
Staff training and recruitment	20,725	149,441
Travelling allowance	3,175,333	2,597,500
Incentives and allowances	240,000	388,766
Mobile Allowance	26,400	35,650
Surcharge payment	-	1,857
Car allowance	-	180,000
	<b><u>25,111,810</u></b>	<b><u>25,439,270</u></b>
<b>20 Administrative and establishment expenses</b>		
Advertising	730,624	1,942,935
Printing and stationery	1,037,423	1,498,934
Expenses for exhibition	208,144	995,705
Promotion expenses	1,898,348	3,699,731
Depreciation	2,682,558	3,034,792
Examination expenses	12,175,287	15,392,394
Postage	333,637	715,377
Computer centre expenses	2,121,242	1,890,503
Other expenses	31,424	331,061
Telephone	1,478,075	1,278,337
Office maintenance	618,750	2,221,368
Electricity	958,939	1,540,856
Professional services	885,217	792,513
Travelling	138,200	435,379
Audit fee	200,000	257,632
Office equipment maintenance	327,195	403,099
Water	103,313	159,193
Insurance	105,549	100,989
SAFA board meeting and foreign travel	489,602	3,847,222
Management Accounting Journal	218,035	971,314
Student News Letter	-	178,050
Committee meeting and discussion	275,364	263,892
Donations	15,000	6,700
AGM expenses	372,850	498,523
Agreements and annual charges	684,866	455,161
Subscription -IFAC/CAPA/SAFA	3,840,426	2,591,010
Subscription- Others	26,500	255,505
Research Expenses	1,585,000	-
Study text and syllabus revision	3,357,696	3,164,383
CMC assessment tax	158,004	158,004
Security service	1,010,880	1,096,774
Pirith chanting ceremony	-	364,845
CMA Students' Guild	62,862	105,000
CMA Staff Activities	-	176,415
Scholarship Awarding Ceremony	-	56,235
CMA Oratorical Competition	1,688,831	42,106
Council Election expenses	-	69,988
Contribution to Common wealth Association	-	25,000
Rent	1,881,000	1,800,000
	<b><u>41,700,841</u></b>	<b><u>52,816,925</u></b>

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

For the year ended 31 December,

	2020 Rs.	2019 Rs.
<b>21 Finance expenses</b>		
Bank charges	78,222	63,397
	<b>78,222</b>	<b>63,397</b>
<b>22 Taxation</b>		
Current tax expense (Note 22.1)	492,383	-
	<b>492,383</b>	<b>-</b>
Taxable income (Note 22.2)	3,517,018	-
	<b>3,517,018</b>	<b>-</b>

**22.1** 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 carrying out any business activities and carrying out only statutory activities.

**22.2** According to Inland Revenue Act, No 24 of 2017, in hands of charitable institutions, interest income is taxable @ 14%.

**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:

	2020 Rs.	2019 Rs.
Short term employee benefits	Nil	Nil
Post employee benefits	Nil	Nil

**23.2 Transactions with related parties**

Related party	Nature of the Transaction	Transaction Amount		Balance as the year end	
		2020	2019	2020	2019
Institute of Chartered Professional Managers	Rent income	393,000	360,000	Nil	Nil
	Cash collected and transferred	794,797	2,195,560	11,000	283,950
Mr.H.M.Hennayake Bandara Vice president	Contribution towards the establishment of prize fund	Nil	25,000	15,000	15,000
Mr.M.R.A.Perera Council member	Lecture fee for virtual Learning	205,500	Nil	78,750	Nil
Dr. Harendra Kariyawasam Council member	Lecture fee	10,000	Nil	Nil	Nil

**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 2020 is 24 (2019: 24).

**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 Impact of COVID-19**

The Institute understands the importance of the safety measures implemented by world leaders and implemented all the precautionary measures advised in the operations of the Institute. We are aware of the unpredictable nature of the current situation of the country and the globe, therefore the Institute wishes to further observe the impacts and take proactive measures to ensure the smooth functioning of the Institute while, abiding by the health guidelines to ensure health and safety.

**29 Approval of financial statements**

These financial statements were approved by the Governing Council and authorized for issue on 24 March 2021.



## Notice of Annual General Meeting

Notice is hereby given that the 21st Annual General Meeting of the Institute of Certified Management Accountants of Sri Lanka will be held via Zoom on Thursday 30th September, 2021 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 2020.
2. To receive and adopt the audited accounts and auditors report for the year ended 31st December 2020.
3. To re-appoint M/S 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,  
16-09-2021  
Colombo

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## NOTE

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

Incorporated by Act of Parliament No. 23 of 2009

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