

SLAASMB

Sri Lanka Accounting and Auditing
Standards Monitoring Board



Annual Report '13

The Sri Lanka Accounting and Auditing Standards Monitoring Board was established under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The function of the Board is to monitor compliance with the Sri Lanka Accounting Standards and the Sri Lanka Auditing Standards in the preparation, presentation and audit of financial statements of specified business enterprises. (See page 43)

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Members of the Board

Chairman

Nominee of the Governor,
Central Bank of Sri Lanka

P. Samarasiri B.A. (Hons.), M.A. (Economics)
Deputy Governor, Central Bank of Sri Lanka

Ex Officio Members

D.N.R. Siriwardena B.A. (Hons.), Attorney-at-Law, LLB
Registrar General of Companies

Mrs. M. Samarasekera BSc, MPM (up to 28 July 2014)
Commissioner General of Inland Revenue

Nominees

The Institute of Chartered Accountants of
Sri Lanka (ICASL)

S. Rajapakse MBA, FCA (up to 6 July 2014)
Past President - ICASL
Partner, BDO Partners

A. Herath B.Sc., MBA, FCA (up to 6 July 2014)
President - ICASL
Partner, Ernst & Young

D.T.S.H. Mudalige FCA, FCMA (UK), FCCA, FCPA (up to 6 July 2014)
Past President - ICASL
Partner, PricewaterhouseCoopers

Chartered Institute of Management
Accountants of UK (Sri Lanka Division)

V.M. Gunatilleka MBA, FCA, FCMA (UK), FCPA
Chief Corporate Officer/Director - Aitken Spence Group Ltd.

Bar Association of Sri Lanka

F.N. Goonewardena Attorney-at-Law, MBA, ACA, ACMA (UK), CFA
Partner, Nithya Partners

Ceylon Chamber of Commerce

Ms. N. Sivapragasam FCA, FCMA (UK)
Chief Financial Officer - Aitken Spence PLC

Federation of Chambers of Commerce and
Industry of Sri Lanka

W.K.H. Wegapitiya B.Sc., MBA (up to 11 July 2014)
Chairman - Laugfs Holdings Ltd.

Sri Lanka Banks' Association

R. Theagarajah MBA (Cranfield), FCA, FCMA (UK)
Director/Chief Executive Officer - National Development Bank PLC

University Grants Commission

Mrs. K.S.T.S. Jayasooriya ACA
Bursar - University of Colombo

Secretary to the Board

A.S. Ratnayake FCA, FCMA (UK), ACCA, CMA, FCMI, FCMA, CGMA
Director General (up to 24 January 2014)

Ms. M.D.G.L. Perera FCA, MBA (Finance) (w.e.f. 25 January 2014)
Deputy Director General

Members of the Board



P. Samarasiri - *B.A. (Hons.), M.A. (Economics)*

Mr. Samarasiri, Chairman of the Board since 2009 is a Deputy Governor of Central Bank of Sri Lanka. He is also the Secretary of the Monetary Board of the Central Bank of Sri Lanka and counts over 31 years in service at the Central Bank. His wide range of expertise includes economics, financial stability and regulation, foreign exchange policies and governance. He has authored articles and books in the fields of economics, banking and financial regulation.



F.N. Goonewardena - *Attorney-at-Law, MBA, ACA, ACMA (UK), CFA*

Mr. Goonewardena is a founder partner of the Law Firm, Messrs Nithya Partners. He possesses a wide array of specialties along with diversified work exposure at the Attorney General's Department and at Ernst & Young (Tax). He specialises in areas of financial law - mergers and acquisitions, issuances of debt and equity, taxation, securitisation and derivatives.



V.M. Gunatilleka - *MBA, FCA, FCMA (UK), FCPA*

Mr. Gunatilleka the Group Chief Corporate Officer/Director of Aitken Spence Group Ltd., counts over 26 years of experience in local and overseas industries. He holds a certification in Six Sigma.

He serves as the Deputy Chairman of the Governing Board of the Sri Lanka Division of the Chartered Institute of Management Accountants of UK (CIMA) and a Council Member of Sri Lanka Association for Software and Services Companies (SLASSCOM)

Members of the Board



A. Herath - *B.Sc., MBA, FCA*

Mr. Herath the President of The Institute of Chartered Accountants of Sri Lanka (ICASL), is also the Vice President of the South Asian Federation of Accountants (SAFA). He is a partner of Ernst & Young Colombo and Maldives.

He is a member of the Confederation of Asian and Pacific Accountants and serves in several regulatory bodies and in statutory committees.



Ms. K.S.T.S. Jayasooriya - *ACA*

Ms. Jayasooriya is the Bursar of the University of Colombo. Previously she has served in the Auditor General's Department as an Audit Superintendent. She has had training in India and UK and possesses work experience in the public sector.



D.T.S.H. Mudalige - *FCA, FCMA (UK), FCCA, FCPA*

Mr. Mudalige, a Past President of The Institute of Chartered Accountants of Sri Lanka (ICASL), has served the Council of the ICASL for over 14 years. He is a partner at PricewaterhouseCoopers. He has a wide range of exposure working in large public listed companies in Sri Lanka and overseas.

Mr. Mudalige served as a Board Member of the Governing Board of the Sri Lanka Division of the Chartered Institute of Management Accountants of UK (CIMA) and serves in several regulatory bodies and in statutory committees.

Members of the Board



S. Rajapakse - *MBA, FCA*

Mr. Rajapakse, the immediate Past President of The Institute of Chartered Accountants of Sri Lanka (ICASL) is the Managing Partner of BDO Partners. He is also a committee member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka and the National Pay Commission.

Not in Picture

Ms. M. Samarasekera - *B.Sc., MPM*

Ms. Samarasekera the Commissioner General of Inland Revenue counts over 35 years of service at the Department of Inland Revenue. She has had overseas training in diverse aspects of tax administration.



D.N.R. Siriwardena - *B.A. (Hons.), Attorney-at-Law, LLB*

Mr. Siriwardena, the Registrar General of Companies counts over 26 years of service at the Department of Registrar of Companies. He being an Attorney-at-Law, has obtained degrees in law and geography and is currently awaiting results of the LLM Degree from the University of Colombo. He is also an Ex officio member of Securities and Exchange Commission of Sri Lanka.



Ms. N. Sivapragasam - *FCA, FCMA (UK)*

Ms. Sivapragasam is the Chief Financial Officer of the Aitken Spence Group and serves on the Boards of several companies in the Group. She is the Chairperson of the Financial Reporting Faculty of The Institute of Chartered Accountants of Sri Lanka and serves on the council of the Sri Lanka Institute of Directors and several other regulatory bodies and committees.

Members of the Board



R. Theagarajah - *MBA (Cranfield), FCA, FCMA (UK)*

Mr. Theagarajah is the Director/Chief Executive Officer of National Development Bank PLC. He counts over 29 years of experience in banking, both in Europe and in Sri Lanka.

He serves as a Board Member of the Governing Board of the Sri Lanka Division of the Chartered Institute of Management Accountants of UK (CIMA) and in several regulatory bodies and in statutory institutions and committees.

Mr. Theagarajah being a Past Chairman of the Sri Lanka Banks' Association and Past President of the Association of Professional Bankers is the first Sri Lankan to assume the Chairmanship of the Asian Bankers' Association.



W.K.H. Wegapitiya - *B.Sc., MBA*

Mr. Wegapitiya is the Founder Chairman of Laugfs Holdings Limited. Apart from his wide array of business exposure in different fields, he is the recipient of the Entrepreneur of the year 2006 - National Platinum Award, the Asian Leadership Award for Excellence in Entrepreneurial Excellence - 2007 conducted by Asian Grip Leadership Organisation of India, and, Asia Pacific Entrepreneur in the year 2012.

Technical Staff of the Board



Mr. Gamini Wijesinghe
FCA, MA (Econ Korea), B.Sc. (Hons.)
Director General (w.e.f. 16 July 2014)



Mr. A.S. Ratnayake
FCA, FCMA (UK), ACCA, CMA, FCMI,
FCMA, CGMA
Director General (up to 24 January 2014)



Ms. Anusha I. Mohotti
FCA, FCMA (UK), BBA (Hons.)
Deputy Director General



Ms. Hafsa Banu Razzak
ACA, CIMA (Passed Finalist)
Technical Manager



Ms. W.G. Eranga Amarasinghe
ACA, B.Sc. (Acc) Sp. (Hons.) MBS (Colombo)
Technical Manager



Ms. Mahesha Lakmalie Hewage
ACA
Technical Manager



Ms. Kalani Hettiarachchi
ACA, B.Sc. (Acc) Sp. (Hons.)
Assistant Technical Manager



Ms. L. Wathsala Mallawarachchi
ACA, B.Sc. (Acc) Sp. (Hons.)
Assistant Technical Manager



Ms. Dilinika Menmendaarachchi
ACA, B.Sc. (Acc) Sp. (Hons.)
Assistant Technical Manager

Technical Staff of the Board



Ms. Gayani L. Perera
FCA, MBA (Finance)
Deputy Director General



Ms. Asha Ahamath
ACA
Technical Manager



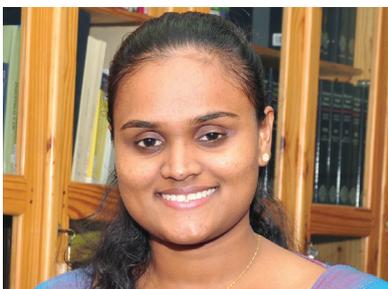
Ms. Monita N. Bandara
ACA, BB Mgt. (ACC)
Technical Manager



Ms. D.M. Nilanthi Danadeni
ACA, BBA (Acc) Sp. (Hons.)
Assistant Technical Manager



Ms. Randima De Silva
ACA, B.Sc. (Acc) Sp. (Hons.)
Assistant Technical Manager



Ms. Ishari Manushka Silva
ACA, BBA (Acc) Sp. (Hons.)
Assistant Technical Manager

Review of Activities

1. Introduction

The Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) was established in 1997 under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Based on the definitions and criteria laid down by the Act, certain institutions are identified as Specified Business Enterprises (SBEs - see page 43 for definition of SBEs). These SBEs are required to comply with Sri Lanka Accounting Standards and the Auditors of SBEs are required to comply with Sri Lanka Auditing Standards. The Act requires SBEs to submit their annual audited financial statements to SLAASMB to enable SLAASMB to monitor compliance with Sri Lanka Accounting Standards and Sri Lanka Auditing Standards. SLAASMB carries out its function by reviewing financial statements received, reviewing audits on SBEs, conducting investigations on failure to comply with standards and taking appropriate corrective action with regard to non-compliances with standards by SBEs and Auditors. Under the Act, Sri Lanka Accounting Standards and Sri Lanka Auditing Standards are prescribed or adopted by the Institute of Chartered Accountants of Sri Lanka. In order to make recommendations and assist the Institute to adopt such standards, an Accounting Standards Committee and an Auditing Standards Committee have been established under the Act. Under the new standards adopted by the Institute in terms of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) of the UK, there are nearly 36 Auditing Standards and 40 Accounting Standards to be complied by the SBEs as applicable. A brief description of the main operations and activities of SLAASMB carried out to discharge its statutory functions during the year is given below.

2. Review of Financial Statements

2.1 Methodology Followed on Reviews

The financial statement reviews are conducted to ensure compliance by SBEs with Sri Lanka Accounting Standards. The required action on non-compliances is determined based on materiality of the

non-compliance. SLAASMB mainly focus on non-compliances relating to recognition and measurement issues. Based on the findings, where a cause for concern relating to a significant non-compliance with standards is not observed, a letter of comfort is issued to the respective SBEs. When the identified non-compliance is material, but not significant to use statutory provisions, the non-compliances are communicated to the respective SBEs in the form of a letter of assistance. When such deviations from standards substantially alter the financial position and financial performance, an undertaking is sought from such SBE to make the required corrections. However, where such deviation makes the financial statements misleading, legal action is instigated based on the statute.

2.2 Highlights of Review of Financial Statements

As at 31 December 2013, 1,358 SBEs had been identified for monitoring under the Act. During the year, 1,322 sets of financial statements from 1,248 SBEs were received and reviews of 751 sets of financial statements relating to 708 SBEs were completed when compared with 302 sets of financial statements relating to 295 SBEs during the previous year indicating a significant increase in reviews of financial statements by nearly 150%. The increase in the number of reviews was mainly due to the recruitment of eight technical staff during the first half of the year and the incentive package offered to the staff.

Significant deviations from the relevant requirements of Sri Lanka Accounting Standards which substantially altered the financial position and financial performance were identified in the financial statements of four specified business enterprises (SBEs). Undertakings obtained from companies in the private sector resulted in corrections to net profits/equity amounting to Rs. 1.6 Billion (see page 13 for Observations Made on Review of Financial Statements during 2013 and page 14 for Undertakings Obtained during the year 2013). The undertakings would be followed up for compliance in the subsequent annual Financial Statements.

