

**SRI LANKA ACCOUNTING AND AUDITING STANDARDS
MONITORING BOARD**

FINANCIAL STATEMENTS
2002

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

3rd Floor
293, Gall Road
Colombo 3.

Auditors

The Auditor General
Auditor General's Department
Independence Square
Colombo 7

Bankers

Bank of Ceylon
Hatton National Bank

Legal Advisers

Attorney General
Attorney General's Department
Colombo 12

Sri Lanka Accounting and Auditing Standards Monitoring Board
Statement of Financial Position

<i>As at 31 December</i>	Note	2002 Rs.	2001 Rs.
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	3	5,973,408	8,217,668
Deposits	4	1,340,550	2,345,963
		7,313,958	10,563,631
Current Assets			
Inventories	5	142,407	162,481
Accounts Receivable	6	154,013	154,374
Cash and Cash Equivalents	7	483,414	533,425
		779,834	850,280
Total Assets		8,093,792	11,413,911
NET ASSETS AND LIABILITIES			
Capital and Reserves			
Accumulated Fund		7,395,818	10,700,311
Non - Current Liabilities			
Provision for Gratuity	8	348,450	265,463
Current Liabilities			
Accounts Payable	9	349,524	448,137
Total Net Assets and Liabilities		8,093,792	11,413,911

The notes appearing on pages 5 to 9 form an integral part of the financial statement

The Board of members of the Sri Lanka Accounting and Auditing Standards Monitoring Board is responsible for the preparation and presentation of these Financial Statements.

For and on behalf of the members of the Board,

Chairman of the Board
 February 26, 2003

Member of the Board

Sri Lanka Accounting and Auditing Standards Monitoring Board
Statement of Financial Performance

<i>For the year ended 31 December</i>		2002	2001
	Note	Rs.	Rs.
Revenue			
Government Grants	10	12,783,850	4,583,000
Less: Grants released to the Institute of Chartered Accountants of Sri Lanka		(3,000,000)	-
		9,783,850	4,583,000
Interest Income		-	74,301
		9,783,850	4,657,301
Operating Expenses			
Board Members' Allowances and Expenses	11	(111,900)	(79,498)
Auditor's Remuneration	12	(47,174)	(17,869)
Staff Costs	13	(4,130,156)	(3,683,785)
Expenses on Press Notices		(332,273)	-
Organising Accounting Standards Workshop		(300,000)	-
Rent and Building Service Charges		(2,874,735)	(2,800,260)
Depreciation and Amortisation Expenses	3	(2,755,411)	(2,678,876)
Other Administration Expenses		(2,536,694)	(1,660,161)
Net deficit before taxation		(3,304,493)	(6,263,149)
Income Tax Expense	14	-	-
Net deficit for the year		<u>(3,304,493)</u>	<u>(6,263,149)</u>

The notes appearing on pages 5 to 9 form an integral part of the financial statements.

Sri Lanka Accounting and Auditing Standards Monitoring Board

Statement of Changes in Net Assets

<i>For the year ended 31 December</i>	2002	2001
	Rs.	Rs.
Balance at the beginning of the year	10,700,311	16,963,460
Net deficit for the year	<u>(3,304,493)</u>	<u>(6,263,149)</u>
Balance at the end of the year	<u>7,395,818</u>	<u>10,700,311</u>

The notes appearing on pages 5 to 9 form an integral part of the financial statements

