



CONDOMINIUM MANAGEMENT AUTHORITY
ANNUAL REPORT

**THE INNOVATIVE
APPROACH
IN HOUSING**

2020

17
ANNIVERSARY
2003 - 2020

STATE MINISTRY OF URBAN DEVELOPMENT,
COAST CONSERVATION, WASTE DISPOSAL AND
COMMUNITY CLEANLINESS



The innovative approach in housing

The Condominium Management Authority as the state regulatory mechanism towards the realization of expectations and aspirations of the condominium residents, property developers, Service providers and investors of the sector has played a leading role during its credible journey spanning 17 years.

Drawing upon a strategic approach centered on sustainable human settlements, the Condominium Management Authority is a self financing entity with sound fiscal discipline which does not seek any provisions from the Treasury, thus setting an example to public enterprises.

Whilst promoting community participatory management approaches, the Condominium Management Authority as the forerunner in the field of condominium housing is committed to continue its unique service to the nation by way of more convenient multi-storey culture opening up new avenues for an environment and people friendly



17

2003 - 2020
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While offering our regulatory services to the condominium property sector, we have the strengths and confidence to march towards success overcoming financial challenges.

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Chairman's Message / 10

“

The sole objective of the Condominium Management Authority is to keep our clientele contented through an efficient service underpinned by strong internal control system.

”



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VISION

Assisting in the creation of condominium settlements as a solution to the housing requirement of the country.

MISSION

Constructing condominium property to be apposite with the benefit and welfare of residents and establishing management corporations for the systematic administration and management of such property and regulating their maintenance activities.



Annual Report 2020

Condominium Management Authority

The annual report of 2020 has been designed as the 'Innovative Approach in housing' for easy reference and publishing audit and account statements in compliance with the prescribed standards ensuring transparency.

This report for the year 2020 has been prepared in line with the guidelines issued by the office of the Cabinet of Ministers in August 2020. Accordingly, the following matters incorporated in 3(XII) therein have been submitted through this report.

- (a) The report on performance of the institution for the relevant period.
- (b) Short and medium term measures intended to be pursued to improve the performance of the institution.
- (c) The steps taken and expected to be taken in future by the management of the Authority and its Board of Directors to rectify the shortcomings indicated in the audit report for the period relevant to the annual report.
- (d) Other matters applicable to the institution needing the attention of the Cabinet of Ministers

Further, the audit and account

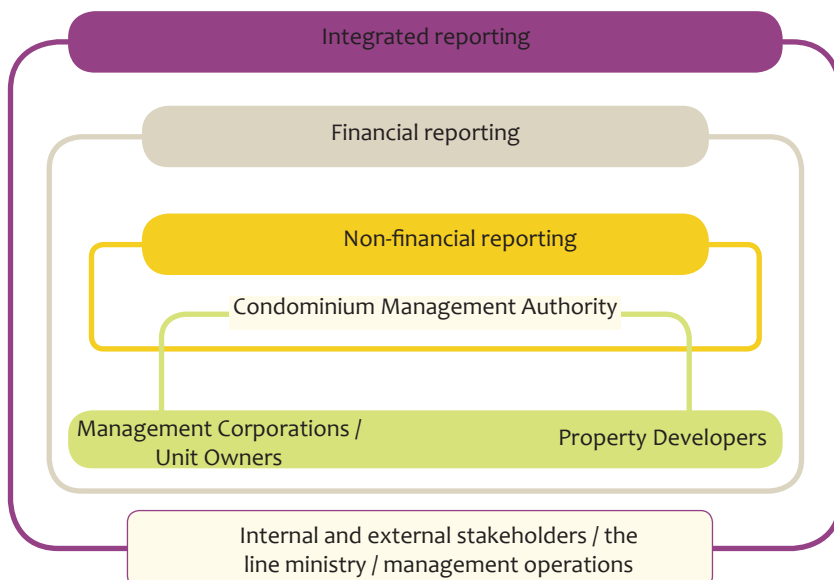
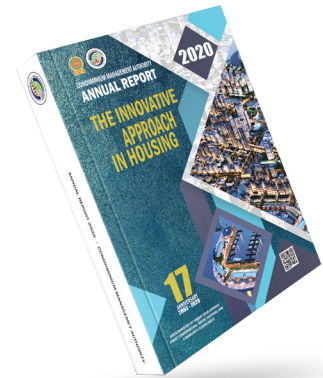
statement has been prepared in conformity with the auditing and accounting standards set forth in the guidelines for the preparation of annual reports issued by the Department of Public Enterprises.

Report boundary

Non-financial statements relevant to the financial report for the year ended 31 December 2020 and other reporting relevant thereto are confined only to the Condominium Management Authority. The integrated report scope has been designed inclusive of external stakeholders and operational management. The annual reporting cycle has been prepared comparatively based on the annual report for the financial year ended 31 December 2019. No material adjustment has been made for non-financial information.

Materiality

The contents to be included in this integrated report have been formulated taking cognizance of management operational trends, requirements of residents of condominium properties and property developers and strategic plans of the CMA.

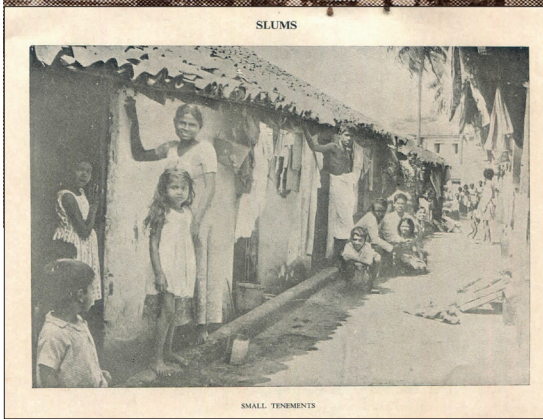


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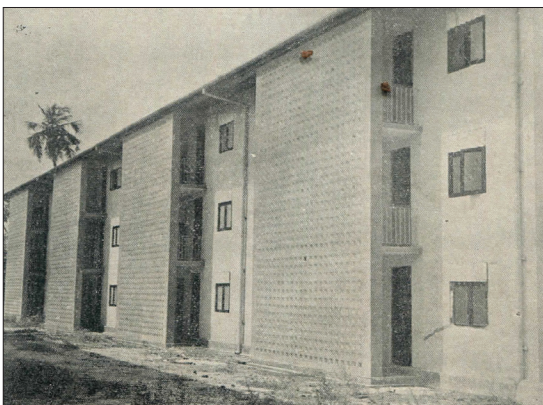
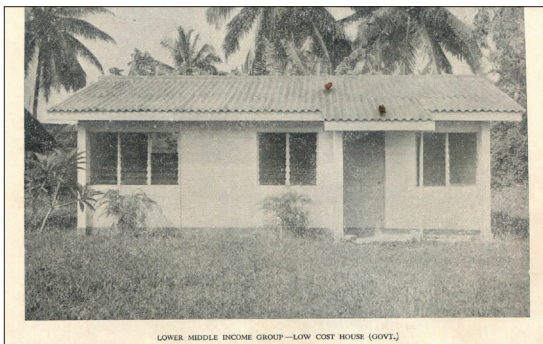


Designing and Preparation
Management Information Systems Division
Condominium Management Authority

Condominium history – today



Slum dwellers lived in Colombo



Single unit houses and flats constructed for shanty dwellers and urban migratory population

Preamble

Global discourse on the percentage wise growth of urban population triggered by the concentration of a large number of people in urban areas attributable to a slew of socioeconomic factors commenced many years ago.

Hence attention was focused globally on finding viable solutions to this issue while being sensitive to environmental and social issues given rise to by imbalanced increase in the urban population density. In considering the development of limited extent of lands available in urban areas optimally and more productively, special attention was focused on the construction of condominium properties in conformity with prescribed standards as it was found to be a sector which could have an impactful influence on the sustainability of urban settlements.

In terms of the Apartment Ownership Act No. 11 of 1973, as amended by Act No. 45 of 1982 and Act No. 39 of 2003, a condominium property has been designed to own and use units individually and to hold ownership of and disposition of titles. A condominium property has been defined as a building having common elements with more than one unit connected vertically or horizontally. The most

commonly used term currently for condominium properties is the 'flats'. However, apartments constructed vertically or horizontally as described in the above definition too are condominium properties.

Expansion of the concept of condominium settlements in Sri Lanka

Owing to socioeconomic changes in the post-independent Sri Lanka emerging from the clutches of colonialism, the industrial and employment market concentrated on the Western Province of the island witnessed a further expansion triggering an urban growth with people in their numbers from rural and semi urban areas taking up residence in Colombo and the suburbs.

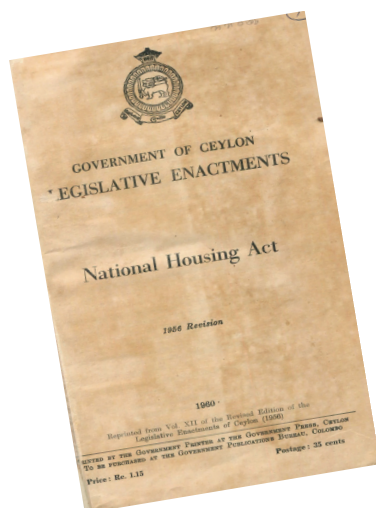
A perusal of the history of condominium properties in Sri Lanka would indicate that it was the Committee appointed in the year 1959 to study the housing problem in the country that proposed apartments as a viable option to mushrooming slums and shanties in the capital.

The sessional report No. xxiii submitted in 1963 by the said Committee can be considered as the first policy statement of Sri Lanka relating to housing.

“

A condominium property has been defined as a building having common elements with more than one unit connected vertically or horizontally

”



The first act concerning flats in Sri Lanka

- The recommendation that multi-storey houses should be constructed in areas with high population density was the first ever recommendation regarding the construction of condominium properties in Sri Lanka. The aforementioned report noted that flats should be constructed in place of shanties and line houses for low income earners, and
- acknowledged the right for the disposition of titles of housing units thus constructed and pointed out that the management of common amenities, repairs and maintenance of such buildings after such disposition of titles should be carried out by the “Building Societies” of owners and highlighted the need for the introduction of a legal framework for that purpose.

The recommendations of this report were instrumental in the establishment of a host of public sector institutions such as the National Housing Development Authority, Building Research Organization, Housing Planning Centre, Urban Development Authority and Institute of Construction Training and Development which made an active contribution towards the national housing programme.

Based on the recommendation of this report, a multitude of housing schemes were initiated through the housing fund established by the Department of Housing and the Torrington housing scheme as official quarters of public employees and Anderson flats housing scheme for the middle class can be cited as examples.

Post 1970 decade era

The construction of condominium properties (apartment housing complexes) with the intervention of the government gathered momentum in the post 1970 decade and though the Condominium Property Act, No. 12 of 1970 was enacted for the registration and administration of such apartment housing schemes, it was not implemented in a realistic sense. Subsequently, though it was expected to address the issues in the sector through the enactment of the Apartment Ownership Act, No. 11 of 1973, it too was found wanting in enlisting the contribution of residents for a mechanism required for the management and maintenance of the property. Therefore, the amendment act, No. 45 of 1982 was brought in for discharging the responsibility of managing the common elements and common amenities for realizing such participatory management objectives. It

introduced the legal provisions required for the establishment of the structure called management corporations enabling greater contribution of residents for the management and maintenance of condominium properties.

The decade of 1970/80 was a period where in-depth studies were undertaken on the strategies of housing and urban development of Sri Lanka. The Common Amenities Board was established by the Common Amenities Board Act, No.10 of 1973 for the maintenance of common amenities. Under the Ceiling on Housing Property Law No.01 of 1973, the number of houses exceeding the permitted number was vested in the National Housing Commissioner. Therewith, the management and maintenance of common amenities in line houses, estate houses and multistorey houses vested in the National Housing Commissioner was transferred to the Common Amenities Board. Further, the establishment of the Urban Development Authority by the Urban Development Authority Act No, 41 of 1978 and the National Housing Development Authority by the National Housing Development Authority Act No, 01 of 1979 were watershed events in the field of housing.

Launching the Colombo City Plan formulated in 1986, the government sought to introduce a new policy framework to meet the demands of urban sprawl and there too, it was the National Housing Development Authority (NHDA) which served as the pioneer in the construction of condominium properties. The participation of the private sector in such activities was at a minimal level.

In the decade of 1970/80, the government was the leading contributor in the condominium property construction sector and policy was adopted to rent or lease out condominium thus constructed. Accordingly, the maintenance of common amenities and common elements of those properties was not considered a responsibility of the occupants and that responsibility was entrusted to the Housing Department on behalf of the government as the owner of such property. Subsequent to the establishment of the NHDA by Act No 17 of 1979, the Common Amenities Board was used for maintaining and repairing the aforesaid properties which were vested in the NHDA. However, the provisions in respect of the construction, registration and disposition of ownership of condominium properties were not complied with as envisaged. Though the concept of Management Corporations was introduced by the Apartment Ownership (Amendment) Act No. 45 of

1982, it was not implemented practically due to the reasons cited above.

Establishment of the Condominium Management Authority

As property developers of the private sector began constructing condominium properties with profit making as the foremost objective, the need for a state sector regulator to regulate such condominium properties arose. The Common Amenities Board Act, No. 10 of 1973 was amended by the Act No.24 of 2003 establishing the Condominium Management Authority with extensive powers including the powers for the registration of the condominium plan and the declaration after the completion of the condominium property, issuing a certificate for common elements prior to such registration, regulating all activities of the Management Corporation formed after the registration of the property, settling issues among various stakeholders of the condominium property, removing unauthorized structures and redeveloping of the property.

The role of the Condominium Management Authority

A close look at recent trends associated with the construction of condominium properties in Sri Lanka indicates an unprecedented demand for condominium properties in urban and suburban areas. This has precipitated a boom in the condominium property sector with both the public and private sectors striving to fulfill the rising demand for housing needs of people.

For the registration of condominium properties thus constructed on 03 occasions as 'Provisional Condominium Property', "Semi Condominium Property" and 'Condominium Property', new provisions were brought in through the Apartment Ownership (Amendment) Act No.39 of 2003.

In addition, extraordinary gazette No: 2026/25 dated 05 July 2017 was issued incorporating details on the basic requirements to be fulfilled for the issuance of condominium certificate, conformities and charging of fees.

As a result of condominium properties being constructed by several state agencies, a situation had arisen where a large number of such properties could not be transferred to recipients as the eligibility for the formal transfer of the property had not been fulfilled. Taking cognizance of this situation, the Apartment Ownership (Special Provisions) Act, No. 23 of 2018 was introduced to facilitate the disposition of certain condominium properties owned by the state or by a state agency; and to make provisions for matters connected therewith or incidental thereto.

Accordingly, action is being pursued to amend the legal framework applicable to the

condominium sector, considering it as a timely need, in consultation with all stakeholders representing diverse aspects of the sector and professionals involved in the field with the objective of providing a better living standard to condominium property constructors as well as condominium residents and

to that end, the Common Amenities Board, Act No. of 1973 and the Apartment Ownership Act, No 11 of 1973 are due to be amended.

Landmarks of condominium housing

1959

Appointing a committee to study the housing problem of Sri Lanka.

1963

Launching of the first ever housing policy of Sri Lanka

1970

Introducing legal provisions covering condominium properties by Condominium Property Law, No 12 of 1973.

1973

Conferring broader powers on the Commissioner for National Housing for the control of multistoried and apartment houses vested in him by the Ceiling on Housing Property Law No.1 of 1973, the Apartment Ownership Act No.11 of 1973 was passed repealing the Condominium Property Law, No. 12 of 1970. It included a provision making it lawful for the owners of units of a condominium property to form themselves in associations or bodies.

1982

The Management Corporation structure was introduced by the Apartment Ownership (Amendment) Act, No.45 of 1982 and it incorporated provisions to reinforce Management Corporations.

2003

The Common Amenities Board Act, No. 10 of 1973 was amended by the Act No.24 of 2003 establishing the Condominium Management Authority with extensive powers including the powers for the registration of the condominium plan and the declaration after the completion of the condominium property, issuing a certificate for common elements prior to such registration, regulating all activities of the Management Corporation formed after the registration of the property, settling issues among various stakeholders of the condominium property, removing unauthorized structures and redeveloping of the property. Further, Apartment Ownership (Amendment) Act provided for the registration of a condominium property at the office of the Registrar General on 03 occasions as provisional, semi and full condominium property.

2017

Extraordinary gazette No: 2026/25 dated 05 July 2017 was issued incorporating details on the basic requirements to be fulfilled for the issuance of condominium certificate, conformities and charging of fees.



Message of the Chairman

“The Condominium Management Authority as the state regulator of common elements and common amenities of condominium properties made a slew of important policy and administrative decisions in the year 2020 for the advancement of condominium residents”

Being able to steadily carry forward our operational and strategic actions on the back of farsighted planning of regulatory requirements, in spite of the Covid-19 pandemic situation, gives us immense pleasure.

This truly was a testing time for all of us and as we may continue to encounter some more hurdles along the way, a more challenging period can be predicted.

Concurrent to the global economic downturn triggered by the pandemic, Sri Lanka's economy contracted by 3.6%. It impeded economic activities of all sectors and constructions in the condominium sector too suffered a significant setback. Despite this challenging environment, we were able to record a 2.6% growth

in revenue, increase the net profit by 81% and reduce operational and maintenance expenditure by 8% as compared to the 2019 financial year, signifying a noteworthy success.

As the regulator authority of condominium properties, our long term vision is “strong management corporation is the backbone of a comfortable condominium lifestyle”. Our core activities are underpinned by this principle and we are pleased to regularly contribute to the advancement of the sector with emphasis laid on administration, maintenance and management of condominium enterprises and management corporations,

Due to the urban sprawl experienced over the past 04 decades fuelled by shifting of rural populations to metropolitan areas, a need for housing arose to accommodate rising urban population. The role of our authority is to regulate the condominium properties of multi storey housing schemes through amendments of statutory laws.

The CMA as a regulatory entity, enters its 17th year with unwavering resolve to surmount the multitude of obstacles engendered by a debilitating pandemic that has gripped the entire world.

We step into the year 2020 armed with a long term realistic vision and with the objective of realizing sustainable environmental concepts aligned with ten-fold policy framework in “Vistas of Prosperity and Splendour” of His Excellency the President.

For the food security of the nation, a project was launched for condominium residents under the government initiated programme “Let's cultivate today for tomorrow”, through which the Authority was able to contribute to Sustainable Development Goal-17 of the United Nations.

Further, through the implementation of community participatory tree planting campaigns in housing schemes, concepts of environmental conservation and ‘GO GREEN’ could be accomplished.

It is with immense pleasure that we report of our plans to make a more organized institutional contribution to towards making our presence felt internationally through an eco-friendly and human-friendly construction industry inherent to Sri Lanka as envisaged in the “Vistas of Prosperity and Splendour” policy statement.

