

# PERFORMANCE REPORT 2015

1964 - 2016



INSTITUTE OF BANKERS OF SRI LANKA



**ISBN: 978-955-9280-48-4**

Performance Report 2015

Published: January 2017

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Printer:  
J K Printing & Packaging  
41/3, Silva Lane, Welikada, Rajgiriya

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## Message from the Chairman

The IBSL was incorporated on 25th April 1979 by an Act of Parliament “Institute of Bankers of Sri Lanka (Incorporation) Act” by replacing the Bankers Training Institute (Ceylon) which was established in 1964. After completing 51 years of operation in 2015, the IBSL is steadily moving towards in achieving its excellence in providing professional knowledge in Banking and Finance.



At present, the IBSL offers several external and academic qualifications and training programmes / events to meet the growing needs of professional training and qualifications. The fact that its total membership has grown to over 32,000 consisting of over 26,000 student membership as at present shows the high market recognition of the IBSL. The IBSL being managed by a Governing Board representing the Central Bank, Licensed banks and Fellows and Associates steadily moves forward to cater to contemporary training needs of the banking and finance sector. It is in this context, the IBSL has taken great initiatives to construct a 12- storied state-of-the-art building in Colombo to house a fully-pledged Banking and Finance School with modern IT infrastructure in early 2017 and to offer all training and academic programmes including graduate courses in Applied Banking and Finance under one roof. With this initiative, the IBSL will enter the international education market in banking and finance in the near future and IBSL members will feel proud of their training and association with the IBSL.

The new academic programme in Applied Banking and Finance which was launched in end of 2014 completed five cycles of examinations by end of 2016 since its first examination in September, 2014 and it is progressing successfully with strong foundation and the total candidates who sat for

the subjects in examination for the new external academic programme in Applied Banking and Finance increased to 41,494 in 2015 when compared with 8,320 in 2014. As at end of March 2016 cycle, the total subject candidates increased to 67,142. Meanwhile, candidates who participated in in-house professional training events in 2015 stood at 6,797 for 81 training events. Reflecting the stakeholder confidence and prudent financial management, the IBSL's annual financial surplus rose to Rs. 297 mn in 2015 with accumulated capital reserves of Rs. 1,585 mn. held for financing the future capacity building of the IBSL and its stakeholders.

I take this opportunity to place on record the contribution of all stakeholders of the IBSL towards its achievements hitherto. The strategic leadership and oversight of the Governing Board, the dedicated delivery of services by the staff to meet expectations of the stakeholders and the continued association with and confidence placed in the IBSL by its external stakeholders including members, trainees and resource panel are indeed invaluable ingredients for the success of the IBSL. I look forward to their continued engagement and support to drive the IBSL to greater heights in the years to come.

***Mr. P. Samarasiri***

*Deputy Governor, Central Bank of Sri Lanka*

# Institute of Bankers of Sri Lanka

## Corporate Profile

**(i) Incorporation** - On 25th April, 1979 by an Act of Parliament, Institute of Bankers of Sri Lanka (Incorporation) Act. No. 26 of 1979, as the successor to Bankers' Training Institute (Ceylon) established in 1964.

**(ii) The Mandate / Mission (as per the Act)**

- (a) To provide instruction and training for employees of banking institutions and for employees of the Central Bank of Sri Lanka in the study of the theory and practice of banking and of related subjects and for such purpose to provide all facilities including lecturers, discussions and library facilities;
- (b) To conduct examinations and to issue certificates to those who are successful in such examinations;
- (c) To facilitate and encourage discussions on matters of interest to bankers; and
- (d) To take such measures as may be desirable to further the interest of banking.

**(iii) The Governing Board (as at 31. 12. 2016)**

**Chairman:** Mr. P. Samarasiri, Deputy Governor  
Central Bank of Sri Lanka

**Vice Chairman:** Mr. K. D. Ranasinghe, Asst. Governor  
Central Bank of Sri Lanka

**Other Members**

Mr. D. M. Gunasekera, General Manager, Bank of Ceylon  
Mr. N. Vasantha Kumar, CEO/ General Manager, People's Bank  
Mr. S. D. N. Perera, General Manager, National Savings Bank  
Mr. Nanda Fernando, Managing Director, Sampath Bank PLC  
Mr. Kapila Ariyaratne, General Manager/CEO, Seylan PLC  
Mr. K. B. S. Bandara, Deputy General Manager, Bank of Ceylon  
Mr. K.B. Rajapakse, Deputy General Manager, People's Bank  
Mr. P. V. Pathirana, Former General Manager, People's Bank  
Mr. R. L. S. Senarathna, Group Compliance Officer, Sampath Bank PLC  
Ms. M. N. A. Fernando, Senior Vice President-ICICI Bank Ltd.



**Alternate Members**

Mr. K. E. D. Sumanasiri, Deputy General Manager, Bank of Ceylon  
Ms. Chandani Werapitiya, Deputy General Manager, People's Bank  
Mr. J. K. Gamanayake, Deputy General Manager, National Savings Bank

**(iv) Principal Officers**

Director, Examinations – Ms. S. L. Siriwardena  
Director, Finance – Ms. R. J. Pakianathan  
Director, College of Banking & Finance – Ms. B. D. Godakanda  
Director, Member Relations – Ms. V. S. Jayasuriya  
Director, Operational Coordination - Mr. G. A. J. C. Reny  
Director, ITO - Mr. C. B. Pathberiya  
Engineer, Head, New Building - Mr. K. L. L. Fernando

**(v) Principal Office**

No. 05, Mile Post Avenue, Colombo 03.  
Tel. 5 220 330 Fax : 5 220 320  
E-mail – info@ibsl.lk  
Web : www.ibsl.lk

**(vi) College of Banking & Finance**

No. 1081, Maradana Road,  
Colombo 08.  
  
Tel. 2684382, 2683379 Fax : 4612623  
E-mail: cobaf@ibsl.lk



# Performance Review 2015





## Performance Review 2015

### 1. Medium-term Supportive Outlook

The IBSL's mandate as has been provided for in the Institute of Bankers of Sri Lanka (Incorporation) Act No. 26 of 1979 relates to provide training and qualifications to facilitate human resource capacity building in the banking sector and take measures in the interest of banking sector. Therefore, the IBSL is the statutory institute established to promote interest of banking industry. The banking business incorporates almost all economic activities of the Government, corporate sector and the general public as the main channel through which the finance is introduced into their economic lives. Therefore, the trained and skilled human resource is a key operator for maintaining this channel, efficient and economical. As per the IBSL's operational theme of "towards search and delivery of knowledge for new paradigms of banking and finance", the IBSL is reviewing its operational model every year in order to accommodate the new developments in banking and finance on both local and global fronts

#### **(i) Global Economic Environment and Banking Outlook**

As per World Economic Outlook of the IMF, Global growth is estimated at 3.1 percent in 2015 amid weak aggregate demand, falling oil and commodity prices and increasing financial market volatility in major economies. It is projected at 3.4 percent in 2016 and 3.6 percent in 2017. The developed economies have regained some strength on a shaky ground. Emerging economies

have slowed down, with Russia and Brazil trapped in recession, compared to which economies in the Asia-Pacific region were relatively stable. The pickup in global activity is projected to be more gradual especially in emerging market and developing economies. Average global inflation continues to decline amid persistently subdued economic activity, modest wage growth and lower commodity prices. In 2015, global inflation rate is 2.78 per cent, the lowest level since 2009, owing to reduced oil and commodity prices. Inflation in developing countries is expected to rise moderately in 2016, mainly driven by higher levels of inflation in transition economies. The United States Federal Reserve Board (Fed) raised its key policy rate by 25 basis points by the end of 2015, the first hike after seven years of record lows. Amid market expectation of a rate rise by the US Federal Reserve, currency nose-dived in the emerging economies, the stock markets had large swings and commodity prices plummeted, fueling systemic financial risks in some countries.

The banking sector is quiet susceptible to turbulence of economy. Very few countries have actually been able to maintain resilience without much impacting the growth process. Growth in the banking sector has been favoured by factors such as low defaulter ratio, strong economic growth, central bank's regular intervention and pre-emptive adjustment of monetary policy. For global banking, a new reality is taking hold. Return on equity (ROE) is stable at 9.5 percent (the third consecutive year in which returns were in line with the long term [1980-2015] average), and profits are rising. Banks have begun to lower operating costs, and their risk costs have also fallen. Banking enters the fight from a position of strength. Worldwide, profits reached a record \$1 trillion in 2014. The top 500 banks earned \$613 billion, while smaller banks and other institutions claimed the rest. But these vast and highly

dispersed profits are a magnet for attackers and their investors. China's banking profits have grown an astonishing 500 percent since 2006. Over the past few years, almost all global banking revenue growth came from China. India has the potential to become the third largest banking sector by 2050 after China and US, according to a PricewaterhouseCoopers (PwC) report titled "Banking In 2050".

### **(ii) Sri Lanka Macroeconomic Developments**

According to provisional estimates released by the Department of Census and Statistics (DCS), the economy grew by 4.8 per cent during 2015 in real terms, compared to 4.9 per cent in 2014. Services activities, which account for 56.6 per cent of GDP, grew by 5.3 per cent, buttressed by the growth in financial services (15.8 per cent), real estate activities (9.6 per cent), transport activities (5.5 per cent) and wholesale and retail trade (4.7 per cent). Despite the minor slowdown in construction (-0.9 per cent) and mining and quarrying (-0.9 per cent) activities, industry activities, which account for 26.2 per cent of GDP, grew by 3.0 per cent, mainly supported by the growth in manufacturing activities (4.7 per cent). Agriculture activities, which account for 7.9 per cent of GDP, expanded by 5.5 per cent, mainly due to the significant growth in growing of rice (23.3 per cent) and vegetables (24.9 per cent), amidst the contraction in fishing (-2.7 per cent), growing of rubber (-10.1 per cent) and growing of tea (-2.6 per cent).

