

ANNUAL REVIEW

2013 - 2014







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Chairman's Message

I am pleased to report the Annual Review covering the Institutes financial year 2013/2014 year as well as milestones and activities for the period up to the Annual General Meeting in December 2014. The year under review has seen an almost unparalleled level of activity at The Chartered Institute of Marketing Sri Lanka Region (CIMSLR).

Thanks to the efforts and contributions of many, this year has seen an evolution and growth in many areas. As I approach the end of my term as Chairman I look back on a time which has largely been focused on transition. Some of the changes we have made have been very visible whilst some have not; but overall all have been carried out with the future of our professional body.

Today, marketing is being placed on the front line of corporate strategy and it is more important than ever that marketers can see over the immediate horizon, to identify what may happen next and shape their organisation's response to inevitable change. Marketing is a dynamic discipline; the business environment is constantly changing and the practice of marketing





needs to respond to developments and changes in priorities. Marketers have to be open to change; champion change and drive it because, in today's modern era of business, those that fail to change get left behind.

So it is understandable that, as the leading professional body for marketing and business development in the world, CIM has to be more alert, more flexible and more dynamic than the rest. You will read in this report what your Institute has been doing in 2013/2014 to equip members to face the challenges and embrace the opportunities of this new business world and about the other significant initiatives carried out. You will see from this that the Institute's efforts to ensure our members remain at the leading edge of professional practice have been unstinting throughout the year.

EDUCATION

One of the noteworthy features of the Sri Lankan education system is 'accessibility' to education for all. We can indeed be proud as a nation for the social progress that has been achieved in the education sector over the last several decades. The choice of higher education has a direct bearing on the future of a student whilst creating a higher demand for tertiary education in Sri Lanka.

Any education system must support & sustain growth and maturity of the individual both intellectually and personality. Along with the revisions in the syllabus and our continued engagement with the Accredited

Study Centres and CIM UK we have raised the standards of delivery by achieving an overall pass rate of 55.23% at the examinations held in September 2013. We are proud to acknowledge three students claimed Sri Lankan Subject Awards in 2013.

Several initiatives were carried out during my tenure, targeting tutors as well as students. A tutor workshop was conducted by Mr. Ian Marshall, the Head of International Relations, CIM UK, in order to strengthen the Accredited Study Centres and the skills and capacity of tutors. Additionally, steps were taken to create awareness of the CIM qualification, with the Education Team organizing several workshops at leading schools: St. Bridget's Convent, Gateway International School, Dharmaraja College Kandy and Universities: Colombo and Sri Jayawardenepura. The Student Conference, an annual event, was held under the theme "Sustainable Future" aiming to redefine the 3R's: 'Rethink, Readjust, Reach' through an in-depth investigation into sustaining longevity in today's business environment and was organized by the Regional Student Committee in June 2014.

The Annual Graduation and Membership Investiture concluded successfully in July 2014. Prof. A K W Jayawardane, Vice Chancellor, University of Moratuwa graced the occasion as the Guest of Honour. 96 graduates were awarded with Diplomas and 43 Members (MCIM) were inducted.

MEMBERSHIP

The Institute's priority remains to support the development of professional marketing and marketers. Many events have taken place in the Region this year to cater to the professional development of our members.

The events hosted by CIMSLR were well accepted and attracted positive participation from both members as well as non-members. 'Talking Point' Series have continued to contribute towards the professional development. In this context, CIMSLR organized a 'Talking Point' titled 'Power to Transform' with the objective of bringing together corporate executives representing the banking and marketing sectors. This programme discussed the role of marketers in the banking industry, how the banking industry have changed and improved their standards over the years, and how effective marketing strategies can make the banking industry marketing oriented.

The 'Chartered Marketer & Fellowship Investiture' was held in October 2014 with Mr. Ajit Gunewardene, Deputy Chairman - John Keells Holdings PLC graced the event as the Chief Guest. 47 Chartered Marketers (CM) and 07 Fellows (FCIM) were inducted.

A Retail Conference 'Ignite the Magic in Retail' was held in August 2014, with a record number of participation with nearly 200 marketers and corporate executives attending the conference. Mr. Ranjit Page, Deputy Chairman/Managing Director, CT Holdings PLC & Deputy Chairman, Group subsidiary Cargills (Ceylon) PLC attended as the Keynote speaker.

The Regional Institute has always campaigned for greater recognition and excellence in the marketing profession in Sri Lanka through education, training and development. In this backdrop the 14th CIM Annual Conference on 'Marketing Strategy to Execution' was held in October 2014, bringing together prominent industry experts, both local and international. The faculty of speakers shared their experience and knowledge with the professional and business community. The conference was a resounding success witnessing a participation of more than 300.

With the objective of catering to the corporate sector, a CEO's Breakfast Forum was organized in April 2014 titled 'Talent Challenges for Sri Lankan Business' with senior members of the Institute including CEO's and Managing Directors of leading companies attending the forum.



CONCLUSION

As another year passes, we take the time to acknowledge and appreciate our many partners and sponsors who have given us immense support throughout the year and helped us to accomplish our goals for this year.

During this short-spell, I had the opportunity to work closely with the key stakeholders and I am truly impressed by the drive towards the upper bar of excellence which has definitely underscored the CIM's journey, thus far.

As the world's leading professional marketing body, CIM is uniquely placed to be the voice, the catalyst and active participant that can help shape the future of our changing marketing profession and to address this change CIM is in the process of relaunching the brand with 2025 focus and it will be adapted in Sri Lanka too in the future ensuring that marketing delivers at the centre of business growth.

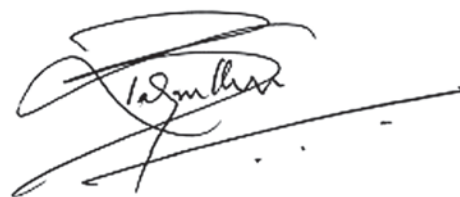
Additionally, with the introduction of the new operating module CIM Sri Lanka will sign the International Relationship Agreement with CIM UK in December. This agreement will result in active engagement of CIM UK with the local region.