Review of Activities

Item	2010	2011	2012	2013
1. No. of SBEs identified (as at period end)	1,188	1,256	1,313	1,358
2. Financial statements received				
No. of statements	1,250	1,716	1,443	1,322
No. of SBEs	900	1,195	1,253	1,248
3. Review of financial statements				
No. of reviews	211	213	302	751
No. of SBEs	209	195	295	708
4. Corrective Actions				
No non-compliances				
No. of financial statements	144	148	159	309
No. of SBEs	142	136	158	280
Non-compliances detected				
No. of financial statements	62	56	135	438
No. of SBEs	58	52	131	424
Undertakings and Directions				
No. of financial statements	5	9	8	4
No. of SBEs	5	9	8	4

2.3 Where an identified non-compliance with Sri Lanka Accounting Standards was material, but not significant as to require the use of statutory provisions, such non-compliance was communicated in the form of a letter of assistance. During the year, 411 letters of assistance were issued to encourage those SBEs to improve their systems for financial reporting.

2.4 SLAASMB continued issuing letters of comfort to SBEs where a desk review of the financial statements shows no cause for major concern on non-compliance with Sri Lanka Accounting Standards. In 2013, 306 such letters of comfort were issued and the total issued as at end of 2013 was 398.

3. Review of Audits

50 audits carried out by 39 firms of practicing Chartered Accountants were reviewed during the year, compared to 50 audits carried out by 28 firms reviewed during the preceding year. Based on the risk associated with the SBE which was audited, 8 audits

were subject to a comprehensive review. Deficiencies were observed in 43 audits conducted by 37 firms. Significant concerns were communicated to the relevant audit firms (See page 25 for Observations Made on Audit Reviews).

4. Investigations

Touchwood Investments PLC had made an application to the Court of Appeal during the year 2007 to quash the decisions of the Board that the valuation of the biological assets of the Company in its financial statements for the years ended 31 March 2005 and 2006 were clearly unreliable and therefore to refer the said matter to the Attorney General. The application was allowed by the Court of Appeal in 2010. The Supreme Court granted special leave to the Board to appeal against the judgement of the Court of Appeal and the Appeal was in the process of support as at end of the year.

Review of Activities

5. Performance on Recommendations of the Committee on Public Enterprises (COPE)

SLAASMB was examined by the Sub Committee III and the Main Committee of the COPE during the year 2012 in view of the importance of activities of the Board towards monitoring of financial reporting discipline of the SBEs. Inadequacy of the coverage of the number of reviews of financial statements of SBEs and considerable shortage of technical staff of the Board to do such reviews due to certain causes such as low salaries and inadequate funding were the major concerns raised by the COPE. In compliance with the COPE's recommendations, SLAASMB has planned to complete review of financial statements of all SBEs (about 1,200) during the one year period from 1 July 2013 to 30 June 2014 and to continue the same level of performance annually thereafter. For this purpose, SLAASMB introduced a new cadre and incentive package to enable it to recruit accounting professionals from the market and, as a result, SLAASMB could expand its technical staff by recruiting 8 in the cadre. As recommended by the COPE, the General Treasury provided finance for the additional expenditure in this connection. SLAASMB's performance as at end of 2013 was in line with achieving the target as reflected in the performance information given in the Table in paragraph 2.2 above.

6. Assistance to the Standards Setter

6.1 In terms of the current arrangement with the Ministry of Finance, SLAASMB continued to provide an annual grant of Rs. 2.5 Million to the Institute of Chartered Accountants of Sri Lanka to facilitate the work of the Accounting Standards Committee and the Auditing Standards Committee as adoption of high quality standards facilitate the proper discharge of the functions of SLAASMB. The grant was released in four quarterly instalments after assessing the performance of the Institute on standards-setting work.

6.2 The main activities carried out during the year in relation to revision of accounting and auditing standards were the following:

- (a) Based on the 2012 edition of the International Financial Reporting Standards (IFRS), changes to 38 Sri Lanka Accounting Standards were published under the Improvements Project V. This publication was approved by the Council of the Institute on 21 August 2013, as the 2013 Sri Lanka Accounting Standard Bound Volume. This publication is in the process of being gazetted.
- (b) 1 Statement of Alternative Treatment (SoAT) was gazetted during the year.
- (c) 5 Financial Reporting Guidelines were issued during the year.
- (d) 36 Sri Lanka Auditing Standards and the Sri Lanka Standard on Quality Control 1 (SLSQC1) based on the 2009 edition of the Handbook of International Standards on Auditing and Quality Control under the Clarity Project were gazetted during the year.

7. International Relations

7.1 Membership in international organisations has enabled SLAASMB to keep itself abreast of developments around the world on matters relating to financial reporting, auditing and monitoring compliance with standards. It has also opened a window to obtain information and assistance from other regulators, and to carry out activities which are of benefit to many regulators as joint activities. During the year, SLAASMB continued its membership of the following international organisations:

- (a) International Forum of Independent Audit Regulators (IFIAR) - SLAASMB has been a member of IFIAR since its first plenary meeting held in 2007.
- (b) Consultative Advisory Group of the International Auditing and Assurance Standards Board (IAASB) - SLAASMB was appointed as a member of the Consultative Advisory Group of IAASB in 2007.

Review of Activities

- (c) Consultative Advisory Group of the International Ethics Standards Board for Accountants (IESBA) - SLAASMB was admitted to the Consultative Advisory Group of IESBA in 2009.
- (d) International Valuation Standards Council (IVSC) - SLAASMB was admitted to membership of the Council in 2008.

7.2 The staff of SLAASMB represented Sri Lanka in the sessions of the Intergovernmental Group of Experts on International Standards of Accounting and Reporting (ISAR). The Director General of SLAASMB served as a member of the Commercial Forestry Project of the International Valuation Standards Council (IVSC). The staff also participated in the international sessions which facilitated refreshing the principles of international accounting and auditing standards, awareness of latest standards, up-to-date developments in standards and the direction of the future developments. These sessions also provided practical guidance on application of principles by way of cases and interpretations and means of establishing international relations to foster knowledge sharing opportunities.

8. Human Resources

8.1 Staff

As at the end of 2013, SLAASMB had a staff of 19 of which 14 were Chartered Accountants. The total technical staff comprised of the Director General, Deputy Director General, 6 Technical Managers and 6 Assistant Technical Managers. 8 of the professionally qualified staff were recruited during early 2013. 5 of the technical staff were employed on a contractual basis while 9 were employed on a permanent basis. The increase in staff strength was facilitated by the implementation of the incentive pay scheme which was based on an approval received from the Ministry on the recommendation of the Salaries and Cadre Commission. The staff had international exposure on areas relating to financial reporting, auditing and regulation by attending conferences, workshops and training programmes on 8 occasions during the year.

8.2 External Panel of Reviewers

SLAASMB continued to engage reviewers to review financial statements received in its attempt to increase the number of financial statements being reviewed. 7 reviewers were engaged during the year. Of the financial statements reviews completed during the year, reviewers had completed the preliminary reviews of 145 sets of financial statements. The finalisation of the reviews carried out by the external reviewers which includes obtaining additional information, seeking agreements for corrections and issuing observation letters are carried out by the existing technical staff.

9. Governance

9.1 In terms of the statute, the Board consists of 3 ex-officio members and 10 members appointed by the Minister of Finance and Planning out of nominations received from identified institutions. The ex-officio members are Registrar General of Companies, Commissioner General of Inland Revenue and Director General of the Securities and Exchange Commission of Sri Lanka. The appointed members are nominees from the Central Bank of Sri Lanka, The Institute of Chartered Accountants of Sri Lanka (3 members), Sri Lanka Division of the Chartered Institute of Management Accountants of UK, Bar Association of Sri Lanka, Ceylon Chamber of Commerce, Federation of Chambers of Commerce and Industry of Sri Lanka, Sri Lanka Banks' Association and University Grants Commission. The term of office of a member is four years. During the year, 2 members joined the Board in place of out-going members who resigned or retired from their office.

9.2 Mr. P. Samarasiri, an Assistant Governor of the Central Bank of Sri Lanka, was the Chairman during the year. As the position of Director General of the Securities and Exchange Commission of Sri Lanka remained vacant during the year, one position in the Board remained vacant during the year. The Board functioned with 12 members during the year.

Review of Activities

9.3 Messrs V.M. Gunatilleka, S. Rajapakse, N. Sivapragasam, R. Theagarajah and W.K.H. Wegapitiya, members of the Board appointed in terms of the statute, served as directors or senior officers of some of the SBEs. Similarly, Messrs A. Herath, D.T.S.H. Mudalige and S. Rajapakse, who are also members of the Board, served as partners of firms of practicing accountants which audit some of the SBEs. In order to ensure independence of the Board, all papers relating to matters concerning an SBE or its Auditor are omitted from the papers sent to members who have a connection with the relevant SBEs or its Auditors. Such members do not participate in discussions on subjects relating to those SBEs.

9.4 The Board had 8 meetings during the year. The deliberations of the Board during the year covered performance of the staff in terms of overall operational indicators, revision of identification thresholds for SBEs falling under business enterprises not listed on the Stock Exchange in view of new economy with higher volume of businesses and values, amendments to relevant statutory provisions in the Act to adopt suitable accounting and auditing standards for state organisations which do not fall into the category of SBEs to promote monitoring of state sector financial reporting under a common system, determination of SBEs to be issued with letters of comfort, issues relating to non-compliances with standards by SBEs, approval of financial statements of the Board and annual budgets and recruitment of technical staff.

9.5 In terms of the delegation policy of the Board, regular operations relating to monitoring compliance with standards such as gathering information, reviewing financial statements and audits and investigations were carried out by the staff and supervised and guided by the Director-General.

10. Financial Performance

The operating expenses of SLAASMB for the year was Rs. 55,131,494/- compared to Rs. 41,349,600/- for the previous year. SLAASMB limited its operations to keep the expenses within the allocated budget. The increase in operating expenses was 33% for the year. Staff costs during the year was Rs. 28,446,361/- compared to Rs. 16,198,097/- during the previous year which indicates an increase of 76% for the year. Staff costs constituted to be 52% of the operating expenses of SLAASMB. Increase in expenses of the year was mainly attributable to the increase of the staff from 11 in 2012 to 19 in 2013 by recruiting 2 Technical Managers and 6 Assistant Technical Managers during the year. The expenses were financed out of funds provided by the Government. Alternatively, a cess can be levied from SBEs at a percentage of shareholders' equity or profit after tax which ever is higher as may be determined by the Hon. Minister of Finance under the Act to finance the expenditure of the Board. However, this option was not preferred by the Ministry of Finance and the cess which was proposed to be in operation for periods commencing on or after 1 January 2008 was withdrawn by the Hon. Minister on 7 October 2008.

Observations Made on Review of Financial Statements during 2013

1. Undertakings Obtained to Make the Required Corrections

Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) obtained undertakings from four specified business enterprises (SBEs) to make corrections in financial statements. These undertakings resulted in corrections to net profits/equity amounting to Rs. 1.6 Billion.

Types of items for which the undertakings were obtained are as follows:

- Failure to recognise impairment of the investments in subsidiaries in the separate financial statements.
- Not making allowances in respect of doubtful receivables from related parties.
- Failure to recognise a decline in fair value of investment property when the fair value model has been adopted as the accounting policy.
- Failure to recognise assets held to earn rentals as investment property.
- Failure to depreciate the depreciable assets on a continuous basis over the assets useful life.

2. Letters of Assistance

Departures from Sri Lanka Accounting Standards detected, which were material, but not significant as to require the use of procedure using statutory provisions, were informed to the enterprises, by letter, without extensive inquiries, so that enterprises could, where necessary, take corrective action on their own. Such letters not being directions issued by SLAASMB, are intended to be letters of assistance.

The main findings on which the letters of assistance were issued are set out below:

- Failure to value inventories at lower of cost or net realisable value.
- Failure to recognise deferred tax liabilities.
- Not computing the present value of the liability in respect of gratuity by using the projected unit credit method as required by the Standard.
- Failure to revalue the entire class of property, plant and equipment for which revaluation policy was adopted.
- Failure to recognise property held to earn rentals or for capital appreciation as investment property.
- Failure to reflect the investment property at fair value as at the reporting date when fair value model has been adopted.
- Not adopting a depreciation method which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.
- Failure to present consolidated financial statements.
- Failure to include certain subsidiaries in the Group when preparing consolidated financial statements.
- Failure to disclose information relating to the nature of the related party relationships as well as information about transactions with related parties.
- Failure to disclose the nature and extent of risk arising from financial instruments to which the entity is exposed at the end of the reporting period.
- Failure to disclose at least three statements of financial position in the entity's first SLFRS financial statements.

Undertakings Obtained during the year 2013

1. Shaw Wallace & Hedges PLC

Shaw Wallace & Hedges PLC had not recognised the loss on impairment of the carrying value of investment in its fully-owned subsidiary and had not reduced the carrying value of related party receivables to reflect its recoverable amount in the financial statements for the year ended 31 March 2012. The Auditors had qualified their opinion on this issue.

Subsequent to the inquiries made by SLAASMB, the entity undertook to recognise the loss on impairment of the investment in the subsidiary and to make allowances for doubtful debts from the subsidiary in the financial statements for the year ended 31 March 2013. This resulted in a decrease in the net assets of the entity by Rs. 1.2 Billion.

2. The Finance Company PLC

The Finance Company PLC had not reflected the investment properties at fair values in the financial statements for the years ended 31 March 2011 and 2012 when the Company's accounting policy is to use the fair value model. The Auditors had not qualified their opinion on this issue.

As a result of the inquiries made by SLAASMB, the Company undertook to reflect the investment property at its fair value and to provide impairment losses in the financial statements for the year ended 31 March 2013. This resulted in a decrease in net assets of the entity by Rs. 293 Million.