As per the expenditure approach, the growth in real GDP in 2015 was largely driven by an increase in consumption demand, while investment activities made a modest contribution. Domestic savings declined to 22.6 per cent of GDP in 2015, from 24.0 per cent of GDP in 2014. The unemployment rate increased to 4.6 per cent during 2015, compared to 4.3 per cent recorded in 2014, amidst a marginal increase in labour force participation, particularly by females. Inflation, as measured by the year-on-year change in the

Colombo Consumers' Price Index (CCPI), was in negative territory during July-September 2015, mainly due to subdued commodity prices. This was the first time that inflation turned negative since March 1995. However, by end 2015, year-on-year headline inflation was recorded at 2.8 per cent, compared to 2.1 per cent at the end of 2014. The performance of Sri Lanka's external sector reflected the impact of the changing global economic environment as well as a number of developments in the domestic economy. The deficit in the trade account expanded by 1.7 per cent in 2015 in nominal terms, although as a percentage of GDP, it declined marginally. Earnings from exports, which grew at a healthy rate in 2014, contracted by 5.6 per cent in 2015 reflecting the decline across all major export categories. Although expenditure on non-fuel imports increased significantly by 9.6 per cent during 2015, overall expenditure on imports declined by 2.5 per cent. The BOP, which recorded an overall surplus in 2014, registered a deficit in 2015 largely due to lower than expected inflows to the financial account. The country's total external debt, which comprises external debt of the public and private sectors, increased in 2015. In early September 2015, the Central Bank decided to allow greater flexibility in the determination of the exchange rate.

### **(iii) Sri Lankan Banking Sector**

The banking sector continued to expand its asset base, risk management capabilities and also the risk absorption capacities in line with prudential regulations of the Central Bank during 2015. As at end of 2015, the total banking network of 32 banks included 25 Licensed Commercial Banks (LCB), of which 12 were branches of foreign banks, and 7 Licensed Specialised Banks with a branch and other banking outlet network of 6,583 and ATM network of 3,558 recording an increase of 387 and 1,296 respectively, in last five years (see Table 1). The increase in 2015 alone was 32 and 219, respectively.



Consequent to such expansion, the total number of net intake of employees in the banking sector was about 1,598 in the last two years reaching the total number of employees at 53,163. This shows the greater banking inclusion taking place throughout the country which reflects a considerable increase in mobilization of deposits, lending and fee-based financial services.

During the last five years, banking business in aggregate almost doubled recording a growth of assets by 84 per cent, deposits by 76 per cent, lending by 81 per cent and off-balance sheet business by 15 per cent. As a result, total profit (after tax) in the banking sector increased by nearly 47 per cent from Rs. 66 bn in 2011 to Rs. 97 bn. in 2015. The rate of business expansion during the two years, 2014 and 2015, alone was 36 per cent for total assets, 38 per cent for loans, 30 per cent for deposits and 29 per cent for profit (increase of Rs. 22 bn). As regards the productivity, soundness and risk management of the banking sector, a healthier improvement with certain drawbacks is reported during last five years. A salient decline of interest margin from 4.2 per cent to 3.5 per cent consequent to reduction in the intermediation cost, increase of capital funds by 72 per cent from Rs. 371 bn to Rs. 637 bn with a total Basel II Capital Adequacy Ratio of 16.6 per cent, net non-performing loans (NPL) ratio (after interest in suspense and loan loss provision) at the same level of 1.7 per cent, reduction of post-tax return on assets from 1.87 per cent to 1.3 per cent with return on equity reduced from 19.8 per cent to 16.1 per cent due to increase in non-interest expenses, slight reduction of efficiency ratio (operating cost to income ratio) from 52.7 per cent to 50.9 per cent due to increased staff cost and maintenance of a healthy liquidity at a ratio of liquid assets to total liabilities in the range of 27 per cent and 32 per cent are the leading indicators.

As at the end of Third Quarter 2016 (Q3-2016), the performance



ratios remained almost at the same level of 2015 except the Capital Adequacy Ratio. But, the other indicators including total assets, loans and advances, capital funds and deposits etc. had shown an upward trend in banking sector (Table 1). Policy initiatives, prudential regulatory measures and effective supervision have contributed to enhance the resilience and soundness of the banking sector.

**TABLE 1 : Banking Sector Performance**

Indicator	2011	2012	2013	2014	2015 (a)	2016 Q3 – (a)
Assets (Rs. bn.)	4,379	5,236	5,941	6,972	8,077	8,706
Loans (Rs. bn.)	2,601	3,149	3,427	3,895	4,715	5,202
Net Non-performing Loans (Rs. bn.)	54	68	129	100	81	80
Capital Funds (Rs. bn.)	371	436	490	569	637	683
Deposits (Rs. bn.)	3,073	3,625	4,170	4,686	5,403	5,975
Contingencies (Rs. bn.)	1,973	2,034	2,244	2,171	2,272	2,318
Profit After Taxes (Rs. bn.)	66	83	75	88	97	85
Branch Network (No)	6,196	6,391	6,487	6,591	6,583	6,638
ATMs (No)	2,262	2,415	2,544	3,339	3,569	3,607
Employees (No)	48,744	49,448	51,565	53,145	53,163	55,063
Capital Adequacy Ratio	16.0	16.4	17.6	16.6	16.6	14.1
Net Non-performing Ratio	1.7	1.8	3.8	2.6	1.7	1.6
Return on Assets (ROA) (After Taxes)	1.7	1.7	1.3	1.4	1.3	1.4
Return on Equity (ROE)	19.8	20.3	16.0	16.6	16.1	17.3
Efficiency Ratio (Operating Cost/Income)	52.7	49.4	53.4	51.4	50.9	49.7
Interest Margin	4.2	4.1	3.5	3.5	3.5	3.5
Liquid Assets (Average/Total Assets)	26.8	26.6	31.9	32.2	31.7	28.3

(a) Provisional

#### **(iv) Sri Lankan Non-Bank Financial Institutions Sector Developments**

As at end of 2015, there were 53 non-bank financial institutions consisting of 46 licensed finance companies (LFC) and 7 licensed specialized leasing companies (SLC) under the regulation and supervision of the Central Bank. During 2015, the LFC and SLC sector branch network expanded by 84 to 1,216 out of which, 59 were opened outside the Western Province.

The sector with total assets base of Rs. 1,050 bn as at end of 2015 was small compared to the banking sector, i.e., about 13 per cent compared to total assets of the banking sector. However, the sector consists of a large number of small companies which do not have economies of scale and scope. Further, almost all companies are engaged in concentrated businesses, mainly real estates, hire purchase and leasing in niches in the market, which are considered quite risky. Fund-raising also involves in offering high rates of interest to compete with banks in the market. Total assets of the LFC and SLC sector expanded in 2015 at a higher pace. Total assets (gross) of the sector grew by 23 per cent or Rs 197 billion in 2015 compared to a growth of 18 per cent or Rs 135 billion in 2014 (Table 2). The growth of assets was largely supported by the increase in borrowings by 45 per cent or Rs. 97 billion and deposits by 16 per cent or Rs 66 billion. Funds mobilised were largely utilised in granting loans and advances. Throughout 2015, the sector experienced a strong demand for credit on vehicle leasing and other secured loans. Credit growth accelerated as indicated by loans and advances (gross) which robustly grew by 31 per cent or Rs 197 billion to Rs. 838 billion at end 2015, compared to a growth of 16 per cent or Rs 88 billion during 2014 due to high growth in other secured loans and finance leases.

At the end of June 2016, the LFC and SLC sector showed an improved performance compared to the end of 2015 (Table 2) despite failures in certain finance companies. Several measures are being adopted to strengthen risk management and build the capacity of the LFC and SLC.

**Table 2: Licensed Finance Companies and Specialised Leasing Companies Sector Performance**

Indicator	2013	2014	2015 (a)	End June 2016(a)
Assets (Rs. bn.)	718	853	1,050	1,114
Loans (Rs. bn.)	553	641	838	868
Capital Funds (Rs. bn.)	97	117	123	136
Deposits (Rs. bn.)	337	414	480	500
Borrowings (Rs. bn.)	192	217	314	395
Profit After Taxes (Rs. bn.)	5	12	10	6*
Branch Network (No)	1,060	1,132	1,216	1,251
Performance Ratios (per cent)				
Capital Adequacy Ratio	14.8	13.5	11.2	13.3
Net Non-performing Ratio	2.5	2.3	1.6	1.3
Return on Assets (ROA)	1.9	3.2	2.8	3.8
Return on Equity (ROE)	6.7	14.9	10.9	19.9
Efficiency Ratio (Operating Cost/Income)	63.7	55.8	66.4	57.1
Net Interest Margin	4.9	8.3	8.9	8.4
Liquidity (Liquid Assets/Total Assets)	8.0	9.6	7.6	7.4

(a) Provisional

\* - Three months profit

### **Primary Dealers in Government Securities**

Primary Dealer (PD) industry, consisted of 8 PD Units of Licensed Commercial Banks (Bank PDs) and 8 Standalone PDs including 2 PDs owned by LCBs, recorded strong financial performance in terms of assets growth and profitability in 2015. However, liquidity issues faced by one PD during the fourth quarter of 2015 necessitated regulatory intervention by the Central Bank on its business activities. The resolution measures implemented by the

Central Bank restored the investor confidence in the sector and facilitated uninterrupted operations in the government securities market. The total assets of PD industry increased substantially in 2015. Total assets increased by 44.7 per cent to Rs 282.6 billion at the end of 2015 in comparison to Rs. 195.3 billion in 2014. Government securities accounted for 98.4 per cent of the total assets of the industry.

### **Unit Trusts**

The unit trust (UT) sector continued to expand in 2015 as indicated by the launch of 11 new funds, increased net assets value (NAV), total number of investors and the number of units outstanding at the end of 2015. Total number of UTs operating in the sector increased to 74 by end 2015 from 63 of previous year. Of the 74 UTs, 71 were operated as open-ended funds, 2 as closed-end listed equity growth funds and 1 as a dollar bond fund. The total assets under management, comprising investments in government securities (Rs. 29.4 billion), and investments in equities (Rs. 14.4 billion) of the sector increased by Rs. 3.8 billion to Rs. 130.3 billion at end 2015, from Rs. 126.5 billion at end 2014. This positive performance was mainly due to the setting up of 11 new funds, increased investment in equities on the back of low interest rates environment prevailed in most of 2015. The total number of unit holders increased to 38,008 by end 2015 from 32,584 reported at end 2014.