It has been stated in “Vistas of Prosperity and Splendour” that “While adequate housing is a basic need, the reality is that most families cannot afford housing. During our tenure in government we recognized

this as a pressing issue for low income urban communities and took steps to provide them with permanent housing. We thereby changed the living conditions and lifestyles of the urban poor. Once in office, we will continue the urban regeneration programme and also extend it to the rural communities.” Accordingly, the CMA as the state regulatory entity of common amenities and common elements of condominium properties introduced a host of key policy decisions and made crucial administrative decisions in the year 2020. Further, plans have been incorporated in the Action Plan-2021 for the implementation of government's housing policy as set forth in Vistas of Prosperity and Splendour. Similarly action is being pursued to present plans and proposals to the government for the redevelopment of flats which are in dilapidated condition and unfit for living.

Though Year 2020 was heralded with optimism and hopefulness, Covid-19 pandemic engulfed the entire country giving rise to a slew of unforeseen circumstances. Global economy plunged into a recession and local economy too could not escape attendant repercussions.

In the wake of this situation, our Authority ran into enormous difficulties and travel restrictions recommended by health authorities and other measures taken to prevent the spread of Covid-19 pandemic served as an impediment in achieving our goals.

Despite the difficult circumstances, the CMA as an institution mindful of its social consciousness donated Rs. 10 million to the Covid-19 Fund considering it as a national responsibility and duty thus contributing to provide health facilities to people affected by the pandemic.

The process of issuing condominium certificates which is the main source of income of our Authority was badly affected. The construction of condominium properties by property developers became sluggish due to travel restrictions and the imposition of curfew. Though this prevented us from reaching our intended targets, the Authority was able to be amongst the handful of public institutions which made profits in the year 2020 making some contribution to the country's economy was a remarkable victory secured by the Authority.

We have realized the importance of working with better understanding and developing stronger relationships with other institutions making an active

contribution to the housing drive of the government such as the National Housing Development Authority, Urban Development Authority and Urban Settlement Development Authority and intend to develop our capacity to fulfill duties entrusted to us in a more successful manner.

We have the confidence to march towards success, providing regulatory requirements of the condominium sector and overcoming financial challenges. It is with immense pleasure that we present this Annual Report of 2020 with audited financial accounts to you in the midst of this challenging period.

Acknowledgement

I wish to take this opportunity convey my sincere thanks to the General Manager, the entire staff and all members of the Board of Directors of the Authority and to the heads of all ministries, departments, public and statutory boards who contributed to the performance of the Authority in the year 2020. I am also thankful to the Hon. Prime Minister who as the Minister of Housing and Construction has been a source of inspiration, offering guidance for the sustainability of the Authority, to the Hon. State Minister of Urban Development, Coast Conservation, Waste Disposal and Community Cleanliness and the Government of Sri Lanka. My thanks are also due to the Secretary and Additional Secretaries and the staff of the Ministry and the members of the Audit and Management Committee for extending their support to the activities of the Ministry.

Sarana Karunaratne, Attorney at Law
Chairman
Condominium Management Authority

Being able to record a 2.6% growth in revenue, increase the net profit by 81% and reduce operational and maintenance expenditure by 8% as compared to the 2019 financial year.

Centered on the theme “Strong Management Corporation is the backbone of a comfortable condominium lifestyle” contributing to the advancement of the sector with emphasis laid on administration, maintenance and management of condominium enterprises and management corporations’

Unwavering resolve to overcome seemingly insurmountable obstacles triggered by a devastating pandemic and march towards victory

Enlisting the contribution of condominium residents to the national cultivation drive “Let's cultivate today for tomorrow” aimed at national food security

By implementing tree planting campaigns, concepts of environmental conservation and **GO GREEN** could be accomplished.

Presenting plans and proposals to the Government for the redevelopment of flats which are in dilapidated condition and unfit for living.

CMA as an institution mindful of its social consciousness, donating Rs. 10 million to the Covid-19 Fund considering it as a national responsibility and duty thus contributing to provide health facilities to people affected by the pandemic

Being amongst the handful of public institutions which made profits in the year 2020 making some contribution to the country's economy

Review of the General Manager



“The use of condominium properties have been on the increase in the developed countries as well as in the developing countries over the past few decades. Only the condominium concept can meet the demands for housing stemming from shortage of lands and exorbitant land prices due to high population density in urban and suburban areas.”

I am pleased to present you the Annual Report 2020 together with the audited financial report for the year ended 31 December 2020.

Introduction

Year 2020 was a year that entailed numerous challenges globally as well as locally. Hardened by these challenges, the Condominium Management Authority was able to play a dominant role for the advancement of the condominium sector.

In summarizing the matters relating to the modern urban settlements, what primarily strikes our minds is that it is a field that continues to evolve and update with emerging trends while catering to the societal and human needs and making a pioneering contribution to the economy of the country.

In the aftermath of terrorist attack in 2019, constructions and investments became sluggish, causing a downturn in the condominium sector.

Despite this having a negative impact on the revenue generation of the CMA, as the regulator of the sector, a satisfactory

service could be offered to our clientele. Though the onset of the outbreak of Covid-19 pandemic in the year 2020 that crippled executive and operational plans, put a damper on the implementation of pre-development strategies and management operations owing to the need to maintain personal and social distance, the situation could be assuaged to a certain degree thanks largely to the unfaltering commitment of our staff.

Operational strength

Since the situation could be kept somewhat under check during the tail end of the year 2020, the revenue growth rate could be increased by 2.6% as against the year 2019 on the back of strategic moves adopted by the Authority.

The income generated by the Authority from revenue sources such as the issuance of condominium certificates and the registration and renewal of management corporations was Rs. 203.72 million.

The net profit after tax stood at Rs. 32.6 million posting a year on year growth of 81%.

According to the predictions of the Asian Development Bank, the GDP of the country which declined by 55% in the year 2020 on the back of new waves of Covid-19 during the second and third quarters of the financial year, as a result of which the property development sector could not achieve its targets and viewed against the contraction of the GDP, the above achievements become even more impressive.

By maintaining administrative expenses at a minimal level, the overhead costs could be brought down by 8% compared to the year 2019.

A strong Management Corporation – A convenient condominium lifestyle

The use of condominium properties has been on the increase in the developed countries as well as in the developing countries over the past few decades. Only the condominium concept can meet the demands for housing stemming from shortage of lands and exorbitant land prices due to high population density in urban and suburban areas.

Being the state regulatory entity on common elements and common amenities of condominium properties constructed by the public as well as the private sectors, we offered solace to them during this difficult time. For 416 out of 512 complaints received from Management Corporations/ Management Committees in the year 2020, solutions were provided. Further, 32 out of 51 disputes lodged for inquiries and they were resolved during year.

Social Protection Contribution

Despite the economic woes caused by shrinking economy, the ambitious quarantine programme of the Government was a brilliant initiative for the prevention of the spread of the disease, outshining most of the countries in the world. The CMA, being well aware of its social responsibility and national duty, donated Rs. 10 million to the Covid-19 Fund.

Safeguarding condominium properties

By issuing 137 condominium and clearance certificates certifying that the common amenities and common elements are in good order, the revenue generation was accelerated during the latter half of 2020 building trust amongst buyers. It rejuvenated the property development sector which had hit a slump injecting a new life to the sector.

Instant solutions

As a strategy of immediately responding to public queries being constantly referred to the Authority regarding the condominium sector, 0112- 444575 telephone hotline was introduced. It offers an efficient service to clients during office hours.

Space for timely requirements

The Common Amenities Board Act, No. 10 of 1973 and the Apartment Ownership Act, No.10 of 1973 were amended to be in tune with the timely requirements and referred to the Legal Draftsman's Department and their adoption will enable the Authority to come up with solutions for most of the practical issues in the condominium sector. This will enable to expand the coverage of services currently offered by the Authority.

Vision for future

The prime objective of the CMA is to offer services to the satisfaction of clients through a productive enhancement of service delivery while strengthening internal control system of the institution.

Plans are incorporated in the Action Plan and the Corporate Plan of 2021 towards this end and our clients will be provided efficient and effective services to their satisfaction in harmony the Act and institutional objectives.

By educating property developers for the development of condominium properties embodying environmental friendly features such as the construction of multi storey houses using eco-friendly, natural and sustainable energy sources, solid waste and garbage management and rainwater recycling in harmony with the Sustainable Development Goals 7,11 &15 and proper guidance will be provided by the authority.

Regional/zonal offices will be established in areas with high density of condominium properties for providing solutions to issues relating to common amenities and common elements and for making necessary interventions as and when problems arise regarding maintenance, administration and management of Management Corporations.

Further, information technology will be employed for optimizing services to both employer and employees and administrative process will be empowered for enhancing institutional productivity. Plans are also on the drawing board to conduct a national census on condominium properties covering the entire island to collate information to be utilized for operational purposes and formulating policies and enabling information on the condominium sector to be used in the policy formulation process.

As the condominium concept is the strategy for meeting future housing requirements property developers, professionals and residents are constantly educated through print and electronic media.

Acknowledgement

I convey my sincere appreciation to all those who contribute to the above achievements possible despite the challenging and difficult period that continued to prevail. I would like to express my sincere gratitude to the Chairman and Board of Directors and the Audit and Management Committee for valuable guidance and placing their trust on me and my staff. I also wish to take this opportunity to be thankful to the cooperation extended by trade unions of CMA. I would also like to acknowledge with much appreciation the commitment and energy of the executive and non executive staff members who worked tirelessly during the year. I would especially like to thank the Hon. Prime Minister - Minister of Urban Development and Housing and Construction , The State Minister of Urban Development, Coast Conservation, Waste Disposal and

Community Cleanliness, the Government of Sri Lanka, Secretary of our ministry and additional secretaries and the Auditor General and his staff for their guidance and direction. Finally, I'd like to convey my deep gratitude to all our stakeholders for their unrelenting support.

Dr. Indunil Liyanage
General Manager
Condominium Management Authority



In summarizing the matters relating to the modern urban settlements, what primarily strikes our minds is that it is a field that continues to evolve and update with emerging trends while catering to the societal and human needs and making a pioneering contribution to the economy of the country.

The use of condominium properties has been on the increase in the developed countries as well as in the developing countries over the past few decades. Only the condominium concept can meet the demands for housing stemming from shortage of lands and exorbitant land prices due to high population density in urban and suburban areas

It rejuvenated the property development sector which had hit a slump injecting a new life to the sector





From left to right,

01. Mr. N.P.K. Ranaweera **02.** Mr. Damitha Kumarasinghe **03.** Engineer Thilina S.Wijetunga **04.** Mrs. B.N.Gamage
05. Mr. Rohan Thudawa **06.** Mr. M.M.C.K.K. Mannapperuma

Mr. H. M. V. Rathnakumara

Director (Housing)
Urban Development Authority
(to represent the DG)

From 27.02.2020

Mr. Rohan Thudawa

Chairman
Thudawa Brothers Pvt Ltd

From 27.02.2020

Mrs. A. D. S. Sadeeka

Municipal Commissioner
Kotte MC

From 27.02.2020 to 22.09.2020

Mr. Damitha Kumarasinghe

Director General
Public Utilities Commission of Sri Lanka

From 27.02.2020

Mr. M. M. C. K. K. Mannapperuma

Municipal Commissioner
Dehiwala Mount Lavinia MC

From 23.12.2020

Mrs. Roshini Dissnayake

Attorney at Law
Municipal Commissioner
Colombo MC
From 27.02.2020

Mrs. B. N. Gamage

Additional Director General
National Budget Department

From 27.02.2020

Mrs. W. T. L. Manel

Municipal Commissioner
Dehiwala Mount Lavinia MC

From 27.02.2020 to 23.11.2020

Engineer R. H. Ruvinis

General Manager
National Water Supply & Drainage Board

27.02.2020 to 22.09.2020

Board of Directors of Condominium Management Authority



From Left to right,

07. Mr. S. D. Thewarapperuma
10. Dr. Indunil Liyanage

08. Mrs. Roshini Dissanayake - Attorney at Law
11. Mr. Sarana Karunaratne - Attorney at Law

09. Mr. Lalith Edirisinghe

Mr. S. D. Thewarapperuma

Municipal Commissioner
Moratuwa MC
From 27.02.2020

Mr. Sanjeewa Bandukeerthi

Municipal Commissioner
Kotte MC
From 23.11.2020 to 22.12.2020

Engineer Thilina S. Wijetunga

General Manager
National Water Supply & Drainage Board
From 23.11.2020

Mr. Sarana Karunaratne

Attorney at Law
Chairman
Condominium Management Authority
From 13.02.2020

Mr. P. L. M. Chathuranga

Municipal Commissioner
Kotte MC
From 23.12.2020

Mr. R. K. Jayaweera

General Manager
Condominium Management Authority
From 01.01.2020 to 30.04.2020

Dr. Indunil Liyanage

General Manager
Condominium Management Authority
From 26.11.2020

Mr. Lalith Edirisinghe

General Manager (Acting)
National Housing Development
Authority

Mrs. Madhawi S. Paranayapa

General Manager (Acting) / Asst. Director
Condominium Management Authority
12.06.2020 to 25.11.2020

Corporate Management of Condominium Management Authority



Seated (From left to right)

Mrs. Nayana Pelpita Asst General Manager (Regulatory), **Miss. Nisansala Ileperuma** Asst. General Manager (Legal) , **Mrs. S. H. R. P. Hewage** Asst. General Manager (Operations / Maintenance), **Mrs. I.P.P.U. Jayatunga** Asst. General Manager (Operations/Maintenance) (Acting)

Standing (From left to right)

Mr. Sajeewa Chandana De Silva Asst. General Manager (Operations/Maintenance), **Mr. Mahesh Gunathilake** Internal Auditor, **P.Amila Nishantha** Asst. General Manager (Finance)

Objectives

The Common Amenities Board was established by the Common Amenities Board Act, No. 10 of 1973 for the management, maintenance and administration of common amenities and common elements of units of accommodation of condominium properties constructed by the Government. A boom was experienced in the condominium property sector with the greater involvement of the private sector and there was an increased tendency among people to purchase condominium units as a solution to the acute shortage of houses in urban areas and modern amenities easily accessible in condominium properties too may have been a stimulus. With the increased role of condominium properties in the housing sector, a need arose for expanding the services rendered by the Common Amenities Board and for a regulatory mechanism for multi storey housing schemes. Accordingly, the Condominium Management Authority was established by the Common Amenities Board (Amendment) Act, No.24 of 2003 replacing the Common Amenities Board. The newly established Authority was conferred with extensive powers for the maintenance, management and regulation of condominium properties constructed by both the public and private sectors and the objectives of the Authority are as follows.



- (a) Control, manage, maintain and administer the condominium parcels, the common elements and the common amenities of the Condominium Property or Semi Condominium Property;
 - (b) Ensure that the common elements and the common amenities of the Condominium Property or Semi Condominium Property are properly maintained in good order and that periodic repairs are being carried out in order to maintain such property in good and serviceable order, and to assist the management corporation or the owner or owners or occupiers to carry out such activities or to be directly involved with such activities in the event of the management corporation or the owners as the case may be;
 - (c) Ensure that all buildings comprising such condominium parcels are insured against risk of fire, civil commotion and riot or to insure to keep insured if so requested by the management corporation or by owners, and to recover such premium or charges from the management corporation or the owners as the case may be;
 - (d) Remove all such unauthorized constructions erected or carried out by the respective owners or occupiers of such condominium parcels or by any person, contrary to the registered condominium plan of the Condominium Property or the registered Semi Condominium Plan of the Semi Condominium property;
 - (e) Ensure that the management corporation of the Condominium Property or Semi Condominium Property are properly functioning and to manage and administer the activities of such management corporation;
 - (f) Assist the management corporation or the owner or owners or occupiers of the condominium parcels of the Condominium Property or Semi Condominium Property in providing services such as water, sewerage, drainage, gas, electricity, garbage disposal, air conditioning, telephone, radio and redifusion services to the owner or owners or occupiers of the condominium parcels of such Condominium Property or Semi Condominium Property;
 - (g) Assist the management corporation to establish and maintain for use by owners or occupiers of such condominium parcels, facilities such as roads, access ways, lawns, gardens, parks, playgrounds and other open spaces, of to be directly involved with such activities, in the event of the management corporation failing to establish and maintain such facilities.
 - (h) Assist the management corporation to establish and maintain for use by owners or occupiers of such condominium parcels, facilities such as roads, access ways, lawns, gardens, parks, playgrounds and other open spaces, of to be directly involved with such activities or transfer the establishment and maintenance of such facilities to local Government authorities;
 - (i) Provide maintenance and repair services to such condominium parcels of the Condominium Property or Semi Condominium Property at the request of the management corporation or owners or occupiers thereof;
 - (j) Monitor the progress of the construction of the registered provisional condominium property in order to ensure that the interests of the stakeholders are protected and to intervene wherever necessary to protect such interests;
 - (k) Formulate and submit condominium redevelopment programmes including capital investment plans to the Minister for approval by the Government;
 - (l) Call upon the National Housing Development Authority or any local authority or any Government agency or any private sector developer, to undertake the implementation of such condominium redevelopment projects or to undertake the execution of the condominium redevelopment projects of such programmes as may be approved by the Government;
 - (m) Develop or redevelop land for carrying out of any of the objects of the Authority;
- and
- (n) Do all such acts as may be necessary or conducive to the attainment of any or all of the above objects.

Powers

As the state regulatory authority of condominium properties of public and private sectors, extensive powers were vested in the Condominium Management Authority by the Common Amenities Board (Amendment) Act, No. 24 of 2003 for ensuring optimal, credible and convenient condominium living style for occupiers of condominium parcels in respect of common amenities and common elements. In terms of such powers, the CMA can make any intervention on regulatory or consultative matters of the management corporation at any given time. Powers also conferred on the Authority to remove unauthorized constructions erected in such manner to cause damages to the structure of the building and submit development proposals to the Government having identified unlivable and delapidated condominium properties. Accordingly, the Authority can exercise the following powers for the proper carrying out of its objects.