3. Lanka Valliant Developers (Pvt) Ltd.

Lanka Valliant Developers (Pvt) Ltd. had not classified their building held to earn rentals as investment property and had not depreciated property, plant and equipment for the year ended 31 March 2012 and in certain prior years. The Auditors had qualified their opinion only on the issue of non-depreciation of property, plant and equipment.

Subsequent to the inquiries made by SLAASMB, the entity undertook to classify the building held to earn rentals as investment property and to depreciate property plant and equipment in the financial statements for the year ended 31 March 2013. This resulted in a decrease in net assets of the entity by Rs. 56 Million.

4. Huejay International Investments PLC

Huejay International Investments PLC had not reduced the carrying value of related party receivables to reflect the recoverable amounts in the financial statements for the year ended 31 March 2012. The Auditors had qualified their opinion on this issue.

Subsequent to the inquiries made by SLAASMB, the entity undertook to reduce the carrying value of the receivables from related parties to its recoverable values in the financial statements for the year ended 31 March 2013. This resulted in a decrease in net assets of the entity by Rs. 30 Million.

List of Specified Business Enterprises for which Letters of Comfort were Issued during 2013

Letters of Comfort are issued to Specified Business Enterprises when SLAASMB has not observed a cause for concern relating to a significant non-compliance with Sri Lanka Accounting Standards after having performed a desk review of their financial statements. A desk review is a review of the financial statements with a view to detect a significant non-compliance with Sri Lanka Accounting Standards which can be detected by a review which does not involve obtaining information or explanations from the Company, except in limited circumstances. A desk review could reveal some types of significant non-compliance with Sri Lanka Accounting Standards and therefore is one of the tools used for monitoring compliance. However, it may not reveal other types of significant non-compliance and therefore does not provide an assurance that the financial statements show a true and fair view.

	Specified Business Enterprise	Financial Year End
1	Ace Container Repairs (Pvt) Ltd.	31 March 2013
2	Ace Containers (Pvt) Ltd.	31 March 2013
3	ACE Distriparks (Pvt) Ltd.	31 March 2013
4	ACE International Express (Pvt) Ltd.	31 March 2013
5	ACL Cables PLC	31 March 2012
6	ACL Plastics PLC	31 March 2012
7	Acuity Partners (Pvt) Ltd.	31 December 2012
8	Acuity Securities Ltd.	31 December 2012
9	Acuity Stockbrokers (Pvt) Ltd.	31 December 2012
10	AEN Palm Oil Processing (Pvt) Ltd.	31 March 2013
11	Agio Tobacco Processing Co. (Pvt) Ltd.	31 December 2012
12	AHL Business Solutions (Pvt) Ltd.	31 March 2013
13	AIA Insurance Lanka PLC	31 December 2012
14	Aitken Spence Aviation (Pvt) Ltd.	31 March 2013
15	Aitken Spence Hotel Holdings PLC	31 March 2013
16	Aitken Spence Hotel Managements Asia (Pvt) Ltd.	31 March 2013
17	Aitken Spence Hotels International (Pvt) Ltd.	31 March 2013
18	Aitken Spence Printing & Packaging (Pvt) Ltd.	31 March 2013
19	Aitken Spence Shipping Ltd.	31 March 2013
20	Aitken Spence Travels (Pvt) Ltd.	31 March 2013
21	Akzo Nobel Paints Lanka (Pvt) Ltd.	31 March 2013
22	Allied Properties Ltd.	31 December 2012
23	Amaya Leisure PLC	31 March 2013
24	American Education Centre Ltd.	31 December 2012

	Specified Business Enterprise	Financial Year End
25	AMW Capital Leasing PLC	31 March 2012
26	Arpico Ataraxia Cash Management Fund	31 March 2013
27	Asia Power (Pvt) Ltd.	31 December 2012
28	Asia Siyaka Warehousing (Pvt) Ltd.	31 March 2013
29	Asian Alliance Insurance PLC	31 December 2012
30	Asian Hotels and Properties PLC	31 March 2013
31	Asiri Central Hospitals PLC	31 March 2012
32	Assetline Securities (Pvt) Ltd.	31 March 2013
33	Associated Property Development Ltd.	31 December 2012
34	Astrue Gilt-Edged Fund	31 March 2013
35	Autogrill Lanka Ltd.	31 December 2012
36	Avery Dennison Lanka (Pvt) Ltd.	01 January 2011
37	Avery Dennison Lanka (Pvt) Ltd.	31 December 2011
38	Beruwala Resorts PLC	31 March 2013
39	Blue Diamonds Jewellery Worldwide PLC	31 March 2013
40	BOC Property Development and Management (Pvt) Ltd.	31 December 2012
41	Bodyline (Pvt) Ltd.	31 December 2012
42	Brandix Casualwear Ltd.	31 March 2013
43	Brandix Essentials Ltd.	31 March 2013
44	Brandix Intimate Apparel Ltd.	31 March 2013
45	Brooke Bond Ceylon Ltd.	31 December 2012
46	Browns Beach Hotels PLC	31 March 2013
47	C.W. Mackie PLC	31 March 2013
48	Capital Alliance Corporate Treasury Fund	31 March 2013
49	Capital Alliance High Yield Fund	31 March 2013
50	Capital Alliance Quantitative Equity Fund	31 March 2013
51	Capital Alliance Securities (Pvt) Ltd.	31 March 2013
52	Cargills (Ceylon) PLC	31 March 2012
53	Cargo Boat Development Company PLC	31 March 2012
54	Carlton Garments (Pvt) Ltd.	31 December 2012
55	Caylon & Foreign Trades PLC	31 March 2012
56	Ceat Kelani Holdings (Pvt) Ltd.	31 March 2013
57	Central Industries PLC	31 March 2013
58	Ceylon Ambuja Cement (Pvt) Ltd.	31 December 2012
59	Ceylon Beverage Holdings PLC	31 March 2013
60	Ceylon Guardian Investment Trust PLC	31 March 2013
61	Ceylon Holiday Resorts Ltd.	31 March 2013
62	Ceylon Hospitals PLC	31 March 2013
63	Ceylon Hotels Corporation PLC	31 March 2013
64	Ceylon Investment PLC	31 March 2013
65	Ceylon Leather Products PLC	31 March 2012
66	Ceylon Tobacco Co PLC	31 December 2012

List of Specified Business Enterprises for which Letters of Comfort were Issued during 2013

	Specified Business Enterprise	Financial Year End
67	Ceylon Tea Brokers PLC	31 March 2012
68	Ceymac Rubber Company Ltd.	31 March 2013
69	Chatham Holdings (Pvt) Ltd.	31 March 2013
70	CIC Agri Biotech (Pvt) Ltd.	31 March 2013
71	CIC Cropguard (Pvt) Ltd.	31 March 2013
72	CIC Feeds (Pvt) Ltd.	31 March 2013
73	Cisco Speciality Packaging (Pvt) Ltd.	31 March 2013
74	Citrus Leisure PLC	31 March 2012
75	Civaro Lanka (Pvt) Ltd.	31 March 2013
76	Coca Cola Beverages Sri Lanka Ltd.	31 December 2012
77	Colombo City Holdings PLC	31 March 2013
78	Colombo Fort Investments PLC	31 March 2013
79	Colombo Investment Trust PLC	31 March 2013
80	Colombo Land and Development Co. PLC	31 December 2011
81	Colombo Stock Exchange	31 December 2012
82	Colonial Motors PLC	31 March 2012
83	Commercial Leasing and Finance PLC	31 March 2012
84	Comtrust Asset Management (Pvt) Ltd.	31 December 2012
85	Comtrust Money Market Fund	31 March 2013
86	Convenience Foods (Lanka) PLC	31 March 2013
87	Crescent I Fund	31 March 2013
88	CT Holdings PLC	31 March 2012
89	CT Land Development PLC	31 March 2012
90	Culture Club Resorts (Pvt) Ltd.	31 March 2013
91	Dankotuwa Porcelain PLC	31 March 2012
92	David Pieris Motor Company Ltd.	31 March 2013
93	Dehigama Hotels Company Ltd.	31 March 2013
94	Diesel and Motor Engineering PLC	31 March 2013
95	Development Holdings (Pvt) Ltd.	31 December 2012
96	Dial Textile Industries (Pvt) Ltd.	30 November 2012
97	Dialog Axiata PLC	31 December 2012
98	Dialog Broadband Networks (Pvt) Ltd.	31 December 2012
99	Dialog Television (Pvt) Ltd.	31 December 2012
100	DIC Lanka (Pvt) Ltd.	31 December 2012
101	Dilmah Property Developments (Pvt) Ltd.	31 March 2013
102	Dilmah Fine Teas and Herbs (Pvt) Ltd.	31 March 2013
103	Distilleries Co of Sri Lanka PLC	31 March 2013
104	DNH Financial (Private) Ltd.	31 March 2013
105	Dolphin Hotels PLC	31 March 2012
106	Dolphin Hotels PLC	31 March 2013
107	DPMC Assetline Holdings (Pvt) Ltd.	31 March 2013
108	Dunamis Capital PLC	31 March 2012
109	Eagle Money Fund	31 December 2012

	Specified Business Enterprise	Financial Year End
110	eChannelling PLC	31 March 2012
111	Eden Hotel Lanka PLC	31 March 2012
112	Energizer Lanka Ltd.	30 September 2012
113	Entrust Securities PLC	31 March 2013
114	Equity Investments Lanka Ltd.	31 December 2012
115	Equity One PLC	31 March 2013
116	Equity Two PLC	31 March 2013
117	Etisalat Lanka (Private) Ltd.	31 December 2012
118	Expolanka Teas (Pvt) Ltd.	31 March 2013
119	Finlay Properties (Pvt) Ltd.	31 December 2012
120	Finlay Teas (Pvt) Ltd.	31 December 2012
121	Finlays Colombo PLC	31 December 2012
122	First Capital Holdings PLC	31 March 2013
123	First Capital Markets Ltd.	31 March 2013
124	Fonterra Brands Lanka (Pvt) Ltd.	31 July 2012
125	G C Lanka Clothing (Pvt) Ltd.	31 March 2012
126	Gamma Pizzakraft Lanka (Pvt) Ltd.	31 March 2013
127	Gestetner of Ceylon PLC	31 March 2013
128	Giddawa Hydro Power (Pvt) Ltd.	31 March 2013
129	Guardian Acuity Equity Fund	31 December 2012
130	Guardian Acuity Fixed Income Fund	31 December 2012
131	Guardian Capital Partners PLC	31 March 2013
132	Hapag-Lloyd Lanka (Pvt) Ltd.	31 March 2013
133	Harischandra Mills PLC	31 March 2012
134	Hayleys Consumer Products Ltd.	31 March 2013
135	Hayleys Fibre PLC	31 March 2013
136	Hayleys MGT Knitting Mills PLC	31 March 2013
137	Hedges Court Residencies (Pvt) Ltd.	31 March 2012
138	Hemas Capital Hospital (Pvt) Ltd.	31 March 2013
139	Hemas Pharmaceuticals (Pvt) Ltd.	31 March 2013
140	Hemas Surgical & Diagnostics (Pvt) Ltd.	31 March 2013
141	Heritage (Pvt) Ltd.	31 March 2013
142	Hethersett Hotels Ltd.	31 March 2013
143	HI Fashion Holdings (Pvt) Ltd.	31 March 2013
144	Hikkaduwa Holiday Resorts (Pvt) Ltd.	31 March 2013
145	Hirdaramani International Exports (Pvt) Ltd.	31 March 2012
146	HNB Assurance PLC	31 December 2012
147	Horana Plantations PLC	31 March 2012
148	Hotel Sigiriya PLC	31 March 2013
149	Hunas Falls Hotels PLC	31 March 2013
150	Hunter & Company PLC	31 March 2012
151	HVA Foods PLC	31 March 2012
152	Hydro Power Free Lanka PLC	31 March 2012
153	ISIN Lanka (Pvt) Ltd.	31 December 2012
154	James Finlay Plantation Holdings (Pvt) Ltd.	30 April 2012

List of Specified Business Enterprises for which Letters of Comfort were Issued during 2013