Accordingly, non-banking financial institutions sector emerges to be an important sector which needs specific human resource capacity building with a focus on better risk management and market discipline in the interest of both viability and financial system stability.

### **(v) Sri Lankan Financial Markets Developments**

The increasing demand for banking services has been identified in the financial markets as they require banking services in a wide range such as current accounts, credit facilities, payments and settlements services and dealings. During the last five years, the stock market expanded by 32 per cent increase of market capitalization from Rs. 2.2 trillion as at end of 2011 to Rs.2.9 trillion at end of 2015, which was equivalent to 26.3 per cent of GDP. The number of companies listed in Colombo Stock Exchange (CSE) remained at 294 in 2015.

**Table 3: Share Market Performance**

Indicator	2011	2012	2013	2014	2015	2016 Jan-Sep
Market Capitalization (Rs. billion)	2,213	2,167	2,459	3,104	2,938	2,786
Market Capitalization as a percentage of GDP (%)	33.9	28.6	28.4	29.7	26.3	24.9
All Share Price Index	6,074	5,643	5,913	7,299	6,895	6,535
Total Turnover (Rs. million)	546,256	213,827	200,468	340,917	253,251	135,385
Market Price Earnings (P/E) Ratio (%)	15.8	15.9	15.9	19.7	18.0	13.4
No. of companies Listed	272	287	289	294	294	295

### **Government Securities Market**

As far as the Government securities market is concerned, the Treasury bill yield rates, which remained stable during the first two months moved upwards towards March-April period due to removal of restrictions placed on the access to the SDF with effect from 2 March 2015. However, the yield rates again started to move down with the policy rate reduction by 50 basis points on 15 April 2015. The debt management strategies to sustain and maintain low interest rate environment were supported by borrowings from international capital markets to curb any undue pressure on domestic interest rates. Accordingly, International Sovereign



Bonds have been issued in June 2015 for US dollars 650 million at a coupon rate of 6.125 per cent and in November 2015 for US dollars 1,500 million at a coupon rate of 6.85 per cent. Despite these efforts, foreign holdings of Treasury bills and Treasury bonds declined during the latter part of 2015, mainly due to investors' optimistic views on rise in US policy rate. Enhanced investor preference for Sri Lanka Development Bonds (SLDBs) enabled PDD to raise US dollars 2,491.37 million against the maturing amount of US dollars 835.57 million in SLDB during 2015.

**(vi) Prospects for Training Activities**

In line with economy's growth projection of achieving per capita income of US dollars 4,000 by 2016 and the wide array of financial services required to support such growth momentum, the banking and non-banking financial operations would at least double in 2-3 years requiring more human resources in both volume and quality. Therefore, there will be enormous opportunities for career development in the banking and non-banking financial sector. These opportunities may broadly comprise of product development and delivery of retail banking, corporate banking, investment banking, asset management, marketing, risk management, compliance, banking and financial IT, management information system (MIS), IFRS compliant new accounting skills and payments services. Further, banking and finance is part and parcel of state and corporate activities which require staff professionally qualified in dealings with banks, financial institutions and financial markets for handling their wide range of financial transactions connected with business operations. Therefore, the IBSL foresees an increasing demand for its training and education services from the banking and financial sectors as well as state and corporate institutions and opportunities to promote banking and finance as a dedicated professional field that provides career opportunities in the job market. In this regard, the IBSL has already embarked on a new direction of its operational model to provide its services in both quantity and quality in a market environment.



## 2. Service Performance

*In terms of its mandate, IBSL mainly provides the necessary training facilities and conduct examinations in order to offer professional qualifications in line with the international best practices. Accordingly, IBSL conducts a number of supporting services which include the new member enrolment, maintaining of accredited training centers for conducting supporting classes for the subjects in Certificate in Banking and Finance (CBF) and Intermediate in Applied Banking and Finance (LABF) and Diploma in Banking and Finance (DBF) and Diploma in Applied Banking and Finance (DABF), maintaining of research library facilities and the provision of educational publications. The IBSL has successfully conducted five examination cycles of the new academic programme - Intermediate in Applied Banking and Finance (LABF) and Diploma in Applied Banking and Finance (DABF) from September, 2014, which was introduced to replace the existing academic programme - CBF and DBF, aligning with the new developments that have taken place in the banking and finance services industry locally as well as globally. Further, the IBSL took several other initiatives to uplift the provision of its training facilities, conduct of new examinations aiming to upgrade theoretical as well as the practical knowledge of member students in banking and finance services and the member services.*

*Consequently, the overall membership (Student, Associates and Fellows) of the IBSL increased by around 14 per cent to 32,341 between 2011 and 2015. The candidates who sat for subjects in examination for Certificate in Banking and Finance (CBF) and Diploma in Banking and Finance (DBF) declined by 52 per cent during the same period to 25,680. This drop was due to the reduced demand for CBF and DBF examinations and shifting of students from CBF and DBF programme to LABF and DABF, the new academic programme. The total candidates who sat for the subjects in examination for LABF and DABF, the new academic programme increased to 41,494 in 2015 when compared with 8,320 in 2014. However, a drop in overall membership as well as subject candidates was observed in 2015 when compared with the*

*previous year due to a 14 percent drop in new student enrolments. Meantime, the candidates qualified in CBF and DBF increased from 2,323 in 2011 to 4,261 in 2015, while the qualified candidates in LABF and DABF stood at 924 in 2015. The participants in training courses and seminars were also increased during past five years by 55 per cent to 6,797, at the end of 2015. The year on year growth in 2015 has seen an improvement when compared with the last year and the newly introduced programme - LABF and DABF has laid the strong foundation to attract demand in years to come. The number of training programmes conducted also increased more than two fold during the past five years to 81 in 2015. Also, the IBSL's state-of-the-art 12 storied building at a prime location in Borella will be completed in early 2017 to facilitate future expansion of operations under one roof.*

### **(i) Training Activities**

The IBSL's training arm has been in operation since the inception of the IBSL and later re-branded as College of Banking & Finance (COBAF) in 1999. The COBAF offers training & instructions in terms of the Institute of Bankers of Sri Lanka Act through classes for regular programmes (Certificates & Diplomas) open to employees of banks and financial institutions and aspirants of banking careers, seminars on subjects of current banking interest and workshops tailor-made for specific bank requirements for staff training. The COBAF at present well-equipped with the resources (class rooms, library, resource persons, etc.) to offer training events. Resource panel includes 75 professionals engaged from the market in the respective subjects and fields. The COBAF has a supporting staff of 12 to facilitate the conduct of programmes. The total number of programmes conducted in 2015 was 81 with the total of 6,797 participants where cumulative for the past five years was around 32,000.

Resource panel of the COBAF for the Intermediate in Applied Banking and Finance (IABF) and Diploma in Applied Banking and Finance (DABF) who are fully equipped with the theoretical and practical knowledge were selected from the banking professionals holding the high position of the field. In addition

to the regular lecture series for IABF & DABF, revision seminars were also conducted as in-house programmes of banks. Due to reducing demand for CBF & DBF classes (outgoing syllabus) the lecture series were terminated, but two day revision subject-seminars were continued in 2015 for the benefit of the remaining candidates of old syllabus.

Apart from the rising demand for instructions for subjects in the two external programmes of the IBSL, i.e. IABF and DABF, the COBAF conducted Diploma programmes of diversified subjects, i.e., Credit Management, Treasury & Risk Management, International Trade, Bank Integrated Risk Management, Compliance and SME Finance. Further, the COBAF has the supportive environment for the conduct of training on any subject of interest in the market. Due to the high demand for the Diplomas, the COBAF conducted two Diploma programmes in Kandy in 2015 and successfully launched a certificate programme on Operational and Risk Management for the staff of Co-operative Banks in Central Province in association with the Department of Co-operative Development, Central Provincial Council.

In addition to the training activities, 9 off-site examinations for promotion and recruitment of staff for a number of banks were successfully conducted in 2015.

The 8th annual Inter-Bank Quiz competition was conducted in 2015 among 10 teams representing 7 banks where the Commercial Bank of Ceylon PLC and the Bank of Ceylon became the winner and runner-up, respectively.



**Table 4: Training Activities**

Item	2011	2012	2013	2014	2015
Lecture Series CBF/IABF*					
Students	3,066	2,463	3,011	1,456	1,483
Subject students	8,469	7,347	6,837	4,406	4,478
Lecture Series DBF/DABF*					
Students	1,117	962	1,251	880	794
Subject students	2,092	1,789	2,090	2,178	1,738
Participants in other Diploma Courses	816	901	1,446	1,653	1,227
Participants in other Certificate Courses	216	225	1,417	753	327
Participants in other Seminars, Workshops etc.	523	1,736	647	1,191	2,966
<b>Total Students and Participants</b>	<b>5,738</b>	<b>6,287</b>	<b>7,772</b>	<b>5,933</b>	<b>6,797</b>
Programmes conducted	31	45	59	56	81
Certificate courses	9	13	16	23	10
Dipolma Courses	10	10	24	15	16
Other Programmes	12	22	19	18	55

(a) Lecture Series of CBF and DBF were terminated on October 2014. Lecture Series of IABF and DABF commenced in April 2014 which is to attract demand in years to come.

