

18

2003-2021

Protection for shelter
Marching forward with excellence



CONDOMINIUM MANAGEMENT AUTHORITY

Annual Report 2021

Protection for shelter
Marching forward with excellence

State Ministry of Urban Development, Garbage Disposal
and
Community Cleanliness



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.



Protection for shelter

Marching forward with excellence

Water, food and shelter are the basic needs of human beings. In order to duly satisfy these needs, governments take diverse and timely measures with the objective of creating a more organized and virtuous society. “Housing” has evolved with innovation and novel concepts for satisfying aspirations of people passing through different stages of human civilization. The condominium concept that came into being as a solution to the housing problem is successfully being implemented in almost all countries of the world and promoted as an ideal. The Condominium Management Authority which is the only public sector regulatory body of condominium housing in Sri Lanka has been delivering an unparalleled service for 18 years to residents of condominium properties, property developers and professionals engaged in the field.

Guiding towards the establishment of sustainable cities and habitats as envisaged in sustainable development goals and secured, flexible and sustainable condominium human settlements themed upon the protection of biodiversity and bio-systems, the Condominium Management Authority is continually engaged in this process. The Authority stands tall as self-financing entity not dependent upon the treasury provisions employing strict financial discipline and streamlined corporate administrative structure to achieve its targets. The CMA has thereby set an example conveying the message of structural changes to other public sector enterprises.

Pursuing the theme of “Strong Management Corporation is the backbone of a convenient condominium living”, the Condominium Management Authority whilst broadening the horizons of comfortable multi-storey lifestyle renders its services to the nation with a feeling of utmost satisfaction.



18
2003-2021

Protection for shelter
Marching forward with excellence



Receiving accolades and positive responses on the back of our efforts to accomplish the policy and administrative decisions incorporated in the Action Plan of 2021 is an outstanding achievement



Chairman's Message / 09



Property developers, professionals and condominium occupiers were made aware of the legislation and regulations using audio and video media which was an investment of knowledge for the promotion of condominium concept



Review of the General Manager / 11

Contents

Vision and Mission/03

About this report

Annual Report 2021 / 06

Legislation relevant to condominium properties / 07

Condominium history – today / 08

Chairman's Message / 09

Review of the General Manager / 11

Corporate Profile

Board of Directors of the CMA / 12

Corporate Management of CMA / 14

Objectives / 15

Powers / 16

Financial Progress / 17

Employee Customer and Social Responsibility / 18

Organizational Structure / 19

Administrative Report

Approval and issuance of certificates for condominium projects / 20

Condominium certificates issued by CMA in 2020 / 21

Role of the Customer Care Division / 22

Complaints handling mechanism of the Customer Care Division / 23

Empowering Management Corporations / 24

Public and private condominium units constructed in Sri Lanka from 2005-2020 / 25

Role of the Legal Division / 26

Solutions mechanism for complaints made to the Legal Division / 27

Proposals for amendments to Acts to address time needs of housing / 28

Sustainable Development Goals / 30

Annual activities 2021 / 31

Approved and actual cadre estimate as per the recruitment scheme / 32

Corporate Plan / 33

Review report of the Audit and Management Committee for the year 2021 / 34

Auditor General's Report / 40

Financial statements / 42

Report on other legal and regulatory requirements / 46

Other matters / 47

Financial Reports / 49

Statement of financial position as at 31 December 2021 / 50

Statement of financial performance / 52

Notes / 53

Notes to financial statements / 59

Schedules for financial statements / 65

Statement on changes of net assets / 68

Statement of cash flow as at 31.12.2021 / 69

Comparison of budgeted and actual values / 70

Annual Report 2021

Condominium Management Authority

The annual report of 2021 has been designed as the 'Protection for Shelter – Marching forward with excellence' for easy reference and publishing audit and account statements in compliance with the prescribed standards ensuring transparency.

This report for the year 2021 has been prepared in line with the guidelines issued by the cabinet office in August 2020. Accordingly, the following matters incorporated in 3(XII) therein have been submitted through this report of 2021.

- (a) The report on performance of the institution for the relevant period
- (b) Short and medium term measures intended to pursued to improve the performance of the institution
- (c) 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

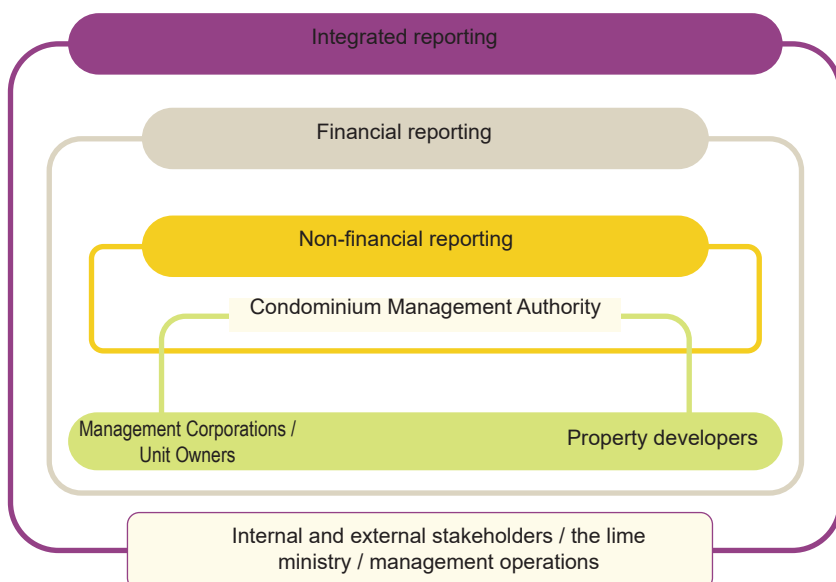
Further, the audit and account statement has been prepared in conformity with the auditing and accounting standards set forth in the guidelines for the preparation of annual reports issued by the Department of Public Enterprises.

Report boundary

Non-financial statements relevant to the financial report for the year ended 31 December 2021 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 2020. 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.



This report can be viewed online using this QR code



Designing and Preparation
G. A. U. T. Sampath
Pravini Wijesinghe
Management Information System Unit
Condominium Management Authority



Legislation relevant to Condominium Properties

Condominium Property Act, No.12 of 1970

This Act provides for the registration of condominium plan and declaration, subdivision of properties into parts, individual ownership of units, disposition of titles thereto and for the use and management thereof and the Act also stipulates that upon the registration of a condominium plan, the owners of the units in the parcel to which Condominium Plan applies shall constitute a body corporate.

Apartment Ownership Act, No. 11 of 1973

Conferring broader powers on the Commissioner for National Housing vested in him by the Ceiling of Housing Property Law. No. 01 of 1973, the Apartment Ownership Act, No.11 of 1973 was passed by the Legislature repealing the Condominium Property Act, No. 12 of 1970. Therewith, in place of provision 11 which stated that upon the registration of a condominium plan, the owners of the units shall constitute a body corporate, a new provision was introduced which states that it shall be lawful for the owners of units to form themselves into associations or bodies for the purpose of controlling, managing, maintaining or administering the common elements of such property.

Apartment Ownership (Amendment) Act, No.45 of 1982

The Act, No. 45 of 1982 introduced the system of Management Corporation and a host of new powers were added to the principal enactment through these amendments in respect of the role of the Management Corporation, funds of the Management Corporation, appointment of an administrator through the courts and insurance of properties.

Apartment Ownership (Special Provisions), Act No. 04 of 1999

A situation prevailed where condominium housing schemes vested in the National Housing Commissioner by Act, No. 01 of 1973 and some condominium housing schemes constructed in terms of the National Housing Development Authority Act, No.17 of 1979 could not be registered as they were not in compliance with the provisions and regulations of the Urban Development Authority Act as well as owing to the inability of the local authorities to issue the Certificate of Conformity due to the non-availability of required documents.

Apartment Ownership (Special Provisions), Act No. 27 of 2002

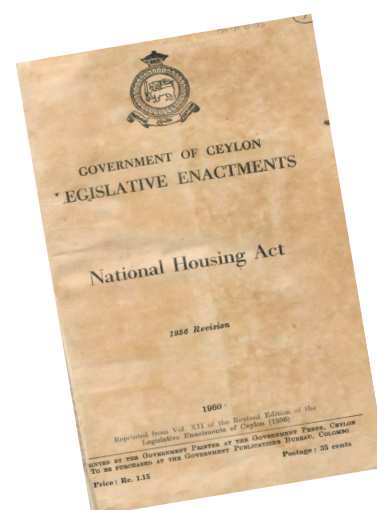
A period of two years was allocated for the realization of objectives sought to be achieved by Act, No. 04 of 1999 and though this period lapsed on March 09, 2001, the ownership of such condominium properties could not be disposed due to issues involved in the transfer of lands and problems associated with the preparation of condominium plans. Therefore, the Apartment Ownership (Special Provisions) Act, No.27 of 2002 was adopted for the purpose of fulfilling those tasks.

Common Amenities Board (Amendment) Act, No 24 of 2001

The Common Amenities Board Act, No.10 of 1973 was amended through the Act, No, 24 of 2003 facilitating the establishment of the Condominium Management Authority with wide ranging powers including 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 registration of the property, settling issues among various stakeholders of the condominium property, removing unauthorized structures and redeveloping the property.

Apartment Ownership (Special Provisions), Act No. 27 of 2002

Through the amendments of the Apartment Ownership (Amendment) Act, No. 39 of 2003, provisions were made for the registration of a condominium property at the office of the Registrar General on 03 occasions as 'Condominium Property', 'Provisional Condominium Property' and 'Semi Condominium Property'.



The first Housing Act of Sri Lanka pertaining to multi storey housing

CONDOMINIUM HISTORY - TODAY

Landmarks of condominium housing 1959 - 2021

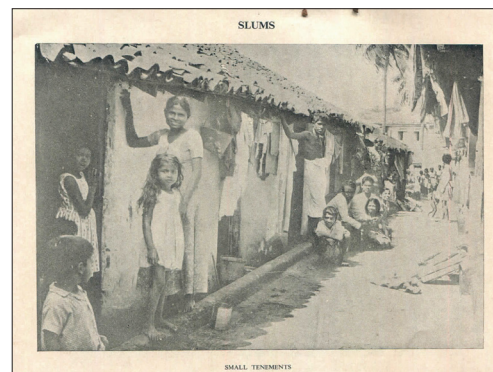
1959

Appointment of a committee to study housing issues of Sri Lanka.



1963

Launching of the first policy statement on the housing policy of Sri Lanka.

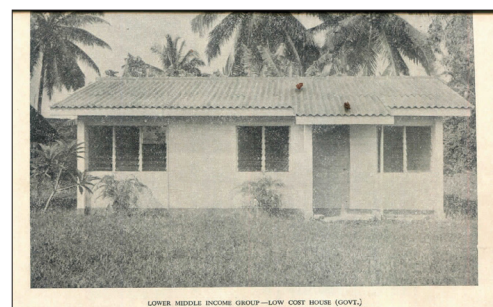


1970

Introduction of legal provisions as to a condominium property by the Condominium Property Act, No. 12 of 1970.

1973

Apartment Ownership Act, No. 11 of 1973 was adopted so as to confer extensive powers for the management of multistory and apartment houses under the Ceiling on Housing Property Law, No. 01 of 1973. This repealed the Act, No. 12 of 1972 and introduced provisions making it lawful for the owners of units to form themselves into associations or bodies. Similarly, the Common Amenities Board was established by Act, No. 10 of 1973 for the maintenance of such properties.

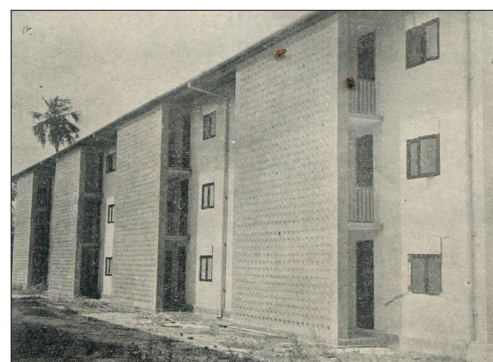


1982

Apartment Ownership Act, No.45 of 1982 introduced the system of Management Corporation and it contained provisions for the reinforcement of the system of Management Corporations.

2003

The Common Amenities Board Act, No.10 of 1973 was amended by Act, No. 24 of 2003, facilitating the establishment of the Condominium Management Authority with wide ranging powers including 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 amongst various stakeholders of the condominium property, removing unauthorized structures and redeveloping the property. Through the amendments of the Apartment Ownership (Amendment) Act, No.39 of 2003, provisions were made for the registration of a condominium property at the office of the Registrar General on 03 occasions as 'Condominium Property', 'Provisional Condominium Property' and Semi Condominium Property'.



2017

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



“Receiving accolades and positive responses on the back of our efforts to accomplish the policy and administrative decisions incorporated in the Action Plan of 2021 is an outstanding achievement”



All of us without a semblance of a doubt expected that the economy which took a beating in the aftermath of Covid-19 pandemic to bounce back to normal during the year 2021 easing all the related issues.

The lion's share of the provisions allocated for infrastructure facilities and development of the country had to be funneled for the eradication of Covid pandemic and related welfare measures and the health sector. This was done with the intention of realizing developmental targets through human community enjoying the benefits of good health.