	Specified Business Enterprise	Financial Year End
155	Jaykay Marketing Services (Pvt) Ltd.	31 March 2013
156	JB Vantage Value Equity Fund	31 December 2012
157	John Keells Hotels PLC	31 March 2012
158	John Keells Hotels PLC	31 March 2013
159	John Keells Office Automation (Pvt) Ltd.	31 March 2013
160	John Keells PLC	31 March 2013
161	John Keells Stock Brokers (Pvt) Ltd.	31 March 2013
162	Kalpitiya Beach Resort PLC	31 March 2013
163	Kandalama Hotels (Pvt) Ltd.	31 March 2013
164	Kandy Walk Inn Ltd.	31 March 2013
165	KBSL Information Technologies Ltd.	31 March 2012
166	Keells Hotel Management Services Ltd.	31 March 2013
167	Keells Realtors Ltd.	31 March 2013
168	Keels Food Products PLC	31 March 2013
169	Kelani Cables PLC	31 March 2012
170	Kelani Tyres PLC	31 March 2013
171	Kuruwita Textile Mills PLC	31 March 2013
172	Lanka Aluminium Industries PLC	31 March 2012
173	Lanka Aluminium Industries PLC	31 March 2013
174	Lanka Ashok Leyland PLC	31 March 2013
175	Lanka Commodity Brokers Ltd.	31 December 2012
176	Lanka Communication Services (Pvt) Ltd.	31 March 2013
177	Lanka Floortiles PLC	31 March 2013
178	Lanka IOC PLC	31 March 2013
179	Lanka Orient Express Lines Ltd.	31 March 2013
180	Lanka Salt Ltd.	31 December 2012
181	Lanka Securities (Pvt) Ltd.	31 December 2012
182	Lanka Ventures PLC	31 March 2013
183	Lanka Clear (Pvt) Ltd.	31 March 2013
184	Laxapana Batteries PLC	31 March 2013
185	Liberty Holdings (Pvt) Ltd.	31 December 2012
186	Life Insurance Corporation (Lanka) Ltd.	31 December 2012
187	Lion Brewery (Ceylon) PLC	31 March 2013
188	Loadstar (Pvt) Ltd.	31 March 2013
189	Logilink (Pvt) Ltd.	31 March 2013
190	Mackinnons Keells Ltd.	31 March 2013
191	Mahaweli Reach Hotels PLC	31 March 2013
192	Marawila Resorts PLC	31 March 2013
193	Mark Marine Services (Pvt) Ltd.	31 March 2012
194	MAS Active (Pvt) Ltd.	31 December 2012
195	MAS Active Trading (Pvt) Ltd.	31 December 2012
196	Mercantile Shipping Company PLC	31 March 2013
197	Merrill J. Fernando & Sons (Pvt) Ltd.	31 March 2013
198	Milford Holdings (Pvt) Ltd.	31 March 2013
199	MJF Beverages (Pvt) Ltd.	31 March 2013
200	MJF Properties (Pvt) Ltd.	31 March 2013

	Specified Business Enterprise	Financial Year End
201	Mobitel (Pvt) Ltd.	31 December 2012
202	Muller & Phipps (Ceylon) PLC	31 March 2013
203	Muller and Phipps (Ceylon) PLC	31 March 2012
204	NAMAL Growth Fund	31 March 2013
205	NAMAL High Yield Fund	31 March 2013
206	NAMAL IPO Fund	31 March 2013
207	Nation Lanka Equities (Pvt) Ltd.	31 March 2012
208	Nawaloka Hospitals PLC	31 March 2012
209	NDB Stockbrokers (Pvt) Ltd.	31 December 2012
210	NDB Wealth Management Ltd.	31 December 2012
211	Nestle Lanka PLC	31 December 2012
212	Noritake Lanka Porcelain (Pvt) Ltd.	31 December 2012
213	North Manufacturing (Pvt) Ltd.	31 December 2012
214	NSB Fund Management Co. Ltd.	31 December 2012
215	NYK Line Lanka (Pvt) Ltd.	31 March 2013
216	Odel PLC	31 March 2013
217	Office Equipment PLC	31 March 2012
218	Okanda Power Grid (Pvt) Ltd.	31 March 2012
219	Okanda Power Grid (Pvt) Ltd.	31 March 2013
220	On'ally Holdings PLC	31 March 2012
221	On'ally Holdings PLC	31 March 2013
222	Orient Motor Company Ltd.	31 March 2013
223	Packages Lanka (Pvt) Ltd.	31 December 2012
224	Palm Garden Hotels PLC	31 March 2012
225	Panasian Power PLC	31 March 2012
226	Paradise Toys (Pvt) Ltd.	31 March 2012
227	Pegasus Hotels of Ceylon PLC	31 March 2013
228	Perera & Sons Bakers (Pvt) Ltd.	31 March 2013
229	Perfetti Van Melle Lanka (Pvt) Ltd.	31 March 2013
230	Periceyl (Pvt) Ltd.	31 December 2012
231	Pharmaco (Pvt) Ltd.	31 March 2012
232	Piramal Glass Ceylon PLC	31 March 2013
233	Polytex Garments Ltd.	31 December 2012
234	Premium Exports Ceylon Ltd.	31 December 2012
235	Procter & Gamble Lanka (Pvt) Ltd.	30 June 2012
236	Raigam Wayamba Salterns PLC	31 March 2012
237	Reckitt Benckiser (Lanka) Ltd.	31 December 2012
238	Recogen (Private) Ltd.	31 March 2013
239	Regnis (Lanka) PLC	31 December 2012
240	Regnis Appliances (Pvt) Ltd.	31 December 2012
241	Resort Hotels Ltd.	31 March 2013
242	Rhino Products Ltd.	31 March 2013
243	Richard Pieris Exports PLC	31 March 2013
244	Riverina Hotels PLC	31 March 2012
245	Rocell Bathware Ltd.	31 March 2013
246	Royal Ceramics Lanka PLC	31 March 2013
247	Royal Palms Beach Hotels PLC	31 March 2012
248	Royal Palms Beach Hotels PLC	31 March 2013
249	Royal Porcelain (Pvt) Ltd.	31 March 2013

List of Specified Business Enterprises for which Letters of Comfort were Issued during 2013

	Specified Business Enterprise	Financial Year End
250	RPC Management Services (Pvt) Ltd.	31 March 2013
251	Sampath Centre Ltd.	31 December 2012
252	Sampath Leasing and Factoring Ltd.	31 December 2012
253	Samson International PLC	31 March 2012
254	Samson International PLC	31 March 2013
255	Sathosa Motors PLC	31 March 2013
256	Seemasahitha Sanasa Rakshana Samagama	31 December 2011
257	Selingsing PLC	31 March 2012
258	Serendib Land PLC	31 March 2012
259	Serendib Stockbrokers (Pvt) Ltd.	31 March 2013
260	Sierra Cables PL C	31 March 2012
261	Sigiriya Village Hotels PLC	31 March 2013
262	Singer (Sri Lanka) PLC	31 December 2012
263	Singer Industries (Ceylon) PLC	31 December 2012
264	SMB Securities (Pvt) Ltd.	31 December 2012
265	South Asia Gateway Terminals (Pvt) Ltd.	31 March 2013
266	Southern Spars International (Pvt) Ltd.	31 December 2012
267	Sri Lanka Telecom PLC	31 December 2012
268	Sunpower Constructions (Pvt) Ltd.	31 March 2013
269	T & S Buttons Lanka (Pvt) Ltd.	31 March 2013
270	Tal Lanka Hotels PLC	31 March 2012
271	Tangerine Beach Hotels PLC	31 March 2013
272	Taprobane Securities (Pvt) Ltd.	31 March 2013
273	Tea Smallholder Factories PLC	31 March 2013
274	Tess Agro PLC	31 March 2012
275	Textile International Colombo (Pvt) Ltd.	31 December 2012
276	Textured Jersey Lanka PLC	31 March 2013
277	The Colombo Pharmacy Co PLC	31 March 2012
278	The Fortress Resorts PLC	31 March 2013
279	The Kandy Hotels Co. (1938) PLC	31 March 2013
280	The Lanka Hospitals Corporation PLC	31 December 2012
281	The Lighthouse Hotel PLC	31 March 2012
282	The Lighthouse Hotel PLC	31 March 2013
283	The NuwaraEliya Hotels Co. PLC	31 March 2013

	Specified Business Enterprise	Financial Year End
284	The Overseas School of Colombo Ltd.	31 July 2012
285	The Swadeshi Industrial Works PLC	31 March 2013
286	Thomas Kershaw Lanka (Pvt) Ltd.	31 March 2012
287	Three Acre Farms PLC	31 December 2012
288	TKS Securities (Pvt) Ltd.	31 March 2013
289	Tokyo Cement Company (Lanka) PLC	31 March 2012
290	Trans Asia Hotels PLC	31 March 2013
291	Unichela (Pvt) Ltd.	31 December 2012
292	Unilever Lipton Ceylon Ltd.	31 December 2012
293	Unimo Enterprises Ltd.	31 March 2013
294	Union Chemicals Lanka PLC	25 December 2012
295	Union Residencies (Private) Ltd.	31 December 2012
296	United Motors Lanka PLC	31 March 2013
297	United Tobacco Processing (Pvt) Ltd.	31 December 2012
298	Upper Agra Oya Hydro Power (Pvt) Ltd.	31 March 2013
299	Vallibel Finance PLC	31 March 2012
300	Waskaduwa Beach Resort PLC	31 March 2013
301	Weligama Cape (Pvt) Ltd.	31 March 2013
302	Whittall Boustead (Pvt) Ltd.	31 March 2013
303	Yala Village (Pvt) Ltd.	31 March 2013
304	YKK Lanka (Pvt) Ltd.	31 March 2013
305	York Arcade Holdings PLC	31 March 2013
306	Yusen Logistics & Kusuhara Lanka (Pvt) Ltd.	31 March 2013

List of Specified Business Enterprises for which Letters of Observation were Issued during 2013

	Specified Business Enterprise	Financial Year End
1	A Baur and Company (Pvt) Ltd.	31 December 12
2	Abans Electricals PLC	31 March 13
3	A F Jones Exporters Ceylon (Pvt) Ltd.	31 March 12
4	A.B. Development (Pvt) Ltd.	31 March 12
5	A.S.P. Constructions (Pvt) Ltd.	31 March 12
6	Ace Cargo (Pvt) Ltd.	31 March 13
7	Ace Exports (Pvt) Ltd.	31 March 13
8	Ace Wind Power (Pvt) Ltd.	31 March 13
9	ACL Cables PLC	31 March 13
10	ACL Kelani Magnet Wire (Pvt) Ltd.	31 March 12
11	Acme Printing & Packaging PLC	31 March 12
12	Acme Printing & Packaging PLC	31 March 13
13	Agro Harapan Lestari (Pvt) Ltd.	31 March 13
14	Ahungalla Resorts Ltd.	31 March 13
15	Aida Gems and Jewellery (Pvt) Ltd.	31 March 12
16	Airport and Aviation Services (Sri Lanka) Ltd.	31 December 10
17	Airport and Aviation Services (Sri Lanka) Ltd.	31 December 12
18	Aitken Spence (Garments) Ltd.	31 March 13
19	Aitken Spence Cargo (Pvt) Ltd.	31 March 13
20	Aitken Spence Hotel Managements (Pvt) Ltd.	31 March 13
21	Aitken Spence Hotels Ltd.	31 March 13
22	Aitken Spence Property Developments (Pvt) Ltd.	31 March 13
23	Akbar Brothers (Pvt) Ltd.	31 March 12
24	Akbar Brothers Exports (Pvt) Ltd.	31 March 12
25	Allianz Life Insurance Lanka Ltd.	31 December 12
26	Alpha Apparels Ltd.	31 December 12
27	Alumex Ltd.	31 March 13
28	Alutec Extrusions (Pvt) Ltd.	31 March 13
29	Amana Asset Management Ltd.	31 December 12
30	Amana Capital Ltd.	31 December 12
31	Amsafe Bridport (Pvt) Ltd.	31 December 12
32	Arpidag International (Pvt) Ltd.	31 March 13
33	Asbestos Cement Industries Ltd.	31 March 13
34	ASCOT Holdings PLC	31 March 12
35	Asia Asset Finance PLC	31 March 12
36	Asia Siyaka Commodities PLC	31 March 13
37	Asian Finance Ltd.	31 March 12
38	Asiri Hospital Holdings PLC	31 March 12
39	Asiri Surgical Hospital PLC	31 March 12
40	Assetline Leasing Company Ltd.	31 March 13
41	Associated Ceat (Pvt) Ltd.	31 March 13
42	Associated Electrical Corporation Ltd.	31 March 13

	Specified Business Enterprise	Financial Year End
43	Associated Motor Finance Company PLC	31 March 12
44	Associated Motorways (Pvt) Ltd.	31 December 12
45	ATG Ceylon (Pvt) Ltd.	31 March 12
46	Attune Lanka (Pvt) Ltd.	31 December 12
47	Ayurveda Kurklinik Maho (Pvt) Ltd.	31 March 12
48	B P De Silva Ceylon limited	31 March 12
49	Balfour Beatty Engineering Services Ceylon (Pvt) Ltd.	31 December 12
50	Bartleet Finance PLC	31 March 12
51	BASF Lanka (Pvt) Ltd.	31 December 12
52	Bata Shoe Company of Ceylon Ltd.	31 December 12
53	Benji Ltd.	31 December 12
54	Berjaya Mount Royal Beach Hotel Ltd.	30 April 12
55	Bernard Botejue Industries (Pvt) Ltd.	31 March 12
56	Bimpuh Finance PLC	31 March 12
57	Bogala Graphite Lanka PLC	31 December 12
58	Bogawantalawa Tea Estates PLC	31 March 12
59	Bogo Power (Pvt) Ltd.	31 March 13
60	Brandix Essentials Central Ltd.	31 March 13
61	Brandix Lanka Ltd.	31 March 13
62	Brandix Lingerie (Pvt) Ltd.	31 March 13
63	Brandix Textile Holdings Ltd.	31 March 13
64	Branford Hydropower (Pvt) Ltd.	31 March 13
65	Bratex (Pvt) Ltd.	31 December 12
66	British Overseas (Pvt) Ltd.	31 March 13
67	Building Material Corporation Ltd.	31 December 08
68	Building Material Corporation Ltd.	31 December 09
69	Bukit Darah PLC	31 March 12
70	Bureau Veritas Consumer Products Services Lanka (Pvt) Ltd.	31 December 12
71	Capital Alliance Finance PLC	31 March 12
72	Capital Suisse Asia Ltd.	31 December 12
73	Carbotels (Pvt) Ltd.	31 March 13
74	Carekleen (Pvt) Ltd.	31 March 12
75	Cargills (Ceylon) PLC	31 March 13
76	Cargills Food Processors (Pvt) Ltd.	31 March 13
77	Carson Cumberbatch PLC	31 March 12
78	CCS Lanka (Pvt) Ltd.	31 December 12
79	Ceat Kelani International Tyres (Pvt) Ltd.	31 March 13
80	Ceat Kelani Radials (Pvt) Ltd.	31 March 13
81	CEG Education Holdings (Pvt) Ltd.	31 December 12
82	Central Development Ltd.	31 March 13
83	Ceramic World (Pvt) Ltd.	31 March 12