**(ii) External Examinations**

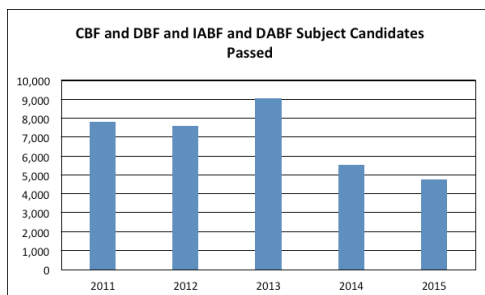
The external examinations include the examinations for CBF and DBF and the new examinations of IABF and DABF conducted twice a year (March and September). The question papers for these examinations are set and marked by an external panel of qualified examiners selected from professionals and academics available in the market. Both the CBF and DBF and IABF and DABF examinations are held at about 18 centres covering whole Island and including one centre in the Maldives. Out of these centres, 5 centres are located in Colombo and 13 centres are located in the outstations (Anuradhapura, Ratnapura, Bandarawela, Batticaloa, Galle, Gampaha, Jaffna, Kalutara, Kandy, Kurunegala, Matara, Trincomalee and Vavuniya). Examinations are conducted with the assistance of Department of Education of Sri Lanka and Ministry of Education in the Maldives. Results of these examinations are audited and released within a two months' time after the examination with the approval of the Governing Board. The certificates to members qualified for DBF and DABF are awarded at the Annual Convocation of the IBSL. Showing the popularity of IBSL examinations, the number of subject candidates for CBF and DBF examinations continued to improve till 2013. However, a reversal of this trend was seen in 2014 and 2015 mainly due to the transition period of member students with the introduction of new academic programme - IABF and DABF. Accordingly, the number of candidates for subjects in CBF and DBF was dropped to 25,680 in 2015 from 75,365 in 2013 (see Table 5). However, the drop was seen in these examinations was partly offset by new candidates for subjects in the new academic programme - IABF and DABF which was stood at 37,037 during the year 2015.

The overall pass rate of both examinations improved to 52.5 per cent being the highest in last five years. The total number of candidates qualified in CBF and DBF and IABF and DABF rose to 5,183 in 2015. During last five years, the IBSL produced about

17,984 of CBF, DBF, IABF and DABF qualified members to serve the banking and financial sector institutions.

**Table 5: Examinations**

Item	2011	2012	2013	2014	2015
Subject Candidates Sat	53,319	67,676	75,365	73,467	62,717
CBF	38,880	45,863	50,505	42,878	13,335
DBF	14,439	21,813	24,860	22,269	12,345
IABF	—	—	—	6,220	25,096
DABF	—	—	—	2,100	11,941
Subject Candidates Passed	24,521	32,171	35,733	35,898	32,923
CBF	17,580	22,509	24,437	21,910	7,578
DBF	6,941	9,662	11,296	9,328	5,704
IABF	—	—	—	3,642	14,068
DABF	—	—	—	1,018	5,573
Pass Rate Percent	46.0	47.5	47.4	48.9	
CBF	45.2	49.1	48.3	51.1	56.8
DBF	48.1	44.3	45.4	41.9	46.2
IABF	—	—	—	58.6	56.1
DABF	—	—	—	48.5	46.7
Candidates qualified	2,323	3,099	3,583	3,796	5,183
CBF	1,793	2,411	2,664	2,801	2,962
DBF	530	688	919	918	1,297
IABF	—	—	—	68	818
DABF	—	—	—	9	106



### **(iii) Member Enrolment**

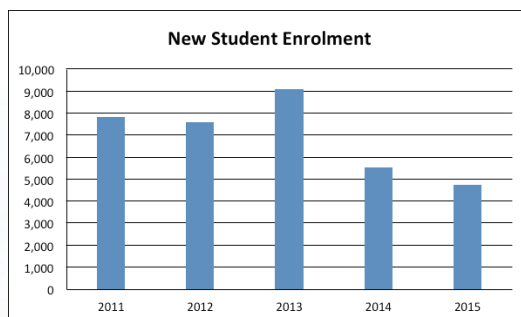
The IBSL maintains a member enrolment system for strengthening the member base and to follow a proper method to track and monitor participants obtaining the IBSL services. The IBSL member base comprises of Student Members enrolled for regular examinations of both CBF/DBF and IABF/DABF, Associate Members (AIB-Sri Lanka) who are qualified in DBF/DABF and have four years of banking experience, Fellow members (FIB-Sri Lanka) who are qualified in 10 years of Associate and 15 years of banking experience with five years in managerial capacity and Honorary Fellow members (Hon FIB-Sri Lanka) who have been awarded with Honorary Fellowship on account of their distinguished service to the banking and finance industry.

Over the past half-decade, there has been a progressive growth of the overall membership showing the IBSL's active participation in the professional education market. The overall membership has increased by around 15 per cent between 2011 and 2015 to 32,341. However, a drop in total membership was seen in 2015 when compared with 2014, mainly due to reduced demand for CBF and DBF academic programme (see Table 6) and such reduced demand for CBF and DBF could not instantly fully capture by the new academic programme of IABF and DABF. However, due to recognition of both CBF/DBF and IABF/DABF

as added professional qualifications among the school leavers looking for banking and finance careers, corporate sector employees and non-bank professionals, the new enrolment of members outside bank employment has steadily increased constituting 65 per cent of total new enrolment in 2011 to 75 per cent in 2015. This progressive trend is expected to continue in coming years also.

**Table 6: Member Enrolment**

Item	2011	2012	2013	2014	2015
Active Student members	24859	28156	30698	28312	26250
Associate members	3146	3579	4144	5028	5892
Fellow members	129	139	148	160	169
Honorary Fellow members	29	29	29	29	30
Total	28163	31903	35019	33529	32341
New registration	7826	7600	9071	5539	4756
Bank employees	2699	2011	2721	1665	1191
Other	5127	5589	6350	3874	3565



#### **(iv) Member Support Services**

##### **(a) Accredited Training Centers**

The main objective of this Accredited Training Centres is to facilitate participants in both the CBF and DBF and the IABF and DABF examinations in outstations; the IBSL in 2000 commenced



these accreditation of external training institutes to provide information, instruction and tuition. Such accreditation is awarded after conducting a careful examination and evaluation of credentials in order to maintain the quality and integrity. The number of such accredited centers in operation was 18, as at end of 2015.

**(b) Library**

The Library located at the premises of the COBAF is open for members and resource panel. It has a collection of more than 7000 volumes of important reading materials ranging from books and journals to study packs on various subjects relevant to banking and finance. All the recommended readings for the IABF and DABF examinations including nearly 500 copies (100 titles) of International text books were acquired to the IBSL library. Plans are underway to expand the Library to facilitate the new academic programme and graduate programme in Applied Banking and Finance.

**(c) Publications**

Bankers' Journal is the IBSL branded Journal issued in June and December each year. It contains articles written by the industry specialists and professionals. The Journal is now being re-branded to be a professional Journal to contain articles of current banking and finance topics authored by the industry professionals, highlights of local and global economic, speeches, banking and financial market developments and interviews with the CEOs and regulators in the banking and financial sector. The copies of the Journal are distributed free among the members. In addition, a number of study guides compiled by the professionals are published by the IBSL. At the premises of COBAF, a publication sales outlet is operated. In 2013, a booklet titled "Guide to IBSL" was released as a consolidated document for the awareness of IBSL services to members and prospective members.

**(d) Annual Convocation**

The Convocation is annually held in each year to award the Diploma to those who qualify for the DBF, DABF and Post-graduate Executive Diploma in Bank Management and to confer the membership to Associates and Fellows. Accordingly, 1,393 candidates who have successfully completed DBF and DABF examinations in September 2014, March 2015 and September 2015 were qualified for receiving diplomas at the 20th convocation. In addition, 864 Associates, 09 Fellowships, one Honorary Fellowship and 58 Post-graduate Executive Diplomas in Bank Management were also awarded. Further, 21 gold medals and 18 cash prizes were awarded to best performers in DBF and CBF, IABF and DABF. The 20th Annual Convocation was held on 29th January 2016 at the BMICH with Mr. Arjuna Mahendran, Governor, Central Bank of Sri Lanka, as the Chief Guest and Dr. R. H. S. Samarathunga, Secretary to the Treasury and Secretary to Minister of Finance as the Guest of Honor. It is encouraging that some of the Diploma Recipients in this convocation were from the very first examination conducted in September, 2014 on the newly launched external academic programme in Diploma in Applied Banking and Finance (DABF). This Convocation is attended by nearly 2,000 covering award recipients and invitees.

**(e) Infrastructure Facilities**

The IBSL currently operates from two prime premises, i.e., Head Office in Kollupitiya and Training Centre (COBAF) in Borella. Meanwhile, the construction of 12-storied building at a prime location in Borella was commenced in 2013 and it will be completed in early 2017 for aiming to achieve the long-term prospects of the IBSL. The new building will primarily serve as academic center of the IBSL to provide modern class rooms facilities and study facilities under one roof. This new academic centre is promoted as part of the knowledge hub initiative of the government for local and foreign student.

## 3. Governance

### **(i) Governing Board**

In terms of the IBSL directions, all affairs of the IBSL should be administered by its Governing Board. It includes 12 high ranking banking sector professionals consisting of two members from the Central Bank of Sri Lanka (A Deputy Governor as Chairman and an Assistant Governor as Vice Chairman), two from Bank of Ceylon (General Manager and a Deputy General Manager), two from People's Bank (CEO/General Manager and a Deputy General Manager), Three from other banks and three from Fellows and Associates of the IBSL. At present, the term of the office and maximum age of members elected by the Fellow and Associate Members are restricted to 03 years and 60 years respectively as per the regulation made by the Governing Board in order to give the opportunity to more such members to serve in the Board.

### **(ii) The Board's Delegation of Affairs, Oversight and risk Management**

The Board meetings are held generally once a month to perform its responsibilities. The Director Finance reports monthly performance of IBSL services and finance in terms of key performance indicators prescribed by the Board along with monthly financial statements. The remuneration to the Board is confined to Rs. 5,000 for each meeting attended. In line with the standard corporate governance practices, the Governing Board

issues rules and policies time to time to carry out operations of the IBSL. The total number of staff of the IBSL as at end of 2015 was 44. The Audit Committee (Board Sub-committees) facilitates the independence and effectiveness of the external assurance services obtained through internal audit and external audit as the third line of defence against risks. Internal audit function and external audit function are performed through two leading Audit Firms to ensure greater independence. Internal audit is conducted on a quarterly basis and financial statements are compiled in terms of Sri Lanka Accounting Standards on monthly basis. The first and second lines of defence against risks are in place through a number of regulations of the Board covering internal operations system, financial control system, staff disciplinary procedure, administrative manual and management oversight mechanisms.