However the Covid19 pandemic which could not be reined in by anything, continued to wreak havoc on economy and the society at large in the year 2021 as well. Due to the protracted pandemic situation

resulting in global as well as domestic impacts, the economy was in doldrums in the absence of safeguards that could counter the aftershocks of the pandemic. Therefore, the government, being well aware of the lasting impact on economy, framed policies to ensure economic wellbeing as a long term strategy thus minimizing the possible repercussions on the construction industry. The resultant positive trends in relation to the construction sector saw the Condominium Management Authority achieving a record growth of 84.8% in the year 2021 as compared to the year 2020.

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” and the CMA strived to fuse this into the condominium sector policy wise. 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 2021 for the advancement of the residents, professionals and policy formulators involved in the field.

Receiving accolades and positive responses on the back of our efforts to accomplish the policy and administrative decisions incorporated in the Action Plan of 2021 is an outstanding victory achieved by us. Though the construction sector declined by 13.2% in the year 2020,

spurred by the growing demand for housing and the resumption of projects that had been suspended, the sector recorded a growth of 1.9% during the year 2021. As the condominium sector too was represented within this growth, the post tax profit of the CMA recorded a year on year growth of 295% in 2021. Owing to management operations backed by astute management, the CMA continued to be in a sound economic footing. As the Authority achieved institutional targets despite the tough operating environment, the benefits thereof could be passed on to employees. This was the greatest benefit offered to employees in the history of the Condominium Management Authority. As a public entity not dependent upon the treasury provisions, the CMA has set an example and sent a strong message to other state sector

Policies were framed to ensure economic wellbeing as a long term strategy thus minimizing the possible repercussions on the construction industry. The resultant positive trends in relation to the construction sector saw the Condominium Management Authority achieving a record growth of 84.8% in the year 2021 as compared to the year 2020.

Owing to management operations backed by astute management, the CMA continued to be in a sound economic footing. As the Authority achieved institutional targets despite the tough operating environment, the benefits thereof could be passed on to employees. This was the greatest benefit offered to employees in the history of the Condominium Management Authority.

As a pilot in the condominium sector, we have overcome the objectives and financial challenges even under challenging conditions. It is because of the courage and confidence of our employees.

institutions that goals and objectives can be achieved and challenges can be overcome through competent management. It also served as the cornerstone of employee motivation. In the year 2021, action was taken to reduce fees levied for public sector condominium properties by 83% and it was effectively managed so as not cause a negative impact on the revenue of 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 and flexible manner.

Further, the Condominium Management Authority Act was amended taken cognizance of timely requirements and emerging trends whilst introducing regulatory mechanisms and practical measures for resolving disputes. These amendments are designed to address issues connected with condominium properties of property developers, other stakeholders of the sector and professionals.

Despite the highly challenging environment, as the flagship public sector entity in the condominium sector, we have been able to achieve our goals and overcome financial challenges due to the unwavering commitment and resolve of our valued employees. Hence, it is with immense pleasure that we present this Annual Report of 2021 with audit financial accounts to you in the midst of this challenging period.

Acknowledgement

I wish to take this opportunity convey my 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 2010. I am also thankful to the Hon. Prime Minister who as the Minister of Urban Development and Housing has been a source of inspiration, offering guidance

for the sustainability of the Authority 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



Review of the General Manager

Despite being compelled to restrict office services, as the regulator of the sector, a satisfactory service could be offered to our clientele. Owing to the maintenance of personal and social distance, satisfactory solutions could be offered to residents of condominium properties.

I am pleased to present to you the Annual Report 2021 together with the audited financial report for the year ended 31 December which was made possible by the commitment of our employees despite many challenges encountered during the year. The year saw the Condominium Management Authority recording the highest ever income of its history of Rs. 376.45 million. Taking into consideration the emerging trends of the constantly changing condominium sector, a massive effort was made for the advancement thereof by bringing about radical changes through the amendment of existing legislation. Year 2021 was a year that entailed numerous challenges globally as well as locally. However, due to the adoption of risk management strategies, the revenue generation of the Authority could be enhanced. Amidst the setbacks of the construction sector, this was of special significance to the Authority

as it was able to implement operations so as not to cause any impediment to the revenue generation. Despite being compelled to restrict office services, as the regulator of the sector, a satisfactory service could be offered to our clientele. Owing to the maintenance of personal and social distance, satisfactory solutions could be offered to residents of condominium properties.

The easing of this situation to a certain degree during the last quarter of the year 2021 had a positive impact on the growth of revenue of the Authority. In the year 2020, the operational income of the Authority stood at 203.72 million and surged to Rs. 376.45 in the year 2021 denoting a highly impressive growth of 84.79%. This income was earned by the Authority from revenue sources such as the issuance of condominium certificates and the registration and renewal of registration of management corporations. The net profit after tax stood at Rs. 130.33 million posting a year on year growth of 295% and for the first time in the history, the CMA was able to pay revenue taxes amounting to Rs. 25.00 million to the Treasury in addition to income tax.

Despite the economic woes caused by Covid-19 pandemic situation, the Authority was able to revive the fortunes of the condominium sector which remained sluggish during this period through the implementation of risk management strategies. This enabled the Authority to issue 144 condominium property and clearance certificates generating revenue of Rs. 335.03. Property developers, professionals and condominium occupiers were made aware of the legislation and regulations using audio and video media which was an investment of knowledge for the promotion of condominium concept.

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 with the assistance of a panel of experts and veterans of the field and the amendments were handed over to the Minister of Justice to be referred to the Legal Draftsman's Department. Since all these successes and the achievement of financial targets were made possible by the unfaltering commitment of our employees, significant benefits could be offered to them at the year as a token of gratitude. Through these incentives, the management expects them to demonstrate the same level of commitment and inspire them to achieve higher targets in the coming year.

Acknowledgement

I convey my appreciation to all those contributions made 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 placing their trust on me and truly value their guidance. I also wish to take this opportunity to be thankful to the cooperation extended by trade unions of the CMA in carrying out its activities and I would also like to acknowledge with much appreciation the commitment and energy of the executive and other staff members which enabled us to ride out this testing period. I would especially like to thank the Hon. Minister, the government of Sri Lanka, secretaries of ministries and additional secretaries and the Auditor General and his staff for their guidance and direction in conducting operational activities. Finally, I'd like to convey my deep gratitude to all our partners for their unrelenting support.

Dr. Indunil Liyanage
**General Manager
Condominium Management
Authority**

Board of Directors of Condominium Management Authority



Mr. Sarana Karunaratne, Attorney at Law
Chairman
Condominium Management Authority
2020.02.13

Dr. Indunil Liyanage
General Manager
Condominium Management Authority
From 26.11.2020 to 31.12.2021



Mr. M. M. C. K. K. Mannapperuma
Municipal Commissioner
Dehiwala Mount Lavinia MC
From 23.12.2020

Mr. Damitha Kumarasinghe
Director General
Public Utilities Commission of Sri Lanka
From 27.02.2020 to 31.12.2021



Mrs. B. N. Gamage
Additional Director General
National Budget Department
From 27.02.2020 to 31.12.2020

Engineer K. A. Janaka
General Manager
National Housing Development Authority
From 08.06.2021 to 31.12.2021



Mr. Rohan Thudawa
Chairman
Thudawa Brothers Pvt Ltd
From 27.02.2020 to 31.12.2021



Mrs. Roshini Dissnayake - Attorney at Law
Municipal Commissioner
Colombo MC
From 27.02.2020 to 31.12.2021

Engineer C. C. H. S. Fernando
Additional General Manager (Western)
National Water Supply and Drainage Board
29.06.2021 to 31.12.2021
For General Manager



Mr. S.D. Thewarapperuma
Municipal Commissioner
Moratuwa MC
From 27.02.2020 to 31.12.2021

Mrs. Shalika Ranaweera
Municipal Commissioner
Kotte MC
From 14.10.2021 to 31.12.2021



Mr. M. H. V. Rathnakumara
Director (Housing)
Representation instead of Director General
From 21.01.2021 to 31.12.2021
Urban Development Authority

Corporate Management of Condominium Management Authority



Mr. K. H. A. Upali
Deputy General Manager (Finance)



Mr. Nalin Gankanda
Deputy General Manager (Regulatory)



Mrs. Nayana Pelpita
Asst. General Manager (Regulatory)



Mr. P. Amila Nishantha
Asst. General Manager (Finance)



Mrs. Nisansala Illeperuma
Asst. General Manager (Legal)



Mrs. S. H. R. P. Hewage
Asst. General Manager
(Operations/Maintenance)



Mr. Mahesh Gunathilake
Internal Auditor



Mrs. I. P. P. U. Jayathunga
Asst. General Manager
(Operations/Maintenance)



Mr. Sajeewa Chandana De Silva
Asst. General Manager
(Operations/Maintenance)

Junior – Executive Staff

Hemani Jayawardhana	-	Secretary
G. A. U. T. Sampath	-	Management Information System Officer
Samantha Ampagala	-	Customercare Officer
Sajith Srinath Vimukthi	-	Customercare Officer
Indeewari Gamage	-	Account Officer
S. Kosala Ranaweera	-	Senior Engineer Assistant
S. P. Y. D. Sudharmika	-	Senior Engineer Assistant

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 re-development 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 dangerous condominium properties. Accordingly, the powers vested in the CMA in terms of Act. No. 24 of 2003 are as follows.



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.

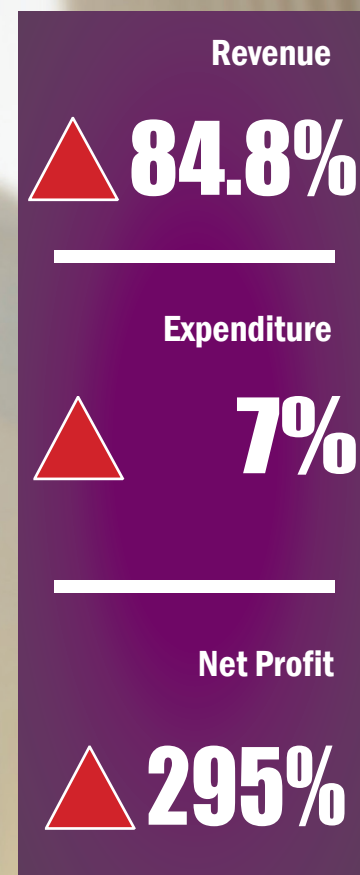
- (a) Acquire by way of acquisition, vesting, grant or purchasing, or to receive by way of gift or otherwise any immovable or movable property and hold, manage, sell, surrender, exchange, lease or otherwise dispose of such property;
- (b) Receive donations and bequests from any source whether local or foreign;
- (c) Borrow moneys 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 good any damage caused by him 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

FINANCIAL PROGRESS

In the year 2021, the Authority generated revenue amounting to Rs. 376.45 million. This indicates an increase of 84.8% compared to the revenue of Rs. 203.72 million of the Authority in the year 2020. The overall expenditure in the year 2020 was Rs. 159.18 million and in comparison, the overall expenditure in 2021 was Rs. 170.38 million. Thus the overall expenditure has seen an increase of 7% in the year 2021 as against the year 2020. The net post tax profit in year 2021 is Rs 130.33 million and in comparison to the year 2020, this denotes an increase of 295%.

The Authority was able to post the said profit as several large scale condominium properties completed construction and obtained the condominium certificate in the year 2021. Owing to this profitable situation, the Authority was able to pay Rs. 25 million to the Treasury as revenue tax in the year 2021 in addition to the income tax.

We contributed to socioeconomic development through the condominium property management and administration role geared towards a comfortable condominium life style culture. The Authority plays a prominent role in the condominium sector by means of property development and regulation to make a direct and indirect contribution to state revenue.



Pretax
profit

M
ILLION

206.26

Taxes paid to
the government

M
ILLION

75.93

Post-tax
profit

M
ILLION

130.33

As the regulatory authority of the condominium sector, the CMA performed its role optimally full fulfilling the duties towards employees, customers and society at large despite the challenging period.

During this period the Customer Care Division, Legal Division and Engineering Division were 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 a shift system and for employees to carry out duties from 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 an interest free loan was granted to mark the literary month 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 highest ever bonus in the history of the Authority to employees.

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 downslide in the construction sector caused by the unforeseen circumstances, services were offered to keep the property developers motivated.

In addition, 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 environment.

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.

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 on-site 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.

Human Resources Management Division/ 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 publishing orders and regulations in the gazette.

Finance Division

wFinancial 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 System Division

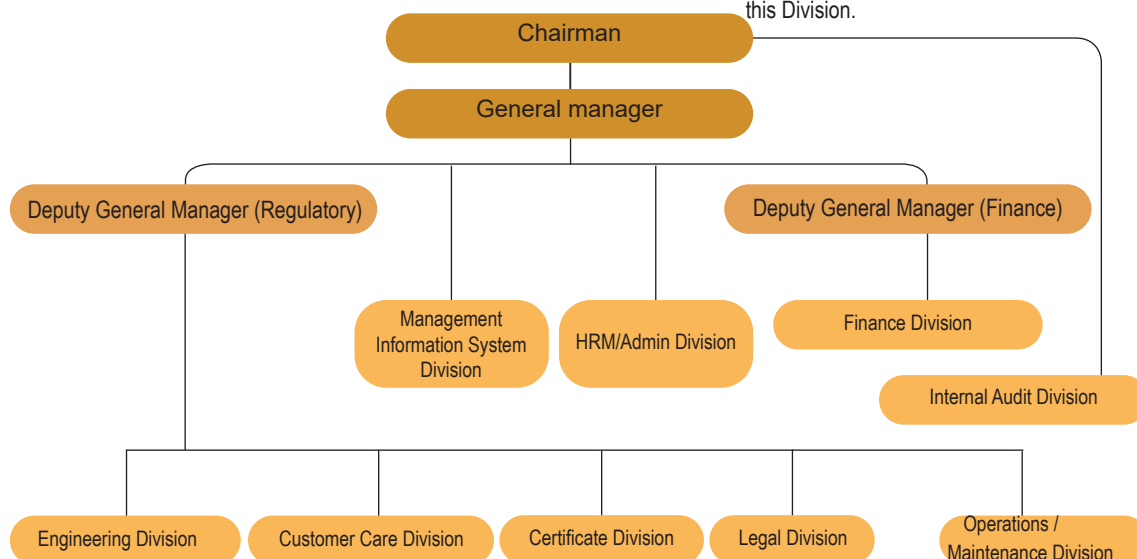
This Division handles all IT related functions of the Authority, identifies emerging trends in the condominium sector and design and prepare publications required for raising awareness.