My deepest gratitude to my colleagues at the Board for their diligence and support extended to me in my task of leading the CIM mission and for a well delivered strategy to reinforce Marketing at the helm of a

demanding landscape. My gratitude is also expressed to Mr. Eardley Perera, Founder Chair of the Regional Institute for his support and guidance, with a special note of appreciation to the Honorary President of CIMSLR, Mr. Stuart Chapman.

I would like to thank the Regional Committee and staff for their unwavering commitment and support as well as for their enduring determination to face challenges in bringing ideas to reality. I am confident that the coming year will see our position strengthen and our reputation grow even further as a world leader in Marketing.

To all other stakeholders, thank you for your valuable patronage and trust you will continue to inspire us in our journey. I have no doubt that together we will do even more than any of us can imagine to raise the bar to excellence in marketing!



Shantha Katippearachchi

DipM, MCIM (UK), MBA (Sri.J)

Chartered Marketer

Chairman

**The Chartered Institute of Marketing
Sri Lanka Region**

07th November, 2014





Activity Review

July 2013 - June 2014





Focus Group Education

ANNUAL GRADUATION AND MEMBERSHIP INVESTITURE

Annual Graduation Ceremony and Membership Investiture was held in July 2013 at Kingsbury Hotel Colombo. Ms. Anne Godfrey, Chief Executive Officer, CIM UK graced the occasion as the Guest of Honor. 121 graduates received their post graduate diplomas and 05 Fellows (FCIM), 11 Chartered Marketers (CM) and 15 Members (MCIM) were inducted. 22 students were awarded with Sri Lankan prizes along with 06 World prize winners in recognition for their achievement at the examinations in 2012.

TUTOR WORKSHOP

A tutor workshop to enhance the knowledge of the lecturers on the new syllabus was conducted by Mr. Ian Marshall, Head of International Relations, CIM UK in October 2013 at the Cinnamon Lakeside Hotel, Colombo. 40 tutors participated at the workshop.

CAREER GUIDANCE EXHIBITION

The CIM Sri Lanka Region education team participated at the EDEX Expo Exhibition: Sri Lanka's largest Education and Job Fair held in Colombo and Kandy.

1. Colombo

Approximately 1,000 participants visited the CIMSLR stall at the BMICH on 17th, 18th and 19th January 2014.

2. Kandy

The exhibition was held on 24th & 25th January 2014 at the Kandy City Centre, with approximately 400 participants visiting the CIMSLR stall.

HR FORUM

The HR Forum was held in October 2013 at the Cinnamon Lakeside Hotel, Colombo. Mr. Ian Marshall, Head of International Relations, CIM UK presented the value of the CIM qualification and demonstrated how to benchmark recruitment of marketing and local companies. The presentation was followed by a panel discussion by corporate executives, Mr. Ganesan Ampalavanar, Managing Director of Nestle Lanka PLC; Mr. Reyaz Jeffrey, General Manager / Chief Executive Officer of Amana Takaful Life & Senior Lecturer, NEXT Campus; Mr. Yasas Hewage, Head Channels, Retail/SME Business Development, NDB Bank, Faculty member at Strategy College & Founder of Wroom; Mr. Failan Saleem, Founder / Principal Lecturer, The Knowledge Factory and Mr. G S Sylvester, Marketing Director of Pan Audio Private Limited & Senior Lecturer, the Sri Lanka Institute of Marketing.

CAREER GUIDANCE SEMINARS

The CIM Sri Lanka Region conducted many career guidance seminars in order to enhance the knowledge of the students/employees on the CIM qualification.

1. Ceylinco Insurance

A career guidance seminar was conducted at the Ceylinco Insurance Auditorium in March 2014. Over 75 sales and marketing personnel participated in the programme.

2. Gateway International School

A career guidance seminar was held at Gateway International School in June 2014 for post O/L students. Mr. Keith Desilva, Board Member - CIM Sri Lanka Region attended as the Guest Speaker. Over 150 students participated at the seminar.



STUDENT CONFERENCE

The Future Marketers Conference 2014

The education team together with the students committee of 2013-2014 of The Chartered Institute of Marketing Sri Lanka Region organized the future marketer's conference in June 2014 at the Kingsbury Hotel, Colombo.

The conference was held under the theme "Sustainable Future". Over 150 participated at the event.

The guest speakers were Mr. Rohan Pallawatta, Managing Director, Lanka Harness Co. (Pvt) Ltd; Mr. Anuruddha Bandara, Managing Director, ECO Team (Pvt) Ltd; Mr. Ravi Fernando, Operations Director Malaysia Blue Ocean Strategy Institute and Mr. Chevaan Daniel, Group Director, The Capital Maharaja Organisation Ltd. The Panel discussion featured distinguished panelists: Mr. Chandana De Silva, Area Manager, Sri Lanka & Maldives at Emirates; Dr. Nalaka Godahewa, Chairman, Securities & Exchange Commission; Mr. Kishan Nanayakara, Chief Executive

Officer, Hemas Power and Dr. Sunil Jayantha Nawaratne, Secretary to the Ministry of Higher Education. Mr. Lakshaman Bandaranayake, Chairman, Vanguard Media was the Moderator of the panel discussion.





Focus Group Membership Development

During the year under review the membership team developed various programmes to attract marketers as well as non marketers thus promoting The Chartered Institute of Marketing Sri Lanka Region (CIMSLR) in the corporate sector through Talking Point series and CEO Breakfast Forums. As a value addition to Continuous Professional Development (CPD) we partnered with industry experts in their programmes as well as in Business Forums. By attending these programmes members gained 54 CPD hours.