Cash Flow Statement

<i>For the year ended 31 December</i>	Note	2002	2001
		Rs.	Rs.
Cash flows from operating activities			
Net deficit for the year		(3,304,493)	(6,263,149)
Adjustments for;			
Rent charged against Deposit		1,005,413	335,137
Interest Income		-	(74,301)
Depreciation		2,755,411	2,678,876
Provision for Gratuity		82,987	109,926
		<u> </u>	<u> </u>
Excess of Income over Expenditure before working capital changes		539,319	(3,213,511)
Decrease in Inventories		20,074	39,533
Decrease in Accounts Receivable		360	45,299
Decrease in Accounts Payable		(98,613)	(1,535,223)
Cash generated from operations		461,140	(4,663,902)
Income Taxes Paid		-	-
Interest Received		-	74,301
<i>Net cash flow from operating activities</i>		461,140	(4,589,601)
Cash flows from investing activities			
Purchase of Property, Plant & Equipment		(511,151)	(598,809)
<i>Net cash flow</i>		(50,011)	(5,188,410)
Cash flows from financing activities			
		<u> </u>	<u> </u>
Net decrease in Cash & Cash Equivalents		(50,011)	(5,188,410)
Cash & Cash Equivalents at the beginning of the year		533,425	5,721,835
Cash & Cash Equivalents at the end of the year	7	<u>483,415</u>	<u>533,425</u>

The notes appearing on pages 5 to 9 form an integral part of the financial statements

Sri Lanka Accounting and Auditing Standards Monitoring Board.
Notes to the Financial Statements

1. Corporate Information

The financial statements of Sri Lanka Accounting and Auditing Standards Monitoring Board for the year ended 31st December 2002 were authorised for issue in accordance with a resolution of the Members of the Board on 26th February 2003. 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 5 permanent and 2 temporary employees as at 31st December 2002. (6 permanent and 2 temporary as at 31st December 2001)

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 Accounting Standards adopted under the provisions of Sri Lanka Accounting and Auditing Standards Act, No.15 of 1995.

All accounting policies adopted by the Board are applied consistently with those of the previous year. Where necessary, comparative figures have been adjusted to

conform to the changes in presentation of the current year.

Events Occurring after the Balance Sheet Date

All material events occurring after the Balance Sheet date are considered and appropriate adjustments or disclosure 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.

<u>Description</u>	<u>Estimated Useful Life</u>
Motor Vehicles	5 Years
Office Equipment	4 Years
Furniture, Fixtures & Fittings	6-10 Years
Books and 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.7500/-, all Accounting Standards and Auditing Standards, and other publications with a cost not exceeding Rs.1000/- are expensed in the year of purchase.

Sri Lanka Accounting and Auditing
Standards Monitoring Board

Notes to the Financial Statements

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.

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.

Provision for Gratuity

Provision has been made in the financial statements for retiring gratuities payable under the Payment of Gratuity Act No.12 of 1983, based on the amount payable if all employees retire on the date of the Balance Sheet, subject to the assumption that every employee would be entitled to the payment even if any or some of them may not have completed the minimum period of service required to be eligible for the payment under the Act on the date of the Statement of Financial Position.

Government Grants

Grants received from the General Treasury of the Government of Sri Lanka are recognised as income.

3. Property, Plant and Equipment

	Motor Vehicles		Office Equipment		Furniture, Fixtures & Fittings		Library Books		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost										
At beginning of the year	2,675,000	2,675,000	2,578,631	2,578,631	7,141,919	6,777,674	1,099,649	865,085	13,495,199	12,896,390
Additions	-	-	199,650	-	164,375	364,245	147,126	234,564	511,151	598,809
Disposals	-	-	-	-	-	-	-	-	-	-
At end of the year	<u>2,675,000</u>	<u>2,675,000</u>	<u>2,778,281</u>	<u>2,578,631</u>	<u>7,306,294</u>	<u>7,141,919</u>	<u>1,246,775</u>	<u>1,099,649</u>	<u>14,006,350</u>	<u>13,495,199</u>
Accumulated Depreciation										
At beginning of the year	1,221,250	686,250	1,165,531	520,873	2,428,355	1,267,817	462,395	123,715	5,277,531	2,598,655
Depreciation for the year	535,000	535,000	648,817	644,658	1,173,084	1,160,538	398,510	338,680	2,755,411	2,678,876
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-
At end of the year	<u>1,756,250</u>	<u>1,221,250</u>	<u>1,814,348</u>	<u>1,165,531</u>	<u>3,601,439</u>	<u>2,428,355</u>	<u>860,905</u>	<u>462,395</u>	<u>8,032,942</u>	<u>5,277,531</u>
Written Down Value at end of the year	<u>918,750</u>	<u>1,453,750</u>	<u>963,933</u>	<u>1,413,100</u>	<u>3,704,855</u>	<u>4,713,564</u>	<u>385,870</u>	<u>637,254</u>	<u>5,973,408</u>	<u>8,217,668</u>