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.



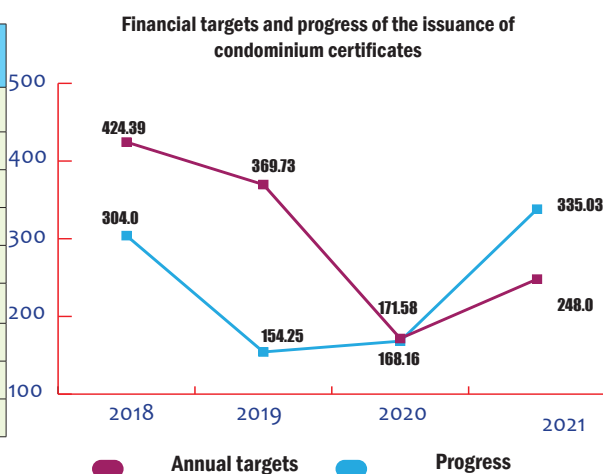
Approval for condominium projects and issuance of certificates

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 CEA, 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.

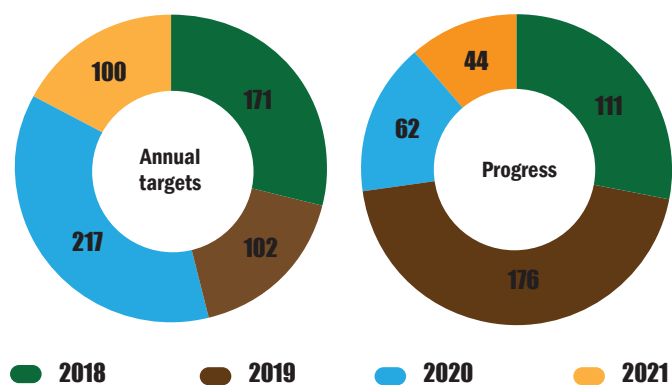
Having inspected whether the common elements and common amenities in condominium properties constructed by the state sector and the private sector have been provided duly and adequately, a condominium certificate is issued by the CEA, the regulatory authority established under the Common Amenities Board (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 31.12.2021, the Authority had issued 1,345 certificates. In the year 2021, one hundred certificates were targeted and the progress as at the end of the year was 44.

Physical and financial targets of condominium certificates issued by the Authority during the period from 2018-2021			
		Annual targets	Progress
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
2021	Financial (Rs Mn)	248	335.03
	Physical	100	44



Physical targets and progress of the issuance of condominium certificates



2005-2021
Certificates Issued **1345**

Of the applications forwarded in the year 2021 seeking to obtain condominium certificates, certificates were not issued in respect of 17 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 but the sector has experienced a setback due to the prevailing situation.

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, No. 23 of 2018 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 CEA In the year 2021

PPC - 144

Preliminary Planning Clearance

Preliminary Planning Clearance

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.

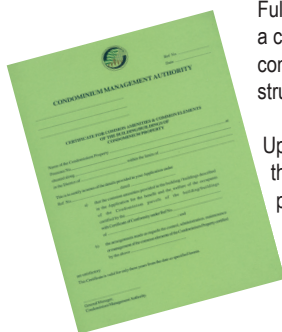
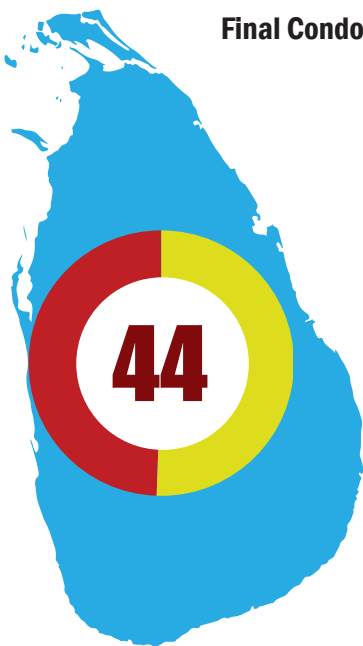
Accordingly, in the year 2021, PPCs were issued in respect of 144 proposed condominium certificates. These clearance instructions serve as a guidance to property developers during the construction phase.

Condominium Certificates

Total number of condominium certificates issued in the year 2021 - 45

Number of full / provisional / semi condominium certificates

Final Condominium Certificate



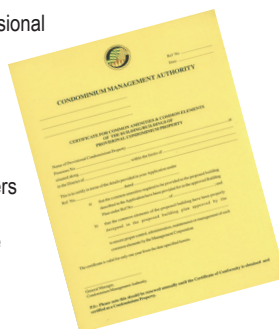
Full condominium certificate should be obtained after the completion of construction of a condominium property. If this certificate is to be obtained, the building should be in compliance with the approved building plan and should be devoid of any unauthorized structures.

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.

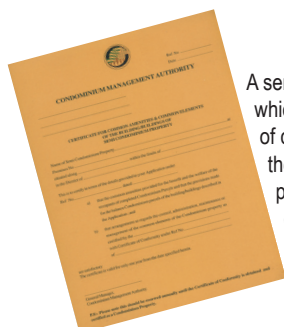
Provisional Condominium Certificate

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 scattered or 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 residents 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 the 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 Consumer 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 Audi 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 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.

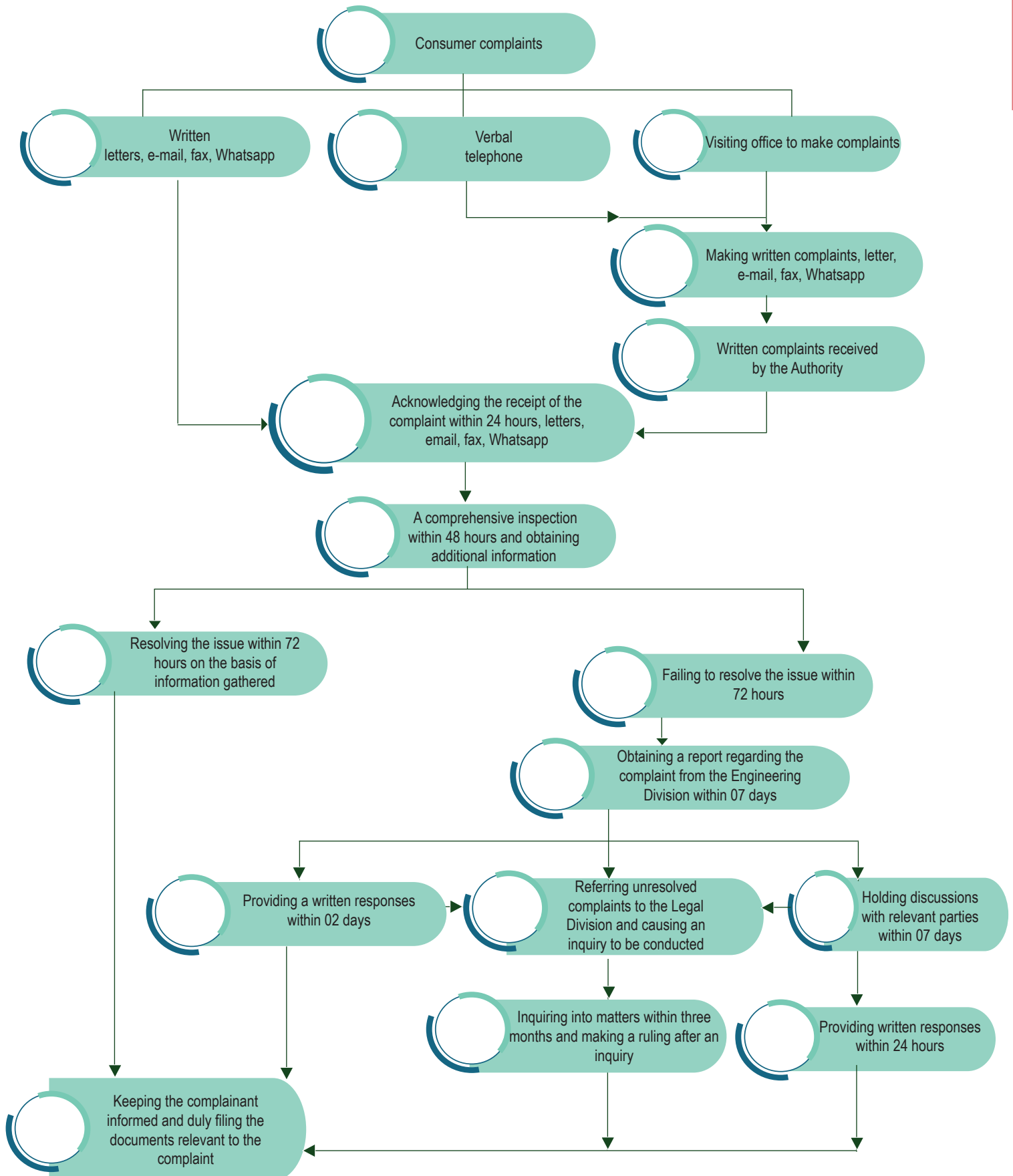
Further, creating awareness among condominium residents on the condominium law and other matters of importance to them and conducting awareness programmes for public officials on the condominium law and conducting research on condominium properties scattered across the country are handled by this Division 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



Empowerment of 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.

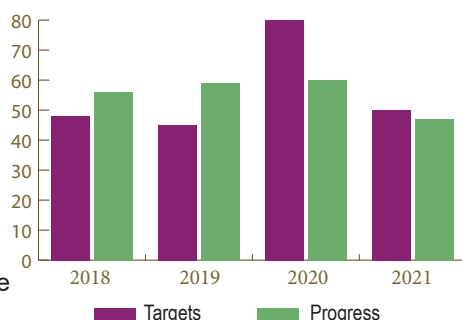
From the year 2005 up to now, the authority has constituted management corporations in 1,128 condominium properties.

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.

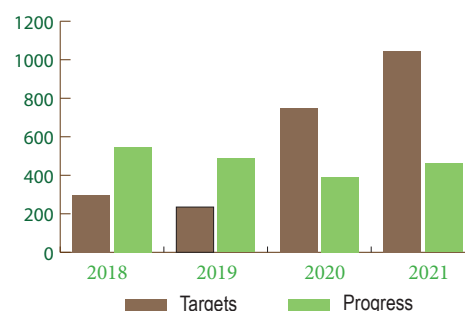
Accordingly, solutions were offered to 1,918 out of 2,006 complaints received by the Authority during the year 2021.

Progress in establishing Management Corporations by the Authority from 2018 up to 2021						
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	Progress	Targets	Progress	Targets	Progress
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