- (a) Acquire by way of acquisition, vesting, grant or purchasing, or to receive by way of gift or otherwise any immovable or movable property and hold, manage, sell, surrender, exchange, lease or otherwise dispose of such property;
- (b) Receive donations and bequests from any source whether local or foreign;
- (c) Borrow monies required by it for the discharge of the functions;
- (d) Charge rent for any land parcel or buildings or condominium property let by the Authority;
- (e) Levy fees or charges, for any services rendered by the Authority under this law or any other written law;
- (f) Recover any premium from owners in proportion to their interests in the condominium parcels;
- (g) Recover from any person including an owner, expenses incurred in making any damage caused by him / her to the common amenities or common elements or the condominium parcels;
- (h) Provide to any condominium parcel, any services including its refurbishment, repair and maintenance at the request of the management corporation or owner or occupier of the condominium parcel and levy charges therefor;
- (i) Undertake construction work;

- (j) Enter either by itself or by its duly authorized agents, at all reasonable times, any condominium parcel for the purpose of inspecting, repairing or renewing pipes, wires, cables and ducts which also serve other condominium parcels or the common elements of the condominium parcels or for the purpose of removing or demolishing unauthorized constructions of the condominium property or semi condominium property or for the purpose of ensuring that any relevant statutory requirements are being complied with, or in the exercise of any powers, referred to in this section;
 - (k) Enter either by itself or by its duly authorized agents, at all reasonable times, any land parcel of the provisional condominium property for the purpose of inspecting and reviewing the progress of the construction of the building shown in the registered provisional condominium plan;
 - (l) Enter into such contracts and to make such arrangements as are reasonably required for the purpose of carrying out any the objects of the Authority;
 - (m) Resolve disputes between the management corporation and the owner or owners, and occupier or owner and purchaser, or owner and mortgagee, or mortgagee and prospective purchaser or mortgagor and mortgagee of the condominium parcels of the condominium property or semi condominium property or registered provisional condominium property;
 - (n) Employ such officers and servants as may be necessary to carry out the work of the Authority and exercise disciplinary control over its officers and servants;
- and
- (o) Make rules for the administration of the affairs of the Authority; and do all things which in the opinion of the Authority are necessary

To facilitate the carrying out of its objects.

Financial Progress



In the year 2020, the Authority generated revenue amounting to Rs. 203.72 million. This indicates an increase of 2.6% compared to the revenue of Rs. 198.48 million in the year 2019. The overall expenditure in the year 2019 was Rs. 172.24 million and in comparison, the overall expenditure in 2020 was Rs. 159.18 million. Thus the overall expenditure has seen a decrease of 8% in the year 2020 as against the year 2019. The post tax net profit in year 2020 was Rs 32.96 million and in comparison to the year 2019, this denotes an increase of 81%.

The Authority was able to post a profit despite the Covid-19 pandemic situation as several large scale condominium properties completed construction and obtained the condominium certificate in the year 2020. Further, the overhead cost was reduced significantly due to restricted operational activities faced during the pandemic period.

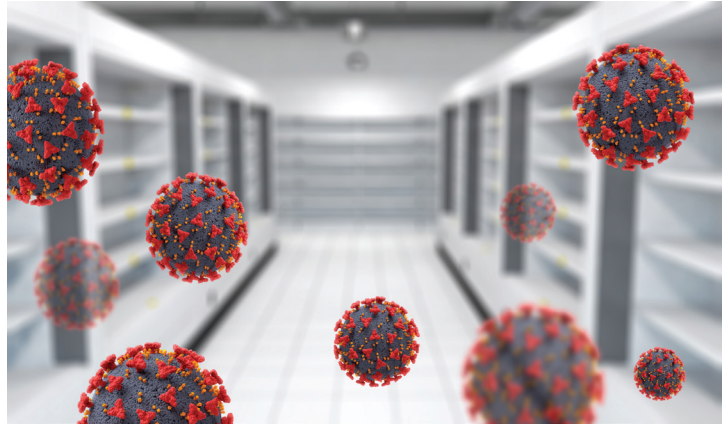
**We contributed
to socioeconomic
development through
the condominium
property management
and administration
role geared towards
a comfortable
condominium life style
culture**

Pretax
profit
M
ILLION
44.53

Tax paid to the
Government
M
ILLION
11.57

Post-
tax
M
ILLION
32.96

As the regulatory authority of the condominium sector, discharged its role to the full fulfilling the duties towards employees, customers and society at large despite the challenging period. During this period the Authority was also able to offer speedy solutions to issues relating to multi storey houses and condominium properties adhering to health guidelines



Employees

As difficulties were encountered in performing routine office work due to Covid-19 triggered emergency, arrangements were put in place for employees carry out duties from their homes using online mode.

With the employee welfare in mind, a pack of essential food items was provided to each employee during the New Year festive season and a special financial donation was made for the purchase of school equipment and books for children of employees through the Welfare Society of the Authority.

Taking cognizance of the financial progress made by the Authority during the preceding financial year, necessary measures were taken to grant the year-end bonus to employees.

Further, the office premises were modernized enabling the optimal and efficient discharge of duties.

Steps were also taken to provide transport facilities to employees who reported for duty during the period of travel restrictions to ensure their safety.

Customers

As social distance protocols had to be maintained due to the pandemic situation, it became difficult for residents of condominium properties, the management corporations and property developers to maintain direct contacts with the staff for obtaining services.

However, while complying with health guidelines for offices, maximum possible service was offered to our clients. During this troubled period, priority was accorded to solving complaints and problems regarding condominium properties referred to the Customer Care Division and the Legal Division and offering consultancy services to management corporations.

For this purpose, hotline 01-244575 was introduced. Further, though there was a downside in the construction sector caused by the unforeseen circumstances, services were offered to keep the property developers motivated.

Further, contributions were made for various projects launched by the government with the participation of condominium community and the intervention of the Authority.

Societal

Driven by the theme 'A strong management corporation, a convenient condominium lifestyle', a more amicable service was delivered to the public making necessary interventions and offering guidance for resolving disputes between management corporations and residents and awareness raising campaign was conducted to educate the professionals involved in the condominium sector on the condominium property law.

The prime objective thereof was to minimize potential thorny issues in constructing condominium properties and establishing management corporations.

Thus their contribution can be enlisted more extensively to the sector. Further, smooth operation of management corporations will foster goodwill among residents.

The reasons cited above will also facilitate the formation of welfare societies, death donation societies, etc in housing schemes. The resultant amicability and unity will lead to conducive and convenient condominium

Government

The Authority was able to contribute to revive local economy badly hit by the Covid-19 pandemic by duly paying all taxes payable to the Government for the last financial year to the Inland Revenue Department. For the maintenance, administration and management of state sector housing schemes, the management corporation structure was introduced and they are in operation in all multi-storey housing schemes. Previously, the treasury allocated provisions for the maintenance of those housing schemes. Since they are now maintained by management corporations themselves, there is no need for the allocation of Government funds. This too has contributed indirectly to the local economy and the provisions thus saved can be channeled for other development initiatives of the country.

That aside, the institution fulfilled its corporate social responsibility by donating Rs. 10 million to the Covid-19 fund at this hour of need.

Organizational Structure of the Institution



Engineering Division

This division is responsible for regulating condominium properties being constructed, issuing condominium certificates, removing unauthorized structures located within condominium properties and conducting spot inspections in respect of complaints.

Customer Care Division

Management of all functions relevant to management corporations and offering consultation to problems of unit owners and property developers as and when necessary are the responsibilities of this division.

Certificate Division

The function of this division is to inspect common amenities and common facilities of condominium properties and issue condominium certificates certifying that they are in good order.

Administrative Division

All activities pertaining to the administration of the staff of the Authority are handled by this Division.

Legal Division

This Division is responsible for resolving disputes relating to condominium properties, introducing amendments to legislations to bring them in line with timely requirements and making arrangements for executing orders and publishing regulations in the gazette.

Finance Division

Financial administration of the Authority, formulation of plans, reporting information and data to the management having reviewed targets are the major functions of the Finance Division.

Management Information Systems Division

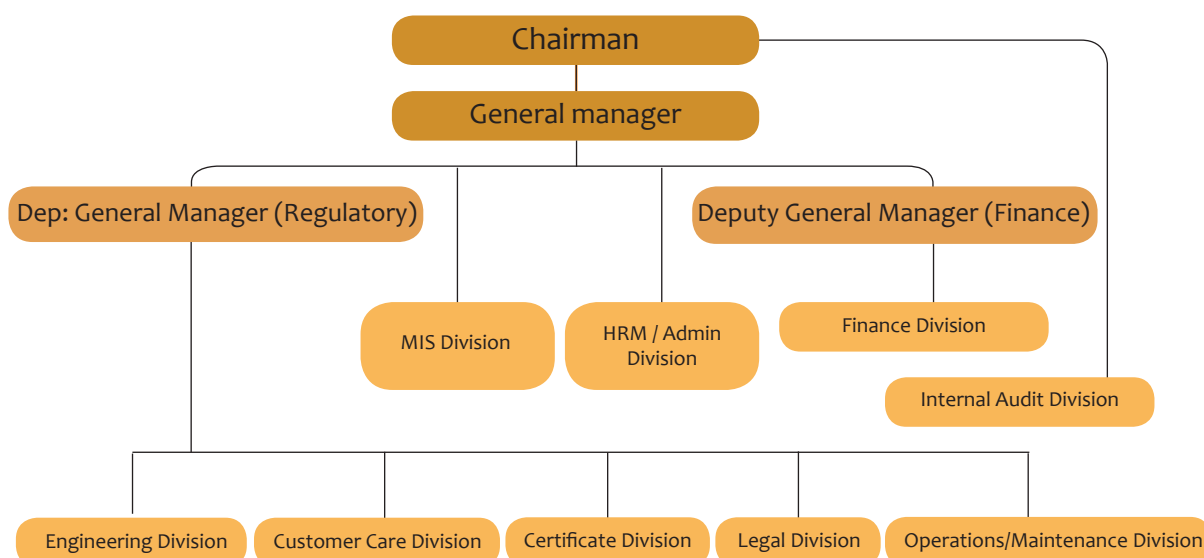
This Division handles all IT related functions of the Authority, identifies emerging trends in the condominium sector and design and prepare publications required for raising awareness.

Internal Audit Division

This Division carries out audit activities of all divisions of the Authority.

Operational / Maintenance Division

Office maintenance and repairing activities and dismantling of unauthorized structures are the responsibilities entrusted to this Division.



Approval for condominium projects and issuance of certificates

Certificates are issued confirming that the property has been planned to facilitate the management, maintenance and administration of common amenities and common elements of multi-storey housing schemes constructed by the public and private sectors and the property developer/ condominium property builders after obtaining the condominium certificate may issue to the buyer a document for the lawful transfer of ownership of each unit for each stage of condominium properties being constructed. A plan of a condominium is a method of dividing property so that an individual holds title to a portion of a building or a unit as well as a share of the rest of the property that is common to all the individual unit owners. Accordingly, after the condominium plan is certified by the CMA, the title deed can be registered at the Land Registry. Similarly, it is also possible to grant deeds to the remaining units of the condominium building other than for the temporary portions.

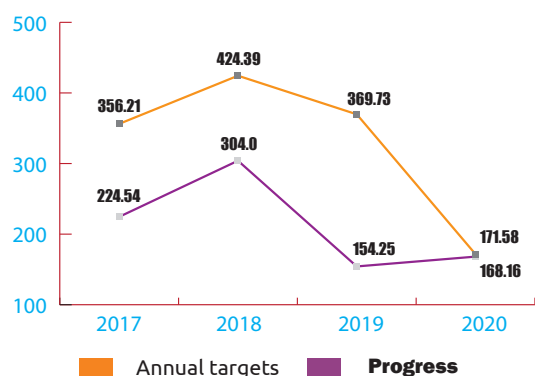
Having inspected whether the common elements and common amenities in condominium properties constructed by the state sector and the private sector have been provided duly and adequately, a condominium certificate is issued by the CMA, the regulatory authority established under the Common Amenities Board (Amendment) Act No. 24 of 2003. Further, in issuing this condominium certificate, action is taken in compliance with the provisions of the Apartment Ownership Act, No.11 of 1973 and the unit owners can obtain an assurance on common elements and common amenities in such condominium properties.

The income from the issuance of certificates is the main source of income of the Authority. From 2005 up to 31.12.2020, the Authority had issued 1,301 certificates. In the year 2020, 217 certificates were targeted and the progress was 62.

2005-2020
Certificates Issued
1301

Physical and financial targets of condominium certificates issued by the Authority during the period from 2017-2020			
		Annual targets	Progress
2017	Financial (Rs Mn)	356.21	224.54
	Physical	105	102
2018	Financial (Rs Mn)	424.39	304.0
	Physical	171	111
2019	Financial (Rs Mn)	369.73	154.25
	Physical	102	176
2020	Financial (Rs Mn)	171.58	168.16
	Physical	217	62

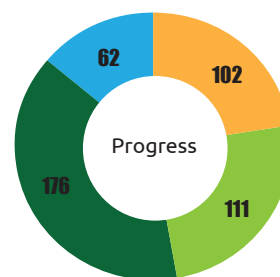
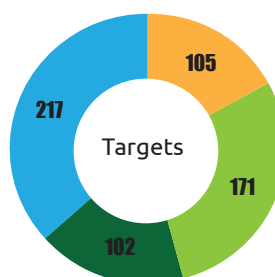
Financial targets and progress of the issuance of condominium certificates



Annual targets achieved during 2020 even during Covid-19 pandemic.

Physical targets and progress of the issuance of condominium certificates

2017
2018
2019
2020



Of the applications forwarded in the year 2020 seeking to obtain condominium certificates, certificates were not issued in respect of 16 of them owing to the non-issue of certificate of compliance, and other shortcomings.

A new trend in the construction of condominium property has emerged with the entry of foreign investors into the condominium sector in 2014.

An increasing trend in the construction of properties is witnessed also due to the construction of condominium properties by the Urban Development Authority for resettling tenement settlers and the construction of 500,000 houses under the new programme of the

Government.

Several buildings constructed by the private sector are unable to apply for the certification of the Authority on account of being unable to obtain certificates of compliance.

In order to address this issue, the Authority as the regulator of the sector, introduced the Apartment Ownership (Special Provisions) Act enabling the registration and disposition of condominium properties constructed on lands belonging to the Government before 31.12.1999 by the National Housing Commissioner, National Housing Development Authority, Urban Development Authority and under the Tsunami Resettlement Programme.

Condominium Certificates issued by the CMA In the year 2020

PPC - 75

Preliminary Planning Clearance

Preliminary Planning Clearance (PPC)

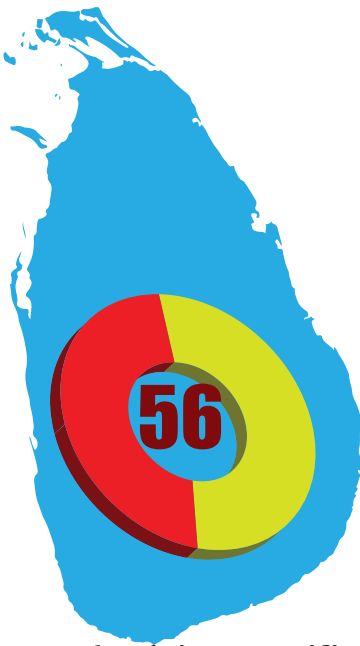
Prior to forwarding the building application for the construction of a condominium property, a Preliminary Planning Clearance is issued as a guideline for the inclusion of common amenities and common elements. As prescribed by the Condominium Law at the time of designing building before the commencement of construction having inspected the proposed land and matters needed to be complied with until the completion of the construction.

Accordingly, in the year 2020, PPCs were issued in respect of 75 proposed condominium certificates in the year 2020. These clearance instructions serve as a guidance to property developers during the construction phase.

Condominium Certificates

■ Total number of condominium certificates issued in the year 2020 - 62

■ Number of full / Provisional / Semi Condominium certificates

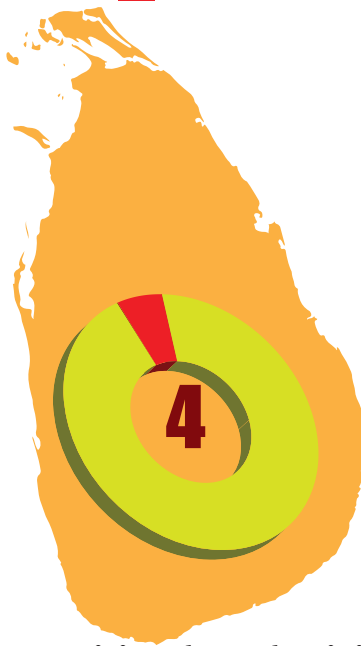
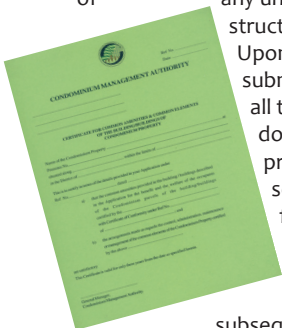


Condominium Certificate

Full condominium certificate should be obtained after the completion of construction of a condominium property. If this certificate is to be obtained, the building should be in compliance with the approved building plan and should be devoid of any unauthorized structures.

Upon the due submission of all the relevant documents, the provision of service for the file relevant to the said property is commenced subsequent to the

payment of the processing fee levied by the Authority. Unless there are defects in the Condominium Plan, the condominium certificate can be obtained. Thereafter, having prepared a certificate of title by an attorney at law, the plan should be registered at the Land Registry after which deeds can be issued to each buyer.

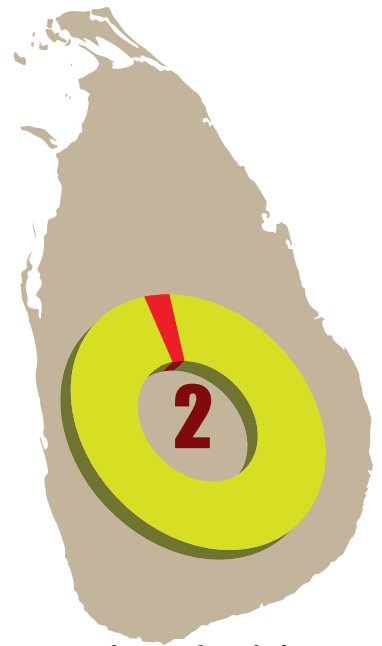
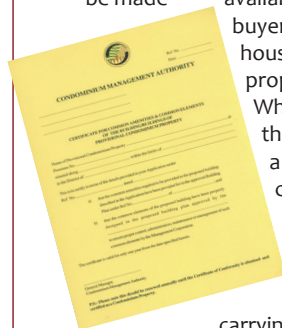


Provisional Condominium Certificate

Property developers can make an application at the time of commencement of construction for the provisional condominium certificate. Upon obtaining the provisional certificate, the developer can obtain a bank loan and loan facilities can also be made available to prospective buyers to purchase housing units in the property.

When issuing this certificate, a provisional condominium plan is approved by the CMA which is a legally binding document

carrying the signature of the General Manager of the Authority. The sales agreement prepared for the prospective buyers can be drafted in terms of this provisional condominium certificate. Similarly, the Apartment Ownership Act has provided for the registration of the certificate of title thereof in the Land Registry.

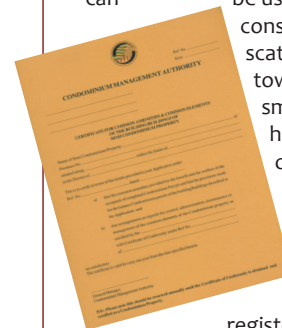


Semi Condominium Certificate

A semi condominium certificate is a certificate which can be applied for when a certificate of conformity has been obtained for the completed part of a condominium property and the remaining part is left for development at a later stage. This can be used for houses constructed as

towers or for a small number of houses. To avail of this certificate, a certificate has to be obtained from a building services engineer registered with the Sri Lanka Engineers' Institute.