The membership team also took measures to promote the membership by meeting with HR Heads and Corporate Executives of companies. An up to-date state of the art member database was created with the objective of maintaining a closer relationship with our members. The membership team attracted three corporate sponsors and event sponsors to host CIM annual events successfully.

TALKING POINTS

During the year under review CIMSLR hosted three Talking Point programmes under the 'Talking Point' series. These programmes provided an opportunity for members to participate in discussions on various topics of contemporary interest. These programmes were well designed to members at all levels in order to add value to their personal and professional growth.

1. CHOGM an opportunity to market Sri Lanka?

The objective of this programme held in October 2013 was to create a platform for marketers to understand how the scope of CHOGM will affect the Sri Lankan economy, explore the opportunities and challenges their respective companies, brands and businesses can lever to their advantage. The keynote speaker was Hon. Neomal Perera, Deputy Minister - External Affairs & Chairman of CHOGM Business Forum.

Mr. Bandula Egodage, Chairman & CEO, Sri Lanka Export Development Board; Mr. Hiran Cooray, Chairman, Jetwing Hotels Limited; Ms. Janaki Kuruppu, Chairperson, Ceylon Tea Board; Mr. Yohan Lawrence, Chairman, Sri Lanka Apparel Exporters Association; Ms. Neela Marikkar, Chairperson, Grant MacCann Erickson and Mr. Kiththi Perera, Chief Enterprise and Wholesale Officer, Sri Lanka Telecom were the panelist. Mr. Rohantha Athukorala, Head of National Portfolio Development Sri Lanka & Maldives UNOPS chaired the panel discussion.

2. Building Brand Growth through Consumer Engagement

In February 2014 Mr. Siddharth Banerjee, Country Marketing Director, Unilever Sri Lanka addressed a record number of participants at a CIM Talking Point on the topic 'Building Brand Growth through Consumer Engagement'. Mr. Banerjee shared insights on how the right strategic approach to consumer engagement can lead to building bigger brands and also in garnering bigger results.

3. Power to Transform

In June 2014 Mr. Amal Cabraal, Former Chairman & CEO, Unilever Sri Lanka, Non-Executive Director Hatton National Bank PLC; Mr. Deepal Sooriyaarachchi, Commissioner, Sri Lanka Inventors Commission, Management Development Consultant/ Certified Partner, RBL Group : two senior marketers at the board level in the banking industry and Mr. Rajendra Theagarajah, Director/ CEO, National Development Bank PLC engaged in a stimulating panel discussion on the topic 'Power to Transform'. The programme was moderated by Ms. Niroshini Pethiyagoda, Deputy General Manager/ Head of Marketing, Sri Lanka Insurance. The distinguished speakers discussed the role of marketers in the banking industry, how the banking industry have changed and improved their standards over the years and how effective marketing strategies can make the banking industry marketing oriented.





CEO'S BREAKFAST FORUMS

CEO's Breakfast forums are targeted at the decisions makers of organizations to add value to their strategic thinking and decision making process. During the year under review, The CIM Sri Lanka Region hosted breakfast meetings to meet this objective.

1. Marketing Confidence as an Indicator of Business Growth

Ms. Anne Godfrey, Chief Executive Officer, The Chartered Institute of Marketing UK conducted a CEO's Breakfast Forum in July 2013 titled 'Marketing confidence as an indicator of business growth' The topic discussed highlighted the critical role marketers play in any business, the issues and challenges faced by Marketers in the present context.

2. Talent Challenges for Sri Lankan Business

Mr. Dinesh Weerakkody, Chairman, Commercial Bank of Ceylon conducted a CEO's Breakfast forum in April 2014, titled 'Talent Challenges for Sri Lankan Business'. The presentation covered the employment value proposition and the key elements that need to be taken into consideration, namely; perks & benefits, training & development and creating a great place to work.





Focus Group Knowledge Hub

CORPORATE TRAININGS

1. Hemas Manufacturing (Pvt) Ltd

A one year Diploma in Sales Management was launched in September 2013 for 25 Area Managers of Hemas Manufacturing (Pvt) Ltd, to improve their managerial competencies. The 12 month programme concluded in September 2014 with the awarding ceremony in October 2014.





Focus Group Networking

CIM MARKETERS PARTY

The annual CIM marketer's party was held at the Stables: Park Street Mews, Colombo in December 2013. The 'Naughty or Nice' themed party attracted nearly 250 participants from corporate executives to CIM students and provided all attendees an evening of fun filled entertainment in line with the theme.





Financial Review

July 2013 - June 2014





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RDeS/RD/DT

AUDITORS' REPORT TO THE MEMBERS OF THE CHARTERED INSTITUTE OF MARKETING - SRI LANKA REGION

Report on the Financial Statements

We have audited the accompanying Financial Statements of The Chartered Institute Of Marketing-Srilanka Region, which comprise the Statement of Financial Position as at 30 June 2014, Statement of Financial Activities, Statement of Comprehensive Income, Statement of Changes in Accumulated Fund, Statement of Cash Flow for the year then ended, a summary of significant accounting policies and other explanatory notes set out on pages 07 to 22 of the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

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 plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Institute maintained proper accounting records for the year ended 30 June 2014 and the financial statements give a true and fair view of the Institute's state of affairs as at 30 June 2014 and the financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No.7 of 2007.

31 October 2014
Colombo

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H Fernando FCA FCMA
W K B S P Fernando FCA FCMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga ACA N M Sulaiman ACA ACMA B E Wijesuriya ACA ACMA

A member firm of Ernst & Young Global Limited

The Chartered Institute of Marketing Sri Lanka Region

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 30th June 2014

	Note	2014 Rs.	2013 Rs.
Incoming Resources	4	11,652,377	22,608,972
Event Expenditure	5	(12,887,554)	(23,358,090)
Net Surplus/(Deficit) on events		(1,235,178)	(749,118)
Revenue Earned	6	30,907,399	21,836,821
Administrative expenses		(18,587,966)	(18,296,519)
Other Expenses		(100,000)	-
Net surplus before Tax		10,984,255	2,791,184
Income tax expense	7	(373,810)	(337,257)
Net surplus after Tax		10,610,445	2,453,927

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 29 through 50 form an integral part of the Financial Statements.