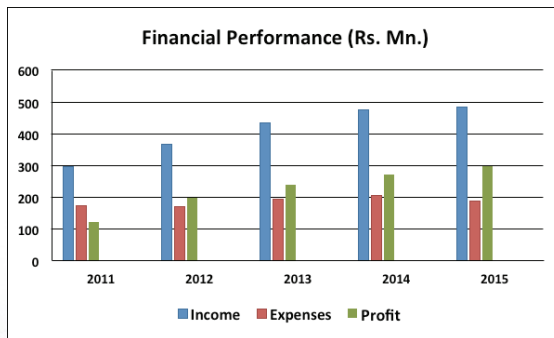
Among the new policies of the Governing Board implemented in 2015, the amnesty for the members who were having long outstanding subscription payments, the revision of the criteria for awarding of Fellowship / Associateship, approving three new Accredited Centres of the IBSL in Trincomalee, Negombo and Nawalapitiya for conducting of tuition for IABF and DABF and the purchase of new Computer Server for IT functions were major ones.

In 2015, the financial performance of the IBSL continued to improve indicating the success of affairs and risk management of the IBSL by the Governing Board along with rising demand for professional education and career development in banking and finance industry (see Table 7). The IBSL's brand name being the statutorily established institute for providing training to bankers also attracted high confidence and recognition in the market.

The operational profit of the institution increased to Rs. 297 mn. in 2015 from Rs. 272 mn. in 2014, with cumulative reserves of Rs. 1,585 mn. as at end of 2015. In the meantime, the cost income ratio reduced to 39 per cent in 2015 from 43 per cent in 2014.

**Table 7: Financial Performances (Rs. mn.)**

Item	2011	2012	2013	2014	2015
Income	295	365	433	475	485
Expenses	173	168	194	203	187
Profit	122	197	239	272	297
Assets	635	819	1061	1,365	1,636
Investments	305	486	561	586	559
Reserves	580	778	1,016	1,288	1,585





## **List of Programmes at College of Banking and Finance**

### **i. New Academic Programme**

1. Intermediate in Applied Banking & Finance (IABF)
2. Diploma in Applied Banking & Finance (DABF)

### **ii. Two Day Revision Subject-Seminars for Outgoing Programme**

1. Certificate in Banking & Finance (CBF)
2. Diploma in Banking & Finance (DBF)

### **iii. Diploma Courses**

1. Post-graduate Executive Diploma in Bank Management (PGEDBM)
2. Advanced Diploma in Credit Management
3. Diploma in Treasury & Risk Management
4. Diploma in Credit Management
5. Diploma in International Trade
6. Diploma in Islamic Banking
7. Diploma in Business Finance & Bank Management
8. Diploma in Bank Integrated Risk Management
9. Diploma in Financial Service Management
10. Diploma in Microfinance
11. Diploma in SME Finance
12. Diploma in Portfolio & Investment Management
13. Diploma in Corporate Banking
14. Diploma in Compliance

### **iv. Certificate/Intermediate Courses**

1. Certificate in Introduction to Islamic Banking & Finance
2. Certificate in Hire Purchase & Finance Leasing
3. Certificate in Accounting for Lending Bankers
4. Certificate in Foreign Exchange
5. Certificate in Money Broking
6. Certificate in Internal Auditing
7. Certificate in Payments and Settlements
8. Certificate in Project Management Tools & Techniques

9. Certificate in Legal Aspect in Banking
10. Certificate in Branch Banking Operations
11. Certificate in Fund Management
12. Certificate in Microfinance
13. Certificate in Operational & Risk Management
14. Certificate in Bank Supervision
15. Certificate in SME Finance
16. Certificate in Operational and Risk Management

**v. Seminars / Special Programmes**

1. Seminar on Pawn Broking
2. Seminar on Problem Loan Management
3. Seminar on Risk in Financing International Trade
4. Seminar on Handling Forged Notes
5. Seminar on Savings Accounts
6. Seminar on Banking for Corporate World
7. Seminar on Service Marketing
8. Seminar on Bills of Exchange
9. Seminar on Current Trend in Microfinance
10. Seminar on Customer Charter for Banks
11. Seminar on Current Global Regulatory Reforms and Basel III  
-The Challenges to Banks
12. Seminar on Recent Developments and Current Issues of  
Banking Law
13. Seminar on Foreign Exchange Market and Exchange Control  
Regulations in Sri Lanka
14. Seminar on Fraud Prevention & Investigation
15. Seminar on Company Accounts & Legal Principles on Banking
16. Seminar on Anti-money Laundering: The Way Forward for  
Preventing the Use of Banking System for Money Laundering  
& Terrorist Financing
17. Seminar on Payments and Settlements
18. Seminar on Electronic Data Processing
19. Seminar on International Trade

20. Seminar on Operational Aspects and Issues in Food & Beverage Sector in Sri Lanka
21. Seminar on Operations and Issues in Agri-businesses & Fisheries Sector
22. Seminar on Grooming Young People to Be Different
23. Seminar on Professional Selling Skills
24. Seminar on Building Positive Work Attitudes for Productive Work
25. Seminar on Regulatory Compliance Requirements for Banks
26. Comprehensive Programme on Foreign Exchange
27. Seminar on Compliance to promote Risk Management in Banks and Financial Institutions
28. Special Programme on Bank Compliance with recently issued Bank Regulations.
29. Seminar on Legal Implications for Bankers
30. Seminar on Ethics in Banking
31. Seminar on Liquidity Risk Management

## **ACCREDITED CENTERS**

The following Institutes have been approved by the Governing Board of the IBSL as Accredited Centers of the IBSL to conduct classes for the subjects in CBF, IABF, DBF and DABF. They should display the Certificate of Accreditations at the class/premises and maintain a publications sales counter. However, the IBSL does not guarantee their service quality or regulate their fees.

### **BATTICOLA**

#### **1. Oxford College**

No 03, Bar Road, Batticoloa

Tel.: 0652224214/0778148246

E-mail: info@battioxford.com

### **COLOMBO**

#### **2. Jayasekara Management Centre (Pvt) Ltd.**

No.65/2A, Sir Chittampalam A Gardiner Mawatha, Colombo 2.

Tel.: 0112430451/0115755600-1

E-mail: jmcmdunit@gmail.com

**3. Panaska Academy (Pvt) Ltd.**

4<sup>th</sup> level, 104

Havelock Central Building

Colombo 5

Tel.: 077 2910644/0772961049

E mail: sanjeewab@orelpower.com

**4. Professional Education Akrata College**

No. 22

K.D. David Mawatha Maradana Rd. Colombo 10

Tel.: 0115 682602/0114584525/0777845585

E-mail: profedu@slt.net.lk

**5. Siksil Institute of Information Technology**

No.08, Peterz Place

Kohuwala

Nugegoda

Tel.: 0112814908/0779707600

E-mail: amila@siksil.com

**GAMPAHA**

**6. Institute of Business Studies(IBS)**

Gampaha Branch

No. 35/1/2

Queen Mary's Road

Gampaha

Tel.: 0337901801/0775313292

E-mail: ibs.edu3@gmail.com

**JAFFNA**

**7. Jaffna College**

Undergraduate Department

No. 464, Hospital Road, Jaffna

Tel.: 0212223382, 0212229149, 0774405917

E-mail: jcup2011@yahoo.com

## **KANDY**

### **8. IFB College**

No.05,Mulgampola Rd., Kandy  
Tel.: 0812228183/0773090764  
E-mail: ifb.edu@gmail.com

### **9. IBA Campus**

No.14, Asgiriya Rd., Kandy  
Tel.: 0814976976/0812224974  
E-mail: asiri@iba.lk

### **10. Excel College**

Sarath Ilapperuma Memorial Institute  
No.669, Peradeniya Rd., Kandy  
Tel.: 0815634206  
E-mail: scillapperuma@gmail.com

### **11. National Institute of Co-operative Development, Polgolla**

Tel.: 0812498679/0714425989  
E-mail: nicd.edu@gmail.com

## **KURUNAGALA**

### **12. Wayamba Co-Operative Rural Bank Union Ltd.**

No,107,Dambulla Rd., Kurunagala  
Tel.: 037 2234150  
E-mail: info@wcrb.lk

## **MATARA**

### **13. Ninaro Higher Education Centre**

No.10/18, Elawella Rd., Matara  
Tel.: 041 2229699/0757522380



#### **NAWALAPITIYA**

##### **14. Americal College of Higher Studies**

Gampola Road, Back Lane

Nawalapitiya

Tel.: 054 2224222/0776505555

E-mail: achsnp@gmail.com

#### **NEGOMBO**

##### **15. Advanced Centre for Business Studies (ACBS)**

No.197, Taladuwa Rd.

Negombo

Tel: 0313717574/0716606686

E-mail: advancedcbs@gmail.com

#### **RATHNAPURA**

##### **16. Sabaragamuwa Chamber of Commerce & Industry**

No.2/8, Bandaranayake Mw., Rathnapura

Tel.: 0452223662/0718666326

E-mail: sccija@sltnet.lk

#### **TRINCOMALEE**

##### **17. Royal International College(RIC)**

No. 7, Church Road, Trincomalee

Tel: 0773799462

E-mail: myuran.rii@gmail.com

#### **MALDIVES**

##### **18. Educorp Consulting (Pvt.Ltd)**

Male's Business School

Ma. Mary, Nikagas Magu

Male 20175

Maldives

Tel.: 9607900090/+9603313883

E-mail: adamumar@gmail.com



# **FINANCIAL STATEMENTS 2015**



## STATEMENT OF FINANCIAL POSITION

As At December 31 (Rs.'000)

	2015	2014	2013
Non-Current Assets			
Property, Plant & Equipment	930,677	599,444	446,291
Non Current Assets	41	-	-
Current Assets	61,818	56,897	41,954
Inventories	5,455	5,095	5,491
Other Current Assets	78,426	117,373	6,233
Investments-Held To Maturity	503,754	424,318	501,356
Cash in hand & at Banks	55,348	162,301	59,654
<b>Total Assets</b>	<b>1,635,519</b>	<b>1,365,428</b>	<b>1,060,979</b>
Non-Current Liabilities	22,567	20,407	19,584
Current Liabilities	27,697	57,090	25,063
Total Liabilities	50,264	77,497	44,647
Funds Employed			
Reserve Fund	43,026	35,077	32,283
Accumulated Fund	1,542,229	1,252,854	984,049
Total Funds	1,585,255	1,287,931	1,016,332
<b>Total Funds &amp; Liabilities</b>	<b>1,635,519</b>	<b>1,365,428</b>	<b>1,060,979</b>

## TOTAL COMPREHENSIVE INCOME STATEMENT

For the year ended 31st December (Rs.'000)

Item	2015	2014	2013
Registration & Subscriptions Income	90,948	90,759	79,024
Examination & Other Related Income	344,444	328,247	279,979
Interest Income	39,207	45,412	65,721
Other Income	10,626	10,614	8,217
<b>Total Income</b>	<b>485,225</b>	<b>475,032</b>	<b>432,941</b>
Staff Expenses	68,606	68,490	73,545
Premises, Equipment & Establishment Expenses	55,583	59,456	57,086
Other Operating Expenses	63,713	75,486	63,612
<b>Total Expenditure</b>	<b>187,902</b>	<b>203,432</b>	<b>194,243</b>
<b>Surplus</b>	<b>297,323</b>	<b>271,600</b>	<b>238,698</b>





**D.H.P. MUNAWEERA & CO.**  
Chartered Accountants

No. 5/6, Police Park Terrace,  
Off Police Park Avenue,  
Colombo 05,  
Sri Lanka.