The importance of obtaining this certificate is that it enables the granting of title deeds for the completed units.



Functions of the Customer Care Division

According to Section 16 of the Apartment Ownership Act, No.11 of 1973, it shall be lawful for the owners of all units of a registered condominium property to form themselves into associations or bodies for the purpose of controlling, managing, maintaining or administering the common elements of such property. However, as the provisions of this Act were found to be insufficient to address certain practical issues as well as for managing, maintaining and administering a condominium property, the need arose for a mechanism with more extensive powers.

Accordingly, the legal structure named Management Corporation was introduced for the proper administration, management and maintenance of common elements and common amenities of a condominium property was introduced through section 20 of the Apartment Ownership (Amendment) Act No. 45 of 1982.

The majority of residents of multi storey housing schemes of both the public and private sectors have registered with the Customer Care Division of our Authority and established active management corporations and conduct necessary activities for the future wellbeing of their condominium properties.

The office bearers for management corporations of all condominium properties are elected at an annual general meeting held with the participation of owners of all condominium units which is a primary legal condition towards the establishment of a management corporation. It is the Customer Care Division of the CMA that offers guidance and extends consultative and administrative assistance for a proper and lawful maintenance of management corporations so established.

A separate file is maintained for each management corporation registered with the Authority and the annual reports of those management corporations and complaints received regarding them are maintained in the files. Another responsibility of the Customer Care Division is the registration of management corporations and management committees as well as the renewal of registration annually and levying fees for same.

Offering guidance to the property developer for the establishment of management corporations for which the certificate has been issued for common

elements and coordinating activities relevant thereto too are functions of the Customer Care Division and it educates the relevant parties as relates to decisions / notices and orders made in respect of condominium properties by the Government / a statutory authority / a local Government body.

Another duty of the Customer Care Division is to make interventions to resolve complaints received from residents in regard to management corporations of condominium properties registered with the Customer Care Division. When a complaint is lodged by a resident, the nature of the complaint is studied and thereafter it is referred to the other relevant divisions to work out a solution. For example the Division to which the complaints should be referred to, i.e. whether to the Engineering Division, the Legal Division or the Audit Division is determined by the content of the complaint. The majority of complaints received are dominated by issues relating to unauthorized structures, water leakages, sound pollution, rearing pets, obstruction of common elements, non-payment of member fees or maintenance fees and parking of other vehicles in vehicle parks. Giving evidence in litigation constituted by the Legal Division too is tasked to the Customer Care Division.

Taking cognizance of the contents, a complaint received by the Authority on an unauthorized structure is referred to the Engineering Division, a complaint on a financial irregularity of a management corporation is forwarded to the Audit Division and a complaint on a legal matter is referred to the Legal Division. If a site inspection is required in the next phase, a team from our Engineering Division visits the location for fact finding and a report is submitted to the Assistant General Manager in charge of the relevant region proposing suitable remedial measures. Thereafter the recommendations relevant to the complaint are referred to the Customer Care Division. In line with the report containing the recommendations, the Customer Care Division conveys its final decision to the complainant party.

In addition, complaints relating to the alteration of the structure of the main condominium building, problems arising from sloppy construction work and disputes between the property developer and the management corporation are entertained by the Customer Care Division.

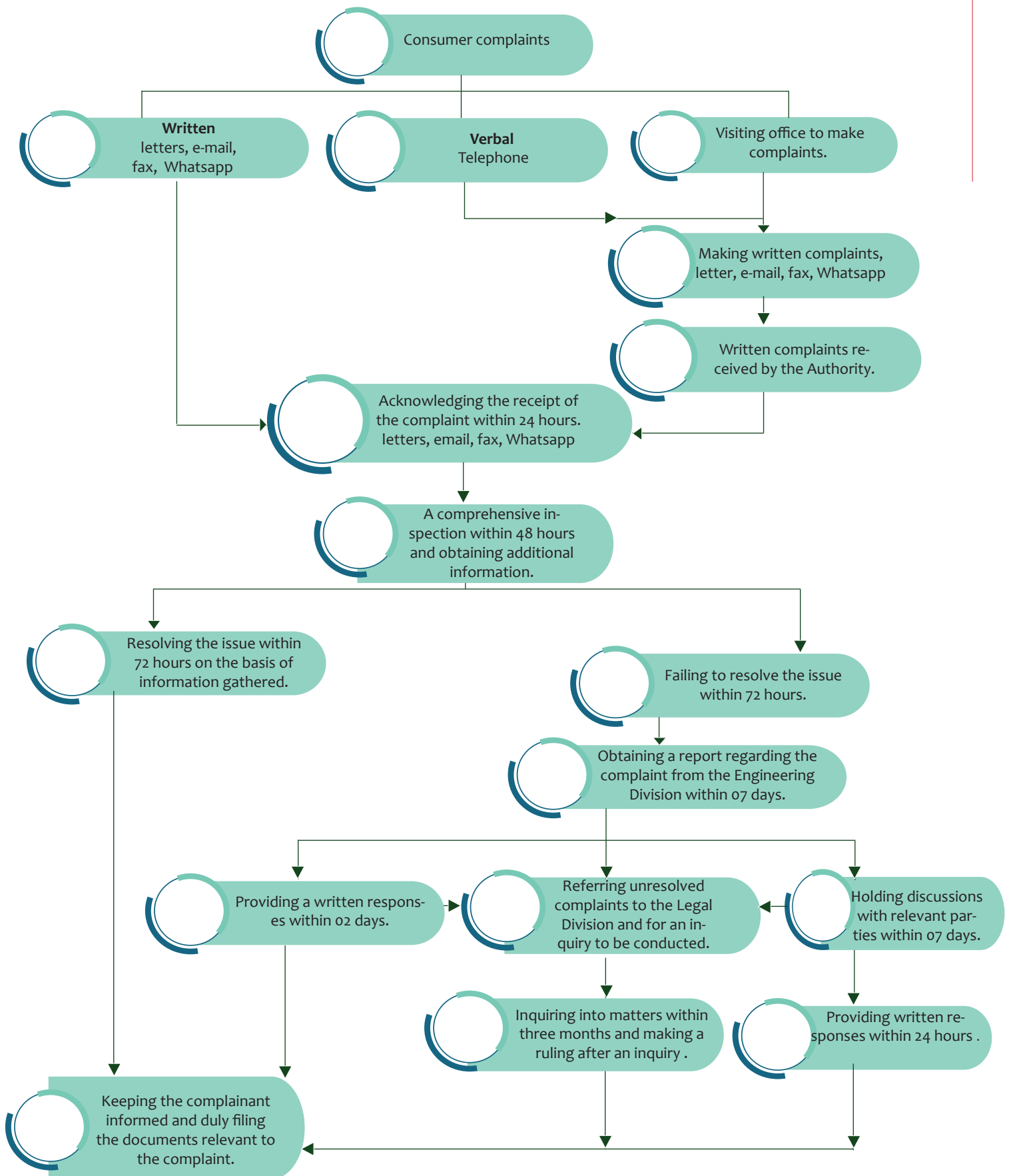
Hotline 011-2444575 has been introduced

by the Division with the aim of speedily responding to customer complaints and by calling this number on any working day of the week, a customer is able to directly interact with the Authority. Further, creating awareness among condominium residents on the condominium law and other matters of importance to them and conducting awareness programmes for public officials on the condominium law and conducting research on condominium properties scattered across the country are handled by this Division while empowering condominium residents through community participatory methods enlisting their active contribution for the wellbeing of the property.

Similarly, the Division makes necessary interventions to -

- offer guidance required for reactivating dormant management corporations,
- transfer properties such as public parks, children's parks and access roads of condominium properties to local government authorities,
- obtain information from the management corporation after the expiry of the lifespan of condominium property and put in place required measures for its future.

Condominium complaint resolution mechanism of the Customer Care Division



Empowering Management Corporations

Though a property with private ownership is maintained by the owner/s of such property, the maintenance of common elements and common amenities in a condominium property with shared ownership cannot be maintained by any single individual and as such all those who share these common elements and common amenities band together to constitute management corporations which are the legal structure for their administration.

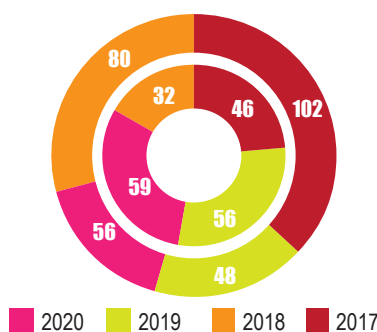
From the year 2005 up to now, the authority has constituted management corporations in 1,093 condominium properties.

Despite a situation where direct interaction with the people was not possible as per normal due to the Covid-19 pandemic the Customer Care Division, Engineering Division and Legal Division of the Authority made the maximum possible contribution for the resolution of condominium property related issues with due regard to health guidelines.

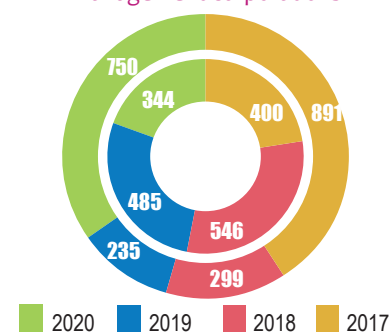
Accordingly, solutions were offered to 416 out of 512 complaints received by the Authority during the year 2020.

Progress in establishing Management Corporations by the Authority						
from 2017 up to 2020						
Registration of management corporations and committees / renewal of registration / reactivating dormant management corporations.						
Year	Registrations		Renewal of registrations / reactivating dormant management corporations		Financial (Rs'000)	
	Targets		Targets		Targets	Progress
2017	102	46	891	400	2,385	1,370
2018	48	56	299	546	3,350	1,805
2019	45	59	235	487	2,770	1,753
2020	80	60	750	390	2,700	2,072

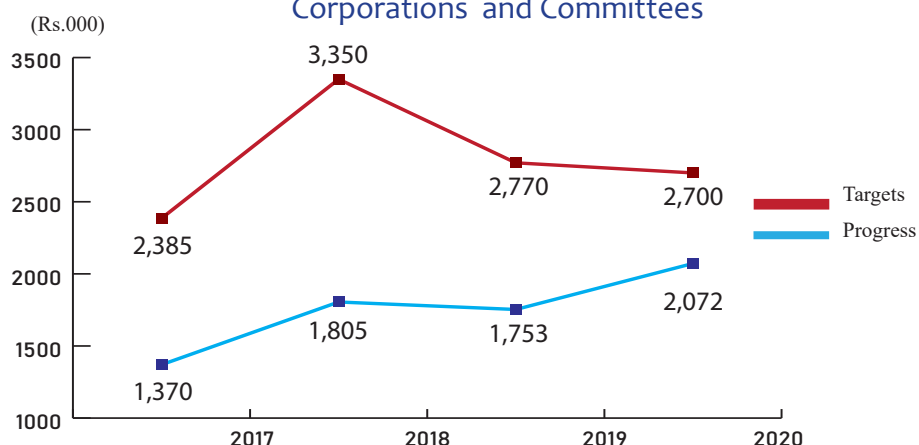
Registration of Management Corporations.



Renewal of registrations / reactivating dormant management corporations.



Revenue from the registration of Management Corporations and Committees



Financial and physical targets achieved during 2020 even during Covid-19 pandemic.

Difficulties encountered in establishing Management Corporations.

- Lack of understanding among property owners regarding the importance of the Management Corporation in maintaining common elements of the property.
- Lack of interest among residents of the apartment housing schemes constructed by the Government agencies such as the Urban Development Authority for the establishment of management corporations.
- Owners of condominium property constructed by the private sector not residing permanently in them.
- Owners being unwilling to contribute their time and service for the activities of the management corporation.
- Defaulting the payment of maintenance fees and other residents not cooperating with the panel of office bearers of the Management Corporation.
- Objections raised by the majority of occupants over the high prevalence of unauthorized structures in condominium properties constructed by the Government.
- Inability to establish management corporations owing to deeds not being received by the unit owners as a result of deficiencies either on the part of the developer of the public or private sector or among buyers.

Distribution of public and private condominium properties across Sri Lanka from 2005 to 2020



The above map shows the distribution of condominium properties constructed in Sri Lanka since the establishment of the CMA. 1093 management corporations have been established in those condominium properties from 2005 up to 2020.

Resolution of disputes in condominium properties



Role of the Legal Division

In terms of section 6(m) of the Common Amenities Board (Amendment) Act, No. 10 of 1973, the CMA is vested with powers to resolve disputes between the management corporation and the owner or owners, and occupier, or owner and purchaser, or owner and mortgagee, or mortgagee and prospective purchaser or mortgagor and mortgagee of the condominium parcels of the Condominium Property, or Semi Condominium Property, or registered Provisional Condominium Property.

Section 16 (1) of the same Act states that 'where any dispute arises in respect of the use or occupation of any such condominium parcel or the enjoyment of the common amenities or common elements appurtenant thereto, such dispute shall be referred by such person or the management corporation to the Authority, and the Authority as the case may be shall, after due inquiry, make such order in respect of that dispute as may appear to the Authority to be just and equitable.

Accordingly, when the Customer Care Division and the Engineering Division are unable to negotiate a settlement in respect of issues relating respectively

to management corporations and residents of condominium properties or property developers, such matters are referred to the Legal Division and it in turn refers the matter to an inquiry officer appointed by the CMA. An order is then made by the Authority based on the recommendations issued by the Inquiry Officer and in terms of section 25 of the Act, any person who contravenes or fails to comply with any order or directive made by the CMA is guilty of an offence. The Legal Division constitutes legal action in the Magistrate's Court against persons who fail to comply with orders and the Division appears for the Authority in cases filed against the Authority by any party.

Another duty entrusted to the Legal Division is to identify the amendments required to be made to the Condominium Management Authority Act and the Apartment Ownership Act in order to make them compatible with emerging trends and take measures to amend the Acts.

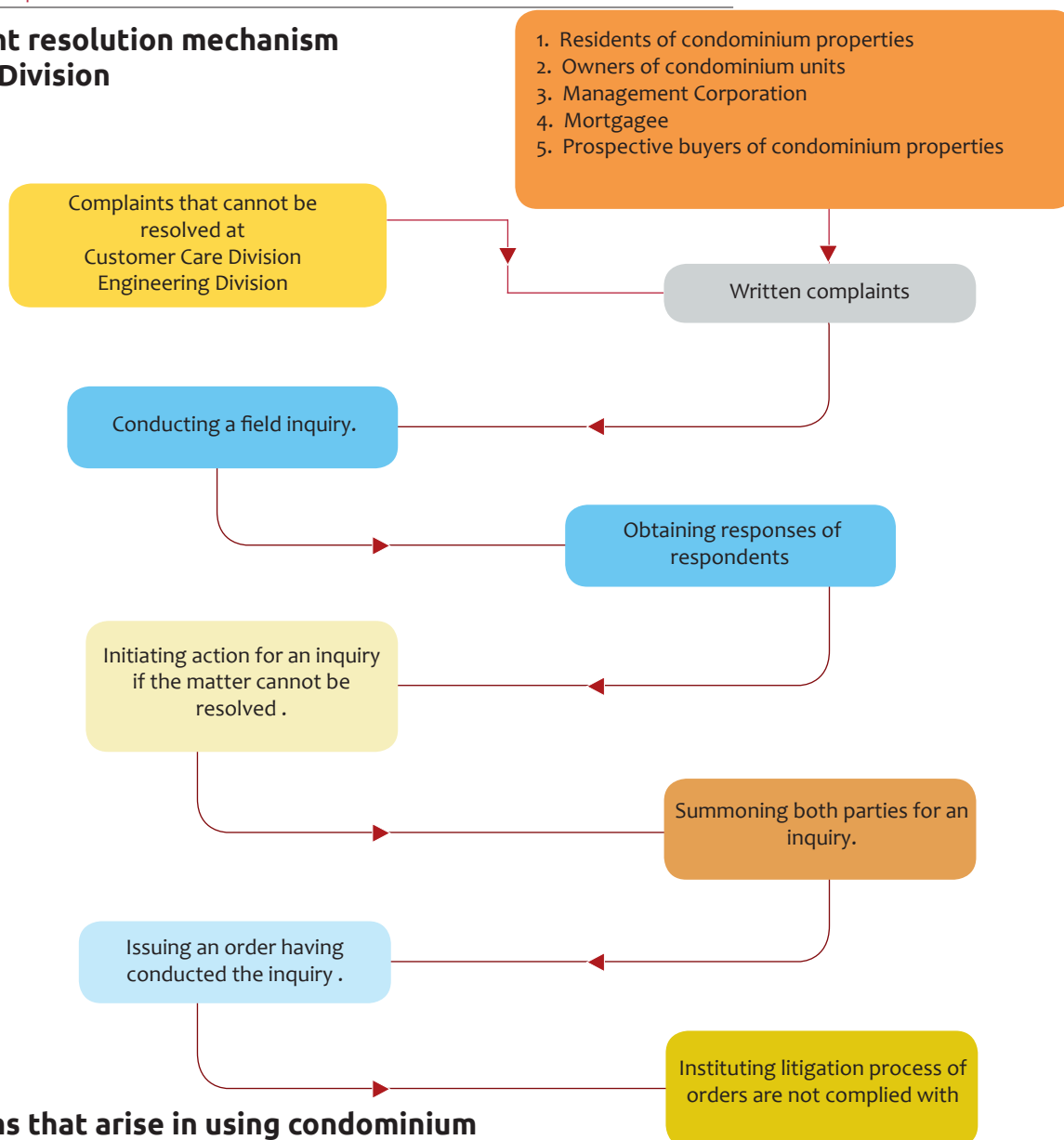
This Division also institutes legal action for the recovery of any dues recoverable from any person involved in the condominium sector or from owners of

condominium properties.

It maintains close coordination with institutions such as the Attorney General's Department, Registrar General's Department and the Department of Registrar of Companies covering legal obligations linked to condominium properties

Further, the Legal Division conducts awareness raising programmes on condominium legislations for condominium property developers, management committee officers and professionals involved in the condominium property sector. In addition, the Division extends necessary assistance to resolve legal disputes associated with condominium properties and offers guidance for a convenient and trouble free life by addressing legal issues relating to the property of developers as well as residents.

Complaint resolution mechanism of Legal Division



Problems that arise in using condominium

Complaints received for inquiries can be categorized as follows according to their nature.

- Not granting deeds to the residents since the Condominium Plan cannot be registered despite the lapse of over 10 months since the construction and sale through a sales agreement.
- Developer not repairing defects in the condominium property.
- Common elements and common amenities not constructed as per the approved building plan.
- Residents not paying the monthly maintenance fee to the Management Corporation.
- Erecting unauthorized structures and problems arising in using car parks and the public areas.
- Rearing pets in condominium units.