List of Specified Business Enterprises for which Letters of Observation were Issued during 2013

	Specified Business Enterprise	Financial Year End
84	Ceylenco Insurance PLC	31 December 11
85	Ceylenco Ltd.	31 March 12
86	Ceylon Agro Industries Ltd.	31 December 12
87	Ceylon Bulbs & Electricals Ltd.	31 March 12
88	Ceylon Business Appliances (Pvt) Ltd.	31 March 12
89	Ceylon Cold Stores PLC	31 March 13
90	Ceylon Electricity Board	31 December 09
91	Ceylon Electricity Board	31 December 10
92	Ceylon Fertilizer Co Ltd.	31 March 12
93	Ceylon Fisheries Corporation	31 December 11
94	Ceylon Grain Elevators PLC	31 December 12
95	Ceylon Hotels Corporation PLC	31 March 12
96	Ceylon Income Fund	31 December 12
97	Ceylon IPO Fund	31 December 12
98	Ceylon Oxygen Ltd.	31 December 12
99	Ceylon Shipping Corporation Ltd.	31 March 12
100	Ceylon Steel Corporation Ltd.	31 December 12
101	Ceylon Tea Brokers PLC	31 March 13
102	Ceylon Tea Services PLC	31 March 13
103	Ceylon Trading Company Ltd.	31 December 12
104	Ceylon Warehouse Complex (Pvt) Ltd.	31 December 12
105	Ceytea Plantation Management Ltd.	31 March 12
106	CF Growth Fund Ltd.	31 March 13
107	CF Insurance Brokers (Pvt) Ltd.	31 December 12
108	Chas. P. Hayley & Company (Pvt) Ltd.	31 March 13
109	Chemanex PLC	31 March 12
110	Chemanex PLC	31 March 13
111	Chevron Ceylon Ltd.	31 December 12
112	Chevron Lubricants Lanka PLC	31 December 12
113	Chilaw Finance PLC	31 March 12
114	Chilaw Finance PLC	31 March 13
115	CIC Holdings PLC	31 March 13
116	CIC Poultry Farms Ltd.	31 March 13
117	Citizens Development Business Finance PLC	31 March 12
118	City Finance Corporation Ltd.	31 March 12
119	City Properties (Pvt) Ltd.	31 March 13
120	Clark Spence and Company (Pvt) Ltd.	31 March 13
121	Cleanco Lanka Ltd.	31 March 13
122	Cliftex Industries (Pvt) Ltd.	31 March 12
123	CMA CGM Lanka (Pvt) Ltd.	31 March 13
124	Coats Thread Exports (Pvt) Ltd.	31 December 12
125	Coats Thread Lanka (Pvt) Ltd.	31 December 12
126	Coco Lanka PLC	31 March 12
127	Colombo Dockyard PLC	31 December 12

	Specified Business Enterprise	Financial Year End
128	Colonial Motors PLC	31 March 13
129	Commercial Credit and Finance PLC	31 March 13
130	Commercial Development Company PLC	31 December 12
131	Comtrust Equity Fund	31 March 13
132	Co-operative Insurance Company Ltd.	31 December 12
133	Co-operative Leasing Company Ltd.	31 March 13
134	Crystal Martin Central (Pvt) Ltd.	31 December 12
135	Crystal Martin Ceylon (Pvt) Ltd.	31 December 12
136	Crystal Martin Europe (Pvt) Ltd.	31 December 12
137	Crystal Martin Garments (Pvt) Ltd.	31 March 13
138	D H L Keells (Pvt) Ltd.	31 March 13
139	D R Particle Board (Pvt) Ltd.	31 March 12
140	D. R. Exports (Pvt) Ltd.	31 March 12
141	D.R. Furniture Export (Pvt) Ltd.	31 March 12
142	D.R. Manufacturing Company (Pvt) Ltd.	31 March 12
143	D.R. Furniture (Pvt) Ltd.	31 March 12
144	Damro Company (Pvt) Ltd.	31 March 12
145	Dankotuwa Porcelain PLC	31 March 13
146	Daya Constructions (Pvt) Ltd.	31 March 12
147	Diana Trading Co (Pvt) Ltd.	31 March 12
148	Dilmah Properties (Pvt) Ltd.	31 March 13
149	Dimension Polyant Lanka (Pvt) Ltd.	31 December 12
150	Douglas & Sons (Pvt) Ltd.	31 March 12
151	DSL Lanka (Pvt) Ltd.	31 March 12
152	Durdans Medical & Surgical Hospital (Pvt) Ltd.	31 March 13
153	Eagle Gilt Edged Fund	31 December 12
154	Eagle Growth & Income Fund	31 December 12
155	Eagle Growth Fund	31 December 12
156	Eagle Income Fund	31 December 12
157	Eagle Money Plus Fund	31 December 12
158	East West Properties PLC	31 March 12
159	East West Properties PLC	31 March 13
160	Eastern Hotels (Pvt) Ltd.	31 March 13
161	Eastern Merchants PLC	31 March 12
162	Eastern Merchants PLC	31 March 13
163	Eden Hotel Lanka PLC	31 March 13
164	Edirisinghe Trust Investments Ltd.	31 March 11
165	Elastomeric Engineering Co Ltd.	31 December 12
166	Elphis Lanka (Pvt) Ltd.	31 December 11
167	Elpitiya Plantations PLC	31 March 12
168	Elsteel (Pvt) Ltd.	31 August 12
169	Empire Teas (Pvt) Ltd.	31 December 12

List of Specified Business Enterprises for which Letters of Observation were Issued during 2013

	Specified Business Enterprise	Financial Year End
170	Environmental Resources Investment PLC	31 March 13
171	Ericsson Telecommunications Lanka (Pvt) Ltd.	31 December 12
172	Eskimo Fashion Knitwear (Pvt) Ltd.	31 December 12
173	ETA Melco Engineering (PTE) Ltd.	31 December 12
174	Ever Paint and Chemical Industries (Pvt) Ltd.	31 March 13
175	Expo Aviation (Pvt) Ltd.	31 March 12
176	Expolanka (Pvt) Ltd.	31 March 13
177	FDK Lanka (Pvt) Ltd.	31 March 13
178	Fergasam Garment Industries (Pvt) Ltd.	31 March 13
179	Finlay Cold Storage (Pvt) Ltd.	31 December 12
180	Finlay Rentokil Ceylon (Pvt) Ltd.	31 December 12
181	First Guardian Equities (Pvt) Ltd.	31 December 12
182	Flexi Print (Pvt) Ltd.	31 March 13
183	Forbes & Walker (Pvt) Ltd.	31 December 12
184	Forbes Air Services (Pvt) Ltd.	31 March 13
185	G P De Silva & Sons International (Pvt) Ltd.	31 March 12
186	G P Garments (Pvt) Ltd.	31 March 12
187	Gamini & Brothers Ltd.	31 March 12
188	Gamma Pizzakraft Lanka (Pvt) Ltd.	31 March 12
189	General Inks Ltd.	31 March 12
190	Glaxo Wellcome Ceylon Ltd.	31 December 12
191	Globe Knitting (Pvt) Ltd.	31 March 12
192	Golden Sun Resort (Pvt) Ltd.	31 March 13
193	Grand Hotels (Pvt) Ltd.	31 March 13
194	Habarana Walk Inn Ltd.	31 March 13
195	Hanwella Rubber Products Ltd.	31 March 13
196	Harcourts (Pvt) Ltd.	31 March 12
197	Haycarb PLC	31 March 13
198	Hayleylines Ltd.	31 March 13
199	Hayleys Agriculture Holdings Ltd.	31 March 13
200	Hayleys Agro Fertilizers (Pvt) Ltd.	31 March 13
201	Hayleys PLC	31 March 13
202	Hemas Hospitals (Pvt) Ltd.	31 March 13
203	Hemas Power PLC	31 March 12
204	Hemas Power PLC	31 March 13
205	Hemas Southern Hospitals (Pvt) Ltd.	31 March 13
206	Heraymila Securities Ltd.	31 December 12
207	Hettigoda Industries (Pvt) Ltd.	31 March 12
208	Hirdaramani Garments Katunayake (Pvt) Ltd.	31 March 13
209	Hirdaramani Investment Holdings (Pvt) Ltd.	31 March 12

	Specified Business Enterprise	Financial Year End
210	Hirdaramani Mercury Apparel (Pvt) Ltd.	31 December 12
211	HJS Condiments Ltd.	31 March 13
212	Holcim (Lanka) Ltd.	31 December 12
213	Hotel Developers (Lanka) PLC	31 March 12
214	Hotel Services (Ceylon) PLC	31 March 13
215	Housing Development Finance Corporation of Sri Lanka Ltd.	31 December 12
216	HVA Foods PLC	31 March 13
217	I D Lanka Ltd.	30 September 12
218	IFS R and D International (Pvt) Ltd.	31 December 12
219	Independent Television Network Ltd.	31 December 12
220	Infrastructure Developers PLC	31 March 12
221	Inter Tea (Pvt) Ltd.	31 December 12
222	International College of Business and Technology Ltd.	31 December 12
223	International Tourists & Hoteliers Ltd.	31 March 13
224	Isuru Finance Company Ltd.	31 March 12
225	Jay Jay Childrenswear Lanka (Pvt) Ltd.	31 March 13
226	Jay Jay Mills Lanka (Pvt) Ltd.	31 March 13
227	JB Securities (Pvt) Ltd.	31 March 13
228	JB Vantage Money Market Fund	31 December 12
229	John Keells Computer Services (Pvt) Ltd.	31 March 13
230	John Keells International (Pvt) Ltd.	31 March 13
231	John Keells Properties Ja-Ela (Pvt) Ltd.	31 March 13
232	Jubilant Foodworks Lanka (Pvt) Ltd.	31 March 13
233	K.I.K. Lanka (Pvt) Ltd.	31 March 12
234	Kalubowitiyana Tea Factory Ltd.	31 March 12
235	Kamal Cables (Pvt) Ltd.	31 March 12
236	Kanrich Finance Ltd.	31 March 12
237	Kegalle Plantations PLC	31 March 13
238	Kelani Cables PLC	31 March 13
239	Kelani Tyres PLC	31 March 12
240	Koshiba Leasing Co Ltd.	31 March 12
241	Lady Lochore Loan Fund	31 December 12
242	Lake House Printers and Publishers PLC	31 March 12
243	Lalan Rubber (Pvt) Ltd.	31 March 11
244	Lanka Electricity Co. (Pvt) Ltd.	31 December 12
245	Lanka Island Resorts Ltd.	31 March 13
246	Lanka Mineral Sands Ltd.	31 December 12
247	Lanka Ventures PLC	31 March 12
248	Lanka Walltiles PLC	31 March 12
249	LAPP Trading (Ceylon) Ltd.	31 March 12

List of Specified Business Enterprises for which Letters of Observation were Issued during 2013

	Specified Business Enterprise	Financial Year End
250	Laugfs Eco Sri (Pvt) Ltd.	31 March 13
251	Lee Hedges PLC	31 March 13
252	Lignocell (Pvt) Ltd.	31 March 13
253	Link Natural Products (Pvt) Ltd.	31 March 13
254	Logistics International Ltd.	31 March 13
255	M P S Hotels (Pvt) Ltd.	31 March 13
256	Mabroc Teas (Pvt) Ltd.	31 March 13
257	Mackwoods (Pvt) Ltd.	31 March 11
258	Mackwoods Energy PLC	31 March 12
259	Mainettech Lanka (Pvt) Ltd.	31 December 12
260	Manik Valley Plantation (Pvt) Ltd.	31 March 12
261	Marangoni Industrial Tyres Lanka (Pvt) Ltd.	31 December 12
262	MAS Intimates (Pvt) Ltd.	31 December 12
263	MAS Intimates Thurulie (Pvt) Ltd.	31 December 12
264	Mascons (Pvt) Ltd.	31 March 12
265	Master Divers (Pvt) Ltd.	31 March 12
266	MBC Networks (Pvt) Ltd.	31 March 13
267	McOcean Property Developers (Pvt) Ltd.	31 March 13
268	MCSL Financial Services Ltd.	31 December 12
269	Melsta Logistics (Pvt) Ltd.	31 March 13
270	Melstacorp Ltd.	31 March 13
271	Metecno Lanka (Pvt) Ltd.	31 December 12
272	Metropolitan Resource Holdings PLC	31 March 12
273	Microsoft Sri Lanka (Pvt) Ltd.	30 June 12
274	Milco (Pvt) Ltd.	31 March 12
275	Milford Exports (Ceylon) (Pvt) Ltd.	31 March 12
276	MIT Cargo (Pvt) Ltd.	31 March 13
277	MJF Tea Gardens (Pvt) Ltd.	31 March 13
278	Nanda Investments and Finance PLC	31 March 12
279	Nation Lanka Finance PLC	31 March 12
280	National Insurance Trust Fund	31 December 10
281	National Live Stock Development Board	31 December 11
282	National Water Supply & Drainage Board	31 December 09
283	National Water Supply & Drainage Board	31 December 10
284	National Wealth Corporation (Pvt) Ltd.	31 December 12
285	Natwealth Securities (Pvt) Ltd.	31 December 12
286	Nawaloka Developments (Pvt) Ltd.	31 March 12
287	Nawaloka Hospitals PLC	31 March 13
288	Nilkamal Eswaran Plastics (Pvt) Ltd.	31 March 13
289	Nirmalapura Wind Power (Pvt) Ltd.	31 March 13