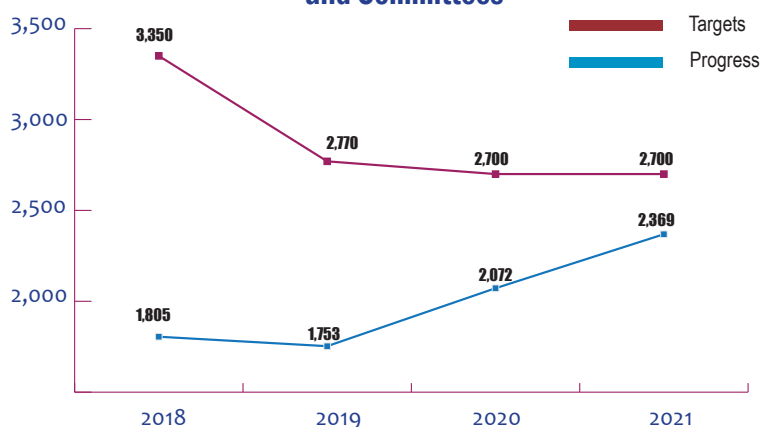
Registration of Management Corporations



Renewal of registrations / reactivating dormant management corporations



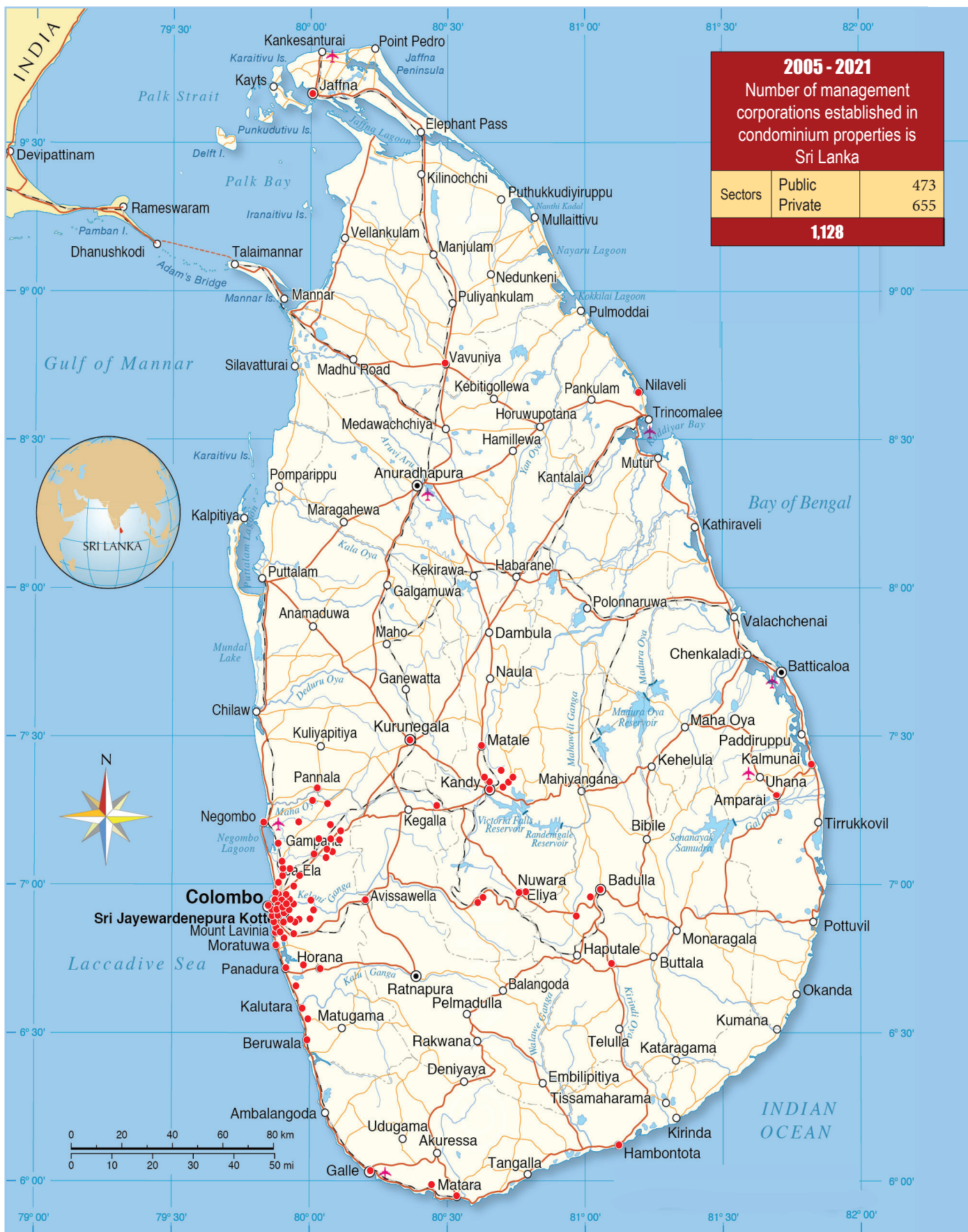
Revenue from the registration of Management Corporations and Committees



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 National Housing 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 labour 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 the buyers of the property.

Distribution of public and private condominium properties across Sri Lanka from 2005 to 2021



The above map shows the distribution of condominium properties constructed in Sri Lanka since the establishment of the CEA. 1,128 management corporations have been established in those condominium properties from 2005 to 2021

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 investigation officer appointed by the CMA. An order is then made by the Authority based on the recommendations issued by the Investigating 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.

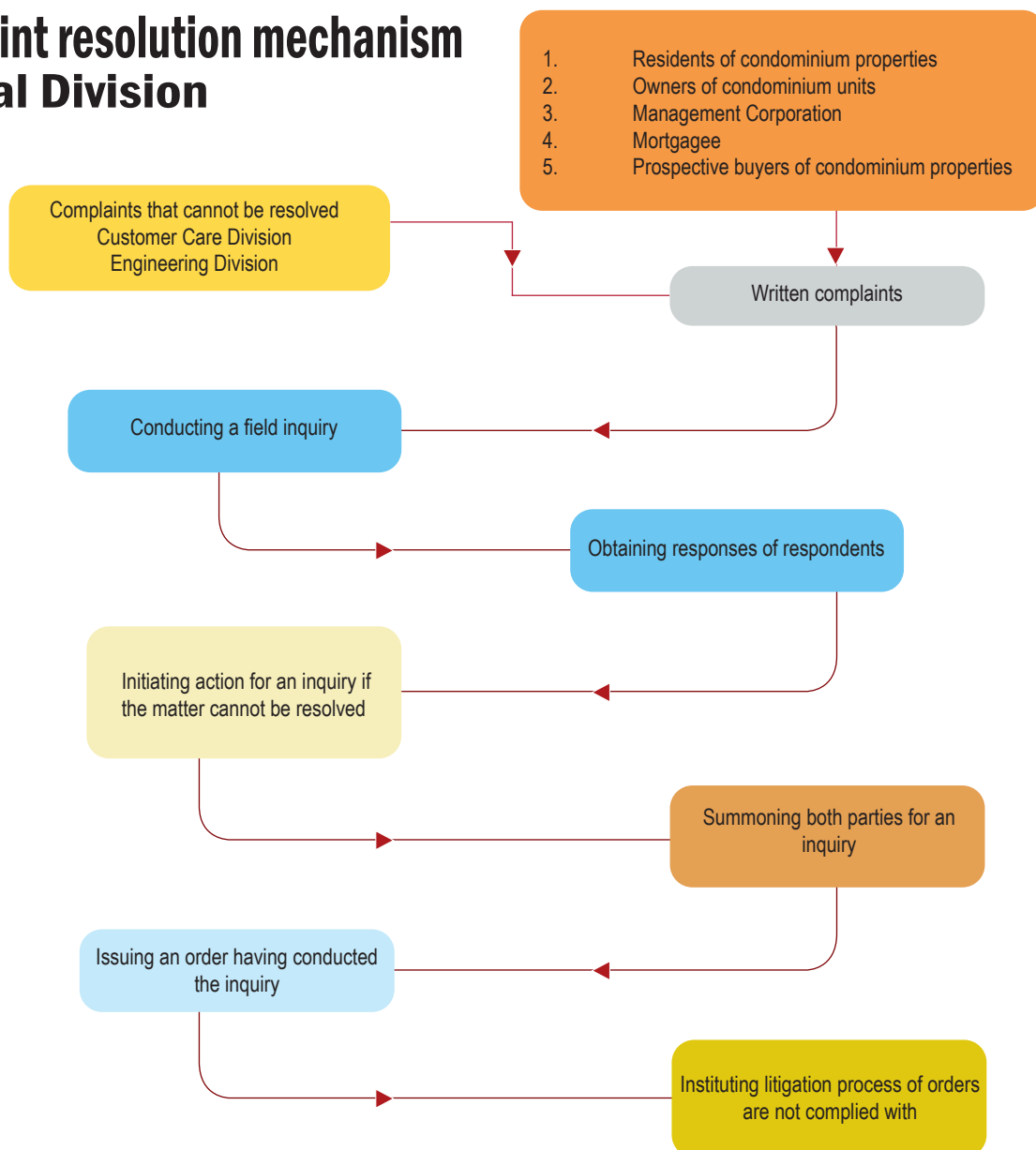
Another duty entrusted to the Legal Division is to identify the amendments required to be made to the Condominium Management Authority Act and the Apartment Ownership Act in order to make them compatible with emerging trends and take measures to amend the Acts.

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 properties

Complaints received by the Investigation Council 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.

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 for an inquiry within 02 weeks of receiving observations
- If settlement can be reached, reporting it on the first day itself and concluding the inquiry.
- If settlement cannot be reached, referring to an investigation/ summoning.
- Recording verbal or written evidence

Accordingly,

- Making an order.
- Initiating litigation process where orders are not complied with.

No of disputes resolved	
2019	64
2020	32
2021	20

Proposals for amendment of legislation to suit the timely requirements of housing



The Apartment Ownership (Amendment) Act, No. 39 of 2003 was amended to enable the separate ownership of condominium parcels and disposition of titles such as the resale or transfer of such parcels, to provide for the registration of titles relating to condominium parcels in buildings, the subdivision and amalgamation of the building into condominium parcels with common elements appurtenant thereto, and to provide for matters connected therewith and incidental thereto.

The said Act was so amended as lengthier definitions were required as to certain matters incorporated in the Apartment Ownership (Amendment) Act, No. 45 of 1982 and to be in tune with timely requirements brought about by the gradual expansion of the condominium sector.

Through these amendments, provisions were made for the registration of a condominium property on 03 occasions as;

01. Provisional Condominium Property
02. Semi Condominium Property
03. Full Condominium Property

Owing to the regeneration of the sector witnessed from 2003 up to now and increased urbanization, the public sector and private sector started constructing condominium properties in a competitive manner. As a consequence, the constructions were designed to make condominium properties more attractive to buyers and offer a more comfortable condominium lifestyle. In certain

instances, this gave rise to issues pertaining to the legal prototype as regards condominium properties. Accordingly, new amendments are required to be brought into the Apartment Ownership (Amendment) Act, No. 39 of 2003 to be more in sync with present requirements. For the purpose of obtaining proposals and suggestions for the amendment of the Act, a panel of experts was appointed and their proposals together with those of the CMA were handed over to the Minister of Justice, Hon. Ali Sabri on 14.12.2021 to cause action to be taken for the adoption of the Amendment Bill. The amendments proposed by the said panel of experts and the CMA are summarized below.

- It has been observed that in constructing condominium properties, some property developers invest the advance obtained from buyers in other projects or other investments without using them without funneling them for the primary objective. As a result, issues such as the construction of properties not being completed on time, constructions being carried out at a slow pace, properties being constructed with less facilities than the originally agreed facilities, constructions being carried out using low quality building materials and developers leaving the country without completing the construction of property have arisen causing immense difficulties to the buyers of properties.

As the regulatory authority, it is the responsibility of the CMA to set the necessary background for the protection of their rights. In

order to fulfill this responsibility it was suggested that the money obtained by developers should be deposited in an Escrow account. (an account in which a third party holds money with the disbursement dependent on conditions being met in a contract, deed, obligation or any other written agreement)

- Under the existing law, it is not mandatory to register the condominium plan at the time of the condominium property being constructed. Since such registration is not mandatory, the need for the registration of the property in the Land Registry does not arise. Therefore deeds for them too cannot be

issued. On certain occasions, the property developer sells the property at the initial stage before the construction of the property. As the plan is not registered at the time of sale, constructions are being carried out with alterations in contravention of the sales agreement. There also have been instances reported to the Authority where developers have evaded the constructions. Therefore, in order to prevent inconveniences caused to the buyers of property, a clause had been included in the Amendment Bill making the registration of the plan relevant to the property mandatory at the time issuing the provisional condominium certificate.

- The administration and maintenance of common elements in a condominium property are carried out by the Management Corporation. In the event of several buildings

being located in the same condominium plan, a joint Management Corporation has to be established. For buildings located separately in the same plan, separate Management Corporations should be formed and the administration and maintenance of common elements should be carried out by such management corporations. A question then arises as to how the common elements belonging to all such buildings can be administered. In such an eventuality, all such separate management corporations should be amalgamated to form a single Management Corporation.

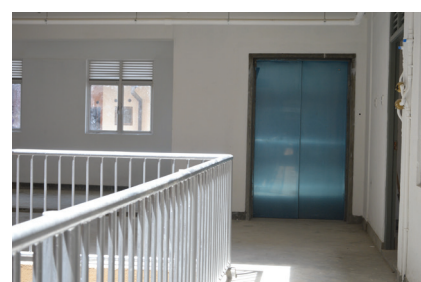
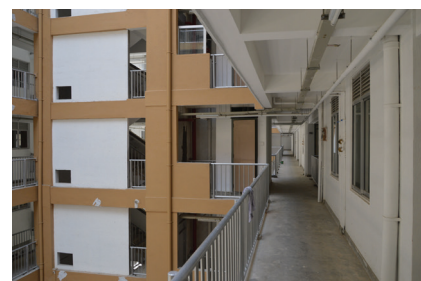
- Condominium property is a building with one more parcels connected vertically or horizontally. In compact areas, condominium parcels are located horizontally and a legal structure is in place for their administration and maintenance. However, since the ownership of vertical condominium properties constructed in Sri Lanka (Eg: Millennium City, Athurugiriya, from Ekala to Ja-ela) has been disposed by the developers, serious issues have emerged as regards the maintenance and administration of common amenities and common elements thereof. The absence of proper maintenance of common amenities and common elements, the residents of units have under undergone a many a hardship. Therefore provisions for a proper administrative mechanism have been incorporated in the amendment Bill by the CMA as the regulator of the sector for the maintenance and management of common elements and common amenities of such scattered condominium properties.

- Redeveloped condominium properties as well as condominium properties constructed on prime economic locations include both residential and commercial units. Though management corporations can be set up for the proper administration of common elements and common amenities of residential units, there are no legal provisions available for commercial units to have their common amenities and common elements properly administered or maintained. Therefore an amendment has been proposed for the establishment of commercial management corporations.

- Unit owners of a condominium property have percentage of a shared ownership of common elements on the land on which the property is located. This is a percentage value valid of each unit owner. Since there are no provisions in the Act for the calculation of this, a definitive method for the calculation of this share value has been incorporated in the amendment bill.

- The Management Corporation has the authority in maintaining common elements of a condominium property. It is the responsibility of all unit owners to actively sustain the

Management Corporation for the proper maintenance of a condominium property. The Management Corporation is maintained by a contribution determined with the consent of all unit owners. However, unit owners of some condominium properties evade the payment of the contribution citing various reasons. Since this is an injustice caused to unit owners who duly pay their contribution, a provision has been included in the Amendment Bill for the disconnection of water, electricity and other utilities of unit owners who do not pay the contribution.