The Legal Division of the Authority has taken action to resolve 32 out of the 51 such complaints received by 2020, even under the Covid Situation.

No of disputes resolved	
2018	48
2019	64
2020	32

Institutional mechanism for responding optimally to public grievances

Upon receiving a complaint, forwarding a copy of the complaint within 03 days to the respondent party and obtaining observations within 14 days.

- Summoning the complainant and the respondent for an inquiry within a week of receiving observations
- If a settlement can be reached, reporting it on the first day itself and concluding the inquiry.
- If a settlement cannot be reached, referring to an investigation/ summoning.
- Recording verbal or written evidence

Based on that,

- Issuing Orders.
- Instituting litigation process of orders are not complied with.

FOR ENSURING COMMUNITY HEALTH AGAINST THE COVID PANDAMIC



The vaccination drive and quarantine programme launched by the Government in 2020 to counter the spread of Covid-19 pandemic was unparalleled and received the plaudits of all. As a socially accountable entity, the CMA donated Rs. 10 Million from its funds in the year 2020 to the Covid-19 Fund and the donation was handed over to the Hon. Prime Minister by the Chairman of the Authority.



11



Making cities and human settlements sustainable.



15



Protecting biodiversity and ecosystems.



**SUSTAINABLE
DEVELOPMENT
GOALS**



Sustainable development strategies

Action will be taken from next year onwards to create awareness amongst property developers, engineers, architects and building contractors on the construction of environmental friendly condominium properties at the time of issuing the Preliminary Planning Clearance.

Sustainable development strategies 07

Contributing to conserve energy by designing condominium properties with enhanced natural light and ventilation.

Generating electricity using solar power.

Recycling waste water, sewage systems

Rainwater recycling process

Establishing solid waste management systems

Sustainable development strategies 11

Under this, new management corporations will be established, dormant management corporations will be reactivated and advice and assistance will be offered for efficient operation of active management corporations. This aims to provide an optimal service to condominium residents under the theme "A strong management corporation is the backbone of a comfortable condominium lifestyle"

Sustainable development strategies 15

Designing the construction of a condominium property in such manner to protect old trees and planting new trees in common areas after the completion of the construction which will ensure fresh air to residents.

Sustainable development goals 15

The government launched the island-wide cultivation drive "Let's cultivate today for tomorrow" for the food security of the nation in the wake of Covid-19 pandemic. The CMA, as the state regulator of condominium sector implemented a parallel cultivation programme as a pilot project at the Veluwana Housing Scheme with the aim of contributing to the success of the programme.

Tree planting campaigns were implemented in housing schemes to make cities and human settlements safe, resilient and sustainable and herbal plant cultivation project was implemented at Homagama Jalthara and Veluwana housing schemes. 300 rare and valuable medicinal herbs were planted.

The sustainable development goals were unveiled in the year 2000. The goals were formulated subsequent to exhaustive and lengthy discussions amongst United Nations action committees and diverse state and private organizations. Fundamentally, the SDGs are an action plan for eradicating extreme hunger, protecting the earth and developing a global partnership for development. They are aimed at explicit transformational initiatives contributing to reorient world towards sustainable, stable development process. All member nations of the United Nations are committed for the achievement of the SDGs.

The 17 Sustainable Development Goals are defined in a list of 169 SDG targets. Progress towards these targets is agreed to be tracked by 230 unique indicators for the promotion of economic, social and environmental standards of a country through strategic plans. Accordingly, Sri Lanka too has set forth guidelines for achieving SDGs by the Sri Lanka Sustainable Development Act No. 19 of 2017. The CMA, as the state regulator in the condominium sector, has contributed to achieve the SDGs through the implementation of various projects and strategic plans.



Tree planting campaigns conducted at Veluwana Housing Scheme and Jalthara Public Servants Housing Scheme

Regulatory intervention of the CMA

The CMA was able to render a host of highly important services using the powers and provisions at its disposal. .

- Measures were initiated in the year 2015 to seek the approval of the Cabinet to amend the Apartment Ownership (Special Provisions) Act No 04 of 1994 enabling the registration of properties which had been constructed several decades ago but which have not been registered as a condominium property thus preventing the handing over of their ownership to the residents and this process was expedited in the year 2017 which led to the passage of the Act on 08.08.2018 and it will bring benefits to 8000 families who have not been able to obtain deeds for nearly 15 years.
- The panel of experts appointed by the Cabinet of Ministers to make amendments to the Common Amenities Law No. 10 of 1973 and Apartment Ownership Act No. 11 of 1973 has by now suggested all the necessary amendments and same was referred to the Legal Draftsman. The amended bill will address most of the practical issues in the condominium sector and enable the Authority to offer a wider range of services.
- Regulations made under the Condominium Management Authority Law and the Apartment Ownership Act were published in Gazette Extraordinary No 2026/25 dated 05 July 2017.



Meeting of the Board of Directors

Due to the impact of the Covid-19 pandemic which gripped the island from 16th March to May 2020 and again from 04th October 2020 onwards, travel restrictions and lockdowns were imposed from time to time to Colombo and other areas of the country which restricted the number of Board meeting

that could be held for the year 2020. The Authority held 07 Board meetings in the year 2020 and decisions were taken as regards a host of important board papers associated with the sector.

Condominium Management Authority

Approved carder of Employees and Actual Carder

Post	Approved cadre	Actual cadre	Vacancies
General Manager –Secretary to the Board	01	01	-
Deputy General Manager (Regulatory)	01	-	01
Deputy General Manager (Finance)	01	01	-
Assistant General Manager (Legal)	02	01	01
Assistant General Manager (Regulatory)	01	01	-
Assistant General Manager (Operations/ Maintenance)	04	03	01
Assistant General Manager (HRM)	01	-	01
Assistant General Manager (Architectural)	01	-	01
Assistant General Manager (Customer Care)	01	-	01
Assistant General Manager (Finance)	01	01	-
Internal Auditor	01	01	-
Customer Care Officer	02	02	-
Senior Engineering Assistant	05	01	04
Management Information Systems Officer	01	01	-
Secretary	02	01	01
Administrative Officer	01	-	01
Accounting Officer	01	01	-
Internal Audit Officer	01	01	-
Management Assistant –Technical (Engineering Assistant / Draughtsman)	14	13	01
Management Assistant –Technical (Book Keeper)	01	01	-
Management Assistant – Non Technical	39	38	01
Primary –Technical (Driver)	14	14	-
Carpenter	02	02	-
Mason	02	02	-
Pump Operator /Caretaker	08	07	01
Plumber	01	01	-
Primary –Semi Technical (Electrician)	02	02	-
Book Binder	01	-	01
Primary –Non Technical (KKS/Unskilled Labourer)	21	19	02
Housing Administrator	07	07	-
Total	140	122	18

Cadre Restructure

Though the approved cadre of the Authority for year 2020 is 140, the number of staff members by December 2020 was 122. Measures are expected to be taken in 2021 to fill the existing vacancies as per the recruitment scheme.

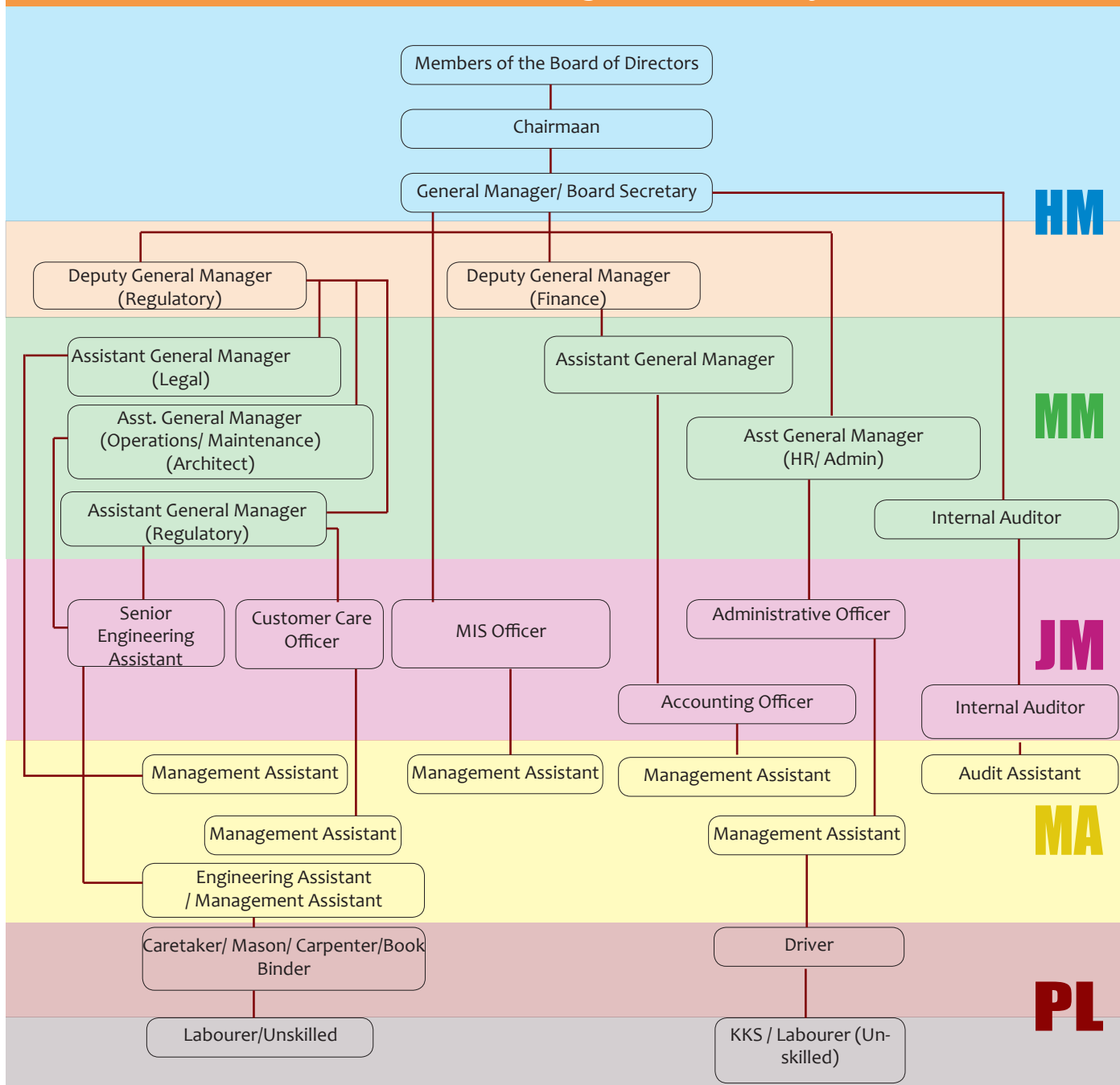
Training of staff of the Authority

Only a few staff training programmes were conducted as per the Action Plan of 2020 due to the Covid-19 pandemic.

Efficiency bar Examination

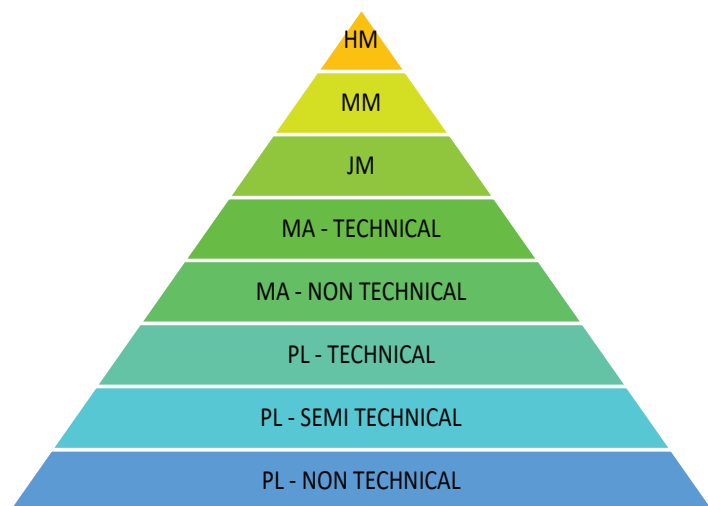
Efficiency bar examination was conducted in the year 2020 due to the Covid-19 pandemic.

Institutional structure Condominium Management Authority



Approved cadre as per recruitment scheme

Senior Management	03
Middle Management	12
Junior Management	13
Management Assistant- Technical	15
Management Assistant –Non Technical	39
Primary- Technical	18
Primary - Semi Technical	12
Primary – Non Technical	28



Review Report of the Audit and Management Committee of the year 2020

The Audit and Management Committee of the year 2020 consisted of following officers.

Mrs. B.N. Gamage

Chairperson of the Committee

Assistant Director General
Department of National Budget
(Representative of the Treasury)

Mr. Lalith Edirisinghe

Committee Member

General Manager (Acting)
National Housing Development Authority
Colombo – 02

Mrs. Roshani Dissanayake, Attorney at Law

Committee Member

Municipal Commissioner
Colombo Municipal Council

Mrs. W.T.L.Manel

Committee Member

Municipal Commissioner
Dehiwala Mount Lavinia Municipal Council

Mr. M.C.K.K.Mannapperuma

Committee Member

Municipal Commissioner
Dehiwala Mount Lavinia Municipal Council
From 21.12.2020

Mrs. A.D.S. Sadeeka

Committee Member

Municipal Commissioner
Sri Jayawardanapura Municipal Council

Mr. Sanjeewa Bandukeerthi

Committee Member

Municipal Commissioner (Acting)
Sri Jayawardanapura Municipal Council
From 07.12.2020

Mr. P.L.M. Chathuranga

Committee Member

Municipal Commissioner (Acting)
Sri Jayawardanapura Municipal Council
From 21.12.2020

Mrs. V.D. Seetha

Committee Observer

Audit Superintendent
Deputy Auditor General Representative
Auditor General's Department

Mr. R. S. Samarakkody

Committee Observer

Chief Internal Auditor
Ministry of Housing and Construction

Mr. E.L.A.P. Kumara

Committee Observer

Chief Internal Auditor
State Ministry of Urban Development, Coast Conservation Waste
Disposal and Community Cleanliness
From 07.12.2020

The following officers participated as officers of the CMA.

Mr. Sarana Karunaratne

Chairman

Condominium Management Authority

Mr. R.K. Jayaweera

General Manager

Condominium Management Authority
Up to 30.04.2020

Mrs. Madhawi S. Paranayapa

General Manager (Acting)

Condominium Management Authority
From 12.06.2020 to 25.11.2020

Dr. Indunil Liyanage

General Manager

Condominium Management Authority
From 26.11.2020

Mr. K.H.A. Upali

Deputy General Manager (Finance)

Condominium Management Authority

Mr. J.D.N. Chandrapala

Deputy General Manager (Regulatory) (Acting)

Condominium Management Authority
Up to 13.10.2020

Mr. P.M. Mahesh Gunathilake

Internal Auditor

Condominium Management Authority

Mr. P. Amila Nishantha

Assistant General Manager (Finance)

Condominium Management Authority

During the year 2020, the Condominium Management Authority conducted 04 meetings of the Audit and Management Committee (AMC) and the following audit and management committee papers were discussed and submitted for the recommendation of the Board.

The meetings of the Audit and Management Committee scheduled for the second quarter could not be conducted due to the impact of the Covid-19 pandemic which gripped the island from 16th March to May 2020 and again from 04th October 2020 onwards which resulted in travel restrictions and lockdowns being imposed from time to time in Colombo and other areas of the country.

01. The Audit and Management Committee held on 06.03.2020 discussed the following reports.

- 1.1 Adaptation of minutes of the AMC held on 31 October 2019.
- 1.2 Final accounts report of the CMA for the year ended 31.12..2019. (Performance statement & financial position statement)
- 1.3 Budget of the CMA for the year 2020.
- 1.4 Annual action plan of the CMA for the year 2020
- 1.5 Delegation of powers of the CMA in respect of the year 2020
- 1.6 Internal audit programme of the CMA for the year 2020
- 1.7 Auditor General's audit queries as regards CMA in respect of the year 2019
- 1.8 Internal audit queries of CMA
- 1.9 Corporate Plan of CMA for 2020-2024

02. At the meeting of the Audit and Management Committee held on 03.09.2020, the following reports were discussed. The following recommendations/observations were made and shortcomings were pointed out.

- 2.1 Adaptation of minutes of the Audit and Management Committee held at. 3.00 p.m. on 06th March 2020
- 2.2 Auditor General's report in terms of Section 12 of the National Audit Act No.19 of 2018 on the financial statements and other legal requirements of the CMA for the year ended 31 December 2019.
- 2.3 Income and expenditure report for the period from 01st January 2020 to 31 July 2020.
- 2.4 Updated report on the registrations and renewal of registrations of Management Corporations of condominium properties.
- 2.5 Disposal of condemned items – Year 2020
- 2.6 Under any other matters, the following were discussed.
 - 1) The Committee instructed to draft the Annual Action Plan, delegation of financial powers,

internal audit programme, Corporate Plan and Procurement Plan of the CMA for the year 2021 and submit for the recommendations of the Audit and Management Committee.

- 2) The Audit Superintendent instructed to follow the formats given in the Procurement Guidelines in preparing the Procurement Plan.

03. At the meeting of the Audit and Management Committee held on 17.12.2020, the following reports were discussed. The following recommendations/observations were made and shortcomings were pointed out.

- 3.1 Adaptation of minutes of the Audit and Management Committee held at. 3.00 p.m. on 30.09.2020.
- 3.2 Auditor General's report in terms of Section 12 of the National Audit Act No.19 of 2018 on the financial statements and other legal requirements of the CMA for the year ended 31 December 2019.
- 3.3 Bank reconciliation statement pertaining to September 2020.
- 3.4 Bank reconciliation statement pertaining to October 2020.
- 3.5 Human Resources Report – October 2020
- 3.6 AMC review report held in the year 2019
- 3.7 Internal audit query relevant to vehicle inspection of CMA from 01.01.2019 to 31.12.2019
- 3.8 Auditor General's report relevant to CMA.
- 3.9 Financial performance report for the period from 01 January 2020 to 30 November 2020. (Income and Expenditure)
- 3.10 Under 'Any other matters'-
 - (1) The Committee gave instructions to draft the budget for the year 2021 and submit to the AMC.
 - (2) The Committee gave instructions to sign the lease agreement for the first floor National Housing Department building which the CMA has obtained on rent basis from the National Housing Development Authority for the period from 01 December 2020 to 30 November

2022.

(3) Since the CMA is deemed a semi government institution, it has encountered various issues in administrative, management and operational activities regarding matters which have not been covered by circulars issued by the Treasury and the provisions of the Shops and Office Employees Act. As such, the Committee gave instructions to take action to submit a Board paper to obtain a policy decision from the Board of Directors to apply Public Administration Circulars only when necessary.

of Directors. Copies of the reports are also submitted to the Secretary of the line ministry.

04. At the meeting of the Audit and Management Committee held on 21.12.2020, the following reports were discussed. The following recommendations/observations were made and shortcomings were pointed out.