	Specified Business Enterprise	Financial Year End
290	Noratel International (Pvt) Ltd.	31 December 12
291	Noratel Lanka (Pvt) Ltd.	31 December 12
292	North Cloth Lanka (Pvt) Ltd.	31 December 12
293	North Sails 3DL Lanka (Pvt) Ltd.	31 December 12
294	Nortons Lanka Garments (Pvt) Ltd.	31 December 12
295	Ocean Lanka (Pvt) Ltd.	31 December 12
296	Ocean View Development Company (Pvt) Ltd.	31 March 12
297	Omega Line Ltd.	31 December 12
298	Orient Garments PLC	31 March 12
299	Osprey Clothing (Pvt) Ltd.	31 December 11
300	Paragon Ceylon PLC	31 March 12
301	PC House PLC	31 March 12
302	Pelwatte Dairy Industries Ltd.	31 March 12
303	People's Merchant Finance PLC	31 March 12
304	Phoenix Industries Ltd.	31 March 13
305	Piyestra Furniture (Pvt) Ltd.	31 March 12
306	Plastishells Ltd.	31 March 13
307	Plenty Foods (Pvt) Ltd.	31 March 13
308	Port Management Container Services (Pvt) Ltd.	31 March 13
309	Prime Lands (Pvt) Ltd.	31 March 12
310	Printcare PLC	31 March 13
311	Propertex Development Ltd.	31 March 13
312	Property Development PLC	31 December 12
313	Prym Intimates Lanka (Pvt) Ltd.	31 December 12
314	Pulses Splitting & Processing Industry (Pvt) Ltd.	31 March 12
315	Pussalla Meat Producers (Pvt) Ltd.	31 March 12
316	Qualitea Ceylon (Pvt) Ltd.	31 March 12
317	Quality Seed Company (Pvt) Ltd.	31 March 13
318	Radiant Gems International PLC	31 March 12
319	Radiant Marketing (Pvt) Ltd.	31 March 12
320	Raigam Wayamba Salterns PLC	31 March 13
321	Ramboda Falls PLC	31 March 13
322	Ranliya Garment Industries Ltd.	31 March 09
323	Renuka Agri Foods PLC	31 March 12
324	Renuka Agri Foods PLC	31 March 13
325	Renuka Holdings PLC	31 March 12
326	Richard Pieris Distributors Ltd.	31 March 13
327	Richard Pieris Tyre Co. Ltd.	31 March 13
328	Rosewood (Pvt) Ltd.	31 March 13
329	RPC Plantation Management Services (Pvt) Ltd.	31 March 13
330	RPC Polymers (Pvt) Ltd.	31 March 13
331	Samaranayake & Co. (Pvt) Ltd.	31 March 12
332	Screenline (Pvt) Ltd.	31 March 12
333	Screenline Embellishers (Pvt) Ltd.	31 March 12

List of Specified Business Enterprises for which Letters of Observation were Issued during 2013

	Specified Business Enterprise	Financial Year End
334	Serendib Engineering Group PLC	31 March 13
335	Serendib Hotels PLC	31 March 13
336	SG Logistics (Pvt) Ltd.	31 March 13
337	Sierra Cables PLC	31 March 13
338	Sifani Jewellers (Pvt) Ltd.	31-Mar-11
339	Simmet Ltd.	31 March 12
340	Singalanka Standard Chemicals PLC	31 March 12
341	Singha Cement (Pvt) Ltd.	31 December 12
342	Singworld Lanka (Pvt) Ltd.	31 December 12
343	Sino Lanka (Pvt) Ltd.	31 March 12
344	Sinwa Holdings Ltd.	31 March 12
345	Sirio Ltd.	31 December 12
346	Sithma Development (Pvt) Ltd.	31 December 12
347	Skills Development Fund Ltd.	31 March 13
348	Sky Sport Lanka (Pvt) Ltd.	31 March 12
349	Smart Shirts (Lanka) Ltd.	31 December 12
350	SMB Leasing PLC	31 December 11
351	Smithkline Beecham (Pvt) Ltd.	31 December 12
352	SML Dualplast Lanka (Pvt) Ltd.	31 December 12
353	Softlogic Stockbrokers (Pvt) Ltd.	31 March 13
354	Spice of Life (Pvt) Ltd.	31 March 12
355	Sri Lanka Bureau of Foreign Employment	31 December 11
356	Sri Lanka Shipping Co. Ltd.	31 March 12
357	Sri Lankan Catering Ltd.	31 March 13
358	St. Regis Packaging (Pvt) Ltd.	31 March 12
359	Stassen Exports (Pvt) Ltd.	31 March 12
360	State Pharmaceuticals Corporation	31 December 11
361	State Printing Corporation	31 December 11
362	State Timber Corporation	31 December 11
363	Stretchline (Pvt) Ltd.	31 December 12
364	Stromme Microfinance Asia (Guarantee) Ltd.	31 December 12
365	Sumiko Lanka Hotels (Pvt) Ltd.	31 March 12
366	Sunpower Systems (Pvt) Ltd.	31 March 13
367	Suntea (Pvt) Ltd.	31 December 12
368	Swisstek (Ceylon) PLC	31 March 13
369	Taj Lanka Hotels PLC	31 March 13
370	Taprobane Holdings PLC	31 March 12
371	Tea Small Holdings Development Authority	31 December 11
372	Tea Tang (Pvt) Ltd.	31 December 12
373	Tess Agro PLC	31 March 13
374	The Arunadisi Ltd.	31 March 12
375	The Autodrome PLC	31 March 12
376	The Autodrome PLC	31 March 13

	Specified Business Enterprise	Financial Year End
377	The Church of Jesus Christ of Latter Day Saints Ceylon Ltd.	31 December 12
378	The Colombo International School (Sri Lanka) Ltd.	31 March 12
379	The Finance and Guarantee Company Ltd.	31 March 12
380	The Finance Company PLC	31 March 11
381	The Kandy Pvt Hospitals Ltd.	31 March 13
382	Timex Garments (Pvt) Ltd.	31 March 13
383	Tokyo Super Cement Company Lanka (Pvt) Ltd.	31 March 12
384	Toyo Cushion Lanka (Pvt) Ltd.	31 March 13
385	Transnational Lanka Records Solutions (Pvt) Ltd.	30 June 12
386	Tree of Life (Pvt) Ltd.	31 March 12
387	Tropical Findings (Pvt) Ltd.	31 March 13
388	Twinstar Clothing (Pvt) Ltd.	31 March 13
389	Uga Resorts (Pvt) Ltd.	31 March 12
390	Ulagalla Walawwa Resort (Pvt) Ltd.	31 March 12
391	Uni Walkers Packaging Ltd.	31 March 12
392	Unilever Ceylon Services Ltd.	31 December 12
393	Union Bank of Colombo PLC	31 December 11
394	Union Commodities Exports (Pvt) Ltd.	31 December 13
395	Upper Agra Oya Hydro Power (Pvt) Ltd.	31 March 12
396	Urban Development Authority	31 December 11
397	Urban Investment and Development Company (Pvt) Ltd.	31 December 12
398	Uswatte Confectionery Works (Pvt) Ltd.	31 March 12
399	Vallibel One PLC	31 March 12
400	Vallibel Power Erathna PLC	31 March 13
401	Vauxhall Property Developments (Pvt) Ltd.	31 March 13
402	Vidullanka PLC	31 March 13
403	Vocational Training Authority of Sri Lanka	31 December 11
404	Volanka (Pvt) Ltd.	31 March 13
405	W D R Samarakoon & Sons (Pvt) Ltd.	31 March 12
406	W.A. Perera and Company (Pvt) Ltd.	31 March 12
407	Waldock Mackenzie Ltd.	31 December 12
408	Walkers Tours Ltd.	31 March 13
409	World Vision Lanka (Guarantee) Ltd.	30 September 12
410	Zam Gems (Pvt) Ltd.	31 March 12
411	Zyrex Power Company Ltd.	31 December 12

Listed Companies and Public Sector Entities which have not submitted Audited Financial Statements as at 31 December 2013

Listed companies which have not submitted financial statements for the year ended 31 December 2012:

- Vanik Incorporation PLC

Listed companies which have not submitted financial statements for the year ended 31 March 2013:

- Asia Capital PLC*
- Alufab PLC*
- Ceylon Printers PLC*
- Kalamazoo Systems PLC*
- Huejay International Investment PLC
- Miramar Beach Hotels PLC
- Mackwoods Energy PLC*
- Office Equipment PLC*
- Pelwatte Sugar Industries PLC
- Paragon Ceylon PLC*
- Singalanka Standard Chemicals PLC*

** Received subsequently*

Public sector entities which have not submitted financial statements for the year ended 31 December 2012:

- Building Materials Corporation Ltd.
- Central Engineering Consultancy Bureau
- Ceylon Ceramic Corporation
- Ceylon Electricity Board*
- Ceylon Fisheries Corporation
- Ceylon Petroleum Corporation
- Coconut Cultivation Board*
- Employees' Trust Fund Board*
- Janatha Estates Development Board
- Local Loans & Development Fund
- National Film Corporation*

- National Livestock Development Board*
- National Water Supply & Drainage Board
- National Institute of Business Management*
- National Lotteries Board*
- Paddy Marketing Board
- Paranthan Chemicals Co. Ltd*
- Sri Jayewardenepura General Hospital*
- Sri Lanka Cement Corporation
- Sri Lanka Transport Board
- Sri Lanka Ayurvedic Drugs Corporation *
- Sri Lanka Standards Institution*
- Sri Lanka Bureau of Foreign Employment*
- Sri Lanka Cashew Corporation*
- Sri Lanka Land Reclamation & Development Corporation*
- Sri Lanka Rupavahini Corporation*
- Sri Lanka Handicrafts Board
- Sri Lanka Ports Authority*
- State Development & Construction Corporation
- State Engineering Corporation of Sri Lanka *
- State Pharmaceuticals Manufacturing Corporation*
- State Printing Corporation
- State Pharmaceuticals Corporation of Sri Lanka*
- State Timber Corporation*
- The Co-operative Wholesale Establishment
- Tea Small Holdings Development Authority*
- Urban Development Authority
- Vocational Training Authority of Sri Lanka*

Public sector entities which have not submitted financial statements for the year ended 31 March 2013:

- National Paper Company Ltd.*

** Received subsequently*

Observations Made on Audit Reviews

1. Introduction

Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) reviewed 50 audits carried out by 39 firms during the year 2013 compared with the 50 audits carried out by 28 firms during the previous year. Audits reviewed included 12 audits carried out by 6 firms which are members of international networks and 32 audits carried out by 29 firms which carried out audits of less than 10 Specified Business Enterprises (SBEs). Based on the risk associated with the SBE which was audited, 8 audits were subject to a comprehensive review.

2. Main Findings

Deficiencies were identified in 43 audits conducted by 37 firms. The departures from Sri Lanka Auditing Standards detected were communicated to the respective firms in the form of letters of assistance.

The main findings are as follows:

2.1 Failure to Obtain Sufficient Appropriate Audit Evidence

Documentation relating to 35 audits did not provide a record of obtaining sufficient appropriate audit evidence from substantive procedures and from tests of controls to support financial statement assertions.

Deficiencies included:

- Not performing any audit procedures to test the financial statement assertions relating to sales, purchases, interest income, interest expenses, depreciation, property, plant and equipment, investments, inventories, related party outstanding balances, receivables on loans, leases and hire purchases, payables and deferred tax liabilities.

- Not performing any audit procedures to test certain financial statement assertions.

Examples:

- Not planning and performing audit procedures to ensure completeness of customer deposit liabilities and receivables on loans, leases and hire purchases.
 - Not performing audit procedures to ensure inventories are valued at appropriate amounts.
 - Not performing audit procedures to verify ownership of a land on which office building was constructed.
 - Failure to verify the existence of obligations relating to a long-term loan recorded in the financial statements for the year.
 - Absence of evidence of carrying out audit procedures to ascertain existence and completeness of related party balances.
 - Failure to verify existence of bank balances, deposit liabilities, other financial liabilities and receivables on loans, leases and hire purchases.
- Not performing any audit procedures to cover the period subsequent to the interim period for which audit procedures were performed, in relation to inventories, customer deposit liabilities, other financial liabilities and receivables on loans, leases and hire purchases.

2.2 Items Not Sufficiently Documented

Documentation in relation to 31 audits had deficiencies relating to matters which are of importance to support the audit opinion and to provide evidence that the audits were conducted in accordance with Sri Lanka Auditing Standards.

Observations Made on Audit Reviews

Deficiencies observed included failure to document the following as required by Sri Lanka Auditing Standards.