The Chartered Institute of Marketing Sri Lanka Region

STATEMENT OF COMPREHENSIVE INCOME

Year ended 30th June 2014

	2014 Rs.	2013 Rs.
Net surplus/(deficit) for the year	10,610,445	2,453,927
Other comprehensive income	-	-
Total other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year, net of tax	10,610,445	2,453,927

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 29 through 50 form an integral part of the Financial Statements.

The Chartered Institute of Marketing Sri Lanka Region

STATEMENT OF FINANCIAL POSITION

Year ended 30th June 2014

	Note	2014 Rs.	2013 Rs.
Assets			
Non - current assets			
Property, plant and equipment	9	679,662	794,298
Non Current Intangible Assets			
Website	9	155,087	186,775
		<u>834,749</u>	<u>981,073</u>
Current assets			
Inventories	10	397,766	460,366
Short Term Investments	11	29,966,233	26,273,846
Receivables	12	5,190,512	12,386,142
Other Current Assets	13	2,658,222	2,439,301
Income Tax Receivable		-	49,650
Cash and Cash Equivalents	14	26,229,413	31,958,976
		<u>64,442,151</u>	<u>73,568,285</u>
Total assets		<u>65,276,900</u>	<u>74,549,358</u>
Reserves and Liabilities			
Reserves			
Accumulated Fund	15	49,962,895	39,352,449
Total equity		<u>49,962,895</u>	<u>39,352,449</u>
Non - current liabilities			
Retirement Benefit Obligations	16	1,041,840	1,196,526
		<u>1,041,840</u>	<u>1,196,526</u>
Current liabilities			
Payables	17	6,748,505	34,000,383
Income Tax Payable		8,220	-
Bank Overdraft	14	7,515,440	-
		<u>14,272,165</u>	<u>34,000,383</u>
Total equity and liabilities		<u>65,276,900</u>	<u>74,549,358</u>

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.

Sanjika Perera (sgd)
Board member

The Executive Committee is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Executive Committee by,

Shantha Katippearachchi (sgd)
Chairman

Anuradha Edirisinghe (sgd)
Treasurer

The Accounting Policies and Notes on pages 29 through 50 form an integral part of the Financial Statements.

31st October 2014
Colombo

The Chartered Institute of Marketing Sri Lanka Region

STATEMENT OF CHANGES IN ACCUMULATED FUND

Year ended 30th June 2014

	Restricted Fund Subvention Rs.	Regional Development Fund Rs.	Accumulated Surplus Rs.	Total Rs.
Balance as at 30 June 2012	-	22,310,817	14,587,705	36,898,522
Grant from CIM UK-Subvention	17,680,131	-	-	17,680,131
Funds transferred to Statement of Financial Activities	(17,680,131)	-	-	(17,680,131)
Net Surplus for the Year	-	-	2,453,927	2,453,927
Balance as at 30 June 2013	-	22,310,817	17,041,632	39,352,449
Grant from CIM UK - Subvention	24,325,840	-	-	24,325,840
Funds transferred to Statement of Financial Activities	(24,325,840)	-	-	(24,325,840)
Net Surplus for the Year	-	-	10,610,445	10,610,445
Balance as at 30 June 2014	-	22,310,817	27,652,077	49,962,894

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 29 through 50 form an integral part of the Financial Statements.

The Chartered Institute of Marketing Sri Lanka Region

STATEMENT OF CASH FLOW

Year ended 30th June 2014

	Note	2014 Rs.	2013 Rs.
Cash flows from operating activities			
Surplus/(Deficit) before tax for the year		10,984,255	2,791,184
Adjustments for:			
Subvention Income	6	(24,325,840)	(17,680,131)
Interest Income	6	(4,238,102)	(3,600,816)
Depreciation	9	523,086	443,886
Amortisation	9	77,333	72,300
Provision for Education Campaign		-	1,500,000
Provision for Retirement Benefit Obligation	16	(154,686)	224,751
Profit/(Loss) on Disposal		-	-
Write Off Expense		325,918	-
Exchange Gain/ (Loss)		(1,251,108)	(277,933)
Operating profit before working capital changes		(18,059,143)	(16,526,759)
(Increase)/ decrease in Inventories		62,600	(31,866)
(Increase)/ decrease in Receivables		7,195,626	(3,363,243)
(Increase)/ decrease in Other Non Current Assets		(218,921)	297,171
Increase/ (decrease) in Payables		(27,251,878)	17,684,999
Cash generated from/ (used in) operations		(38,271,716)	(1,939,698)
Income tax paid	7	-	(337,257)
Gratuity Paid	16	-	(187,225)
Net cash flow from/ (used in) operating activities		(38,271,716)	(2,464,180)
Cash flows from / (used in) investing activities			
Acquisition of Property, Plant and Equipment	9	(408,450)	(238,510)
Acquisition intangible Asset	9	(45,645)	-
Disposal of Property, Plant and Equipment	9	-	-
Interest Received		4,847,356	311,836
Net cash from / (used in) investing activities		4,393,261	73,326
Cash flows from (used in) financing activities			
Subvention Received		24,325,840	23,920,284
Net cash from (used in) financing activities		24,325,840	23,920,284
Realised Exchange Gain / (Loss)		1,240,623	267,448
Net increase/(decrease) in cash and cash equivalents		(9,552,615)	21,529,430
Cash and cash equivalents at the beginning of the year		58,232,822	36,703,392
Cash and cash equivalents at the end of the year		48,680,207	58,232,822
CASH AND CASH EQUIVALENTS			
Cash and Bank Balance		26,229,413	31,958,976
Short Term Investments		29,966,233	26,273,846
Bank Overdrafts		(7,515,440)	-
		48,680,207	58,232,822

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 29 through 50 form an integral part of the Financial Statements.