- 4.1 Annual budget report of the CMA for the year 2021
- 4.2 Delegation of authority of the CMA-2021
- 4.3 Internal audit programme of the CMA for the year 2021
- 4.4 Bank reconciliation statement pertaining to November 2020.
- 4.5 Corporate Plan of CMA for 2021-2025
- 4.6 Combined procurement plan for 2021 to 2023 and detailed procurement plan for the year 2021 of CMA.

The annual budget, Annual Procurement Plan, Action Plan of the CMA for the year 2021, Corporate Plan and internal audit plan were reviewed regularly and instructions were given by the Committee with regard to the attainment of expected targets.

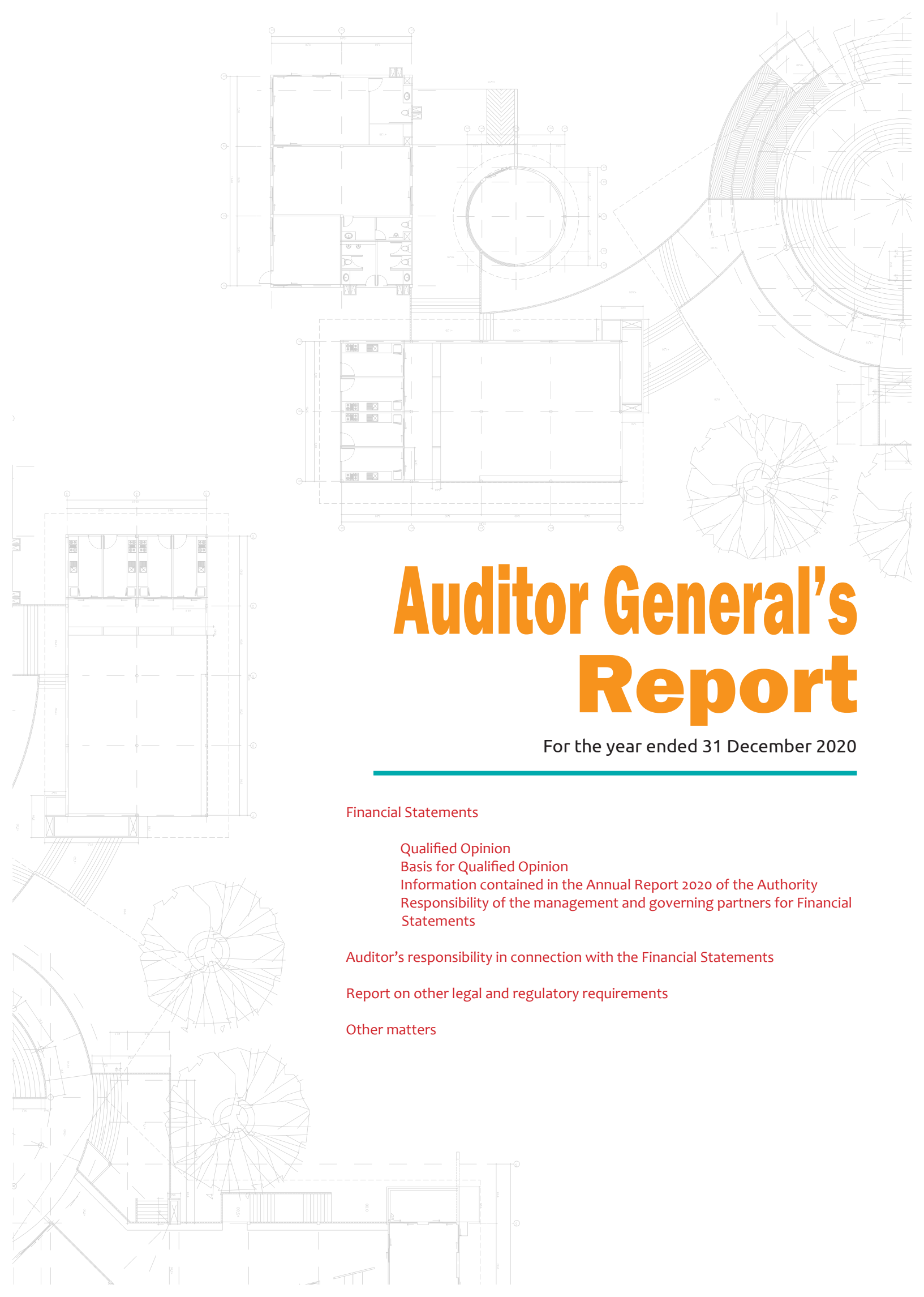
The committee gave instructions to expedite the ongoing disciplinary inquiries in the CMA and accelerate the process of recruitment to vacant positions.

The Audit and Management Committee also gave regular instructions for enhancing productivity and efficiency of the Authority and maintaining sound administrative and financial discipline.

Further, the reports of the Audit and Management Committee are submitted for the attention and approval of the Board



**A strong
management corporation
is the backbone of a comfortable condominium lifestyle**



Auditor General's Report

For the year ended 31 December 2020

Financial Statements

Qualified Opinion

Basis for Qualified Opinion

Information contained in the Annual Report 2020 of the Authority

Responsibility of the management and governing partners for Financial Statements

Auditor's responsibility in connection with the Financial Statements

Report on other legal and regulatory requirements

Other matters



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NATIONAL AUDIT OFFICE



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திகதி } 22 July 2021
Date. }

Chairman
Condominium Management Authority

Report of the Auditor General on the Financial Statements and other legal and regulatory requirements of the Condominium Management Authority for the year ended 31 December 2020 in terms of Section 12 of the National Audit Act No. 19 of 2018.

The above report is sent herewith.

W. P. C. Wickremaratne
Auditor General

- Copies:-
01. Secretary - State Ministry of Urban Development, Coast Conservation, Waste Disposal and Community Cleanliness
 02. Secretary – Ministry of Finance





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Date }

Chairman
Condominium Management Authority

Report of the Auditor General on the Financial Statements and other legal and regulatory requirements of the Condominium Management Authority for the year ended 31 December 2020 in terms of Section 12 of the National Audit Act No. 19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of financial statements of the Condominium Management Authority for the year ended 31 December 2020 comprising the statement of Financial Position as at 31 December 2020 and the statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended and the summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 12 of the National Audit Act No. 19 of 2018 and the provisions of the Finance Act No.38 of 1971. My report will be tabled in the Parliament in due course, in terms of sub section 154 (6) of the Constitution.

In my opinion, except for the effects of the matters described in the basis for qualified opinion of my report, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.





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1.2 Basis for the Qualified Opinion

- (a) In terms of paragraph 55 of Sri Lanka Public Sector Accounting Standard (SLPSAS) 07, the accounting policy of the Authority in respect of the revaluation surplus amounting to Rs. 8,943,317 as at 31 December of the year under review had not been disclosed in financial statements and in terms of Paragraph 65 of the standard, the residual value and the useful life of assets had not been reviewed annually. Accordingly, action had not been taken to review the useful life of assets costing Rs. 34,610,524 which had been fully depreciated but were still in use and adjust in accounts.
- (b) In terms of paragraphs 105 and 108 of SLPSAS-8, the disclosure had not been made in the financial statements relating to the liabilities connected to 39 court cases filed by the Authority and against the Authority to sue for damages.
- (c) The writing off of a sum of Rs.950,880 incurred for the purchase of Computer software in the year 2019 against the income in the statement of financial performance instead of being accounted as the intangible as per Standard SLPSAS-20 had not been corrected during the year under review.
- (d) The receipts for the Nagamu Purawara Programme from the Treasury and the National Housing Development Authority amounting to Rs.1,447,729 had been shown under the current liabilities for over 05 years instead of showing in the financial statements.
- (e) Even though the stores goods belonging to the Authority as at 31 December of the year under review were indicated at net realizable value in the financial statements, the details as to how the net realizable value of Rs. 1,584,997 of the said goods was calculated and the details of adjusting the settlement of three debtors totaling Rs. 1,386,534 through a journal note to the adjustment account of the previous year had not been submitted to the audit.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility, under those standards is further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.



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1.3 Other information contained in the Annual Report 2020 of the Authority

Other information means information, though included in the Annual Report 2020 of the Authority which is expected to be handed over to me after the date of this audit but not included in the financial statements and in my audit report thereon. Those charged with management shall be responsible for other information.

My opinion on the financial statements does not cover other information and I do not provide an assurance of any manner or express an opinion on it.

My responsibility in relation to my audit regarding financial statements is to read other information whenever available and consider where there are material inconsistencies between the financial statements or my knowledge gained otherwise and other information.

If I conclude, on the basis of other information I had obtained and the work I had done before the date of this audit report that the other information is materially misstated, I am required to report that fact. I have nothing to report in this regard

1.4 Responsibility of the management and governing partners for Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

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



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1.5 Auditor's responsibilities in connection with the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detected 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.

I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have communicated with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.



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2. Report on other legal and regulatory requirements

- 2.1 Special provisions are included in respect of the following requirements in the National Audit Act No. 19 of 2018.
- 2.1.1 In terms of the requirements of section 12 (a) of the National Audit Act No. 19 of 2018, I obtained all information and explanations required for the audit and as far as it appears from my inspection, the Authority had maintained proper financial reports.
- 2.1.2 In terms of the requirement indicated in Section 6(1)(d) (iii) of the National Audit Act No. 19 of 2018, the financial statements presented by the Authority are consistent with the preceding year.
- 2.1.3 The recommendations made by me in the previous year have been included in the financial statements as per the requirement of Section 6(1)(d) (iv) of the National Audit Act No. 19 of 2018.
- 2.2 On the basis of the procedures followed and evidence obtained and being restricted within the material matters, nothing that warrants the making of the following statements, did not come to my attention.
- 2.2.1 In terms of the requirement of section 12 (d) of the National Audit Act No. 19 of 2018, whether any member of the governing body of the Authority has any interest, direct or otherwise, outside normal business status in any contract entered into by the Authority.
- 2.2.2 In terms of the requirement of section 12 (d) of the National Audit Act No. 19 of 2018, whether the Authority has not complied with any applicable written law, or other general or special directions



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Reference to Laws, Rules, Regulations etc.

Description

(a) Section (h) of paragraph 5 of the Common Amenities Board (Amendment) Act No.24 of 2003

Even though one of the objectives of the Authority is to hand over the maintenance of common amenities of Condominium Properties to the Local Authorities, the Common amenities of the Maligawaththa and Jalthara housing schemes had not been transferred to the Local Authorities.

(b) Stamp Duty (Special Provisions) Act No.12 of 2006

(i) Though stamp duty of Rs. 25 should be charged in releasing any amount over Rs. 25,000, in inspecting the payment vouchers of the Authority it was found that action had not been taken to charge the relevant stamp fee for 16 payments to the value of Rs. 1,092,341.

(ii) In the exchange of letters on 16 instances of paying the distress loan, the used stamps had been reused.

(c) Establishment Code of the Socialist Republic of Sri Lanka

(i) Paragraph 1.10.1 of Chapter II and Paragraph 8.3 of the Recruitment Procedure of the Authority

Without publishing paper advertisements and conducting structural interviews, appointments had been made for 3 posts of Assistant General Manager (Finance), Customer service officer and Administrative officer in the years 2017 and 2018 and 14 officers had also been recruited for 5 posts in the year 2019. In the year 2019, the chairman of the Authority, without obtaining due approvals in terms of paragraph 1.10.1 of the Establishments Code, had backdated the aforementioned post of Assistant General Manager (Finance) to the year 2013.

(ii) Paragraph 13:1 and 13:2 of Chapter XLVIII of volume 11

Though an authority ordering a preliminary investigation in an act of misconduct should, at the same time that such order is issued, specify the time limit within which the officer or Committee of officers should complete the preliminary investigation taking into consideration the nature of each act of misconduct, this had not been followed as regards various charges preferred against 07 employees on 10 occasions during the year under review. Though it is the primary task of an officer or a committee of officers conducting a preliminary investigation to make their observations and recommendations on matters found out by them regarding the act of misconduct committed, observations and recommendations regarding 05 incidents occurred during the year under review had not been made even by 30th April 2021.

(d) Financial Regulations of the Democratic Socialist Republic of Sri Lanka



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- (i) FR 218
- Though special measures should be taken to prevent duplicate payments, in the year under review, Photocopies of bills had been attached with payment vouchers of Rs. 2,298,748 for the settlement of bills of the Authority and payments had been made disregarding this.
- (ii) FR 231
- Though all vouchers should contain full particulars of each service, so as to enable them to be checked, as far as possible, without reference to any other document, in terms of payments amounting to Rs. 60,101,890 had not been submitted with vouchers at the sample audit.
- (iii) FR 502(2)
- The Fixed Assets Register of format 287 had not been maintained regarding property, plant and equipment to the value of Rs. 96,409,808 belonging to the Authority. Though a register had been maintained for the annually accumulated assets, it had not been duly updated. Variations were observed in information submitted annually to the audit. Accordingly, the difference of depreciation calculation in the year under review was Rs. 177,578.
- (iv) FR 757(2)
- Though the Accounting Officer should deal with any shortages and losses, no such action had been taken regarding 12 intangible assets valued at Rs. 425,221 identified at the Board of Survey conducted as at 31 December 2020.
- (e) The Public Enterprises Circular No.PED/12 dated 02 June 2003
- (i) Paragraphs 6.5.1 & 6.5.3
- Even though the financial statements and the drafted annual report of a financial year should be furnished to the Auditor General within 60 days after closure of financial year, it had not been followed and the annual reports inclusive of audit reports had not been tabled at Parliament by the Authority for the years of 2015 to 2019. in terms of paragraph 6.5.3.
- (ii) Paragraph 8.2.2 and Section 11 of Finance Act, No. 38 of 1971
- Though additional funds, call deposits, short term deposits, treasury bills, fixed deposits or any other deposit of a public corporation should be invested with the approval of the Minister of Finance, the Authority had not obtained such approval for 08 various deposits amounting to Rs. 181,171,713 invested during the year under review.
- (f) Public Administration Circular PED 2/2015 dated 25th May 2015.
- During the year under review, advances amounting to Rs. 109,524 had been granted on 22 occasions to settle the phone bills of officers and action had not been taken to settle such advances having entered in a register in terms of FR 371.



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|---|--|
| <p>(g) FR 371(5) as amended by Public Finance Circular 03/2015 dated 14 July 2015</p> | <p>Though sub imprests should be settled to the Accounts Division within 10 days after completion the relevant purpose, subimpresets of Rs.315,500 of Authority had been settled on 09 occasions with delays from 16 to 115 days.</p> |
| <p>(h) Paragraph 4 of Public Administration Circular No. PED 1/2015 dated 25 May 2015</p> | <p>Though the senior management of the Authority should ensure that adequate systems and procedures are in place for proper control and maintenance of pool vehicles, it was further observed in the audit that the Authority had not taken action to minimize vehicle accidents, repair and reimburse speedily after an accident, use government vehicles in compliance with rules pertaining to allocated vehicles setting an example to other officers, update running charts, update documents of the security division relevant to entry and exit of vehicles as per gate passes.</p> |
| <p>(i) The letter No. 2/1/13/332 dated 03 March 2016 of the Secretary of the Ministry of Housing & Construction</p> | <p>Though it had been notified by the referenced letter that approval could not be granted for recruitment on contract basis and that recruitment should be made in conformity with the approved recruitment scheme, appointments had been granted to the post of Assistant General Manager (Human Resources) on contract basis for a period of one year from 25 February 2016 and to a permanent post subject to a probation period of 03 years from 27 November 2017 without taking into consideration the approval of the Secretary of the Ministry.</p> |
| <p>(j) Letter No. PE/1/CMA/4/11 dated 09 September 2019 of the Director of the Department of Public Enterprises</p> | <p>Though it had been ordered to remit 47 million from the post tax profit (33 1/3 percent) in the financial year 2018 and 33 1/3 percent from the post tax profit of the year 2019 as income tax to the Treasury, action had not been taken accordingly.</p> |

2.2.3 In terms of the requirement of Section 12(g) of the National Audit Act No. 19 of 2018, whether the Authority has not performed according to its powers, functions and duties, except for the following observations.

2.2.4 In terms of the requirement of Section 12(h) of the National Audit Act No. 19 of 2018, whether the resources of the Authority had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

3. Other matters

.....

The following observations are made.

- (a) Even though a rent of Rs.4,460,772 had been paid annually for the building premises where the office of the Authority is maintained and incurred Rs. 4,593,220 and Rs. 1,434,114 respectively as maintenance expenditure in the years 2019 and 2020, a formal agreement had not been entered into by Authority.
- (b) A motor car purchased by the Authority in the year 2011 for Rs. 5,890,000 had been insured for the same value in the year under review and had been assigned to the Deputy General Manager (Finance) from the year of



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purchase. It had met with 16 accidents from 2012 to January 2021 but action had been taken in terms of FR 104(3) and 104(4) only on two occasions. Though insurance claims of Rs. 1,682,160 had been obtained for 13 accidents, such information had not been included in the relevant files. Though the vehicle had been driven by the relevant officer, no proper approval thereto had been obtained.

- (c) Though the above mentioned vehicle had met with an accident on 01 October 2019, action had been taken outside the internal control system for repairs of the Authority without a police report and technical reports. The private garage had issued bills with different values with an invoice Rs. 570, 295 for the Authority and bills amounting to Rs. 251,350 to the Insurance Corporation, but the claim received from the Insurance Corporation was only Rs. 144,019. Though the garage had informed on 23 December 2019 that the repairs had been completed, no action had been taken to bring it back to the Authority until 31 December 2020.
- (d) Though a police report had been obtained regarding an accident occurred to a vehicle belonging to the Authority on 18 December 2019, it had not been entered in the logbook. The insurance company had not agreed with the driver's version of the accident and the insurer had only agreed for an indemnification of Rs. 500,000 from the repair estimate of Rs. 2,764,012. Though this vehicle had remained parked at the motor car agency from 01 January 2020 to 30 June 2021, no repairs had been done.
- (e) The Authority had spent Rs. 55,090 to restore damages caused by an accident to a vehicle which had been released to the line ministry from 01 November 2019 to 22 November 2019 and Rs. 33,447 remained to be further reimbursed. The details of this accident had not entered in the logbook.
- (f) Variations from 317 kms to 7,250 kms were observed between milometers of 04 vehicles of the Authority and daily running charts.
- (g) The Amendment of the Common Amenities Board Act, No.10 of 1973 which had been included in action plans during the past several years with targeted days had been extended up to June 2020 as per the action plan of the year under review. The amended drafts of these Bills, which had been referred to the Legal Draftsman's Department on 30 June 2017 had not achieved any progress even by the end of the year under review. Though the Legal Draftsman's Department had notified by its letter dated 16 December 2019, that approval from the new Cabinet be obtained for this, the relevant approval had not been received.
- (h) Investment income had not been received from the funds amounting to Rs. 3,000,000 invested in the Housing Development Finance Corporation Bank.
- (i) The balance receivable as at 31 December 2020 for maintaining the pump houses of Gampaha and Negambo hospitals was Rs. 7,393,054 and without taking action to solve this matter which is not within the scope of the Authority, it had been accounted as debtors. Similarly, within the debtor balance of Rs. 12, 899,599 as at 31 December 2020, the balance receivable from 12 debtors that had been brought forward for more than 05 years was Rs. 7,370,329 which accounted for 57% of total debtors.
- (j) Though the amended budget approved by the governing council should be submitted 15 days before the commencement of the relevant year to the Department of Public Enterprises, the Treasury, the relevant Ministry and the Auditor General in terms of paragraph 8.1.3 of the Public Enterprise Circular PDD 12 dated 02nd June 2003, the Authority had obtained the approval of the governing council for the amended budget of the year 2020 on 23 November 2020.