Telephone : +94 112553006  
              : +94 112555313  
Fax : +94 11 2555038  
E-mail : munaweera@stinet.lk

INDEPENDENT AUDITOR'S REPORT  
TO THE BOARD OF THE INSTITUTE OF BANKERS OF SRI LANKA

**Report on the Financial Statements.**

We have audited the accompanying Financial Statements of Institute of Bankers of Sri Lanka which comprise the Statement of Financial Position as at 31<sup>st</sup> December 2015 and the related Statement of Comprehensive Income, Statement of Changes in Funds & Reserves and the Statement of Cash Flow for the year then ended, and a summary of Significant Accounting Policies and other explanatory information.

**Board's Responsibility for the Financial Statements**

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

**Auditor's Responsibility.**

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

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 judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of Accounting Policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the Financial Statements.

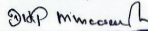
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

Institute has not used actuarial techniques, the projected unit credit method in estimating the cost to the entity of employee benefits as required by Sri Lanka Accounting Standards 19 employee benefits (LKAS 19). Provision has been made as per the relevant statute.

**Qualified Opinion**

In our opinion, except for the matter described in the basis for qualified opinion paragraph, the Financial Statements give a true and fair view of the Financial Position of the Institute as at 31<sup>st</sup> December 2015 and of its Financial Performance and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

  
D.H.P. MUNAWEERA & COMPANY  
CHARTERED ACCOUNTANTS.

Colombo  
30<sup>th</sup> May 2016  
JP/cr

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Ms. C.K. WIJAYARATNA FCA  
K.L.J.N. PERERA FCA B.B. MGT.(ACC) SP, R.D.M. WIJETHUNGA ACA Bsc (MGT)

**INSTITUTE OF BANKERS OF SRI LANKA**  
**STATEMENT OF FINANCIAL POSITION**

As At 31st December


(Rs.)

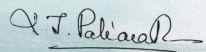
Item	Notes	2015	2014
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	10	930,677,086.66	599,444,106
Intangible Assets	11	41,388.98	-
Total Non-Current Assets	12	61,818,043.59	56,896,999
Total Non-Current Assets		992,536,519.23	656,341,104
<b>CURRENT ASSETS</b>			
Inventories	13	5,454,709.74	5,094,860
Other Current Assets	14	78,425,689.36	117,372,988
Investments - Held to Maturity	15	503,754,128.06	424,318,194
Cash in hand & At Banks	16	55,348,580.56	162,301,441
Total Current Assets		642,983,107.72	709,087,483
<b>TOTAL ASSETS</b>		<b>1,635,519,626.95</b>	<b>1,365,428,587</b>
<b>FUNDS &amp; LIABILITIES</b>			
Reserve Fund	17	43,026,016.65	35,077,257
Accumulated Fund	18	1,542,228,943.69	1,252,854,236
Total Funds		1,585,254,960.34	1,287,931,492
<b>NON-CURRENT LIABILITIES</b>			
Employee Benefit Liability	19	22,567,412.50	20,407,412
Total Non-Current Liabilities		22,567,412.50	20,407,412
<b>CURRENT LIABILITIES</b>			
Trade & Other Payables	20	16,345,347.72	45,768,927
Receipts in Advance	21	10,692,772.73	10,240,750
Other Liabilities	22	659,133.66	1,080,005
Total Current Liabilities		27,697,254.11	57,089,682
Total Liabilities		50,264,666.61	77,497,095
<b>TOTAL FUNDS &amp; LIABILITIES</b>		<b>1,635,519,626.95</b>	<b>1,365,428,587</b>

We certify that these financial statements were prepared in compliance with Sri Lanka Accounting Standards based on the information maintained and gathered under effective internal controls.

The Accounting Policies & Notes on Page 6 through 21 form an integral part of the Financial Statements.

  
**Mr. P Samarasiri**  
Chairman

  
**Mr. K D Ranasinghe**  
Vice Chairman

  
**Mrs. R J Pakianathan**  
Director/Finance

## **TOTAL COMPREHENSIVE INCOME STATEMENT**

For the year ended 31 December

(Rs.)

	Notes	2015 Rs.	2014 Rs.
Registration & Subscriptions Income	3	90,948,592.11	90,758,998
Examination & Other Related Income	4	344,443,902.97	328,247,407
Interest Income	5	39,206,916.98	45,411,584
Other Income	6	10,625,903.68	10,614,262
<b>Total Income</b>		<b>485,225,315.74</b>	<b>475,032,251</b>
Staff Expenses	7	(68,605,686.28)	(68,489,790)
Administration & Establishment Expenses	8	(55,583,161.98)	(59,456,050)
Other Operating Expenses	9	(63,712,999.58)	(75,486,614)
<b>Total Expenditure</b>		<b>(187,901,847.84)</b>	<b>(203,432,454)</b>
<b>Surplus for the year</b>		<b>297,323,467.90</b>	<b>271,599,797</b>

The Accounting Policies and Notes on pages 6 through 21 form an integral part of the Financial Statements.

**INSTITUTE OF BANKERS OF SRI LANKA**  
**STATEMENT OF CHANGES IN FUNDS & RESERVES**

(Rs.)

Item	Reserve Fund	Accumulated Fund	Total
Balance as at 01st January 2014	32,282,482.00	984,049,213.37	1,016,331,695.37
Surplus for the year	-	271,599,797.07	271,599,797.07
Transfers	2,794,774.70	(2,794,774.70)	-
Balance as at 31st December 2014	35,077,256.70	1,252,854,235.74	1,287,931,492.44
Surplus for the year		297,323,467.90	297,323,467.90
Transfers	7,948,759.95	(7,948,759.95)	-
<b>Balance as at 31st December 2015</b>	<b>43,026,016.65</b>	<b>1,542,228,943.69</b>	<b>1,585,254,960.34</b>

The Accounting Policies and Notes on pages 6 through 21 form an integral part of the Financial Statements.



**INSTITUTE OF BANKERS OF SRI LANKA**  
**CASH FLOW STATEMENT**

(Rs.)

Item	Notes	2015	2014
<b>Cash Flows from Operating Activities</b>			
Registrations & Subscriptions Income		90,948,592	90,758,998
Examination & Other Related Income		344,895,926	330,441,899
Other Income		10,625,904	10,614,262
Cash Payments to Employees & Supplies		(185,339,138)	(185,693,755)
<b>Operating Profit before Changes to Operating Assets &amp; Liabilities</b>		<b>261,131,283</b>	<b>246,121,404</b>
Gratuity Paid		-	(1,163,450)
Other Operating Assets		38,587,449	(110,743,386)
Other Operating Liabilities		(24,539,932)	23,798,473
Net Cash Inflow/ (Outflow) from Operating Activities		275,178,800	158,013,041
<b>Cash Flows from Investing Activities</b>			
Purchase of Property, Plant & Equipment		(336,560,727)	(158,633,266)
Proceeds from Sale of Property, Plant & Equipment		-	-
Net Change of Held-to-Maturity Investments		(74,552,095)	67,038,087
Interest Received		29,402,032	40,468,473
Net Cash Inflow/ (Outflow) from Investing Activities		(381,710,789)	(51,126,706)
<b>Cash Flows from Financing Activities</b>			
		-	-
<b>Net Increase in Cash &amp; Cash Equivalents</b>		<b>(106,531,989)</b>	<b>106,886,335</b>
Cash & Cash Equivalents at the beginning of year		161,221,436	54,335,101
<b>Cash &amp; Cash Equivalents at the end of year</b>		<b>54,689,447</b>	<b>161,221,436</b>
<b>Cash &amp; Cash Equivalents</b>			
Cash in hand & Balances at Banks	16	55,348,581	162,301,441
Other Liabilities	22	(659,134)	(1,080,005)
		<b>54,689,447</b>	<b>161,221,436</b>



## Notes to the Financial Statements

### 1. Corporate Information

#### 1.1 General

Institute of Bankers of Sri Lanka (IBSL) was established in Sri Lanka in 1979 under the Institute of Bankers of Sri Lanka (Incorporation) Act No.26 of 1979. The IBSL is an Approved Charity in the gazette No. 425 of October 24, 1986 declared by Hon. Minister of Trade and Shipping for the purpose of Section 31 (9) (a) of the Inland Revenue Act No. 28 of 1979. The Registered Office of the Institute and the Principal Place of Business are located at No.5, Milepost Avenue, and Colombo.3. The Governing Board appointed in terms of the Act is the Executive Authority to make and implement rules to manage all affairs of the IBSL.