The Chartered Institute of Marketing Sri Lanka Region

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

1. CORPORATE INFORMATION

1.1 Reporting Entity

The Chartered Institute of Marketing Sri Lanka Region is a registered Institution under the Companies Act of Sri Lanka being defined as an Institute Limited by Guarantee.

It is domiciled in Sri Lanka and is the local representative of The Chartered Institute of Marketing in UK. The principal place of activity of the Institute is located at No. 20, Deal Place 'A', Colombo 03.

Except for certain activities that will conclude on the realization of their relevant activities in accordance with the relevant terms of reference, the financial statements have been prepared on a going concern basis.

1.2 Principal Activities and Nature of Operations

During the year, the principal activity of the Institute was to develop, promote and perpetuate the science of marketing.

1.3 Approval of Financial Statements

The financial statements of The Chartered Institute of Marketing Sri Lanka Region for the year ended 30 June 2014 were authorized for issue on 31 October 2014.

The Chartered Institute of Marketing Sri Lanka Region

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements which comprise the statement of financial position, the statement of financial activities, the statement of comprehensive income, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the “financial statements”) have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

2.2 Basis of Measurement

The financial statements have been prepared on an accrual basis and under the historical cost conversion.

2.3 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, the Institute's functional and presentation currency, which is the primary economic environment in which the Institute operates. All financial information presented in Sri Lanka Rupees has been given to the nearest rupee unless stated otherwise.



The Chartered Institute of Marketing Sri Lanka Region

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

2.4 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

- Note 16 – Employee benefits

The significant accounting policies are discussed in Note 3 below.

2.5 Comparative information

The accounting policies have been consistently applied by the Institute during the year under review with those used in the previous year.

2.6 Going Concern

The Directors have made an assessment of the Institute's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation.

The Chartered Institute of Marketing Sri Lanka Region

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

3.1 Accounting for the receipt and utilization of funds

3.1.1 Restricted Funds

Where grants are received for use in an identified event or activity, such funds are held in a Restricted Fund account and transferred to the Statement of Financial Activities to match with expenses incurred in respect of that identified project. Unutilized funds are held in their respective Fund accounts and included under Accumulated Funds in the Balance Sheet until such time as they are required.

Funds collected through a fund raising activity for any specific or defined purpose are also included under this category, unless otherwise stated.

Where approved grant expenditure exceeds the income received and there is certainty that the balance will be received such amount is recognized through Debtors in the Balance Sheet.

The activities for which these Restricted Funds may and are being used are identified in the notes to the Financial Statements.

3.1.2 The Chartered Institute of Marketing UK - Subvention

The subvention from The Chartered Institute of Marketing UK is recognized on an accrual basis.

3.2 Valuation of Assets and their Management Bases

3.2.1 Property, plant and equipment

a) Basis of recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Institute and the cost of the asset can be reliably measured.

b) Cost

Items of property, plant & equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.



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NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

c) Owned assets

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as a part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Where land and building are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation.

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.

d) Derecognition

An item of property, plant and equipment are derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognized and gains are not classified as revenue. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

The Chartered Institute of Marketing Sri Lanka Region

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

e) Depreciation

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets.

The estimated useful lives of assets are as follows:

Furniture and Fittings	- 5 Years
Computer Equipment	- 3 Years
Motor Vehicles	- 4 Years
Other Equipment	- 5 Years
Cloaks	- 4 Years

Depreciation of asset beings when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized.

3.2.2 Intangible Assets

a) Cost

Intangible Assets acquired are measured initially at cost. The expense incurred for developing and launching the website has been considered as Intangible Assets and is recorded at cost less accumulated amortization.

b) Amortization

The provision for amortization is calculated by using a straight-line method on the cost of all Intangible Assets in order to write off such amounts over the following estimated useful lives.

Website	- 4 Years
Database System	- 4 Years





The Chartered Institute of Marketing Sri Lanka Region

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

3.2.3 Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Cash Flow Statement Cash and Cash Equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as Cash Equivalents.

The Cash Flow Statement is reported based on the indirect method.

3.2.4 Receivables

Receivables are stated at the amounts they are estimated to realize net of allowances for bad and doubtful receivables.

3.2.5 Employee Benefits

a) Defined Benefit Plans

The defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized in financial statements in respect of defined benefit plan is present value of the defined benefit obligation at the reporting date. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that apply to the currency in which the benefit will be paid and that have terms to maturity approximating to the terms of the related liability.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 "Employee Benefits" on Retirement Benefit Costs. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

b) Defined Contribution Plans- Employee' Provident Fund and Employee' Trust Fund

Employees are eligible for Employees' Provident Fund Contribution and Employees' Trust Fund Contribution in line with the respective status and regulations. The Institute contributes 12% and 3% of gross emoluments of employee to the Employees' Provident Fund and to the Employees' Trust Fund respectively.

The Chartered Institute of Marketing Sri Lanka Region

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Year ended 30th June 2014

3.2.6 Trade and other payables

Trade and other payables are stated at their cost.

3.2.7 Provisions, contingent assets and contingent liabilities

Provisions are recognized when the institute has a present obligation (legal or constructive) as a result of a past event, 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. Where the Institute expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of:

- The amount that would be recognized in accordance with the general guidance for provisions above (LKAS 37)
- or
- The amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the guidance for revenue recognition (LKAS 18)

Contingent assets are disclosed, where inflow of economic benefit is probable.





The Chartered Institute of Marketing Sri Lanka Region

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

3.2.8 Financial instruments — initial recognition and subsequent measurement

i) Financial assets

a) Initial recognition and measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Institute determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e. the date that the Institute commits to purchase or sell the asset.

The Institute's financial assets include cash and short-term deposits, receivables.

b) Subsequent measurement

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

c) 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 finance income or finance costs in the income statement.