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.

7 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

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"

15 Designing the construction of a condominium property is 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.

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 SDD targets. Progress towards these targets is agreed to be tracked by 232 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.

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.

2021 Annual Activities

Despite numerous challenges, the Authority was able to carry out a host of activities incorporated in the 2021 Action Plan. Several of the more prominent amongst them are outlined below.

- Handing over the report of the panel of experts appointed by the Ministry of Justice for the amendment of the Apartment Ownership Act with due regard to emerging trends in the condominium sector together with the proposals of the CMA to the then Minister of Justice Hon, Ali Sabri on 14 December 2021.
- Issuing a extraordinary gazette reducing the fees for condominium certificates with effect from May 2021 for condominium properties given to low income earning residents by the government.
- At the time of constructing a condominium property, the property developer should obtain a Preliminary Planning Clearance. Accordingly, creating awareness amongst property developers on rules and regulations of the CMA as well as Do's and Don'ts
- Establishment of the first zonal office of the CMA at the Maligawatta Housing Scheme on 05.04.2021 for the provision of more expeditious service to residents of condominium properties.
- Initiating negotiations with the Computer Science Faculty of the University of Moratuwa and Sri Lanka Mobitel for the introduction of a new Management Information System for the CMA.
- Creating awareness through print and electronic media about among professionals, stakeholders, condominium residents and local government authorities regarding the role of the CMA and condominium law.
- Formulating guidelines for the Sri Lanka Tourist Board as regards non-residential condominium units (service apartments).
- Introducing a timeframe mechanism to the Customer Care Division and the Legal Division for expediting the resolution of disputes.
- Laying the groundwork for the purchase of a suitable land for the construction of office premises for the CMA.



Condominium Management Authority

Approved and actual cadre estimate as per the Recruitment Scheme

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 2021 is 139, the number of staff members by December 2021 was 118. Measures are expected to be taken in 2022 to fill the existing vacancies as per the recruitment scheme.

Training of staff of the Authority

Only a few of the staff training programmes planned for as the Action Plan of 2021 could be conducted due to the Covid-19 pandemic.

Efficiency bar Examination

Efficiency bar examination could not be conducted in the year 2021 due to the Covid-19 pandemic.

Meetings of Board of Directors

Conducting the meetings of the Board of Directors too had to be restricted in the year 2021. In 2021, 12 board meetings were held and decisions were taken on a number of board papers important to the sector.

Review Report of the Audit and Management Committee of the year 2021

The Audit and Management Committee of the year 2021 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
Up to March 2021

Engineer K.A. Janaka

Committee Member
General Manager (Acting)
National Housing Development Authority
From June 2021

Mrs. Roshani Dissanayake, Attorney at Law

Committee Member
Municipal Commissioner
Colombo Municipal Council

Mr. M.C.K.K.Mannapperuma

Committee Member
Municipal Commissioner
Dehiwala Mount Lavinia Municipal Council

Mr P.L.M Chaturanga

Committee Member
Municipal Commissioner (Acting)
Sri Jayawardanapura Municipal Council
Up to 20.08.2021

Mrs. R.A.S.S Ranaweera

Committee Member
Municipal Commissioner (Acting)
Sri Jayawardanapura Municipal Council
From 14.10.2021

Mrs K.C.P. Senaratne

Committee Observer
Audit Superintendent
Representative of Deputy Auditor General
Auditor General's Department
Up to 20.08.2021

Mrs. Srimali Abeykoon

Committee Observer
Audit Officer
Representative of Deputy Auditor General
Auditor General's Department
October 2021 only

Mrs. K.B.T.B. Fernando

Committee Observer
Audit Officer
Representative of Deputy Auditor General
Auditor General's Department
Up to 23.11.2021

Mr. E.L.A.P. Kumara

Committee Observer
Chief Internal Auditor
State Ministry of Urban Development, Coast Conservation Waste Disposal
and Community Cleanliness
From 21.06.2021

Mrs. G.G.Y. Kumari

Committee Observer
Chief Internal Auditor
State Ministry of Urban Development, Coast Conservation Waste Disposal
and Community Cleanliness
From 20.08.2021

The following officers participated as officers of the CMA.

Mr. Sarana Karunaratne - Attorney at Law

Chairman
Condominium Management Authority

Dr. Indunil Liyanage

General Manager
Condominium Management Authority

Mr. K.H.A. Upali

Deputy General Manager (Finance)
Condominium Management Authority

Engineer Nalin Gankanda

Deputy General Manager (Regulatory)
From 12.08.2021

Mr. P.M. Mahesh Gunathilake

Internal Auditor
Up to 31.10.21

Mr. P. Amila Nishantha

Assistant General Manager (Finance)

During the year 2021, the Condominium Management Authority conducted 06 meetings of the Audit and Management Committee and the following audit and management committee papers were discussed and submitted for the recommendation of the Board.

01. The Audit and Management Committee held on 23.02.2021 discussed the following reports. The required recommendations and observations were offered and shortcomings were brought to the attention.

- 1.1 Certifying the minutes of the AMC held on 07.12.2020
- 1.2 Certifying the minutes of the AMC held on 21.12.2020
- 1.3 Final accounts report of the CMA for the year ended 31.12..2021. (Financial performance statement & financial position statement)
- 1.4 Review report of the ACMs held in the year 2020.
- 1.5 Payment of gratuity of Mr. H.A.C. Noel Wasantha who held the post of KKS of CMA and passed away due to cardiac arrest.

02. The Audit and Management Committee held on 21.06.2021 discussed the following reports. The required recommendations and observations were offered and shortcomings were brought to the attention.

- 2.1 Certifying the minutes of the AMC held on 23.02.2021
- 2.2 Submitting the Committee Report on the handing over of maintenance of condominium properties to local government authorities.
- 2.3 Human resources report – as at 31st March 2021
- 2.4 Financial performance report from 01 January 2021 to 31 May 2021. (Income & Expenditure)
- 2.5 Submitting the Committee Report on 'Nagamu Purawara' programme of 2010 and 2011.
- 2.6 Bank reconciliation statement pertaining to January 2021
- 2.7 Bank reconciliation statement pertaining to February 2021
- 2.8 Bank reconciliation statement pertaining to March 2021
- 2.9 Bank reconciliation statement pertaining to April 2021
- 2.10 Detailed report of the Auditor General submitted to the Chairman in terms of section 13(07)(A) of Finance Act, No.38 of 1971 on the financial statements of CMA for the year ended 31 December 2019.
- 2.11 Rectification of the error in accounting the condominium certificate income from 2010 to 2015.
As a result of erroneously accounting the condominium certificate income from the year 2010 to 2015, the balances of 08 condominium certificate creditors who should receive money for the value of the final certificate have been wrongfully added to the certificate income.
The AMC having considered this matter, obtained the recommendations of the ACM for securing the approval of the Board of Directors to write off the condominium certificate creditor balances amounting to Rs. 1.632,077.87 which had been erroneously identified and accounted.

03. The Audit and Management Committee held on 20.08.2021 discussed the following reports. The required recommendations and observations were offered and shortcomings were brought to the attention.

- 3.1 Certifying the minutes of the AMC held using zoom technology on 21.06.2021
- 3.2 Financial performance report from 01 January 2021 to 31 July 2021. (Income & Expenditure)
- 3.3 Bank reconciliation statement pertaining to May 2021.

- 3.4 Bank reconciliation statement pertaining to June 2021.
- 3.5 Bank reconciliation statement pertaining to July 2021.
- 3.6 Answers of the Authority for the 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 and regulatory requirements of the CMA for the year ended 31 December 2020.

- 3.7 AMC review report of meetings held in the year 2019.
- 3.8 Internal audit query relevant to vehicle inspection of CMA from 01.01.2019 to 31.12.2019.
- 3.9 Auditor General's report relevant to CMA.
- 3.10 Annual Report of 2020
- 3.11 Regarding the accident involving vehicle bearing No. KU -1431 belonging to CMA on 10.10.2019.
- 3.12 Under any other matters-
The Chairman reported to the Committee that Engineer Nalin Gankanda had been appointed to the Deputy General Manager (Regulatory) of CMA which remained vacant.

04. The Audit and Management Committee held on 14.10.2021 discussed the following reports. The required recommendations and observations were offered and shortcomings were brought to the attention.

- 4.1 Certifying the minutes of the AMC held using zoom technology on 21.06.2021
- 4.2 Financial performance report from 01.01.2021 to 30.09. 2021. (Income & Expenditure)
- 4.3 Bank reconciliation statement pertaining to August 2021.
- 4.4 Human resources report –as at 30 September 2021.
- 4.5 Amending the Income Expenditure Statement of 31 July 2021.
- 4.6 Conducting an investigation again on 14 vehicles belonging to CMA.
- 4.7 Internal audit inquiries of CMA.
- 4.8 Annual reports of CMA relevant to the years from 2015 to 2019.
- 4.9 Committee report on keeping a sum of Rs. 1,080,532/- in the current account bearing No.20410029008127 without being used for any investment for a period exceeding 03 years.
- 4.10 Other Matters
Mr. P.M.M.Mahesh Gunathilake who is to resign on 01.01.2021 having served as the Internal Auditor of the CMA, conveyed his thanks to the Chairman, General Manager and the members of the ACM for the support extended to his duties at the AMC.

05. The Audit and Management Committee held on 23.11.2021 discussed the following reports. The required recommendations and observations were offered and shortcomings were brought to the attention.

- 5.1 Certifying the minutes of the AMC held using zoom technology on 14.10.2021.
- 5.2 Financial performance report from 01.01.2021 to 30.10. 2021. (Income & Expenditure)
- 5.3 Bank reconciliation statement pertaining to September 2021.
- 5.4 Bank reconciliation statement pertaining to October 2021.
- 5.5 Annual budget report of the CMA for the year 2022.
- 5.6 Delegation of authority of CMA for the year 2022 in terms of Financial Regulations 135
- 5.7 Annual budget report of the CMA for the year 2022.
- 5.8 Procurement Plan of CMA relevant to year 2022 and the detailed Procurement Plan of the year 2022.
- 5.9 Annual Action Plan of CMA for year 2022.
- 5.10 Annual Corporate Plan of CMA for the period from 2022-2026.
- 5.11 Implementing the decisions of the AMC held on 21.06.2021 in

terms of Section 13(7)(A) of the Finance Act, No. 38 of 1971 as to the financial statements of CMA for the year ended 31 December 2019.

5.12 Under any other matters –

The General Manager explained that applications had been called for the recruitment to the post of Internal Audit Officer and the applications had been closed on 30.11.2021 and until such time a suitable officer was appointed to the post, a notice had been made to the Secretary of the Ministry to appoint a suitable officer on acting basis.

The Chief Internal Auditor of the Ministry Mrs. G.G.Y. Kumari said that the Secretary had given verbal instructions on the appointment on acting basis to the post of Internal Auditor and action would be taken upon the receipt of the letter in that regard.

The Chairperson of the AMC stated that awareness should be created in maintaining the activities of the institution under the functions of the AMC for minimizing frauds and errors under the audit procedure.

06. The Audit and Management Committee held on 17.12.2021 discussed the following reports. The required recommendations and observations were offered and shortcomings were brought to the attention.

- 6.1 Certifying the minutes of the AMC held on 23.11.2021 at 3.00 p.m.
- 6.2 Bank reconciliation statement pertaining to November 2021.
- 6.3 Releasing the retention money exceeding 5 years of CMA.
- 6.4 Financial performance report from 01.01.2021 to 30.11. 2021. (Income & Expenditure)
- 6.5 Debiting Rs. 1,386,534/- and crediting Rs. 125,992 as previous year adjustments in the year 2020.
- 6.6 Detailed report of the Auditor General submitted to the Chairman in terms of section 13(07)(A) of Finance Act, No.38 of 1971 on the financial statements of CMA for the year ended 31 December 2020.

The Chairperson of the AMC commented that there were no financial frauds or specific errors in this audit report and that the existing audit queries were preventable audit queries and added that most of the errors could be minimized if proper precautions were taken to rectify them and that action should be taken to regularize the management of vehicle fleet and to minimize disciplinary inquiries to the fullest possible extent.

Audit Superintendent Mrs. W.K.B.T.B. Fernando noted that action should be taken so as not to allow the audit queries pointed out in 2021 to be included in the audit report in the year 2021.

6.7 Under any other matters,

1. Dr. Indunil Liyanage thanked the Deputy General Manager (Finance), Assistant General Manager (Finance) and staff of the accounting division and other staff members for their contribution for the success of the meetings of the AMC and gave instructions to minimize audit queries by maintaining accounts accurately.
2. Dr. Indunil Liyanage further pointed out that the AMC worked with a high level of cooperation and conveyed his thanks to all members of the AMC.

3. The Chairperson queried whether arrangements were made to appoint a successor to the post of General Manager due to fall vacant.