W. P. C. Wickremaratne
Auditor General

Financial Report

Financial Statement as at 31 December 2020

Financial Performance

Statement of Financial Position

Statement of Financial Performance

Notes on Accounts

Financial Notes

Notes to Financial Statements & Financial Schedules

Statement of Changes in Equity

Statement of Cash Flows

Comparison of Budgeted and Actual Expenditure

Financial Performance

The year 2020 was a challenging year that unleashed a slew of adverse impacts on the entire economic process and many industrial and service sectors. Despite the tough operating environment engendered by the global Covid-19 related economic disruption exacerbated by the total lockdown of the country from March 2020 to June 2020 during which the construction industry experienced a slump, the Authority was able to post a post tax profit (net profit) of Rs. 32.96 million which was an incline of 81% compared to the year 2019. This was propelled by the growth in revenue and decline in the recurrent expenditure.

From the profit made by the Authority in the year 2020, Rs. 11.57 million was set aside for the payment of taxes to the government.

The main source of revenue of the Authority is the income generated from the issuance of condominium certificates for common amenities and common elements of condominium properties. In the year 2020, the Authority earned revenue amounting to Rs. 168 million from issuance of certificates which heralded a year on year growth of 9%. The overall revenue of the Authority was posted at Rs. 203.72 million.

Revenue Analysis

Year	2016	2017	2018	2019	2020
Revenue	197.19	265.43	348.31	198.52	203.72

On the back of efficient expenditure management measures, the operational expenditure depicted a decline of 11% as compared to the year 2019. Duties are carried out with strict adherence to health and social distance guidelines prescribed by the government and arrangements have been put in place for employees to discharge their duties maintaining social distance. It appears that the resultant decrease in employee overtime and transport expenditure as well as the drop in vehicle maintenance expenditure has had a direct impact on the decrease of recurrent expenditure.

The budget submitted by the Authority for the year 2020 was amended on 15th May 2020 and under the CSR expenditure item of the revised budget, Rs. 10 million was donated to the National Covid Fund. This expenditure is shown as non-operational expenditure in the financial statements and with that expenditure, the overall expenditure of the Authority for the year 2020 was Rs. 159.18 million depicting a decline of 8% compared to 2019.

Expenditure Analysis

Year	Operational Expenditure Rs. Mn.	Non Operational Expenditure Rs. Mn.	Total Expenditure Rs. Mn.
2016	95.48	12.95	108.43
2017	130.08	10.98	141.06
2018	151.79	4.07	155.86
2019	167.07	5.17	172.24
2020	148.09	11.09	159.18

Further, the asset composition of the balance sheet of the Authority shows a clear growth strongly underpinned by the incline in the amounts deposited in the fixed deposit investments. The surplus funds of the Authority are have continually been invested as seven day deposits, financial market deposits and quarterly deposits.

The CMA currently maintains its office in a building obtained on rent basis and these investments are sustained with the aim of purchasing a new land and a building of its own for the Authority. Accordingly, a growth in the long-term assets in the balance sheet of the Authority too is envisaged in future.

Similarly, annual allocations are made every year for the gratuity of all employees of the Authority and during the year 2020, Rs. 4 million was invested long term to meet this gratuity commitments.

In recognition of the contribution made for successfully carrying out the activities of the Authority in the face of numerous challenges and constraints, the Authority apportioned Rs. 1.75 million for the payment of bonuses in the year 2020 to keep employees further motivated.

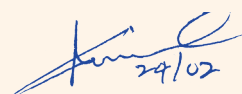
Statement on Financial Position as at 31 December 2019

		2020	2019	2020 Budgeted
		Rs.	Rs.	Rs.
<u>Assets</u>				
<u>Non Current Assets</u>				
<u>Fixed assets</u>				
Property, Plant and Equipment	Note 01	20,173,275	28,264,691	23,119,000
<u>Investments</u>				
Investment of gratuity provisions		45,000,000	41,774,759	50,000,000
		65,173,275	70,039,449	73,119,000
<u>Investments -Long term</u>				
Shares of HDFC		3,000,000	3,000,000	3,000,000
		68,173,275	73,039,449	76,119,000
<u>Current assets</u>				
Cash and financial items	Note 02	2,330,873	37,680,359	5,430,000
Short term investments	Note 03	39,609,351	16,890,887	18,000,000
Trade debtors, employee loans and receivable balance	Note 04	25,719,603	28,669,220	38,400,000
Stocks account	Note 05	1,529,126	1,898,001	3,100,000
Fixed Deposits	Note 06	327,840,827	261,454,091	310,000,000
Payments made in advance	Note 07	195,946	96,645	300,000
Other receivable balances	Note 08	3,192,297	2,861,819	5,000,000
		400,418,023	349,551,022	380,230,000
Total assets		468,591,297	422,590,471	456,349,000
<u>Liabilities</u>				
<u>Current liabilities</u>				
Creditors/advances	Note 09	22,655,585	17,960,208	16,995,000
Accrued expenses	Note 10	2,137,066	4,222,681	2,000,000
Payable	Note 11	2,719,304	2,755,003	4,105,000
Provisions	Note 12	13,154,449	3,573,165	9,500,000
Total current liabilities		40,666,403	28,511,058	32,600,000
<u>Non-Current Liabilities</u>				
Treasury provisions –Inputs for the purchase of fixed assets		717,155	1,135,273	-
Gratuity provisions		35,903,263	33,342,779	37,000,000
Total liabilities		77,286,821	62,989,109	69,600,000
Net assets/equity		391,304,476	359,601,362	386,749,000
<u>Net assets represented by -</u>				
Authorized capital		500,000	500,000	500,000
Government capital		500,000	500,000	500,000
Bonus shares		2,500,000	2,500,000	2,500,000
		3,000,000	3,000,000	3,000,000

	2020	2019	2020 Budgeted
	Rs.	Rs.	Rs.
Surplus brought forward from last year	344,039,382	323,808,077	344,039,000
<u>Less:</u>			
Previous year adjustment	(1,260,542)	2,044,567	(10,674,000)
<u>Add:</u>			
Net surplus of current year	32,963,656	18,186,738	37,771,000
Accumulated fund	375,742,496	344,039,382	371,136,000
Revalued reserves	8,949,317	8,949,317	9,000,000
General reserves	1,350,000	1,350,000	1,350,000
Capital transfers	2,262,663	2,262,663	2,263,000
Total of net assets / ownerships	391,304,476	359,601,362	386,749,000

The financial statements of the Condominium Management Authority for the year ended 31.12.2020 were approved at the 140th meeting of the Board of Directors held on 23.02.2021 and three financial statements have been annexed from pages 03 to 05 and pages 06 to 9.

Further, the responsibility for the preparation and presentation of financial statements is borne by the Board of Management.



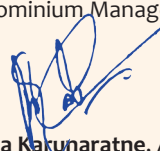
P. Amila Nishantha
Assistant General Manager (Finance)
Condominium Management Authority



B. N. Gamage
Additional Director General
National Budget Department



Dr. Indunil M. Liyanage
General Manager
Condominium Management Authority



Sarana Karunaratne, Attorney at Law
Chairman
Condominium Management Authority

Condominium Management Authority
For the Year ending 31st December 2020
Financial Performance Statement

	Note	2020 Rs.	2019 Rs.	2020 Budgeted Rs.
<u>Income</u>				
Operational income	Note 13	176,852,745	162,661,179	180,680,000
Other operational income	Note 14	2,172,132	1,946,917	2,870,000
Non-operational expenses	Note 15	24,693,205	33,868,778	32,530,000
Total operational income		203,718,082	198,476,874	216,080,000
<u>Operational expenditure</u>				
Salaries and emoluments	Note 16	110,820,596	117,368,596	109,358,000
Travel expenses	Note 17	1,060,558	3,147,682	1,065,000
Supplies and consumer commodities	Note 18	5,728,412	7,359,344	5,200,000
Maintenance expenditure	Note 19	6,051,013	14,275,872	8,800,000
Statutory expenses	Note 20	9,385,712	9,242,498	9,926,000
Direct expenses	Note 21	2,073,206	2,937,619	2,350,000
Depreciation of fixed assets	-	12,666,348	12,401,023	3,350,000
Other operational expenditure	Note 22	301,618	337,119	12,370,000
Total operational expenditure		148,087,462	167,069,753	152,419,000
Operational Activities – Surplus/(Deficit)		55,630,620	31,407,121	63,661,000
Financial expenditure	Note 23	860,745	4,578,238	3,010,000
Non operational expenditure	Note 24	10,235,214	595,002	11,230,000
Total non operational expenditure		11,095,959	5,173,240	14,240,000
Surplus/ (Deficit) over operational activities		44,534,661	26,233,881	49,421,000
Surplus/(deficit) of the sales of scrap materials	Note 25	-	43,950	250,000
Net surplus/(deficit) before tax deductions		44,534,661	26,277,831	49,671,000
Income tax provisions		11,571,005	8,091,093	11,900,000
Net excess \$ ^deficit&		32,963,656	18,186,738	37,771,000
Surplus./ (deficit) carried forward from last year		330,679,934	310,448,629	310,448,629
		363,643,590	328,635,367	348,219,629
<u>Adjustments for the previous year</u>				
Debit Total		1,260,542	-	
Credit Total		-	2,044,567	
		362,383,048	330,679,934	

Notes



Notes to accounts

These accounting statements have been presented in compliance with generally accepted accounting principles using the Sri Lanka Public Sector Accounting Standards endorsed by the public sector accounting standards committee and the accounting estimates have been prepared in timely and fair manner.

It is assured that measures have been taken to present fair financial statements by designing implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



Accounting Policies

The accounting reports of the Authority have been presented with mutual interconnection between periods of time and on historic cost basis in accordance with recognized accounting policies. Adjustments have been made towards inflationary factors that may affect the financial policies and the accounting reports have been prepared on accrual basis.



Location of the Authority

The Condominium Management Authority is located at the National Housing Development Authority at Sir Chittampalam A. Gardiner Mawatha, Colombo 02 and carries out regulatory duties in respect of condominium properties covering the entire island.



Legal nature of the Authority

In terms of the powers conferred under the Common Amenities Board (Amendment) Act No. 24 of 2003, it is the responsibility of the Authority to establish management corporations for the maintenance administration and control of common elements and common amenities in condominium properties and to ensure that common amenities are provided so as to fulfill the needs of stakeholders.



Legislation relevant for the operations of the Authority

- Common Amenities Board (Amendment) Law No.10 of 1973
- Common Amenities Board Act No. 46 of 1982
- Common Amenities Board (Amendment) Act No 24 of 2003
- Apartment Ownership Act No.11 of 1973
- Apartment Ownership (Amendment) Act No. 45 of 1982
- Apartment Ownership (Special Provisions) No.04 1999

Fixed assets



The provisions for depreciation for fixed assets are calculated by using straight line basis from the date of purchase to the date of sale as per the policy of the Authority

Motor vehicles	-	25%	on cost
Office furniture and equipment	-	20%	on cost
Machinery and equipment	-	20%	on cost
Tools and equipment	-	20%	on cost
Buildings	-	04%	on cost



Gratuity

Allocations have been made in the accounts for the gratuity allowance of all employees of the Authority on the basis of their period of service. The said value for the year ended 31 December 2020 is Rs. 35,903,263/- and action has been taken to make necessary provisions in accounts for that purpose.

Similarly, the Authority has taken action by 31 December 2020 to invest a sum adequate to settle this gratuity liability as fixed deposits.

Inventories



Purchasing of stocks are valued at the lower of the cost and net realized value and adjusted in accounts and no profit percentage has been included therein.



Revenue

Profit/loss accounts have been prepared on the basis of gross revenue.



Allocations for bad and doubtful debt

Allocations for bad and doubtful debt have been made on outcome on the basis of the age analysis of the debtors existing as at the end of the year.

Years 0 - 2	10%	Rs.	109,251
Years 2 - 3	20%	Rs.	439,376
Years 3 - 4	30%	Rs.	-
Years 4 - 5	50%	Rs.	1,486,063
Over 05 Years	100%	Rs.	7,372,983

Accordingly, a sum of Rs. 9,407,673/- has been allocated in the accounts of the current year for bad and doubtful debt.



Contingent liabilities

A case has been filed in the district court of Colombo under case number 53429/MR to recover Rs 807,187/- due from Lanka Ket (Pvt) Ltd. Accordingly, a sum of Rs. 2,000,000 was paid to the Authority in the year 2020 together with the interest relevant to the said amount. The interest from Lanka Ket (Pvt) Limited of Rs. 1,192,813 is shown under non-operational income. As there are no contingent liabilities in respect of cases filed by or against the Authority, no allocations have been made in the accounts for that purpose.



EPF and ETF in arrears

Employees contribute 10% of their salaries and the Authority as the employer contributes 12% for the Employees' Provident Fund and 3% to the Employees Trust Fund. In terms of the provisions of the Employees' Provident Fund Act, contributions are made to the EPF and ETF and there were no arrears to be paid as at 31.12.2020.



Reserves

The following reserves too are represented in the net assets / equity of the Authority.

Revaluation reserves	-	Rs.	8,949,317
General reserves	-	Rs.	1,350,000
Capital reserves	-	Rs.	2,262,663
Total reserves	-	Rs.	12,516,980

The above reserves to the value of Rs 12,516,980/- include Rs. 8,943,317/- from the revaluation of fixed assets in the year 2008 and a general reserve of Rs. 1,350,000/- and a capital transfer of Rs. 2,262,663/- carried forward to the accounts of this Authority from its predecessor, the Common Amenities Board.

Bonus shares



In pursuance of approval referred to by Ministry of Public Administration, Housing and Construction dated 17.01.1984, 5000 shares of Rs 100 were obtained from the Housing Development Finance Corporation on 19.01.1984.

A bonus share issue of 25,000 shares in respect of the value of the said shares was issued on 29.06.2000. Accordingly, action has been taken to disclose in the accounts an investment of Rs. 3,000,000 for 30,000 shares of Rs. 100 each of the HDFC in possession of this Authority.



Income Tax

Provisions have been allocated in accounts for the payment of Rs. 11,571,005/- as income tax on the basis of the profit of Rs. 44,534.661/- for the said year as at 31.12.2020.

Accounting government grants



In the year 2017 too, the Treasury had allocated Rs. 10,000,000 under the awareness raising project to create awareness amongst residents of condominium properties and other relevant stakeholders. Of this sum Rs. 2,090,588 was spent on purchasing fixed assets for the project and action has been taken to show a similar value in the statement of financial position as long term liabilities –treasury provisions under the noncurrent assets with annual depreciation. That value has been shown as Rs. 717,155/- in the Statement of Financial Position in the current year.



Allocation for depreciation

Action has been taken for depreciation on the basis of percentages indicated in Note 06 under fixed assets. Accordingly, action was taken to adjust Rs. 12,666,348/- to the profit of the current year as the value of annual depreciation. Action has also been taken to adjust in accounts a sum of Rs. 418,118/- as the amortization for fixed assets purchased from treasury provisions granted for awareness programmes.

Cash and cash equivalents/ Short term



Cash and cash equivalents and short term investments consist of seven day deposits and short term investments. Cash and cash equivalents in the cash flow consist of the value of financial position of the following statement.

Cash and financial item	2019	2020
Cash in bank and hand	37,680,359	2,330,873
Short-term investments	16,890,887	35,125,597
Seven day deposits	-	4,483,754
	<u>54,571,246</u>	<u>41,940,224</u>



In compliance with Sri Lanka Public Sector Accounting Standard 15, financial reports have been reconciled with budgeted information and the reports relevant thereto have been submitted with the accounts.

Debtor Recovery



In issuing provisional condominium certificates before the year 2015, a sum amounting to 35% of the value of the final certificate was obtained. The following property developers from whom 65% remained to be recovered in applying for the condominium certificates have been accounted as debtors. Subsequently, as a result of the remaining amounts settled at the time of obtaining the final certificate being adjusted with the final certificate income of the relevant years, the profit has been over-calculated. In order to correct this accounting error in the current year, Rs. 1,386,533/- was deducted from the cumulative profit.

01.	Home Lands	Rs.	1,049,151
02.	K.H.T.C. Silva (Gampaha Development)	Rs.	216,477
03.	Civimech Constructions	Rs.	120,905
		Rs.	1,386,533



During the accounting year of 2020, Rs. 10.0 million was donated to the Covid-19 Fund which has been indicated as Corporate Social Responsibility under non-operational expenses.