The Institute evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When the Institute is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Institute may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

d) 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 using the effective interest rate method (EIR), less impairment. 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 income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

ii) Financial liabilities

a) Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Institute determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Institute's financial liabilities include payables.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

c) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognized in the income statement.

The Institute has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.





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Year ended 30th June 2014

d) Loans and borrowings

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.

e) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

3.3 Income Statement

3.3.1 Revenue recognition

a) Resources of Income

Income realized from restricted funds is recognized in the Statement of Financial Activities only when there is certainty that all of the conditions for receipt of the funds have been complied with and the relevant expenditure that it is expected to compensate has been incurred and charged to the Statement of Financial Activities. Unutilized funds are carried forward as such in the Balance Sheet.

All other income is recognized when the organization is legally entitled to the use of such funds and the amount can be quantified. This would include income receivable through fund raising activities.

Revenues earned on services rendered are recognized in the accounting period in which the services were rendered.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

b) Interest Income

Interest earned is recognized on an accrual basis.

c) Other Income

Other income is recognized on an accrual basis.

d) Gains and losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net sales proceeds with carrying amounts of property, plant & equipments and are recognized net within "Other Income" in profit and loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

3.3.2 Expenditure recognition

Expenses in carrying out the events and other activities of the Institute are recognized in the Statement of Financial Activities during the period in which they are incurred. Other expenses incurred in administering and operating the organization and in restoring and maintaining the Property, Plant and Equipment to perform at expected levels are accounted for on an accrual basis and charged to the Statement of Financial Activities.

The Institute has adopted the "Function of Expense" method to present fairly the elements of Institute's activities in its Statement of Financial Activities.

3.3.3 Tax

The taxable income of the Institute is liable for income tax in excess of tax free allowance, except on income received as donations. The Institute, being defined as a charitable institution, is liable to tax at the rate of 10%.





The Chartered Institute of Marketing Sri Lanka Region

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

3.3.4 Foreign currency transactions and balances

The financial statements are presented in Sri Lanka rupees, which is the Institute's functional and presentation currency.

The functional currency is the currency of the primary economic environment in which the entities of the Institute operate.

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are affected.

Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is recognized in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss respectively).

3.4 Sri Lanka accounting standards (SLFRS/LKAS) issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Institute's financial statements are listed below. This listing is of standards and interpretations issued, which the Institute reasonably expects to be applicable at a future date. The Institute intends to adopt those standards when they become effective.

a) SLFRS 9-Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Institute's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Institute will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

The Chartered Institute of Marketing Sri Lanka Region

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Year ended 30th June 2014

b) SLFRS 13-Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 does not state when an entity is required to use fair value, but rather provides guidance on how to measure fair value under SLFRS when fair value is required or permitted. The Institute is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2014.



The Chartered Institute of Marketing Sri Lanka Region

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

4. INCOMING RESOURCES	2014	2013
	Rs.	Rs.
Focus Group (1) - Education	1,464,356	1,940,750
Focus Group (2) - Membership	615,200	3,069,596
Focus Group (3) - Corporate Integration	9,562,821	17,598,626
Focus Group (4) - Public Relation	-	-
Focus Group (5) - Network	10,000	-
	<u>11,652,377</u>	<u>22,608,972</u>
5. EVENT EXPENDITURE	2014	2013
	Rs.	Rs.
Focus Group (1) - Education	3,708,103	5,934,417
Focus Group (2) - Membership	494,493	3,691,519
Focus Group (3) - Corporate Integration	8,513,509	13,264,952
Focus Group (4) - Public Relation	-	209,819
Focus Group (5) - Network	171,449	257,383
	<u>12,887,554</u>	<u>23,358,090</u>
Net Surplus/ (Deficit) on Events	2014	2013
	Rs.	Rs.
Focus Group (1) - Education	(2,243,747)	(3,993,667)
Focus Group (2) - Membership	120,707	(621,923)
Focus Group (3) - Corporate Integration	1,049,312	4,333,674
Focus Group (4) - Public Relation	-	(209,819)
Focus Group (5) - Network	(161,449)	(257,383)
	<u>(1,235,178)</u>	<u>(749,118)</u>
6. REVENUE EARNED	2014	2013
	Rs.	Rs.
Grant from CIM- UK - Subvention	24,325,840	17,680,131
Other Income (6.1)	6,581,559	4,156,690
	<u>30,907,399</u>	<u>21,836,821</u>
6.1 Other Income	2014	2013
	Rs.	Rs.
Interest Income	4,238,102	3,600,816
Exchange Gain/(Loss)	1,251,108	277,933
Gain on Sale of Property, Plant and Equipment	-	-
Other Income	1,092,350	277,941
	<u>6,581,559</u>	<u>4,156,690</u>

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

7. INCOME TAX EXPENSE

	2014 Rs.	2013 Rs.
Current tax expense		
Current income tax charge (Note 7.1)	373,810	337,257
Under/(Over) provision of current taxes in respect of prior years	-	-
	<u>373,810</u>	<u>337,257</u>

7.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :

	2014 Rs.	2013 Rs.
Surplus before Income Tax	10,984,255	2,791,184
Disallowable expenses	748,535	1,138,498
Allowable expenses	(4,556,825)	(4,200,867)
Grant received during the year	(24,325,840)	(17,680,131)
Adjusted Deficit	<u>(17,149,874)</u>	<u>(17,951,316)</u>
Non Business Income		
Treasury Bill Interest Income	2,843,457	2,854,334
Add: Notional Tax Credit	315,940	317,148
	<u>3,159,397</u>	<u>3,171,482</u>
Interest From Fixed Deposits		
W.H.T Deducted	-	-
W.H.T Not Deducted	277,791	389,251
Interest Income from Savings Account	800,913	311,836
Tax Free Allowance	(500,000)	(500,000)
Taxable income	<u>3,738,101</u>	<u>3,372,569</u>
Income tax @ 10%	<u>373,810</u>	<u>337,257</u>
	<u>373,810</u>	<u>337,257</u>

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

8. FINANCIAL INSTRUMENTS

8.1 Financial Assets and Liabilities by Categories

Financial assets and liabilities in the tables below are split into categories in accordance with LKAS 39.