- Nature, timing and extent of audit procedures performed and results of such procedures.
- Planning of the audit and the audit programme.
- The auditor's understanding of the industry and the economic and legal environment in which the entity operates.
- The auditor's understanding of the accounting and internal control systems.
- Analyses of transactions and balances.
- Analyses of significant ratios and trends.
- Identified and assessed risks of material misstatements at the financial statement to and assertion level.
- Evidence that the work performed by assistants was supervised and reviewed.
- Conclusions reached by the auditor concerning significant aspects of the audit, including how exceptions and unusual matters were resolved and treated.
- Representations received from the management.

2.3 Non-Availability of Evidence of Understanding and Assessment of Control Risk

26 audits did not have any documentation regarding the auditor's understanding of the entity's accounting and internal control system and of the assessment of control risk.

2.4 Failure to Establish the Audit Materiality Level

23 audits did not have any records on establishing the materiality level for the purpose of determining the nature, timing and extent of audit procedures and evaluation of the effect of misstatements.

2.5 Failure to Identify Material Misstatements in Financial Statements due to Inadequate Use of Assertions to form a Basis for Audit Procedures

Failure to identify the following material misstatements in financial statements due to inadequate use of assertions for classes of transactions, account balances and presentation and disclosures in sufficient detail to form a basis for the assessment of risks of material misstatements and the design and performance of further audit procedures were observed in 23 audits.

- Recognising and presenting receipt of compensation on land as revaluation surplus.
- Recognising and presenting investment property as property, plant & equipment.
- Failing to perform an impairment test when impairment indicators exist.
- Failing to present consolidated financial statements when subsidiaries exist.
- Failing to use an actuarial valuation in measuring the retirement benefit obligation.
- Not making provision for retirement benefit obligations.
- Not making provision for deferred taxation.
- Not depreciating freehold buildings.
- Non-compliance with significant disclosure requirements in respect of a finance company.
- Not making allowances for impairment of financial assets of a finance company in accordance with Sri Lanka Accounting Standards.
- Failing to revalue the entire class of land and building.
- Failure to identify an inappropriate revenue recognition policy.

Observations Made on Audit Reviews

2.6 Absence of Evidence on the Basis of Selecting the Samples

21 audits did not have any documentation of the means of selecting the samples for testing so as to gather sufficient appropriate audit evidence to meet the objectives of the audit procedures.

2.7. Not Ascertaining Information Regarding Related Party Transactions

18 audits did not have evidence of the auditor reviewing information provided by the management on related party transactions and being alert of other material related party transactions to ascertain the completeness of the information.

Examples of deficiencies in this respect are:

- Absence of documentation of the auditor reviewing management information to identify related party relationships and transactions.
- Non-availability of documentation of the auditor performing any audit procedures relating to identifying and disclosing related party transactions.
- Non-availability of documentation of the auditor performing any audit procedures relating to identifying and disclosing a related party transaction except for obtaining a confirmation from the related party.

2.8. Absence of Evidence on the Application of Analytical Procedures

17 audits did not have any evidence of performing analytical procedures at the planning stage, to identify the areas of potential risk and to corroborate conclusions formed during the audit of individual components of the financial statements.

2.9. Non-Availability of Audit Plans

16 audit files did not have any documentation of the overall audit strategy and of the audit plan.

3. General

Audit documentation of majority of the files reviewed did not provide evidence relating to the implementation of quality control policies and procedures by audit firms designed to ensure that the individual audits are conducted in accordance with Sri Lanka Auditing Standards.

Most of the audits revealed absence of documentation on evaluating expert's work even though an expert's assistance was obtained in making significant accounting estimates.

Improper wording in the opinion paragraphs, not evaluating qualifications included in the subsidiary audit report prior to incorporation in the audit opinion on the consolidated financial statements and not evaluating the appropriateness of the going concern assumption were some of the salient findings in the conduct of the audit reviews.

Balanced Scorecard

SLAASMB uses the Balance Scorecard to plan its annual performance. The plan for 2013, actual for 2013 and plan for 2014 are given below:

Financial Statement User Perspective: *To achieve our vision, how should financial statements users see us?*

Goals	Measures	2012 Plan	2012 Actual	2013 Plan
Financial statements of SBEs to present a true and fair view	Review financial statements to determine compliance with Sri Lanka Accounting Standards	750 sets of financial statements	751 sets of financial statements	1,200 sets of financial statements
	Review audits to determine compliance with Sri Lanka Auditing Standards	50 audits	50 audits	100 audits

Regulated Entity Perspective: *To achieve our vision, how should regulated institutions see us?*

Goals	Measures	2013 Plan	2013 Actual	2014 Plan
Collection of financial statements	Number of financial statements received	1,313	1,322 (Note 1) (No. of SBEs 1,248)	1,358

Internal Process Perspective: *To satisfy our stakeholders, what internal process must we excel at?*

Goals	Measures	2013 Plan	2013 Actual	2014 Plan
Employee performance	Achieve targeted performance points for the year (Note 2)	29,628	30,726	31,236
Eliminate obstacles in meeting present mission goals by enhancing knowledge	Weekly learning activity (internally)	48 presentations on Standards	116 presentations on Standards (Note 3)	48 presentations on Standards
Timely response	Attend to complaints, clarifications sought and information received	Within an average of 5 days excluding the date of receipt and date of response	5.1 days	Within an average of 5 days excluding the date of receipt and date of response

Note 1

Receipt of the financial statements issued in respect of previous years due to action taken to follow up.

Note 2

Performance points are based on the nature and extent of work required to complete the tasks.

Note 3

The number of presentations increased due to presentations on standards by the new staff as a part of their training programme.

Report of the Auditor General



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මගේ අංකය
எனது இல
My No. } FR(2)/H/SLAASMB/1/13

ඔබේ අංකය
உமது இல
Your No. }

දිනය
திகதி
Date } 31 July 2014

Chairman,
Sri Lanka Accounting and Auditing Standards Monitoring Board

Report of the Auditor General on the Financial Statements of the Sri Lanka Accounting and Auditing Standards Monitoring Board for the year ended 31 December 2013 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the Sri Lanka Accounting and Auditing Standards Monitoring Board comprising the Statement of Financial Position as at 31 December 2013 and the statement of financial performance and cash flow statement for the year then ended and a 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 13(1) of the Finance Act, No. 38 of 1971 and Section 33(2) of the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act will be furnished to the Chairman of the Board in due course.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka 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.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000 - 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for

අංක 306/72 පොල්දූව පාර,
වත්තරමුල්ල, ශ්‍රී ලංකාව

දුරකථනය
தொலைபேசி
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Report of the Auditor General

the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Sri Lanka Accounting and Auditing Standards Monitoring Board as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Non-compliance with Laws, Rules, Regulations and Management Decisions

Even though all Public Enterprises should have their own Systems and Manuals covering all major operations, in terms of Section 7.2 of the Public Enterprises Circular No. PED/12 of 02 June 2003 the Board had not prepared such a Systems and Manuals.

3. Financial Review

Financial Performance

According to the financial statements presented, particulars of Government grants (Adjusted) received and recurrent expenditure incurred in the year under review and the preceding year and the increase of the grant as a percentage of the preceding year are given below.

Item	Year 2013 Rs.	Year 2012 Rs.	Increase as Compared with Previous Year Rs.	Increase as a Percentage of Previous Year
Government Grants	55,215,000	37,409,000	17,806,000	47
Total recurrent Expenditure	56,365,201	41,914,896	14,450,305	34

4. Operating Review

4.1 Performance

Sri Lanka Accounting and Auditing Standards Monitoring Board had been established for the review of financial statements of the Specific Business Enterprises. According to the progress reports furnished to audit, the Board had achieved the following progress of performance during the year under review and the two preceding years.

Report of the Auditor General

	2013	2012	2011
Number of Annual Reports received during the year	1,322	1,443	1,716
Number of Annual Reports reviewed	751	302	213
Number of Annual Reports reviewed as a percentage of number of Annual Reports to be reviewed	57	21	12
Technical staff participated in the review	14	6	6
Number of financial statements reviewed by one technical officer during the year	58	50	35.5

Assistance of external parties (Reviewers) for the purpose of reviewing the financial statements in the years 2011, 2012 and 2013 had been obtained. The number of financial statements reviewed in those years had been 213,302 and 751 respectively. The Board had paid Rs. 1,970,000 and Rs. 2,490,000 for the above services in the year under review and the preceding year respectively. The average cost of reviewing a report in the year under review and the preceding year were Rs. 2,623 and Rs. 8,425 respectively. The favourable variance in the year under review was due to the recruitment of internal reviewers.

4.2 Management Inefficiencies

Even though provisions of Rs. 1,250,000 and Rs. 850,000 had been made in the budget for the year under review and the preceding year for upgrading the website, the Board had not been able to achieve the target.

4.3 Amendment of the Act

The Board had been directed by the Committee of Public Enterprises to amend the Act of the Board to make provision to charge penalties from the institutions who does not submit their annual financial statements to the Board, but the Board had not taken any appropriate action to amend the Act up to 30 June 2014.

5. Accountability and Good Governance

5.1 Corporate Plan

The following observations are made.

- (a) In terms of paragraph 5.1.3 of the Public Enterprises Circular No. PED/12 dated 02 June 2003, a copy of the updated Corporate Plan approved by the Board of Directors should be submitted to the Auditor General at least 15 days before the beginning of the year. However, it had been presented on 21 March 2013, after a delay of 3 months.
- (b) The following information had not been disclosed in the Corporate Plan in terms of paragraph 5.1.2 of the above circular.
 - (i) Information on human resources and management skills under the current resources of the Board.
 - (ii) Information relating the year 2012 and operating results of 03 preceding years.

Report of the Auditor General

5.2 Budgetary Control

The following observations are made.

- (a) Even though the annual budget should be approved by the Board of Directors and presented to the Auditor General 15 days before the commencement of the financial year in terms of paragraph 5.1.3 of the Public Enterprises Circular No. PED/12 of 02 June 2003, it had been presented after a delay of 3 months on 08 April 2013.
- (b) The budget for the year 2013 did not include the following information as specified in Section 5.2.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003.
 - (i) Budgeted income for the year
 - (ii) Budgeted balance sheet as at the end of the year
 - (iii) Cash flow statement for the year
- (c) Significant variances were observed between the budgeted expenditure and the actual expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.

6. Systems and Control

Weaknesses in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Board from time to time. Special attention is needed in respect of the following areas of control.

- (a) Personnel Administration
- (b) Budgetary Control
- (c) Petty Cash Management



H.A.S. Samaraweera
Auditor General

Statement of Financial Position

<i>As at</i>	Note	31 December 2013 Rs.	31 December 2012 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	7,509,960	9,567,130
Deposits	4	1,340,550	1,340,550
		8,850,510	10,907,680
Current Assets			
Inventories	5	577,418	432,368
Accounts Receivable	6	1,747,853	1,595,223
Cash and Cash Equivalents	7	285,580	45,557
		2,610,851	2,073,148
Total Assets		11,461,361	12,980,828
LIABILITIES			
Non-Current Liabilities			
Deferred Income - Government Grants	8	4,604,325	6,880,492
Defined Benefit Obligations	9	2,069,909	3,979,293
		6,674,234	10,859,785
Current Liabilities			
Deferred Income - Government Grants	10	-	-
Accounts Payable	11	4,787,127	2,121,043
		4,787,127	2,121,043
Total Liabilities		11,461,361	12,980,828

The accountancy policies and notes appearing on pages 37 to 42 form an integral part of the financial statements.

The Members of the Sri Lanka Accounting and Auditing Standards Monitoring Board are responsible for the preparation and presentation of the financial statements.

These financial statements were approved by the Board and signed on their behalf.



Chairman



Member



Acting Director General



Manager/Finance and Administration

17 February 2014

Statement of Financial Performance

<i>For the year ended 31 December</i>		2013	2012
	Note	Rs.	Rs.
Revenue			
Government Grants	12	57,631,494	43,807,958
Less: Grants Released to the Institute of Chartered Accountants of Sri Lanka		2,500,000	2,500,000
		55,131,494	41,307,958
Add: Write back of Unclaimed Payable for Interior Work		-	41,642
		55,131,494	41,349,600
Operating Expenses			
Board Members' Allowances		(520,000)	(563,750)
Auditor's Remuneration	13	(123,715)	(135,475)
Staff Costs	14	(28,446,361)	(16,198,097)
Press Notices		(236,146)	(2,100,568)
Rent and Building Service Charges		(5,730,505)	(5,297,289)
Depreciation and Amortisation Expenses	3	(3,141,098)	(2,728,631)
Electricity		(1,637,999)	(1,117,148)
Professional Fees to Reviewers		(1,970,000)	(2,490,000)
International Memberships		(1,876,344)	(1,913,333)
International Travel		(3,517,469)	(3,215,049)
Other Administration Expenses		(7,931,857)	(5,590,260)
Other Comprehensive Income			
Gain/(Loss) on Remeasurement of the Defined Benefit Obligation		140,327	629,736
Government Grant Related to Remeasurement of Defined Benefit Obligation		(140,327)	(629,736)
Net Surplus/(Deficit) for the Year		-	-

The notes appearing on pages 37 to 42 form an integral part of the financial statements.

Statement of Changes in Net Assets

	Accumulated Fund Rs.
Balance as at 1 January 2012	-
Net Surplus/(Deficit) for the year	-
Balance as at 31 December 2012	-
Net Surplus/(Deficit) for the year	-
Balance as at 31 December 2013	-

The notes appearing on pages 37 to 42 form an integral part of the financial statements.