#### 1.2 Principal Activities and Nature of Operations

The principal activities of the institute continued to be activities authorized in the incorporation Act as follows:

- (a) To provide instruction and training for employees of Banking institutions and for employees of the Central Bank of Sri Lanka in the study of the theory and practice of Banking and of related subjects and for such purpose to provide all facilities including lectures, discussion and library facilities;
- (b) To conduct examination and to issue certificates to those who are successful in such examination;
- (c) To facilitate and encourage discussion on matters of interest to Bankers; and
- (d) To take such measures as may be desirable to further the interest of Banking.

## **1.3 Basis of Preparation**

### **1.3.1 Statement of Compliance**

The Financial Statements and notes thereto of the Institute have been prepared in accordance with Sri Lanka Accounting Standards (SLFRs and LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka.

### **1.3.2 Basis of Measurement**

The Financial Statements of the Institute have been prepared on a historical cost basis, except for Derivative Financial Instruments, Financial Instruments classified as fair value through profit or loss, all of which have been measured at fair value.

### **1.3.3 Use of Estimates and Assumptions**

The preparation of financial information requires the use of estimates and assumptions about future conditions. The use of available information and the application of judgement are inherent in the formation of estimates; actual results in the future may differ from estimates upon which financial information is prepared.

Further information about key assumptions concerning the future, and other key sources of estimation uncertainty, are set out in the Notes on the Financial Statements.

## **1.4 Significant Accounting Policies**

### **1.4.1 Interest Income and Expense**

Interest Income and Expense for all financial instruments except for those classified as held for trading or designated at fair value are recognized in 'Interest income' and 'Interest expense' in the income statement using the effective interest method. The effective interest method is a way of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

#### **1.4.2 Other Revenue/Expenditure Recognition**

All Income from Members by way of Registration, Subscription, Lecture Fees and Examinations Fees has been recognized on accrual basis.

Expenses are recognized in the Income & Expenditure Statement on the basis of a direct association between the cost incurred and the earning of specific items of Income. All Expenditure incurred in the running of the Institute and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to the Profit or Loss.

#### **1.4.3 Classification, Measurement and Recognition of Financial Instruments**

##### **a. Classification Financial Assets**

At the inception a financial asset is classified into one of the following:

- i. Financial assets designated at fair value through profit or loss
- ii Financial assets available-for-sale
- iii Held-to-maturity financial investments
- iv Loans and receivables to banks and other customers

##### **b. Initial Recognition and Measurement**

All financial instruments are recognized initially at fair value. In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price.

Financial assets/liabilities held at fair value through profit and loss any changes in fair value from the trade date to settlement date is accounted in the Statement of Comprehensive Income while for available-for-sale financial assets any changes in fair value from the trade date to settlement date is accounted in

the Statement of Other Comprehensive Income.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. (Bid price for long position and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

**c. Subsequent Measurement**

The subsequent measurement of financial assets depends on their classification as follows:

i Financial assets at fair value through profit or loss

Financial Assets at fair value through profit or loss include Financial Assets held-for-trading and Financial Assets designated upon initial recognition at fair value through profit or loss. Financial Assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial Assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in the Income Statement.

ii Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available for-sale are those, which are neither classified as held

for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognized in Profit or Loss.

iii Held-to-maturity investments

Held to maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the institute has the intention and ability to hold to maturity. After the initial recognition, held to maturity financial investments are subsequently measured at amortized cost using the effective interest rate (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'interest income' in the Income Statement. The losses arising from impairment of such investments are recognized in 'impairment gain / loss on loans and receivables' in the Income Statement.



iv Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost.

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

**1.4.4 De-recognition of Financial Assets and Liabilities**

Financial assets are de-recognized when the contractual right to receive cash flows from the assets has expired; or when institute has transferred its contractual right to receive the cash flows of the financial assets, and either:

- Substantially all the risks and rewards of ownership have been transferred; or
- Institute has neither retained nor transferred substantially all the risks and rewards, but has not retained control.

Financial liabilities are de-recognized when they are extinguished, that is when the obligation is discharged, cancelled, or expires.

**1.4.5 Impairment of Financial Assets**

The Institute assesses at each reporting date whether there is any objective evidence that a Financial Asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred

after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Institute. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was

recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the Income Statement.

#### **1.4.6 Loans and Borrowings/ Other Financial Liabilities**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Income Statement.

#### **1.4.7 Property, Plant & Equipment**

Property, Plant & Equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the Property, Plant and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Institute derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

When items of Property, Plant and Equipment are subsequently

revalued, the entire class of such assets is revalued. Any revaluation surplus is recognized in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation on other Property, Plant & Equipment have been provided on the following methods over their estimated useful lives from the time the asset is placed in use. Lands are not depreciated. Depreciation rates are as follows:

<b>Assets</b>	<b>Rate of Depreciation Basis</b>	
Buildings	5%	Reducing balance method
Office Equipment	10%	Straight line basis
Books & Periodicals	12.5%	Reducing balance method
Computers & Printers	25%	Straight line basis
Motor Vehicle	20%	Straight line basis
Other Equipment	50%	Straight line basis

Property, Plant and Equipment are derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in 'Other Operating Income' or

'Other Operating Expenses' as appropriate in the Income Statement in the year the asset is derecognized.

#### **1.4.8 Intangible Assets**

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 – Intangible Assets. Accordingly, these assets are stated in the Statement of Financial Position at cost less accumulated amortization and any accumulated impairment loss.

Computer Software is amortized over a period of 4 years on the straight line method.

#### **1.4.9 Trade Receivables**

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Institute will not be able to collect all amounts due according to the original terms of the receivables.

#### **1.4.10 Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment Loss is recognized immediately in Profit or Loss.



#### **1.4.11 Employee Benefit Liability**

##### **a. Employees' Provident Fund & Employees' Trust Fund**

Employees are eligible for Employees' Provident Fund and Employees' Trust Fund contributions in line with respective statutes and regulations.

##### **b. Gratuity**

The Institute uses the Projected Unit Credit Method with the simplifications to measure its defined benefit obligations and the related expenses. However the Gratuity payments are in line with the requirements of the Payment of Gratuity Act No 12 of 1983.

#### **1.4.12 Provisions**

Provisions are recognized when the Institute has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

#### **1.4.13 Trade Payables**

Trade Payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

#### **1.4.14 Taxes**

Income tax comprises current tax and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is recognized in the same statement in which the related item appears.

**a. Current Tax**

Profit & Income of the Institute other than Profit & Income from dividend and interest exempt from Income Tax under section 7 (b) (lii) of the Inland Revenue Act No.10 of 2006.

**b. Deferred Tax**

Provision has not been made for the Deferred Tax as Profit and Income of the Institute other than Profit & Income from Dividend or Interest is exempt from Income Tax under Section 7 (b) (lii) of the Inland Revenue Act No.10 of 2006.

**1.4.15 Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition. Cash and cash equivalents include cash and balances at banks, treasury bills and other eligible bills, placements with banks and items in the course of collection from or in transmission to other banks.

**1.4.16 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

## **2. Standards Issued but not yet Effective**

Standards issued but not yet effective up to the date of issuance of the Institute's annual Financial Statements are listed below. This listing of Standards and interpretations issued are those that the Institute reasonably expects to have an impact on disclosures, Financial Position or performance when applied at a future date. The Institute intends to adopt these Standards when they become effective.

<b>Accounting Standard</b>	<b>Name of the Standard</b>	<b>Effective Date</b>
SLFRS 9	Financial instruments	01 January 2018
SLFRS 14	Regulatory Deferral Accounts	01 January 2016
SLFRS 15	Revenue from contracts with customers	01 January 2018

*Institute of Bankers of Sri Lanka - Performance Report 2015*

<b>FOR THE YEAR ENDED 31 ST DECEMBER</b>	<b>2015</b>	<b>2014</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>3. REGISTRATION &amp; SUBSCRIPTIONS INCOME</b>		
Registration	19,257,400.00	12,024,375
Subscriptions	71,691,192.11	78,734,623
	<b>90,948,592.11</b>	<b>90,758,998</b>
<b>4. EXAMINATION &amp; OTHER RELATED INCOME</b>		
Examination	223,284,571.91	203,731,454
Training Related Income	109,071,486.06	109,258,700
Publications & Study Materials	9,443,045.00	11,884,891
Others	2,644,800.00	3,372,362
	<b>344,443,902.97</b>	<b>328,247,407</b>
<b>5. INTEREST INCOME</b>		
Money Market Instruments	530,028.18	763,626
Treasury Bills, Treasury Bonds & Repos	33,576,186.24	29,661,867
Interest on Investment of Reserve Fund	2,948,759.95	2,794,775
Interest on Investment of Gratuity Fund	1,896,189.75	2,148,336
Interest on Fixed Deposits	229,876.60	10,032,938
Interest - NSB	25,876.26	10,042
	<b>39,206,916.98</b>	<b>45,411,584</b>
<b>6. OTHER INCOME</b>		
Journal Income	-	720,000
Bank Contributions	3,039,485.00	2,992,575
Convocation & Sponsorship Income	5,316,500.00	5,975,800
Miscellaneous Income - Library	-	500
Miscellaneous Income - C/S Division	1,906,841.18	86,290
Miscellaneous Income - COBAF Division	92,262.50	511,888
Accreditation Centers	270,815.00	212,887
Sundry Income	-	114,323
	<b>10,625,903.68</b>	<b>10,614,262</b>

<b>FOR THE YEAR ENDED 31 ST DECEMBER</b>	<b>2015</b>	<b>2014</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>7. STAFF EXPENSES</b>		
Salaries & Wages	36,089,755.36	35,921,813
E.P.F.	4,898,184.08	4,310,618
E. T. F.	1,224,546.03	1,081,083
Provision for Gratuity	2,160,000.14	1,986,794
Staff Special Payment	13,603,663.47	11,828,608
Staff Overtime & OPA	4,410,346.85	5,103,168
Staff Medical Insurance	3,626,149.95	3,919,219
Training	360,000.00	579,617
Leave Encashment	2,233,040.40	3,758,870
	<b>68,605,686.28</b>	<b>68,489,790</b>