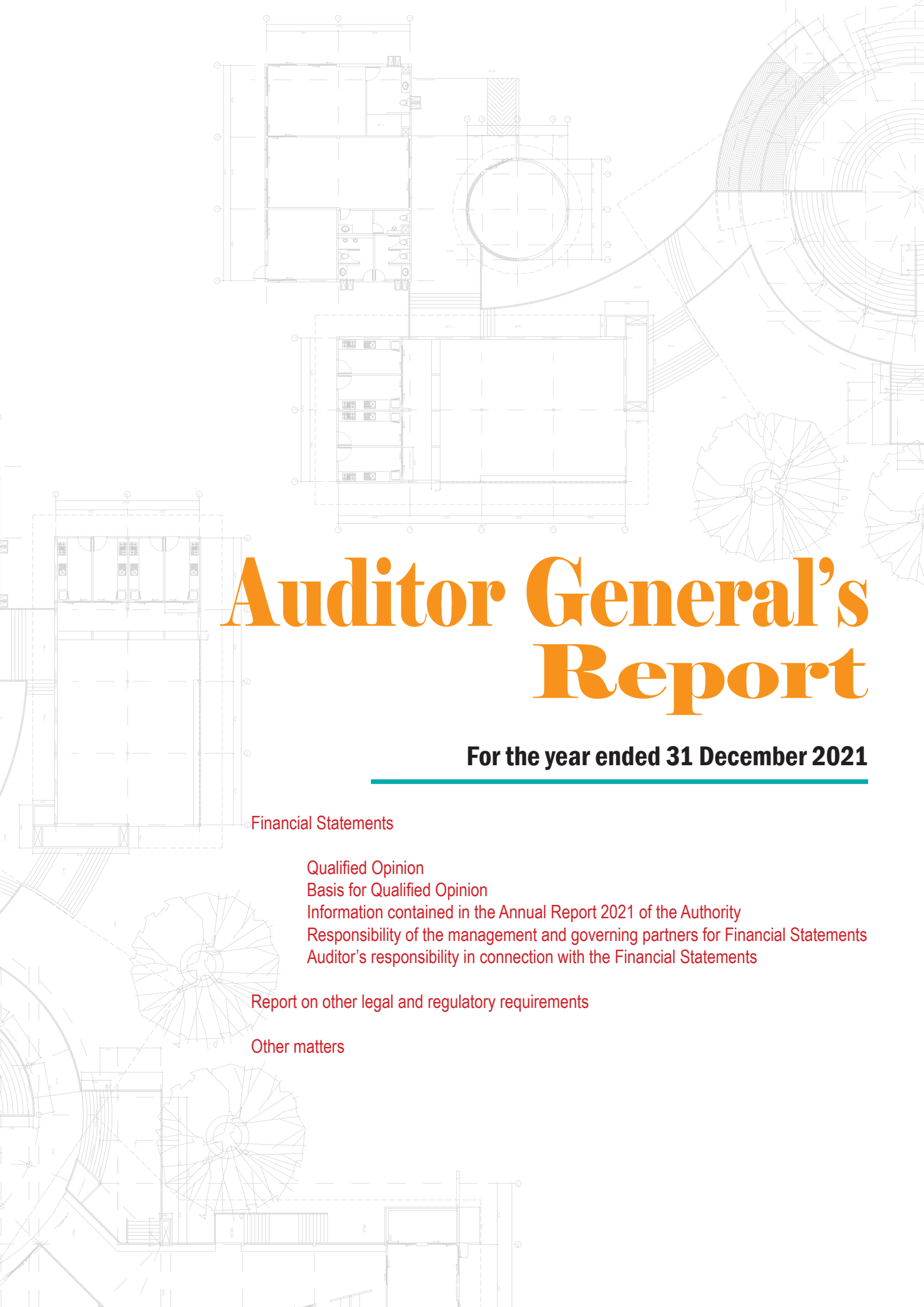
The Chairman reported that action had been taken to publish a vacancy notice in newspapers with a 14-day period from 02.01.2022 to forward applications for the post of General Manager which is due to fall vacant and that request had been made to procure the services of a senior level officer of the Ministry to serve on acting basis until the vacancy is filled.

4. The Chairman commended the contribution made by Dr. Indunil Liyanage for the meetings of the AMC and wished him success in all his future endeavours and expressed his thanks to all those who extended support to successfully conduct the meetings of the AMC and was particularly appreciative of the government audit division.

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

The background of the entire page is a detailed architectural floor plan of a building. It features various rooms, corridors, and structural elements, all rendered in a light gray line-art style. The plan includes dimensions, room numbers, and symbols for doors, windows, and furniture. The overall layout is complex and technical, typical of a professional architectural drawing.

Auditor General's Report

For the year ended 31 December 2021

Financial Statements

Qualified Opinion

Basis for Qualified Opinion

Information contained in the Annual Report 2021 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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எனது இல.
My No.

H/U/D/CMA/01/2021/08

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

03 August 2022

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 2021 in terms of Section 12 of the National Audit Act No. 19 of 2018.

The above report is sent herewith.

W. K. B. T. B. Fernando
Auditor Superintendent

Copies :-

01. Secretary, Ministry of Urban Development and Housing
02. Secretary, Ministry of Finance



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Your No. }

දිනය } 03 August 2022
திகதி }
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 2021 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 2021 comprising the statement of Financial Position as at 31 December 2021 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) As the Statement of Cash Flows had not been prepared in conformity with the terms of the Sri Lanka Public Sector Accounting Standard 02, the net cash flows generated from operating activities and from investment and financial activities indicated in the Statement of Cash Flows had been understated respectively by Rs. 2,497,310 and Rs. 1,667,982.

(b) In terms of Sri Lanka Public Sector Accounting Standard 07, disclosures had not been made in the financial statements regarding assets costing Rs. 11,219,837 that had been fully depreciated but were still being used and action had not been taken to review the estimation error on the useful life of these assets in terms of Sri Lanka Public Sector Accounting Standard 03 and adjust in the financial statements.

(c) The vehicles of the Authority had been revalued at Rs. 62,390,000 in the year 2019 in conformity with Sri Lanka Public Sector Accounting Standards and the adjustment of such values in the accounts had been delayed until the year 2021 and the depreciation adjustments of these vehicles for the period from the years 2019 and 2020 had not been stated in financial statements.

(d) As subsidiary letters relevant to Rs. 3,852,237 spent on repairing and maintaining vehicles during the year under review were not submitted to the Audit, such expenditure could not be satisfactorily scrutinized at 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 2021 of the Authority

Other information comprises the information included in the Annual Report 2021 of the Authority but does not include the financial statements and my audit report thereon, which is expected to be made available to me after the date of this audit report. 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.

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

When I read the Authority's 2021 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further materially uncorrected misstatements existed, those will be in my report to Parliament in pursuance of provisions in Article 154(6) of the Constitution that will be tabled in due course.

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 Statement

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.

In terms of the Sri Lanka Auditing Standards, as part of the audit, I exercised 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

- | | |
|---|--|
| <p>(a) Paragraph 8.2.2 of PED/12 Public Enterprises Circular dated 02 June 2003 (6.2 of amended Public Enterprises Guidelines effective from 17.11.2021) and section 11 of the Finance Act, No. 38 of 1971.</p> <p>(b) 3.2 of Chapter 3 of the operational manual for state owned enterprises issued in terms of Public Enterprises Circular 1/2021 dated 16.11.2021.</p> | <p>Though surplus funds of a public corporation should be invested with the approval of the Minister of Finance, the Authority had not complied with rules and regulations in relation to fixed deposits amounting to Rs. 463,238,430 invested by the Authority during the year under review.</p> <p>Though there should be a methodology prepared for the appraisal of performance of employees in line with the strategic plan and action plan of the institution approved by the Director General of the Public Enterprises Department, the Authority had paid incentives amounting to Rs. 8,062,180 for the year under review without any method of appraisal.</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

- (a) A balance of Rs. 7,782,979 and a balance of Rs. 5,940,770 receivable as at 31 December of the year under review for the maintenance of pump houses of the Gampaha and Negambo hospitals which is not within the scope of the Authority had remained unsettled for a period exceeding 05 years.
- (b) The aggregate of the receivable balances carried forward for a period exceeding 05 years was Rs. 3,090,936 within the debtor balance including Rs. 1,244,093 from the Parliament Secretariat for the Madiwela Parliament Housing Complex totaling Rs. 4,335,030 as at 31 December 2021, arbitration fees of Rs. 2,671,161 from 159 condominium properties, Rs. 419,775 from 53 residents of Jalthara government housing scheme.
- (c) The approved and actual cadre of the Authority for the year under review was 139 and 115 respectively. There were 24 vacancies which included 14 vacancies for staff officers. Though 07 posts of staff officers remained vacant from the year 2010, the Authority had not taken action to fill those vacancies even by 07 July 2022.
- (d) Though the period of validity of a preliminary clearance letter issued for the development of a condominium property is only 03 years in terms of gazette extraordinary dated 05 July 2017, the Authority had not taken action to charge a late fee from property owners who had not obtained CMA certificate despite the expiry of the period of validity of 682 preliminary clearance letters that had been issued during the period from the years 2011 to 2018.
- (e) Though an inquiry should be held and action should be accordingly in respect of complaints received regarding unauthorized construction erected in a condominium property in terms of Section 09(a)(1) of the Act, action had not been so taken as to 16 complaints received from 2013 to 2021. Similarly, though action should be taken in terms of Section 9(b) of the Act regarding a written complaint made by a purchaser relating to common amenities, no such action had been taken in respect of 75 complaints received by the authority.
- (f) Though, in terms of Section 5(e) of the Common Amenities Board (Amendment) Act, No. 24 of 2003, the Authority should manage and administer the activities of the management corporation established for common amenities, the number of management corporation had decreased to 951 as at 31 December 2021 from 1,079 management corporations as at 31 December 2020. Out of those 951 management corporations, 557 were not in active operation and therefore it was observed that the Authority had not done a proper regulation.
- (g) Under the addition of schedules to the principal enactment of the Apartment Ownership (Amendment) Act, No. 45 of 1982 under



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

the condominium property legislation, the annual general meetings of management corporations should be held as per section 3(2) and in terms of section 8(4)(a) thereof, a copy of audited annual account reports of the management corporation should be submitted to the Authority. However, the annual general meetings of 101 management corporations had not been held despite the lapse of 15 to 37 months. Further, the Authority had not carried out any monitoring regarding the submission of audited annual account reports.

- (h) The estimated cost of repairs of a vehicle that met with an accident on 19 December 2019 was Rs. 2,764,012 and according to the report as per FR 104(4), it had been determined that the driver was not at fault and the loss should be recovered from the third party. The case in this regard is still pending and the vehicle remained in the premises of the Authority without being repaired for a period exceeding 02 years.
- (i) During the year under review, the Authority had failed to achieve the budgeted revenue totaling Rs. 1,470,000 under 07 seven revenue items and the budgeted expenditure of 05 items had increased from 37% to 116%, i.e., by Rs. 27,492,789. Further, Rs. 25,900,000 for 02 expenditure items not included in the budget had been spent during the year under review, and Rs. 108,500,000 allocated from the budget for 04 expenditure items had remained unspent. According it was observed that the budget had not been used as an effective controlling agent.
- (j) Even though the amended budget approved by the Board of Governance should be submitted to the Department of Public Enterprises, the Treasury, the relevant Ministry and the Auditor General 15 days before the beginning of the relevant year in terms of paragraph 8.1.3 of Public Enterprises Circular No.PED 12 dated 02 June 2003, the Authority had obtained the approval of the Board of Governance only for the amended budget of the year 2020 on 23 November 2020.

W. P. C. Wickremaratne
Auditor General



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

Financial Report

Financial Statement as at 31 December 2021

Statement of Financial Position

Statement of Financial Performance

Notes on Accounts

Financial Notes

Notes to Financial Statements & Financial Schedules

Statement of Changes in Equity

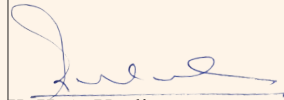
Statement of Cash Flows

Comparison of Budgeted and Actual Expenditure

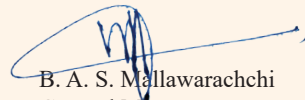
Condominium Management Authority
Statement on Financial Position as at 31 December 2031

		2021 Actual	2020 Actual	2021 Budgeted
		Rs.	Rs.	Rs.
<u>Assets</u>				
<u>Non Current Assets</u>				
<u>Fixed assets</u>				
Property, Plant and Equipment	Note 01	65,063,744	20,173,275	132,204,000
Intangible assets		570,528	-	-
<u>Investments</u>				
Investment of gratuity provisions		47,363,707	45,000,000	50,000,000
		112,997,979	65,173,275	182,204,000
<u>Investments -Long term</u>				
Shares of HDFC		3,000,000	3,000,000	3,000,000
		115,997,979	68,173,275	185,204,000
<u>Current assets</u>				
Cash and financial items	Note 02	16,878,545	23,502,586	11,321,000
Short term investments	Note 03	16,072,652	18,437,638	18,500,000
Trade debtors, employee loans and receivable balance	Note 04	26,380,386	25,719,603	30,380,000
Stocks account	Note 05	1,366,943	1,529,126	1,600,000
Fixed Deposits (three months)	Note 06	509,045,084	327,840,827	355,000,000
Payments made in advance	Note 07	22,032	195,946	375,000
Other receivable balances	Note 08	6,401,126	3,192,297	4,000,000
		576,166,768	400,418,023	421,176,000
Total assets		692,164,747	468,591,297	606,380,000
<u>Liabilities</u>				
<u>Current liabilities</u>				
Creditors/advances	Note 09	22,043,956	22,655,585	15,000,000
Accrued expenses	Note 10	2,376,823	2,137,066	5,000,000
Payable	Note 11	1,885,177	2,719,303	10,200,000
Provisions	Note 12	42,283,185	13,154,449	30,600,000
Total current liabilities		68,589,141	40,666,403	60,800,000
<u>Non-Current Liabilities</u>				
Treasury provisions –Inputs for the purchase of fixed assets		299,037	717,155	1,135,000
Gratuity provisions		40,137,891	35,903,263	37,000,000
Ministry grants		2,679,411	-	-
Total liabilities		111,705,480	77,286,821	98,935,000
Net assets / equity		580,459,267	391,304,476	507,445,000