Statement of Cash Flows

For the year ended 31 December

	Note	2013 Rs.	2012 Rs.
Cash Flows from Operating Activities			
Net Surplus/(Deficit) for the year		–	–
Adjustments for:			
Government Grants Received during the Year		55,215,000	37,409,000
Deferred Government Grants Transferred to Total Comprehensive Income	12	(57,491,167)	(43,178,222)
Depreciation	3	3,141,098	2,728,631
Loss on Disposal of Office Equipment		42,038	–
Interest Received on Investment in Gratuity Fund		(20,652)	–
Defined Benefit Obligation	14.1	750,616	169,334
Excess of Income over Expenditure before Working Capital Changes		1,636,933	(2,871,257)
(Increase)/Decrease in Inventories		(145,050)	(42,638)
(Increase)/Decrease in Accounts Receivable		(152,630)	(390,807)
Increase/(Decrease) in Accounts Payable		2,666,084	1,633,425
Net Cash Flow from Operating Activities		4,005,337	(1,671,277)
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(1,125,966)	(1,263,326)
Investment in Gratuity Fund		(2,660,000)	–
Interest Received on Investment in Gratuity Fund		20,652	–
Net Cash Flow		240,023	(2,934,603)
Cash Flows from Financing Activities			
Net Increase/(Decrease) in Cash and Cash Equivalents		240,023	(2,934,603)
Cash and Cash Equivalents at the beginning of the Year		45,557	2,980,160
Cash and Cash Equivalents at the end of the Year	7	285,580	45,557

The notes appearing on pages 37 to 42 form an integral part of the financial statements.

Notes to the Financial Statements

1. Corporate Information

The financial statements of Sri Lanka Accounting and Auditing Standards Monitoring Board for the year ended 31 December 2013 were authorised for issue by a resolution of the Members of the Board on 17 February 2014. Sri Lanka Accounting and Auditing Standards Monitoring Board is a Statutory Board established by Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The function of the Board is to monitor compliance with Sri Lanka Accounting Standards and Sri Lanka Auditing Standards in the preparation, presentation and audit of financial statements of Specified Business Enterprises under the provisions of Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The Board employed 14 permanent employees and 5 employees on contract basis as at 31 December 2013 (8 permanent and 3 on contract basis as at 31 December 2012).

2. Significant Accounting Policies

Basis of Preparation

The financial statements of the Board are prepared under the historical cost convention in conformity with Sri Lanka Public Sector Accounting Standards for Accrual Basis of Accounting.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Events after the date of the Statement of Financial Position

All material events after the date of the Statement of Financial Position are considered and appropriate adjustments or disclosures made in the financial statements, where necessary.

Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation. Depreciation is charged to the Statement of Financial Performance, on a straight-line basis, over the estimated useful lives of the assets as follows:

Description	Estimated Useful Life
Motor Vehicles	5 years
Office Equipment	4 years
Furniture, Fixtures & Fittings	6-10 years
Books & Publications	3 years

Depreciation is provided in the year of purchase and in the year of sale based on the period used, with full depreciation being provided in the month of purchase and no depreciation being provided in the month of sale.

Items other than books and publications purchased at a cost not exceeding Rs. 7,500/-, all Accounting Standards and Auditing Standards and other publications with a cost not exceeding Rs. 1,000/- are expensed in the year of purchase.

Inventories

Inventories are valued at lower of cost and net realisable value. The cost of the inventories are arrived at by using the first-in, first-out (FIFO) basis.

Accounts Receivable

Accounts Receivable are stated at the amounts estimated to be realised, and where necessary, provision is made in the financial statements, for bad and doubtful debts.

Cash and Cash Equivalents

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost.

Notes to the Financial Statements

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts.

Accounts Payable

Liabilities for accounts payable, are carried at the amount of cash and cash equivalents expected to be paid.

Defined Benefit Costs

The defined benefit obligation for retiring gratuities payable under the Payment of Gratuity Act No. 12 of 1983 recognised in the Statement of Financial Position, represent the present value of the defined benefit obligation. All actuarial gains and losses are recognised immediately in other Comprehensive Income.

Government Grants

Grants received from the General Treasury of the Government of Sri Lanka are recognised as income in the period in which the related costs are recognised.

Government Grants utilised to acquire assets that will be expensed in subsequent periods are recognised as Deferred Income. Government Grants represented by other assets including cash and cash equivalents, less liabilities (other than liabilities on account of the Grants received) are recognised as liabilities.

Notes to the Financial Statements

3. Property, Plant and Equipment

	Motor Vehicles		Office Equipment		Furniture, Fixtures & Fittings		Library Books		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	31 December 2013	31 December 2012
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost										
At Beginning of the Year	11,675,000	11,675,000	7,938,271	6,795,744	9,786,893	9,786,893	3,003,798	2,882,999	32,403,962	31,140,636
Additions	-	-	930,933	1,142,527	83,500	-	111,533	120,799	1,125,966	1,263,326
Disposals	-	-	(337,899)	-	-	-	-	-	(337,899)	-
At End of the year	11,675,000	11,675,000	8,531,305	7,938,271	9,870,393	9,786,893	3,115,331	3,003,798	33,192,029	32,403,962
Accumulated Depreciation										
At Beginning of the Year	4,994,998	3,194,998	5,774,171	5,088,146	9,186,352	8,999,906	2,881,311	2,825,151	22,836,832	20,108,201
Depreciation for the Year	1,800,000	1,800,000	1,103,292	686,025	164,414	186,446	73,392	56,160	3,141,098	2,728,631
Depreciation on Disposals	-	-	(295,861)	-	-	-	-	-	(295,861)	-
At End of the year	6,794,998	4,994,998	6,581,602	5,774,171	9,350,766	9,186,352	2,954,703	2,881,311	25,682,069	22,836,832
Written Down Value at end of the Year	4,880,002	6,680,002	1,949,703	2,164,100	519,627	600,541	160,628	122,487	7,509,960	9,567,130

As at 31 December 2013
Rs.

As at 31 December 2012
Rs.

4. Deposits

Rent Deposit	1,340,550	1,340,550
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5. Inventories

Stationery	577,418	432,368
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6. Accounts Receivable

Prepayments	1,667,853	1,515,223
Deposits	80,000	80,000
	1,747,853	1,595,223

7. Cash and Cash Equivalents

Cash on Hand and in Banks	285,580	45,557
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Notes to the Financial Statements

	31 December 2013 Rs.	31 December 2012 Rs.
8. Deferred Income - Government Grants (Non-Current)		
Balance at the Beginning of the Year	6,928,387	8,563,026
Grants Received and Utilised to Acquire Non-Current Assets	1,125,966	1,263,326
Grants Received in the form of Non-Current Assets	2,680,652	-
Depreciation and Amortisation Expenses for the Year	(3,141,098)	(2,728,631)
Loss on Disposal of Office Equipment	(42,038)	-
Change in Defined Benefit Obligation for the Year	(771,268)	(169,334)
Balance at the End of the Year	6,780,601	6,928,387
Transferred from Deferred Income - Government Grants (Current)	(2,176,276)	(47,895)
	4,604,325	6,880,492
Represented by		
Property, Plant and Equipment	7,509,960	9,567,130
Deposit (Non-Current)	1,340,550	1,340,550
Less: Provision for Gratuity	(2,069,909)	(3,979,293)
	6,780,601	6,928,387
Transferred from Deferred Income - Government Grants (Current)	(2,176,276)	(47,895)
	4,604,325	6,880,492
9. Defined Benefit Obligations		
Balance at the Beginning of the Year	3,979,293	3,809,959
Charge for the Year	491,161	332,351
Interest for the Year	420,434	466,719
Actuarial Gains/Losses	(140,327)	(629,736)
Payments during the Year	-	-
Gratuity Fund	(2,680,652)	-
Balance at the End of the Year	2,069,909	3,979,293

Present value of the obligation was measured using the following assumptions:

Expected Salary Increment	10%
Discount/Interest Rate	10.61%
Staff Turnover Factor	9%

The liability for Gratuity is not externally funded.

Notes to the Financial Statements

	31 December 2013 Rs.	31 December 2012 Rs.
10. Deferred Income - Government Grants (Current)		
Balance at the Beginning of the Year	(47,895)	4,086,687
Increase/(Decrease) in Inventories and Accounts Receivable	297,680	433,446
Increase/(Decrease) in Cash and Cash Equivalents	240,023	(2,934,603)
(Increase)/Decrease in Accounts Payable	(2,666,084)	(1,633,425)
Balance at the End of the Year	(2,176,276)	(47,895)
Transferred to Deferred Income - Government Grants (Non-Current)	2,176,276	47,895
	-	-
Represented by		
Inventories	577,418	432,368
Accounts Receivable	1,747,853	1,595,223
Cash and Cash Equivalents	285,580	45,557
Less: Accounts Payable	(4,787,127)	(2,121,043)
	(2,176,276)	(47,895)
Transferred to Deferred Income - Government Grants (Non-Current)	2,176,276	47,895
	-	-
11. Accounts Payable		
Auditor's Remuneration	126,000	368,526
Grants Payable to The Institute of Chartered Accountants of Sri Lanka	1,875,000	625,000
Professional Fees Payable to Reviewers	160,000	340,000
Staff Incentive Payable	722,500	325,000
Other Payables	1,903,627	462,517
	4,787,127	2,121,043

Notes to the Financial Statements

	2013 Rs.	2012 Rs.
12. Government Grants		
Government Grants Received During the Year	55,215,000	37,409,000
Grants Used for Capital Expenditure	(1,125,966)	(1,263,326)
Grants Invested in Gratuity Funds	(2,680,652)	-
Grants Used for Net Current Assets	2,128,381	4,134,583
Depreciation and Amortisation Expenses for the Year	3,141,098	2,728,631
Loss on Disposal of Office Equipment	42,038	-
Gratuity Provision for the year	911,595	799,070
Grants Shown in the Statement of Financial Performance	57,631,494	43,807,958
Grants Related to Remeasurement of Defined Benefit Liability	(140,327)	(629,736)
Grants in Total Comprehensive Income	57,491,167	43,178,222

13. Auditor's Remuneration

Current year	126,000	126,000
Under/(Over) Provision for Previous Year	(2,285)	9,475
	123,715	135,475

14. Staff Costs

Staff Remuneration	14,117,251	9,968,063
Employees' Provident Fund	1,806,200	1,230,610
Employees' Trust Fund	451,550	307,652
Defined Benefit Obligation (Note 14.1)	890,943	799,070
Vehicle Rent	1,788,077	1,066,240
Staff Incentive	7,802,500	1,950,000
Other Staff Benefits	1,589,840	876,462
	28,446,361	16,198,097

14.1 Defined Benefit Obligation

Charge for the Year	491,161	332,351
Net Interest for the Year	399,782	466,719
	890,943	799,070
Actuarial Gains/Losses disclosed as Other Comprehensive Income	(140,327)	(629,736)
Total Defined Benefit Obligation included in the Statement of Cash Flows	750,616	169,334

15. Capital Commitments

There were no capital commitments as at 31 December 2013 (as at 31 December 2012 - Nil).

16. Contingent Liabilities

There were no contingent liabilities as at 31 December 2013 (as at 31 December 2012 - Nil).

17. Events after the Date of the Statement of Financial Position

There were no material events after the date of the Statement of Financial Position necessitating any adjustments or disclosure in the financial statements.

Specified Business Enterprises

The following have been defined as specified business enterprises by the Act and the regulations made under the Act:

- Companies licensed under the Banking Act No. 30 of 1988.
- Companies authorised under the Control of Insurance Act No. 25 of 1962, to carry on insurance business.
- Companies carrying on leasing business.
- Factoring Companies.
- Companies registered under the Finance Companies Act No. 78 of 1988.
- Companies licensed under the Securities and Exchange Commission Act No. 36 of 1987, to operate unit trust.
- Fund Management Companies.
- Companies licensed under the Securities and Exchange Commission Act No. 36 of 1987, to carry on business as stockbrokers or stock dealers.
- Companies licensed under the Securities and Exchange Commission Act No. 36 of 1987, to operate a Stock Exchange.
- Companies listed in a Stock Exchange licensed under the Securities and Exchange Commission Act No. 36 of 1987.
- Other Companies -
 - (a) which have a turnover in excess of Rupees 500 Million;
 - (b) which at the end of the previous financial year, had shareholders' equity in excess of Rupees 100 Million;
 - (c) which at the end of the previous financial year, had gross assets in excess of Rupees 300 Million;
 - (d) which at the end of the previous year, had liabilities to banks and other financial institutions in excess of Rupees 100 Million;
 - (e) which have a staff in excess of 1,000 employees.
- Public Corporations engaged in the sale of goods or the provision of services.
- A group of companies, anyone of which falls within any of the above categories. For this purpose, 'a group of companies' means a holding company and its subsidiaries, the accounts of which have to be consolidated under the Companies Act.

Name of Organisation

Sri Lanka Accounting and
Auditing Standards Monitoring Board

Legal Form

A Statutory Board established by
Sri Lanka Accounting
and Auditing Standards
Act No. 15 of 1995

Country of Incorporation

Sri Lanka

Head Office

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Colombo 3

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The Auditor General's Department
306/72, Poldoowa Road,
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Bankers

Bank of Ceylon

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Attorney General
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