**8. ADMINISTRATION & ESTABLISHMENT EXPENSES**

Utility Charges	8,442,655.20	9,230,106
Depreciation	5,286,357.00	5,479,694
Maintenance Expenses	5,457,416.93	6,227,328
Bank Charges	1,781,675.42	1,795,083
Consultancy Fees	1,200,000.00	-
Staff Welfare	1,010,108.57	823,814
Printing & Stationery	13,081,387.55	15,315,031
Lease Rent - Maradana	11,924,392.71	10,938,027
Postage & Stamps etc.	4,639,125.57	5,184,104
Travelling & Transport	907,577.53	1,198,598
Man Power Supply	542,982.25	644,284
Meeting Expenses	219,744.00	174,031
Other General Expenses	689,739.25	1,176,965
Remuneration to Members of the Governing Board	400,000.00	325,000
Provision for Settlement in Respect of former Employee	-	943,987
	<b>55,583,161.98</b>	<b>59,456,050</b>



<b>FOR THE YEAR ENDED 31ST DECEMBER</b>	<b>2015</b>	<b>2014</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>9. OTHER OPERATING EXPENSES</b>		
Resource Persons Fees	43,606,121.80	42,832,961
Marketing Expenses	-	383,920
Convocation	5,427,993.03	5,209,643
Study Packs Cost	2,034,253.17	3,119,862
Press Notices	2,442,913.56	3,459,279
Internal Audit Fees	438,348.25	455,480
External Audit Fees & Expenses	125,780.00	123,580
Bankers Journal	-	10,664,974
NBT	8,566,746.46	8,210,591
ESC	1,070,843.31	1,026,324
	<b>63,712,999.58</b>	<b>75,486,614</b>

## 10 PROPERTY, PLANT & EQUIPMENT

<b>Cost</b>	Cost as at 01/01/2015 Rs.	Additions during the year Rs.	Disposal during the year Rs.	Cost as at 31/12/2015 Rs.
Land (05, Mile Post Avenue, Colombo 03)	2,763,045.80		- -	2,763,045.80
Land (Elvitigala Mawatha, Colombo 08)	318,959,286.80	91,399,579.36	-	410,358,866.16
Building (05, Mile Post Avenue, Colombo 03)	3,368,888.61		- -	3,368,888.61
Office Furniture & Equipment	31,140,950.98	307,157.50	-	31,448,108.48
Books & Periodicals	6,588,418.54	227,413.49	-	6,815,832.03
Computers & Printers	28,848,943.45	468,550.00	-	29,317,493.45
Motor Vehicle	8,250,000.00		-	8,250,000.00
Other Equipment	1,598,490.90	171,800.00	-	1,770,290.90
<b>Total</b>	<b>401,518,025.08</b>	<b>92,574,500.35</b>	<b>-</b>	<b>494,092,525.43</b>
<b>Capital Work-in-progress</b>				
Building (Elvitigala Mawatha, Colombo 08)	260,191,353.93	243,943,038.19	-	504,134,392.12
<b>Total</b>	<b>260,191,353.93</b>	<b>243,943,038.19</b>	<b>-</b>	<b>504,134,392.12</b>
<b>Grand Total</b>	<b>661,709,379.01</b>	<b>336,517,538.54</b>	<b>-</b>	<b>998,226,917.55</b>

<b>Depreciation</b>	Accumulated Depreciation as at 01/01/2015 Rs.	Depreciation during the year Rs.	Disposal during the year Rs.	Accumulated Depreciation as at 31/12/2015 Rs.
Building (05, Mile Post Avenue, Colombo 03)	1,996,480.77	68,620.39	-	2,065,101.16
Office Furniture & Equipment	22,695,759.46	1,739,032.98	-	24,434,792.44
Books & Periodicals	3,775,239.19	371,401.18	-	4,146,640.37
Computer Installations	25,671,407.00	1,494,526.98	-	27,165,933.98
Motor Vehicle	7,012,500.00	1,237,500.00	-	8,250,000.00
Other Equipment	1,113,886.99	373,475.95	-	1,487,362.94
<b>Total</b>	<b>62,265,273.41</b>	<b>5,284,557.48</b>	<b>-</b>	<b>67,549,830.89</b>
<b>Net Book Value</b>	<b>599,444,105.60</b>			<b>930,677,086.66</b>

<b>AS AT 31ST DECEMBER</b>	<b>2015</b>	<b>2014</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>11 INTANGIBLE ASSETS</b>		
Computer Software Cost/ Valuation		
Balance as at the beginning of the year	-	-
Additions	43,188.50	-
Impairment	-	-
Balance as at the end of the year	43,188.50	-
Accumulated Amortization		
Balance as at the beginning of the year	-	-
Amortization	1,799.52	-
Balance as at the end of the year	1,799.52	-
<b>Net balance as at end of the year</b>	<b>41,388.98</b>	<b>-</b>
<b>12. NON-CURRENT FINANCIAL ASSETS</b>		
Treasury Bond (Investments of Gratuity Fund)	23,991,561.58	21,819,741
Treasury Bond (Investments of Reserve Fund)	37,826,482.01	35,077,258
	<b>61,818,043.59</b>	<b>56,896,999</b>
<b>13. INVENTORIES</b>		
Study Packs	3,308,453.70	3,646,532
Stock of Certificates	196,762.50	97,125
Stationery	1,949,493.54	1,351,204
	5,454,709.74	5,094,860
Impairment Provision for Obsolete & Slow Moving Stock	-	-
	<b>5,454,709.74</b>	<b>5,094,860</b>

<b>AS AT 31ST DECEMBER</b>	<b>2015</b>	<b>2014</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>14. OTHER CURRENT ASSETS</b>		
Staff Festival Advances	517,511.10	496,614
Sundry Advances	500.00	23,228
Other Receivable	1,702,500.00	5,809,036
Postage Control Account	316,526.85	267,090
Pre-payments	2,818,478.90	1,818,215
Advance Payments	-	594,834
Mobilization Advance	71,271,657.51	107,764,971
Refundable Deposits	662,000.00	599,000
Interest Receivable	1,136,515.00	-
	<b>78,425,689.36</b>	<b>117,372,988</b>
<b>15. INVESTMENTS - HELD TO MATURITY</b>		
Treasury Bills	72,960,604.44	-
Reverse Repos	430,793,523.62	406,059,596
Fixed Deposits	-	18,258,598
	<b>503,754,128.06</b>	<b>424,318,194</b>
<b>16. CASH IN HAND &amp; AT BANKS</b>		
Petty Cash	23,597.50	2,000
Balances at Banks - On Demand	16,547,200.54	34,443,904
Balances at Banks - Time & Others	38,777,782.52	127,855,537
	<b>55,348,580.56</b>	<b>162,301,441</b>
<b>17. RESERVE FUND</b>		
Balance as at 01st January	35,077,256.70	32,282,482
Interest Income from Investment of Reserve Fund	2,948,759.95	2,794,775
Transferred during the year	5,000,000.00	-
<b>Balance as at 31st December</b>	<b>43,026,016.65</b>	<b>35,077,257</b>

<b>AS AT 31ST DECEMBER</b>	<b>2015</b>	<b>2014</b>
	<b>Rs.</b>	<b>Rs.</b>

**18. ACCUMULATED FUND**

Balance as at 01st January	1,252,854,235.74	984,049,213
Surplus for the year (Net of Transfers)	289,374,707.95	268,805,022
<b>Balance as at 31st December</b>	<b>1,542,228,943.69</b>	<b>1,252,854,236</b>

**19. EMPLOYEE BENEFIT LIABILITY (RETIRING GRATUITY)**

Balance as at 01st January	20,407,412.36	19,584,068
Provision for the Period	2,160,000.14	1,986,794
	22,567,412.50	21,570,862
Gratuity paid during the Period	-	(1,163,450)
<b>Balance as at 31st December</b>	<b>22,567,412.50</b>	<b>20,407,412</b>

**20. TRADE & OTHER PAYABLES**

Sundry Creditors	20.1	1,134,878.18	24,830,049
Refundable Library Deposit		1,523,079.50	1,423,855
Accrued Expenses	20.2	13,687,390.04	18,571,037
Provision for settlement in respect of former Employee		-	943,987
		<b>16,345,347.72</b>	<b>45,768,927</b>



<b>AS AT 31ST DECEMBER</b>	<b>2015</b>	<b>2014</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>20.1 SUNDRY CREDITORS</b>		
Authors	3,000.00	-
Stationery Suppliers	1,131,878.18	836,811
Computers & Printers	-	362,800
Sierra Construction (Pvt) Ltd.	-	23,630,437
	<b>1,134,878.18</b>	<b>24,830,049</b>
<b>20.2 ACCRUED EXPENSES</b>		
Lecture Fees	1,060,825.00	1,349,876
Staff Expenses	3,462,626.91	3,799,433
Un-claimable Account	67,112.50	85,697
Other Taxes	1,134,114.63	1,159,082
Audit Fees	128,830.00	122,000
Other Accrued Expenses	7,833,881.00	12,054,949
	<b>13,687,390.04</b>	<b>18,571,037</b>
<b>21. RECEIPTS IN ADVANCE</b>		
Exemption	638,000.00	504,500
Training Related Income	10,054,772.73	9,736,250
	<b>10,692,772.73</b>	<b>10,240,750</b>
<b>22. OTHER LIABILITIES</b>		
Bank Overdrawn *	659,133.66	1,080,005
	<b>659,133.66</b>	<b>1,080,005</b>

\* Bank Overdrawn Balance consists of Book Overdrawn Balance. IBSL does not have permanent or temporary overdraft facilities obtained from any of the Bank.

**23. CONTINGENT LIABILITIES**

There were no significant contingent liabilities as at the Reporting date, which require adjustments to or disclosures in the Financial Statements.

**24. CAPITAL COMMITMENTS**

Approved & Contracted (New Building) 515.3Mn.

**25. DIRECTOR'S INTEREST IN TRANSACTIONS/ RELATED PARTY TRANSACTIONS**

No Director of the Institute is directly or indirectly interested in any contracts with the Institute.

**26. EVENTS AFTER THE REPORTING DATE**

No circumstances have arisen since the Reporting Date which require material adjustments or disclosure in the Financial Statements.

**27. APPROVAL OF FINANCIAL STATEMENTS**

These Financial Statements were approved by the board of Directors and authorized for issue on 30th May 2016.