Sri Lanka Accounting and Auditing Standards Monitoring Board
Notes to the Financial Statements

	2002 Rs.	2001 Rs.
4. Deposits (Non-current)		
Rent Deposit	<u>1,340,550</u>	<u>2,345,963</u>
5. Inventories		
Stationery	<u>142,407</u>	<u>162,481</u>
6. Accounts Receivable		
Prepayments	149,013	149,374
Deposits	<u>5,000</u>	<u>5,000</u>
	<u>154,013</u>	<u>154,374</u>
7. Cash and Cash Equivalents		
Cash on hand and in banks	<u>483,414</u>	<u>533,425</u>
8. Provision for Gratuity		
Balance at the beginning of the year	265,463	155,537
Provision during the year	<u>82,987</u>	<u>109,926</u>
Balance at the end of the year	<u>348,450</u>	<u>265,463</u>
The liability for gratuity is not externally funded.		
9. Accounts Payable		
Auditors Remuneration	99,674	52,500
Payable for interior work	12,748	105,275
Consultancy re-interior work	178,571	178,571
Other Payables	<u>58,531</u>	<u>111,791</u>
	<u>349,524</u>	<u>448,137</u>
10. Government Grants		
The main source of funds during the period was grants received from the General Treasury of the Government of Sri Lanka.		
11. Board Members' Allowances and Expenses		
Chairman's Allowances	66,000	66,000
Board Members' Allowances	35,000	7,500
Board Meeting Expenses	<u>10,900</u>	<u>5,998</u>
	<u>111,900</u>	<u>79,498</u>

Sri Lanka Accounting and Auditing Standards Monitoring Board

Notes to the Financial Statements

	2002	2001
	Rs.	Rs.
12. Auditor's Remuneration		
Current Year	27,500	17,500
Under Provision for Previous Years	19,674	369
	<u>47,174</u>	<u>17,869</u>

The under-provision of audit fees was due to the audit fees subsequently advised being more than the amount the Board expected to pay in respect of audit fees when preparing the financial statements of the prior years

13. Staff Costs

Staff Remuneration	3,106,600	2,786,325
Employees' Provident Fund	372,792	334,359
Employees' Trust Fund	93,198	83,590
Provision for Gratuity	82,988	109,926
Other Staff Benefits	474,578	369,585
	<u>4,130,156</u>	<u>3,683,785</u>

14. Taxation

The Board has requested the Government to consider exemption of its profits and income from Income Tax under Section 8 (a) of the Inland Revenue Act, and expects that the request will be considered favourably.

Accordingly, no tax on income has been provided in these Financial Statements.

15. Related Party Disclosures

Messrs A. L. Gooneratne, N. Jayasinghe, G.C.B. Wijeyesinghe and L.N.De S. Wijeyeratne who are members of the Board are also directors of some of the specified business enterprises monitored by the Board.

Mr. A.D.B .Talwatte who is a member of the Board is also a partner of a firm of practicing accountants which audit some of the specified business enterprises monitored by the Board.

The spouse of Mr. A.S.Ratnayake, Director General of the Board, is a partner of a firm of practicing accountants which audit some of the specified business enterprises monitored by the Board.

There were no related party transactions during the period.

16. Capital Commitments

There were no capital commitments as at 31st December 2002.

17. Contingent Liabilities

There were no contingent liabilities as at 31st December 2002.

18. Events Occurred after the Date of the Statement of Financial Position

No material events, have occurred after the date of the Statement of Financial Position necessitating any adjustments or disclosure in the financial statements.