Financial assets by categories

As at 31 March

Loans and receivables

2014	2013
Rs.	Rs.

Financial instruments in current assets

Receivable	5,190,512	12,386,142
Cash and bank balances	26,229,413	31,958,976
Total	<u>31,419,925</u>	<u>44,345,118</u>

Financial liabilities by categories

As at 31 March

Financial liabilities measured at amortised cost

2014	2013
Rs.	Rs.

Financial instruments in current liabilities

Payables	6,748,505	34,000,383
Bank Overdraft	7,515,440	-
Total	<u>14,263,945</u>	<u>34,000,383</u>

The Institute has not designated any financial assets or liabilities upon initial recognition as at fair value through profit or loss. So, all the financial assets and liabilities are recognised as held for trading.

The Chartered Institute of Marketing Sri Lanka Region

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

9. PROPERTY, PLANT & EQUIPMENT

9.1 Cost	Balance as at 01.07.2012 Rs.	Additions /Transfers Rs.	Disposal /Transfers Rs.	Balance as at 01.07.2013 Rs.	Additions /Transfers Rs.	Disposal /Transfers Rs.	Balance as at 30.06.2014 Rs.
Furniture and Fittings	1,259,037	-	-	1,259,037	-	-	1,259,037
Computer Equipment	2,106,065	64,900	-	2,170,965	-	-	2,170,965
Motor Vehicles	139,830	-	-	139,830	-	-	139,830
Other Equipment	389,905	173,610	-	563,515	19,100	-	582,615
Cloaks	-	-	-	-	389,350	-	389,350
Total value of depreciable assets	3,894,837	238,510	-	4,133,347	408,450	-	4,541,797

9.2 Depreciation	Balance as at 01.07.2012 Rs.	Charge for the year Rs.	Disposal / Transfers Rs.	Balance as at 01.07.2013 Rs.	Charge for the year Rs.	Disposal / Transfers Rs.	Balance as at 30.06.2014 Rs.
Furniture and Fittings	1,180,608	38,656	-	1,219,264	16,760	-	1,236,024
Computer Equipment	1,482,763	311,155	-	1,793,918	295,237	-	2,089,155
Motor Vehicles	7,154	34,940	-	42,094	34,940	-	77,034
Other Equipment	224,638	59,135	-	283,773	80,678	-	364,451
Cloaks	-	-	-	-	95,471	-	95,471
Total depreciation	2,895,163	443,886	-	3,339,049	523,086	-	3,862,135

9.3 Net book values	2014 Rs.	2013 Rs.	2012 Rs.
Furniture and Fittings	23,013	39,773	78,429
Computer Equipment	81,810	377,047	623,302
Motor Vehicles	62,796	97,736	132,676
Other Equipment	218,164	279,742	165,267
	293,879	-	-
	679,662	794,298	999,674

9.4 Intangible Assets	Balance as at 01.07.2012 Rs.	Additions /Transfers Rs.	Disposal /Transfers Rs.	Balance as at 01.07.2013 Rs.	Additions /Transfers Rs.	Disposal /Transfers Rs.	Balance as at 30.06.2014 Rs.
Website	289,200	-	-	289,200	-	-	289,200
System	-	-	-	-	45,645	-	45,645
Total	289,200	-	-	289,200	45,645	-	334,845

9.4.2 Amortisation	Balance as at 01.07.2012 Rs.	Charge for the year Rs.	Disposal / Transfers Rs.	Balance as at 01.07.2013 Rs.	Charge for the year Rs.	Disposal / Transfers Rs.	Balance as at 30.06.2014 Rs.
Website	30,125	72,300	-	102,425	72,300	-	174,725
System	-	-	-	-	5,033	-	5,033
Total	30,125	72,300	-	102,425	77,333	-	179,758

9.4.3 Net book values	2014 Rs.	2013 Rs.	2012 Rs.
Website	114,475	186,775	259,075
System	40,612	-	-
Total	155,087	186,775	259,075

9.5 During the financial year, the institute acquired Property, Plant & Equipment and Intangible Assets for cash to the aggregate value of Rs. 408,450/- (2013 - Rs. 238,510/-) and Rs. 45,645/- respectively.

9.6 Property, Plant & Equipment includes fully depreciated assets having a gross carrying amount of Rs.2,573,075/- (2013 - Rs. 2,544,684/-).

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

10. INVENTORIES	2014 Rs.	2013 Rs.
Liquor	32,166	90,916
CIM Caps	90,000	89,250
CIM Tshirts	141,900	145,200
CIM Cufflinks	133,700	135,000
	<u>397,766</u>	<u>460,366</u>
11. SHORT TERM INVESTMENTS	2014 Rs.	2013 Rs.
Fixed Deposits	3,011,930	2,500,000
Treasury Bills	26,954,303	23,773,846
	<u>29,966,233</u>	<u>26,273,846</u>
12. RECEIVABLES	2014 Rs.	2013 Rs.
Sundry Debtors	902,579	6,239,796
Receivables from CIM - UK	1,833,480	1,916,534
Other Receivables	2,256,571	3,267,342
Advance Paid on Future Events	6,250	6,250
Subvention Receivable	-	71,881
WIP Projects	191,632	-
Receivables from CIM - Exam	-	884,339
	<u>5,190,512</u>	<u>12,386,142</u>
13. OTHER CURRENT ASSETS	2014 Rs.	2013 Rs.
Deposits, Advances and Prepayments	1,747,360	1,529,229
Value Added Tax receivable	910,862	910,072
	<u>2,658,222</u>	<u>2,439,301</u>
14. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT		
Components of cash and cash equivalents	2014 Rs.	2013 Rs.
Favourable cash & cash equivalents balance		
Cash in hand	25,000	25,000
Cash at bank	26,204,413	31,933,976
	<u>26,229,413</u>	<u>31,958,976</u>
UnFavourable cash & cash equivalents balance		
Cash at bank	(7,515,440)	-
Total cash and cash equivalents for the purpose of cash flow statement	<u>18,713,973</u>	<u>31,958,976</u>
15. ACCUMULATED FUND	2014 Rs.	2013 Rs.
Balance as at the beginning of the year	39,352,449	36,898,522
Grant from CIM- UK - Subvention	24,325,840	17,680,131
Funds transferred to Statement of Financial Activities	(24,325,840)	(17,680,131)
Net Surplus for the Year	10,610,445	2,453,927
	<u>-</u>	<u>-</u>
Balance as at the end of the year	<u>49,962,895</u>	<u>39,352,449</u>