Notes to Financial Statements

01. Property, Plant and Equipment

	Cost as at 01/01/2020	Acquisitions during the year	Disposals during the year	Cost as at 31/12/2020	2019
Kataragama circuit bungalow land	1,520,000	-	-	1,520,000	1,520,000
Kataragama circuit bungalow building	6,700,000	-	-	6,700,000	6,700,000
Office furniture and accessories	6,840,380	949,957	-	7,790,337	6,840,380
Motor vehicles	62,400,214	-	-	62,400,214	62,400,214
Machinery and equipment	14,479,729	3,132,742	-	17,612,471	14,479,729
Tools and equipment	3,469,484	492,234	-	3,961,718	3,469,484
	95,409,807	4,574,933	-	99,984,740	95,409,808

	Cumulative depreciation allocation as at 01.01.2020	Depreciation allocation for the year	Depreciation for disposal	Allocation for cumulative depreciation as at 31.12.2020	2019
<u>Less: depreciation provision</u>					
Kataragama circuit bungalow building	3,216,000	268,000	-	3,484,000	3,216,000
Office furniture and accessories	3,878,523	889,840	-	4,768,363	3,878,523
Motor vehicles	50,578,523	8,974,875	-	59,553,398	50,578,523
Machinery and equipment	6,832,654	2,212,187	-	9,044,841	6,832,654
Tools and Equipment	2,639,418	321,446	-	2,960,864	2,639,418
	67,145,118	12,666,348	-	79,811,466	67,145,118
				20,173,275	28,264,691

Value written off as at 31.12.2020

02. Cash and financial items

		2020	2019
Cash in bank and in hand	Schedule 01	2,330,873	37,680,359
		2,330,873	37,680,359

03. Short term investments

Investment from the sinking fund of Edmonton government housing scheme	14,981,791	13,563,311
Gratuity allocation investment -Savings Account	3,455,847	3,327,576
Financial market investments	16,687,959	-
Seven day deposits	4,483,754	-
	39,609,351	16,890,887

04. Trade debtors, employee loans and other receivable balances

Various deposits receivable	Schedule 02	388,125	383,187
Creditors	Schedule 03	3,491,886	6,831,531
Staff loan and advances	Schedule 04	21,839,592	21,454,502
		25,719,603	28,669,220

Notes to Financial Accounts

		2020	2019
05. Stock accounts			
Stocks of head office		99,610	119,306
Office supplies stock		1,429,515	1,778,695
		1,529,126	1,898,001
06. Fixed deposits			
People's Bank		327,838,807	173,913,888
Housing Development Finance Corporation		2,020	87,540,203
		327,840,827	261,454,091
07. Payments made in advance			
Fuel allowance		-	51,000
Vehicle registration fees		23,553	45,645
Insurance		172,393	-
		195,946	96,645
08. Other receivables			
Seven day deposit interest		-	-
Fixed deposit interest		3,192,297	2,861,819
		3,192,297	2,861,819
09. Creditors and advances			
Advances received from customers	Schedule 05	1,495,297	1,495,297
Miscellaneous creditors	Schedule 06	21,160,288	16,464,911
		22,655,585	17,960,208
10. Accrued expenditure			
Salaries and other worksite allowances		-	50,852
Arbitration fees		65,000	158,800
Overtime		1,069,574	2,087,404
Holiday allowance		159,497	505,027
Vehicle repairs		19,700	845,746
Vehicle service charges		-	56,808
Translation		11,615	-
Telephone		140,744	89,451
Bonus		-	9,493
Expenditure for serving tea		4,550	-
Certificate issuing expenditure		55,000	-
Legal fees		3,000	5,000
Value Added Tax		23,830	5,130
Electricity		105,939	86,189

Notes to Financial Statements

	2020	2019
Travelling	80,339	87,308
Water bills	20,098	844
Kataragama circuit bungalow expenditure	24,116	7,689
Fuel expenses	105,833	97,995
Newspaper advertisements	21,000	3,990
Newspapers	5,990	-
Machinery repairs	21,240	-
Office maintenance	200,000	124,956
	2,137,066	4,222,681

11. Payable

Accrued liabilities	Schedule 07	1,441,816	1,734,129
Payable for supplies		514,935	45,786
Cash withheld		566,164	773,637
Refundable tender fees		63,264	73,264
Employee safe deposits		133,125	128,187
		2,719,304	2,755,003

12. Provisions

Provision for audit fees		1,546,183	1,815,783
Provision for employee compensation		54,986	54,986
Provisions for Economic Service Charge		(17,725)	202,686
Provision for income tax		11,571,005	1,499,710
		13,154,449	3,573,165

13. Operational Income

Income from issuing certificates for condominium property	Schedule 08	168,165,746	154,252,894
Income from repairs and maintenance	Schedule 09	8,410,083	8,099,467
Sundry operations income	Schedule 10	276,916	308,817
		176,852,745	162,661,178

14. Other operational income

Registration fees	Schedule 11	2,097,132	1,825,938
Application fees		75,000	118,750
Administrative fees		-	2,229
		2,172,132	1,946,917

15. Non - Operational Income

Interest for employee loans		281,614	679,630
Interest for savings		131,551	131,777
Interest for seven-day deposits		-	519,931
Interest for fixed deposits		21,828,112	31,975,303

Notes to Financial Accounts

	2020	2019
Adjustment of amortization of fixed assets	418,118	418,118
Receipt of insurance indemnity	-	144,019
Interest received from Lanka Ket Ltd	1,192,813	-
Over allocations for doubtful loans	840,998	-
	24,693,205	33,868,778

16. Employee emoluments and allowances

Chairman's allowance	793,966	820,000
Salaries and wages	65,121,794	61,218,624
Employees Provident Fund	8,089,902	7,819,735
Employees Trust Fund	2,022,102	1,963,444
Overtime and holiday payments	20,532,803	28,348,490
Bonus	1,752,084	1,785,853
Board allowances	492,000	390,000
Employee welfare	350,000	515,000
Employee training	796,083	1,067,089
Employee medical insurance	5,229,296	4,919,428
Employee uniforms	188,000	192,000
Expenditure on reimbursing employee housing loan interest	1,876,161	2,584,612
Gratuity	3,576,404	5,744,321
	110,820,596	117,368,596

17. Travel Expenses

Transport expenses within the country	1,001,758	2,097,976
Site allowances	58,800	58,800
Foreign travel expenses	-	990,906
	1,060,558	3,147,682

18. Supplies and Consumer Commodities

Printing and stationary	1,279,827	1,501,133
Tea expenses	725,026	935,422
Fuel for vehicles	2,547,614	3,780,042
Fuel allowances	333,338	869,805
Office supplies	842,607	272,942
	5,728,412	7,359,344

19. Maintenance

Vehicle repairs and maintenance	2,584,480	6,893,944
Computers repairs and maintenance	334,810	1,198,910
Maintenance of Kataragama circuit bungalow	120,687	388,714

Note 19

Notes to Financial Accounts

	2020	2019
Maintenance of furniture accessories, machinery and equipment	316,124	107,357
Office building maintenance	1,434,114	4,593,220
Office maintenance	1,260,798	1,093,727
	6,051,013	14,275,872
20. Statutory expenses		
Electricity	1,019,938	996,846
Telephones	1,190,343	1,506,060
Insurance	1,086,790	1,160,705
Water bills	192,020	196,705
Vehicle permit charges	96,382	212,607
Postal and telegram charges	100,705	161,065
Lawyers' fees	423,165	335,280
Advertisement fees	269,950	912,638
Transit money insurance charges	29,753	29,653
Newspapers	50,970	91,610
Office rent	4,816,336	3,557,139
Semi Luxury Taxes	36,000	-
Translation fees	73,360	82,190
	9,385,712	9,242,498
21. Direct expenses		
Expenditure for issuing certificates	478,595	481,685
Expenditure for repairs and maintenance	Schedule 12 610,011	1,126,584
Arbitration charges	984,600	1,329,350
	2,073,206	2,937,619
22. Other operational expenditure		
Removal of unauthorized structures	51,105	57,690
Board of survey committee charges	112,000	24,000
Procurement expenditure	-	5,500
Awareness programmes	34,505	228,774
Management corporation expenditure	104,008	21,155
	301,618	337,119
23. Financial expenditure		
Audit fees	765,072	792,396
Bank charges	93,206	107,131
Allocation for doubtful debt	-	2,433,469
Economic service charges	-	992,374
Nation Building Tax	-	240,826

Notes to Financial Statements

	2020	2019
Stamp Fees	2,467	12,042
	860,745	4,578,238

24. Non-operational expenditure

Entertainment allowance of the Chairman	35,825	41,527
Sundry expenses	27,733	174,782
Corporate responsibility programme	10,025,000	150,000
Disciplinary inquiry charges	146,657	64,055
Yovun Puraya -Exhibition expenditure	-	164,638
	10,235,214	595,002

25. Surplus/deficit from the sale of fixed / inventorized scrap materials

Sale price	-	43,950
Cumulative depreciation	-	266,935
	-	310,885
Less		
Cost	-	266,935
Surplus/deficit of selling scrap materials	-	43,950

Notes to Financial Statements

	2020	2019
01. Cash in bank and in hand		
People's Bank-Account Nol - 204-1-001-0081817	396,267	30,154,990
People's Bank-Account No - 204-1-002-19 - 0081817	1,080,532	1,080,532
Bank of Ceylon Account No- 0000351042	854,074	6,409,735
Deposits of savings account –Peoples' Bank	-	35,102
	2,330,873	37,680,359
02. Sundry deposits		
Employee safe deposit investments	133,125	128,187
Fuel deposits	250,000	250,000
Deposit for the use of postal frank	5,000	5,000
	388,125	383,187
03. Debtors		
Parliament Secretariat-Madiwela	783,461	1,832,524
Gampaha Hospital – Pump house maintenance	1,452,314	1,685,594
Lanka Ket (Pvt) Ltd	-	807,188
Arbitration charges	2,671,161	2,671,161
Electricity bills of govt. employee housing scheme, Jalthara	419,775	422,429
Negambo hospital, pump house maintenance	5,940,770	5,940,770
Seagull Development (Pvt) Ltd	63,027	63,027
R.H.S.Wijepala	11,891	11,891
Gampaha Development Company	-	216,477
Civimech Constructions	-	120,905
A.M.M. Thahir	54,657	54,657
Freedom Park shopping complex	165,376	165,376
Coral Property	-	701,926
Flower Court	548,137	548,137
Mahiyanganaya Weekly Fair	657,849	657,849
Hiru Development	125,080	125,080
Home Lands	-	1,049,151
M. Abeyesuriya	6,061	6,061
	12,899,559	17,080,203
Less		
Allocation for bad and doubtful debt	9,407,674	10,248,672
	3,491,886	6,831,531
04. Staff loans and advances		
Natural disaster loans	70,266	198,447
Distress loan	19,851,215	19,769,907

Schedules for Financial Statements

	2020	2019
Special distress loan	517,500	573,750
Festival advance	46,250	80,000
Book purchasing advances	742,400	480,000
Welfare society	350,000	-
Hiraj Suranga	-	170,308
G.A.U.T. Sampath	1,252	12,520
Pradeep Prasanna	55,284	75,186
J.Nithyakala	-	1,500
Nishadi Anukshika	92,884	92,884
Chandana Samarasinghe	30,313	-
Gampaha recoveries from employees	82,227	-
	21,839,592	21,454,502

05. Advances received from customers

Nagamu Purawara	Schedule 13	1,144,729	1,144,729
Removal of unauthorized structures - NHDA		350,568	350,568
		1,495,297	1,495,297

06. Sundry creditors

Value Added Tax	5,949,882	1,906,008
Nation Building Tax	36,164	36,164
Sundry advances	3,176	3,176
Sinking fund of the Edmonton Government servant housing scheme	14,981,791	13,563,311
Swayan Saviya "Soyzapura Housing Scheme"	6,865	6,865
Lunawa Samudra Shakthi Management Corporation	-	802,209
Svana Fund	82,564	82,564
Employee Welfare Fund	15,000	45,000
Employee medical insurance reimbursement	-	7,747
Span Engineering	10,000	10,000
Suboda Karunasekara	-	1,867
Payable to employees	74,845	-
	21,160,288	16,464,911

07. Accrued liabilities

Payable EPF	1,221,062	1,193,553
Stamp duties	48,720	9,197
Payable ETF	166,508	162,757
Third party payments	5,525	368,622
	1,441,816	1,734,129

Schedules for Financial Statements

	2020	2019
08. Issuing certificates for condominium property		
Certificates issued for property of which construction has been completed - Up to 5 units	4,242,229	3,408,638
Certificates issued for property of which construction has commenced - above 5 units	120,032,723	110,724,989
Certificates issued for provisional properties- up to 5 units	-	1,371,987
Certificates issued for provisional properties –above 5 units	518,661	558,799
Certificates issued for partial constructions – up to 5 units	-	-
Certificates issued for partial constructions- above 05 units	21,525	7,146,409
Renewal fee of condominium certificates	7,500	36,000
25% Condominium certificates (preliminary clearance)	43,343,107	31,002,072
Fees for recommending the removal of condominium property	-	4,000
	168,165,746	154,252,894
09. Repairs and maintenance income		
Maintenance income of MP's housing scheme, Madiwela	5,227,124	4,724,451
Maintenance income -Pump house, Gampaha Hospital	3,182,959	3,375,016
	8,410,083	8,099,467
10. Miscellaneous operational income		
Kataragama circuit bungalow income	128,180	265,289
Other income	148,736	43,528
	276,916	308,817
11. Registration fees		
Income from the registration of private management corporations	106,794	92,542
Income from the renewal of the registration of private MCs	1,896,839	1,575,208
Income from the registration of MCs of Government housing schemes	-	42
Income from renewal of registration of MCs of Government H.S	36,667	75,708
Income from renewal of the registration of private management committees	4,375	625
Income from renewal of registration of management committees of housing schemes	27,208	9,813
Income from renewal of registration of MCs of Government H.S	250	-
Suppliers' registration income	25,000	72,000
	2,097,132	1,825,938
12. Repairs and maintenance income		
Maintenance expenditure of MP's housing scheme, Madiwela	586,760	600,372
Maintenance expenditure- pump house, Gampaha Hospital	23,251	626,212
	610,011	1,226,584
13. Nagamu Puravara – Advances		
Money received for Nagamu Puravara project	2,491,071	2,491,071
Less-work value	(1,346,342)	(1,346,342)
Amount brought forward on 31.12.2015	1,144,729	1,144,729

Condominium Management Authority
Statement on changes in net assets/equity
Currency unit for the year ended 31.12.2020 Rs. 000

	Relevant to the owners of the governing entity						Minor shareholders entitlement	Total net assets / equity
		Statutory provisions	Revaluation reserves	General reserves	Accumulated loss / profit	Total		
Balance carried forward as at 01 Jan.2019	3,000	2,263	22,309	1,350	310,448	339,370	-	339,370
Change in fixed assets/equity for year 2019	-	-	(13,360)	-	15,404	2,044	-	2,044
Surplus/deficit for the period	-	-	-	-	18,187	18,187	-	18,187
Balance as at 31 December 2019	3,000	2,263	8,949	1,350	344,039	359,601	-	359,601
Balance carried forward as at 01 Jan. 2020	3,000	2,263	8,949	1,350	344,039	359,601	-	359,601
Change in net assets/equity for 2020	-	-	-	-	(1,261)	(1,261)	-	(1,261)
Surplus/(deficit) for the period	-	-	-	-	32,964	32,964	-	32,964
Balance as at 31 December 2020	3,000	2,263	8,949	1,350	375,742	391,304	-	391,304

Condominium Management Authority Cash Flow Statement as at 31.12.2020

<u>Cash flow for operational activities</u>	2020	2019
Net loss/profit before income tax and specialized items	44,534,661	18,186,738
<u>Adjustments</u>		
Depreciation of fixed assets	(418,118)	-
Depreciation allocation	12,666,348	12,401,023
Over allocations for bad and doubtful debt	(840,998)	-
Profits from the sale of inventory items	-	(43,950)
Allocations for audit fees	765,072	792,396
Allocations for gratuity	3,576,404	5,744,320
Investment income /Non-operational income	(22,241,277)	(33,868,778)
Income tax provisions	-	8,091,093
Income tax payments	(1,499,710)	-
Provisions for Economic Service Charges	-	202,686
	36,542,382	11,505,528
<u>Changes in working capital</u>		
Stock (increase)/decrease	368,875	(104,251)
Debtor (increase) /decrease	3,790,615	(834,080)
(Increase)/decrease in other receivable balances	(330,478)	621,698
Upcoming Payments ^Increase&\$decrease	(99,301)	(500)
(Increase) /decrease in payable balances	(35,699)	(7,791,639)
(Increase) /decrease in accrued expenditure	(2,085,615)	(2,632,544)
(Increase)/ decrease in creditors	4,695,377	(5,632,216)
Deprecition of fixed assets	-	(418,117)
Cash flow generated by operational activities	42,846,155	(5,286,171)
Payment of gratuity provision	(1,015,920)	(2,827,980)
Payment of economic service charges	(220,411)	-
Payment of audit fees	(1,034,671)	(737,748)
Net cash flow from operational activities	40,575,154	(8,851,899)
<u>Cash flow from investment activities</u>		
Investments	(69,611,977)	(6,173,752)
Purchase of fixed assets	(4,574,933)	(5,648,689)
Sale of store goods	-	43,950
Interest receipts	22,241,277	33,868,778
Payment of Economic Service Charge	-	(453,924)
Payment of income taxes	-	(43,205,596)
Net cash flow on investment activities	(11,370,479)	(30,421,132)
<u>Cash flow on financial activities</u>		
allocations through treasury provisions	-	(25,377,602)
Previous year adjustment	(1,260,542)	2,044,566
Net cash flow on financial activities	(1,260,542)	(23,333,036)
Net cash flow for cash and cash equivalents	(12,631,021)	(53,754,168)
Starting balance- cash and cash equivalents	54,571,246	108,325,416
Closing balance- cash and cash equivalents	41,940,224	54,571,246

Condominium Management Authority Reconciliation of budgeted and actual values for the year ended 31 December 2020

Actual value		Actual value	Budgeted figures			Difference between second amended budget and actual values
			First budget	First amended budget	Second amended budget	
			2020	2020	2020	
<u>Revenue</u>						
162,661,179	Operational income	176,852,745	329,360,000	329,360,000	180,680,000	3,827,255
1,946,917	Other operational income	2,172,132	2,710,000	2,710,000	2,870,000	697,868
33,868,778	Non-operational income	24,693,205	42,332,000	42,332,000	32,530,000	7,836,795
198,476,874	Total operational income	203,718,082	374,402,000	374,402,000	216,080,000	12,361,918
<u>Operational Expenditure</u>						
117,368,596	Employees' salaries and wages	110,820,596	135,588,000	135,588,000	109,358,000	(1,462,596)
3,147,682	Transport expenditure	1,060,558	4,070,000	4,070,000	1,065,000	4,442
7,359,344	Supplies and consumable items	5,728,412	9,500,000	9,500,000	5,200,000	(528,412)
14,275,872	Maintenance Expenditure	6,051,013	16,600,000	16,600,000	8,800,000	2,748,987
9,242,498	Statutory expenditure	9,385,712	9,828,000	9,828,000	9,926,000	540,288
2,937,619	Direct expenditure	2,073,206	2,700,000	2,700,000	2,350,000	276,794
12,401,023	Fixed assets depreciation	12,666,348	13,018,000	13,018,000	12,370,000	(296,348)
337,119	Other operational expenditure	301,618	7,800,000	7,800,000	3,350,000	3,048,382
167,069,753	Total operational expenditure	148,087,463	199,104,000	199,104,000	152,419,000	4,331,537
31,407,121	Operational activities - Surplus / (deficit)	55,630,619	175,298,000	175,298,000	63,661,000	8,030,381
4,578,238	Financial expenditure	860,745	3,300,000	3,300,000	3,010,000	2,149,255
595,002	Non-operational expenditure	10,235,214	1,530,000	11,530,000	11,230,000	994,786
5,173,240	Total non-operational expenditure	11,095,959	4,830,000	14,830,000	14,240,000	3,144,041
26,233,881	Surplus / (deficit) on operational activities	44,534,660	170,468,000	160,468,000	49,421,000	4,886,340
43,950	Surplus / (deficit) on sale of scrap materials	-	500,000	500,000	250,000	250,000
26,277,831	Net surplus / (deficit) before tax deduction	44,534,660	170,968,000	160,968,000	49,671,000	5,136,340

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Notes

CONDOMINIUM MANAGEMENT AUTHORITY



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