	2021 Actual	2020 Actual	2021 Budgeted
	Rs.	Rs.	Rs.
<u>Net assets represented by:-</u>			
Authorized capital	500,000	500,000	500,000
Government capital	500,000	500,000	500,000
Bonus shares (HDFC)	2,500,000	2,500,000	2,500,000
	3,000,000	3,000,000	3,000,000
Surplus brought forward from last year	375,742,495	344,039,382	401,463,000
Appraisal value of used goods	105,000	-	-
<u>Less</u>			
Previous year adjustment	(717,112)	(1,260,542)	(1,000,000)
<u>Add</u>			
Net surplus of current year	130,328,720	32,963,656	80,369,000
Accumulated fund	505,459,103	375,742,495	480,832,000
Revalued reserves	68,387,500	8,949,317	20,000,000
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	580,459,267	391,304,476	507,445,000



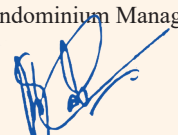
K. H. A. Upali
Deputy General Manager (Finance)
Condominium Management Authority



B. A. S. Mallowarachchi
General Manager
Condominium Management Authority



B. N. Gamage
Additional Director General
Public Finance Policy Department
Chairperson – Audit and Management Committee



Sarana Karunaratne, Attorney at Law
Chairman
Condominium Management Authority

**Condominium Management Authority
Statement of Financial Performance
for the year ended 31 December 2021**

	Note	2021 Actual Rs.	2020 Actual Rs.	2021 Budgeted Rs.
Income				
Operational income	Note 13	344,223,666	176,852,745	257,570,000
Other operational income	Note 14	2,575,373	2,172,132	3,670,000
Non-operational expenses	Note 15	29,651,317	24,693,205	26,870,000
Total operational income		376,450,356	203,718,082	288,110,000
Operational expenditure				
Salaries and emoluments	Note 16	110,829,925	110,820,596	112,543,000
Travel expenses	Note 17	846,697	1,060,558	2,780,000
Supplies and consumer commodities	Note 18	6,504,395	5,728,411	7,350,000
Maintenance expenditure	Note 19	8,920,997	6,051,013	9,500,000
Statutory expenses	Note 20	18,547,124	9,385,712	15,995,000
Direct expenses	Note 21	2,523,596	2,073,206	2,500,000
Depreciation of fixed assets	-	19,864,890	12,666,348	8,593,000
Amortization of intangible assets	-	380,352	-	-
Other operational expenditure	Note 22	418,663	301,618	14,520,000
Total operational expenditure		168,836,639	148,087,462	173,781,000
Operational Activities – Surplus/(Deficit)		207,613,717	55,630,620	114,329,000
Financial expenditure	Note 23	844,097	860,745	2,110,000
Non operational expenditure	Note 24	691,367	10,235,214	6,850,000
Total non operational expenditure		1,535,464	11,095,959	8,960,000
Surplus/ (Deficit) over operational activities		206,078,253	44,534,661	105,369,000
Surplus/(deficit) of the sales of scrap materials	Note 25	183,450	-	300,000
Net surplus/(deficit) before tax deductions		206,261,703	44,534,661	105,369,000
Less				
Income tax provisions		50,932,982	11,571,005.00	25,300,000
Government taxes		25,000,000	-	-
Net surplus/deficit		130,328,720	32,963,656	80,369,000
Surplus./ (deficit) carried forward from last year		362,383,048	330,679,934	-
		492,711,768	363,643,590	80,369,000
Adjustments relevant to previous year				
Credit total		717,112	1,260,541	-
Debit total		-	-	-
		491,994,656	362,383,048	-

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
- Apartment Ownership (Amendment) Act 39 of 2003
- Apartment Ownership (Special Provisions) Act No. 23 of 2018

Property, Plant and Equipment



In terms of Sri Lanka Public Sector Accounting Standard 02, the internal funds of the Authority have been used in purchasing property, plant and equipment. As several projects under the state Ministry of Urban Development, Coast Conservation, Garbage Disposal and Community Cleanliness were transferred to the Urban Development Authority furniture, work stations, laptop computers, steel cupboards, steel almirahs and other equipment were handed over to the CMA as a state grant. Measures have been taken to account such property, plant and equipment with a value of Rs. 2,239,171.75 in the year 2021.

The provisions for depreciation for property, plant and equipment 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. Only for machinery and equipment, depreciation allocation has been made after the reduction of 1% scrap value.

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 2021 is Rs. 40,137,891/- and action has been taken to make necessary provisions in accounts for that purpose.

Similarly, the Authority has taken action by 31 December 2021 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

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.	194,304
Years 2 - 3	20%	Rs.	-
Years 3 - 4	30%	Rs.	439,376
Years 4 - 5	50%	Rs.	891,638
Over 5 years	100%	Rs.	5,738,253

Accordingly, a sum of Rs. 7,263,572/- has been allocated in the accounts of the current year for bad and doubtful debt.



Contingent liabilities

As at the last day of the year under review, the authority had filed 20 cases against various parties in the Magistrate Court and the number of cases filed against the Authority was 25. Though contingent liabilities should be disclosed in terms of paragraphs 105 and 108 of Sri Lanka Public Sector Accounting Standard 08, the Authority has no contingent liabilities as the cases filed by the Authority are relating to the non-enforcement of orders of the Authority in terms of Section 3 of the Apartment Ownership Act. Therefore, no allocations have been made in the accounts for that purpose.



EPF and ETF in arrears

Employees contribute 10% of their salary 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 31.12.2021.



Reserves

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

Revaluation reserves	- Rs. 68,387,500
General reserves	- Rs. 1,350,000
Capital reserves	- <u>Rs. 2,262,663</u>
Total reserves	- <u>Rs. 72,000,163</u>

The above reserves represent the revaluation reserves of value of Rs 68,387,500/- including Rs. 59,543,183/- credited to the revaluation reserves by revaluing motor vehicle assets class in terms of paragraph 65 of Sri Lanka Public Sector Accounting Standard 07, and reserves amounting to Rs. 42,000,163/- including 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.

As per Sri Lanka Public Sector Accounting Standard 07, the policy of the Authority in respect of revaluation reserve is to remove the value of property, plant and equipment disposed during a certain accounting period from the revaluation reserve. Accordingly, action was taken to remove the cost of disposed property, plant and equipment worth Rs. 105,000 during the year under review.

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.

Since no dividend has been received from HDFC for these 30,000 shares after the year 2016, the approval has been received from the Department of Public Enterprises to sell these 30,000 shares in the stock market.



Income Tax

Provisions have been allocated in accounts for the payment of Rs. 50,932,982/- as income tax on the basis of the net surplus of Rs. 206,261,702/- for the said year as at 31.12.2021. Further, Rs. 25.0 million was credited to the consolidated fund of the General Treasury as government revenue tax from the surplus of the Authority for the year 2021 in terms of the Finance Act, No. 38 of 1971.

Accounting government



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 Rs299,037.31 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. 16,864,889/- 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 investments



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.

<u>Cash & Financial Items</u>	<u>2020</u>	<u>2021</u>
Cash in bank and hand	2,330,873	141,008
Short-term investments	-	12,253,783
Seven day deposits	4,483,754	4,483,754
	<u>6,814,627</u>	<u>16,878,545</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.

Adjustments relevant to previous years



In terms of paragraph 54 of Sri Lanka Public Sector Accounting Standard, the amount that should be added to the cumulative profit as adjustments relevant to previous years is Rs. 1,002,929.36 and the amount to deducted from the cumulative profit is 1,693,366.16. The approval of the governing board has been received for the schedule with details of such adjustments values.



Settling balances accounted as advances over a long period of time

After the payment of Rs. 559,268/- to State Development and Construction Corporation out of Rs. 1,144,729 shown in accounts over a long period of time from the money received in the year 2010 from Treasury and the National Housing Development Authority for the 'Nagamu Purawara' programme, the balance of Rs. 585, 461 was forwarded to the Deputy Secretary of the Treasury and thereafter the account was closed during the year under review.

Further, the advance of Rs. 350,568 received from the NHDA for the removal of unauthorized constructions was returned to the NHDA on the recommendation of the internal Audit Committee and with the approval of the Board of Directors and the account was closed.

Notes to Financial Statements

01. Property, Plant and Equipment

	Cost as at 01/01/2021	Acquisitions during the year	Revaluation	Cost as at 31/12/2021	2020
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	7,790,336	1,200,650	-	8,926,987	7,790,336
Motor vehicles	62,400,214	-	(10,214)	62,390,000	62,400,214
Machinery and equipment	17,612,470	3,335,283	-	20,906,754	17,612,470
Tools and equipment	3,961,718	624,192	-	4,585,910	3,961,718
	99,984,740	5,160,126	(10,214)	105,029,652	99,984,740

	Cumulative depreciation allocation as at 01.01.2021	Depreciation allocation for the year	Depreciation for revaluation	Allocation for cumulative depreciation as at 31.12.2021	2020
<u>Less depreciation provision</u>					
Kataragama circuit bungalow building	3,484,000	335,000	-	3,819,000	3,484,000
Office furniture and accessories	4,768,362	1,138,187	-	5,842,550	4,768,362
Motor vehicles	59,553,398	15,597,500	(59,553,398)	15,597,500	59,553,398
Machinery and equipment	9,044,840	2,125,751	-	11,129,592	9,044,840
Tools and equipment	2,960,864	668,450	-	3,629,314	2,960,864
	79,811,465	19,864,889	(59,553,398)	40,017,957	79,811,465
	-	(52,049)		(52,049)	-
Value written off as at 31.12.2021	79,811,465	19,812,840	(59,553,398)	65,063,744	20,173,275

02. Cash and financial items

	2021	2020
Cash in bank and in hand	Schedule 01	
	16,878,545	23,502,586
	16,878,545	23,502,586

03. Short term investments

Investment from sinking fund of Edmonton government housing scheme	16,072,651	14,981,791
Gratuity allocation investment -Savings Account	-	3,455,846
	16,072,651	18,437,638

04 Trade debtors, employee loans and other receivable balances

Various deposits receivable	Schedule 02	384,113	388,125
Creditors	Schedule 03	4,854,437	3,491,885
Staff loan and advances	Schedule 04	21,141,834	21,839,592
		26,380,386	25,719,603

Notes to Financial Statements

		2021	2020
05. Stock accounts			
Stocks of head office		94,968	99,610
Office supplies stock		1,271,974	1,429,515
		1,366,942	1,529,125
06. Fixed deposits			
People's Bank		509,045,083	327,838,806
Housing Development Finance Corporation		-	2,019
		509,045,083	327,840,826
07. Payments made in advance			
Vehicle registration fees		22,032	23,553
Insurance		-	172,393
		22,032	195,946
08. Other receivables			
Fixed deposit interest		6,401,126	3,192,296
		6,401,126	3,192,296
09. Creditors and advances			
Advances received from customers	Schedule 05	-	1,495,297
Miscellaneous creditors	Schedule 06	22,043,956	21,160,287
		22,043,956	22,655,584
10. Accrued expenditure			
Salaries and other worksite allowances		4,200	-
Arbitration fees		201,500	65,000
Overtime		857,348	1,069,574
Holiday allowance		103,386	159,496
Vehicle repairs		375,860	19,700
Vehicle service charges		25,445	-
Translation		-	11,615
Telephone		97,891	140,744
Expenditure for serving tea		-	4,550
Certificate issuing expenditure		101,000	55,000
Legal fees		-	3,000
Value Added Tax		28,825	23,829
Electricity		71,780	105,939
Travelling		41,279	80,339
Water bills		3,409	20,098
Kataragama circuit bungalow expenditure		-	24,116
Fuel expenses		42,935	105,833
Newspaper advertisements		298,100	21,000

Notes to Financial Statements

		2021	2020
Newspapers		6,800	5,990.00
machinery repairs		-	21,239
Office maintenance		-	200,000
Banking charges		9,538	-
Incentives		57,620	-
Maintenance of machinery and equipment		49,903	-
		2,376,823	2,137,065
11. Payable			
Accrued liabilities	Schedule 07	1,402,477	1,441,815
Payable for supplies		247,451	514,935
Cash withheld		32,870	566,163
Refundable tender fees		73,263	63,263
Employee safe deposits		129,113	133,125
		1,885,176	2,719,303
12. Provisions			
Provision for audit fees		2,295,216	1,546,183
Provision for employee compensation		54,986	54,986
Provisions for Economic Service Charge		-	(17,725)
Provision for income tax		39,932,982	11,571,005
		42,283,185	13,154,449
13. Operational income			
Income from issuing certificates for condominium property	Schedule 08	335,037,436	168,165,746
Income from repairs and maintenance	Schedule 09	8,293,696	8,410,082
Sundry operations income	Schedule 10	892,534	276,916
		344,223,666	176,852,744
14. Other operational income			
Registration fees	Schedule 11	2,476,622	2,097,132
Application fees		98,750	75,000
		2,575,372	2,172,132
15. Non-operational income			
Interest for employee loans		279,242	281,613
Interest for savings		1,413,186	131,551
Interest for fixed deposits		25,136,907	21,828,111
Adjustment of amortization of fixed assets		677,878	418,117