The Chartered Institute of Marketing Sri Lanka Region

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

16. RETIREMENT BENEFIT OBLIGATIONS	2014 Rs.	2013 Rs.
Movement in the present value of the defined benefit obligations		
Balance as at the beginning of the year	1,196,526	1,159,000
Payment made during the year	-	(187,225)
Provision made during the year/Over Provision	(154,686)	224,751
Balance as at the end of the year	<u>1,041,840</u>	<u>1,196,526</u>

The expense is recognised in the administrative expenses in the Statement of Financial Activities.

17. PAYABLES	2014 Rs.	2013 Rs.
Payables including Accrued Expenses	1,421,695	2,375,615
Other Payables	5,326,810	31,624,768
	<u>6,748,505</u>	<u>34,000,383</u>

18. RELATED PARTY TRANSACTIONS

No transaction had taken place during the year with key parties/entities in which key management personnel or their close family members have control or significant influence, other than those disclosed by the management below;

Designation	Purpose	Amount Incurred by CIM Srilanka (Rs)
Chairperson's Office	Travel to The Chartered institute of Marketing on an official visit to UK.	142,366

18.1 Transactions with key management personnel

Key management personnel comprises the directors of the company having the authority and responsibility for planning, directing and controlling the activities of the Institute.

18.2 Loans to Directors

No loans have been given to the directors of the Institute.

19. COMMITMENTS AND CONTINGENCIES

19.1 Capital Commitments

There were no material capital commitments as at the reporting date, that require disclosure in the financial statements.

19.2 Contingent Liabilities

There were no material contingent liabilities as at the reporting date.

19.3 Assets Pledge

There are no assets pledged as security for any liability by the company as at 30 June 2014.

19.4 Events Occurring After The Reporting Date

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

The Chartered Institute of Marketing Sri Lanka Region

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments held by the Company, principally comprise of cash, other receivables, Investments and other payables. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Company. The company is exposed to market risk, foreign exchange risk, interest rate risk, credit risk and liquidity risk. Senior Management oversees the management of these risks. CIM UK has instructed not to send the money collected by CIM SL region until invoices are sent from CIM UK. We have informed CIM UK to send invoices with out delay in order to avoid exchange risk

20.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Company, such as cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty. The Company manages its operations to avoid any excessive concentration of counterparty risk and the Company takes all reasonable steps to ensure the counterparties fulfill their obligations.

20.1.1 Credit risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following table shows the maximum risk positions.

	Notes	2014 Rs.	2013 Rs.
Receivables		5,190,512	12,386,142
Cash in hand and at bank	20.1.2	26,229,413	31,958,976
Total credit risk exposure		31,419,925	44,345,118

20.1.2 Credit risk relating to cash and cash equivalents

In order to mitigate concentration, settlement and operational risks related to cash and cash equivalents, the company limits the maximum cash amount that can be deposited with a single counterparty. In addition, the company maintains an authorised list of acceptable cash counterparties based on current ratings and economic outlook, taking into account analysis of fundamentals and market indicators. The company held cash and cash equivalents of Rs. 18 million at 30 June 2014 (2013 - Rs.31 million).

The Chartered Institute of Marketing Sri Lanka Region

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th June 2014

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

20.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

20.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market prices comprise four types of risk:

- * Interest rate risk
- * Currency risk
- * Commodity price risk
- * Equity price risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.



The Chartered Institute of Marketing Sri Lanka Region Regional Board 2013 / 2014



Seated (L-R):

Mr. Anuradha Edirisinghe (Treasurer), **Mr. Sanjika Perera** (Vice Chairman), **Mr. Shantha Katipearachchi** (Chairman), **Ms. Nadi Dharmasiri** (Immediate Past Chairperson), **Mr. Brian Selvanayagam** (Secretary)

Standing (L-R):

Mr. Sujith Silva (Head of Membership Development), **Mr. Amal Fernando** (Head of Education),
Mr. Hasrath Munasinghe (Head of Corporate Communication), **Mr. Keith De Silva** (Head of Networking),
Mr. Sumudu Thanthirigoda (Head of Knowledge Hub)

Absent: Mr. Chris Daly (CIM UK Representative)

The Chartered Institute of Marketing Sri Lanka Region Regional Office Staff



Udeni Munasinghe
Head of Operations



Manjula Kanakaratne
Manager Membership
Development



Dumesh Kariyawasam
Assistant Manager Learning &
Development



Priya Kodituwakku
Assistant Manager
Corporate Student Affairs



Christine Amithap Kumar
Assistant Manager Corporate
Communications & Events



Antoinette Jacob
Assistant Manager Secretarial



Sandamali Silva
Education Services Executive



Malsha Fonseka
Membership Services
Executive



Akila Siriwardane
Corporate Communications
Executive



S. Baxter
Programmes Assistant



J. M. A. Jayamaha
Office Assistant







The Chartered
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Sri Lanka Region

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A copy of the Annual Report 2013 - 2014 could be downloaded.

www.cim.lk

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