Notes to Financial Statements

	2021	2020
Interest received from Lanka Ket Ltd	-	1,192,812
Over allocations for doubtful loans	2,144,102	840,998
	29,651,316	24,693,205
16. Employee emoluments and allowances		
Chairman's allowance	900,000	793,965
Salaries and wages	62,757,214	65,121,794
Employees' Trust Fund	7,628,008	8,089,902
Employees Trust Fund	1,907,002	2,022,102
Overtime and holiday payments	12,439,778	20,532,802
Bonus	37,684	1,752,084
Board allowances	864,000	492,000
Employee welfare	965,000	350,000
Employee training	571,051	796,083
Employee medical insurance	5,156,612	5,229,296
Employee uniforms	208,000	188,000
Expenditure on reimbursing employee housing loan interest	2,601,454	1,876,160
Gratuity	6,731,938	3,576,404
Incentives	8,062,180	-
	110,829,925	110,820,595
17. Travel expenses		
Transport expenses within the country	790,245	1,001,757
Site allowances	56,451	58,800
	846,697	1,060,557
18. Supplies and Consumer Commodities		
Printing and stationary	2,193,700	1,279,826
Tea expenses	623,066	725,026
Fuel for vehicles	2,999,271	2,547,614
Fuel allowances	542,357	333,337
Office supplies	145,998	842,606
	6,504,394	5,728,411
19. Maintenance		
		Note 19
Vehicle repairs and maintenance	3,851,337	2,584,480
Computers repairs and maintenance	304,156	334,810
Maintenance of Kataragama circuit bungalow	179,697	120,687
Maintenance of furniture accessories, machinery and equipment	452,099	316,124
Office building maintenance	2,759,324	1,434,113
Office maintenance	1,374,382	1,260,797
	8,920,997	6,051,013

Notes to Financial Statements

	2021	2020
20. Statutory expenses		
Electricity	882,274	1,019,937
Telephones	1,513,948	1,190,343
Insurance	1,222,666	1,086,789
Water bills	178,216	192,020
Vehicle permit charges	93,421	96,382
Postal and telegram charges	112,040	100,704
Lawyers' fees	2,413,234	423,165
Advertisement fees	3,391,064	269,950
Transit money insurance charges	29,753	29,753
Newspapers	72,700	50,970
Office lease rent	8,400,000	4,816,335
Semi Luxury Taxes	30,000	36,000
Translation fees	207,805	73,360
	18,547,124	9,385,712
21. Direct expenses		
Expenditure for issuing certificates	606,995	478,595
Expenditure for repairs and maintenance	725,621	610,010
Arbitration charges	1,145,375	984,600
Incentives for meetings	45,605	-
	2,523,596	2,073,205
22. Other operational expenditure		
Removal of unauthorized structures	-	51,105
Board of survey committee charges	48,000	112,000
Procurement expenditure	36,000	-
Awareness programmes	12,925	34,505
Management corporation expenditure	-	104,008
Fees for redesigning websites	50,000	-
Writing off bad debt	233,899	-
Writing off stocks	37,838	-
	418,663	301,618
23. Financial expenditure		
Audit fees	749,033	765,072
Bank charges	94,804	93,205
Stamp fees	260	2,467
	844,097	860,744

Schedule 12

Notes to Financial Statements

	2021	2020
24. Non-operational expenditure		
Entertainment allowance for the visitors of the Chairman	87,732	35,825
Sundry expenses	112,977	27,733
Corporate responsibility programme	-	10,025,000
Disciplinary inquiry charges	490,658	146,656
	691,367	10,235,214
25. Surplus/(deficit) from the sale of fixed/ inventorized scrap materials		
Sale price	183,450	-
Cumulative depreciation	105,000	-
	78,450	
<u>Less</u>		
Cost/ revaluation	(105,000)	-
Surplus/deficit of selling scrap materials	183,450	-

Schedules for Financial Statements

	2021	2020
01. Cash in bank and in hand		
People's Bank-Account Nol - 204-1-001-0081817	(398,538)	396,267
People's Bank-Account No - 204-1-002-19 - 0081817	-	1,080,532
Bank of Ceylon Account No- 0000351042	539,547	854,074
Financial market account- People's Bank	12,253,782	16,687,959
Seven day deposits –Peoples' Bank	4,483,753	4,483,753
	16,878,545	23,502,586
02. Sundry deposits		
Employee safe deposit investments	129,113	133,125
Fuel deposits	250,000	250,000
Deposit for the use of postal frank	5,000	5,000
	384,113	388,125
03. Debtors		
Parliament Secretariat-Madiwela	1,244,093	783,461
Gampaha Hospital –Pump house maintenance	1,842,209	1,452,313
Lanka Ket (Pvt) Ltd	-	-
Arbitration charges	2,671,161	2,671,161
Electricity bills of govt. employee housing scheme, Jalthara	419,775	419,775
Negambo hospital, pump house maintenance	5,940,769	5,940,769
Seagull Development (Pvt) Ltd	-	63,026
R.H.S.Wijepala	-	11,890
A.M.M. Thahir	-	54,656
Freedom Park shopping complex	-	165,375
Coral Property	-	-
Flower Court	-	548,136
Mahiyanganaya Weekly Fair	-	657,849
Hiru Development	-	125,080
Home Lands	-	-
M. Abeysuriya	-	6,061
	12,118,009	12,899,559
<u>Less</u>		
Allocation for bad and doubtful debt	7,263,571	9,407,673
	4,854,437	3,491,885
04. Staff loans and advances		
Natural disaster loans	-	70,266
Distress loan	19,976,637	19,851,215
Special distress loan	696,250	517,500
Festival Advance	40,000	46,250

Schedules for Financial Statements

		2021	2020
Book purchasing advances		298,400	742,400
Welfare society		-	350,000
G.A.U.T. Sampath		-	1,252
Pradeep Prasanna		28,747	55,284
Nishadi Anukshika		92,884	92,884
Chandana Samarasinghe		8,915	30,313
Gampaha recoveries from employees		-	82,227
		21,141,834	21,839,592
05. Advances received from customers			
Nagamu Purawara	Shedule 13	-	1,144,729
Removal of unauthorized structures-NHDA		-	350,568
		-	1,495,297
06. Sundry creditors			
Value Added Tax		2,263,844	5,949,882
Nation Building Tax		36,164	36,164
Sundry advances		-	3,176
Sinking fund of the Edmonton government servant housing scheme		16,072,651	14,981,791
Swayan Saviya "Soyzapura Housing Scheme"		6,864	6,865
Sevana Fund		82,563	82,563
Employee Welfare Fund		15,000	15,000
Span Engineering		-	10,000
Payable to employees		-	74,845
Unearned Overtime		11,527	-
Unearned Procurement Committee Allowance		4,000	-
Office Rent Payable		3,551,340	-
		22,043,956	21,160,288
07. Accrued liabilities			
Payable EPF		1,158,637	1,221,062
Stamp duties		57,695	48,720
Payable ETF		157,996	166,508
Payee tax		-	-
Third party payments		28,149	5,525
		1,402,477	1,441,816

Schedules for Financial Statements

	2021	2020
08. Issuing certificates for condominium property		
Certificates issued for property of which construction has been completed- Up to 5 units	1,758,667	4,242,229
Certificates issued for property of which construction has commenced- above 5 units	246,529,038	120,032,723
Certificates issued for provisional properties- up to 5 units	-	518,661
Certificates issued for provisional properties –above 5 units	752,229	21,525
Renewal fee of condominium certificates	-	7,500
25% Condominium certificates (preliminary clearance)	85,995,500	43,343,107
Fees for recommending the removal of condominium property	2,000	-
	335,037,436	168,165,746
09. Repairs and maintenance income		
Maintenance income of MP's housing scheme, Madiwela	4,538,746	5,227,124
Maintenance income -Pump house, Gampaha Hospital	3,754,949	3,182,959
	8,293,696	8,410,083
10. Miscellaneous operational income		
Kataragama circuit bungalow income	155,790	128,180
Other income	736,744	148,736
	892,534	276,916
11. Registration fees		
Income from the registration of private management corporations	91,416	106,794
Income from the renewal of the registration of private MCs	2,201,706	1,896,839
Income from the registration of MCs of government housing schemes	48,750	36,667
Income from renewal of the registration of private management committees	-	4,375
Income from renewal of registration of management committees of housing schemes	26,000	27,208
Income from renewal of registration of MCs of government H.S	750	250
Suppliers' registration income	108,000	25,000
	2,476,622	2,097,132
12. Repairs and maintenance income		
Maintenance expenditure of MP's housing scheme, Madiwela	510,183	586,760
Maintenance expenditure- pump house, Gampaha Hospital	70,997	23,251
Maligawatta zonal office	144,440	-
	725,621	610,011
13. Nagamu Puravara –Advances		
Money received for Nagamu Puravara project	-	2,491,071
Less-work value	-	(1,346,342)
Amount carried forward as at 31.12.2015	-	1,144,729

Condominium Management Authority
Statement on changes in net assets/equity
Currency unit for the year ended 31.12.2021 Rs. 000

	Relevant to the owners of the governing entity						Minor shareholders entitlement	Total net asset mass
	Participatory capital	Statutory provisions	Statutory provisions	Statutory provisions	Accumulated loss/profit	Total		
Balance carried forward as at 01 Jan.2020	3,000	2,263	8,949	1,350	344,039	359,601	-	359,601
Change in fixed assets/equity for year 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
Balance carried forward as at 01 Jan. 2021	3,000	2,263	8,949	1,350	375,742	391,304	-	391,304
Change in net assets/equity for 2021	—	-	59,333	-	(717)	58,616		58,616
Appraisal Value of used goods			105		105	210		
Surplus/(deficit) for the period	—	-	-	-	130,329	130,329		130,329
Balance as at 31 December 2021	3,000	2,263	68,387	1,350	505,459	580,459	-	580,249

Condominium Management Authority Cash Flow Statement as at 31.12.2021

<u>Cash flow for operational activities</u>	2021	2020
Net loss/profit before income tax and specialized items	206,261,702	44,534,660
<u>Non-financial changes</u>		
Depreciation of fixed assets	(677,878)	(418,117)
Depreciation allocation	20,245,241	12,666,347
Over allocations for bad and doubtful debt	(2,144,102)	(840,998)
Allocations for audit fees	749,033	(269,600)
Allocations for gratuity	4,234,628	2,560,485
Provision for Economic Service Charges	17,725	(220,411)
Stock (increase)/decrease	162,182	368,875
Debtors (increase)/decrease	1,483,318	3,790,615
Payments in advance (increase)/decrease	173,914	(99,301)
(Increase) /decrease in payable balances	(834,126)	(35,699)
(Increase) /decrease in accrued expenditure	239,757	(2,085,615)
(Increase)/ decrease in creditors	(611,628)	4,695,376
Investment income/ Nonoperational income	(26,829,336)	(22,241,276)
Payment of income tax	(22,571,005)	(1,499,710)
Government Taxes	(25,000,000)	-
Net cash flow from operational activities	154,899,426	40,905,631
<u>Cash flow from investment activities</u>		
Investments	(2,363,707)	(3,225,241.29)
Purchase of fixed assets	(2,220,954)	(4,574,933.11)
Intangible assets	(950,880)	-
Interest receipts	23,620,506	21,910,799.17
Net cash flow on investment activities	18,084,964	14,110,624.77
<u>Cash flow on financial activities</u>		
Previous year adjustment	(769,161)	(1,260,541)
Net cash flow on financial activities	(769,161)	(1,260,541)
Net cash flow for cash and cash equivalents	172,215,229	53,755,714
Starting balance- cash and cash equivalents	369,781,051	316,025,337
Closing balance- cash and cash equivalents	541,996,280	369,781,051

Condominium Management Authority
Reconciliation of budgeted and actual values
for the year ended 31 December 2021

Actual value		Actual value	Budgeted Figures	Difference between second amended budget and actual values
2020		2021	2021	
<u>Revenue</u>				
176,852,745	Operational income	344,223,667	257,570,000	86,653,667
2,172,132	Other operational income	2,575,373	3,670,000	(1,094,627)
24,693,205	Non-operational income	29,651,317	26,870,000	2,781,317
203,718,082	Total operational income	376,450,357	288,110,000	88,340,357
<u>Operational Expenditure</u>				
110,820,596	Employees' salaries and wages	110,829,925	112,543,000	1,713,075
1,060,558	Transport expenditure	846,697	2,780,000	1,933,303
5,728,412	Supplies and consumable items	6,504,395	7,350,000	845,605
6,051,013	Maintenance Expenditure	8,920,997	9,500,000	579,003
9,385,712	Statutory expenditure	18,547,124	15,995,000	(2,552,124)
2,073,206	Direct expenditure	2,523,596	2,500,000	(23,596)
12,666,348	Fixed assets depreciation	20,245,242	8,593,000	11,652,242
301,618	Other operational expenditure	418,663	14,640,000	14,221,337
148,087,463	Total operational expenditure	168,836,639	173,901,000	5,064,361
55,630,619	Operational activities -Surplus/(deficit)	307,613,718	114,209,000	83,275,996
860,745	Financial expenditure	844,097	2,110,000	1,265,903
10,235,214	Non-operational expenditure	691,368	6,730,000	6,038,632
11,095,959	Total non-operational expenditure	1,535,465	8,840,000	7,304,535
44,534,660	Surplus/(deficit) on operational activities	206,078,253	105,369,000	75,971,461
-	Surplus/(deficit) on sale of scrap materials	183,450	300,000	(116,550)
44,534,660	Net surplus/(deficit) before tax deduction	206,261,703	105,669,000	75,854,911



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Annual Report 2021

Protection for shelter
Moving forward with excellence

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