



Advancing possibilities





Advancing possibilities

Progress is possible only when you challenge the status quo and explore the possibilities of tomorrow. Throughout our history of uplifting thousands of students across the nation with recognised educational qualifications, we have taken pride in our unique ability to identify and respond to evolving trends, and remain competitive amid a changing world – a skill which has enabled us to retain our position as a dominant force in our sector.

Over the years, we have improved our services and capabilities to deliver greater value to the myriad of stakeholders we serve.

Regardless of the challenging nature of the year under review, your company raised its game by reinvigorating its strategic plans with the purpose of achieving a sustainable growth momentum in the years to come. Today, we are ready to bolster our existing strengths to foster a culture of innovation and advance into a future filled with possibilities.

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Financial Information

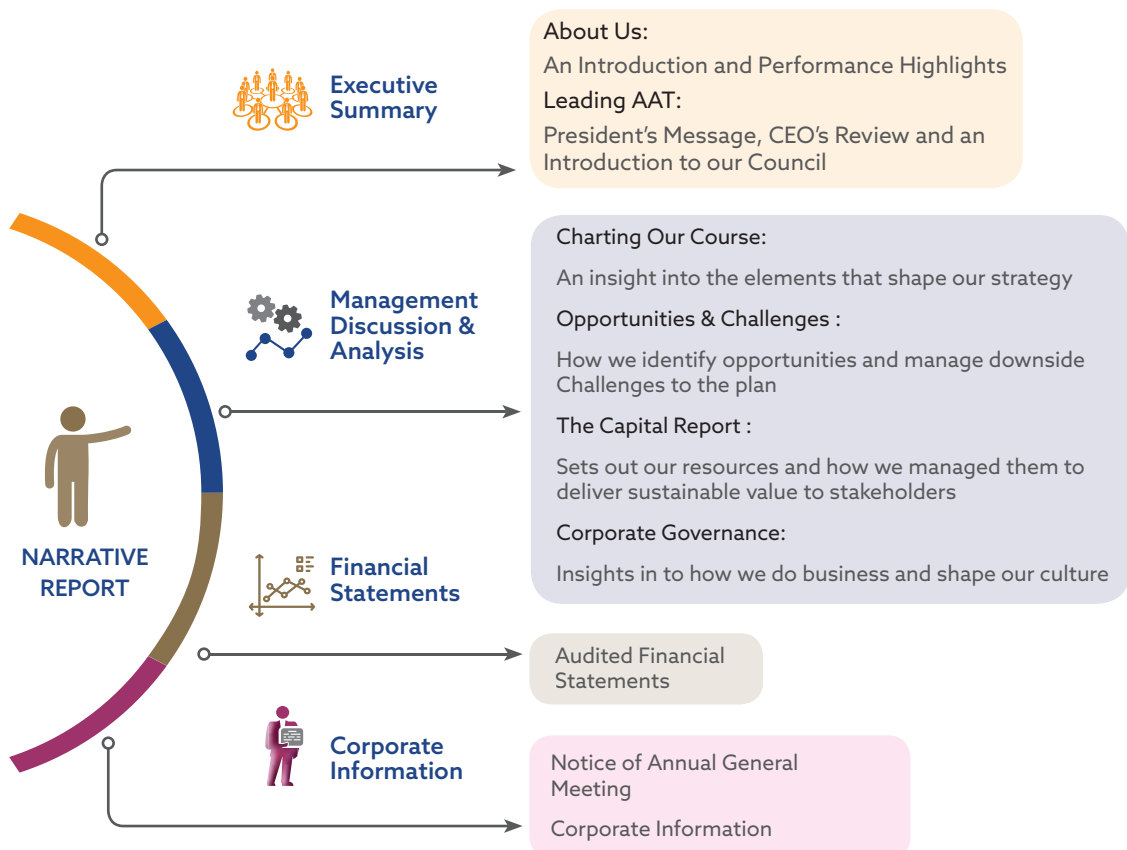
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ABOUT THIS REPORT



Annual Integrated Report 2018/19

Welcome to our 6th Integrated Annual Report which provides insights into the performance for the financial year ended 31st March 2019. We continue to refine our report in our quest for excellence in Corporate Reporting as set out alongside. Our intention is to present a balanced review of our performance to our members and other key stakeholders. This report is dated 14th June 2019 and captures material events after the reporting date.



The Association follows an annual reporting cycle and this Report covers the period from 1st April 2018 to 31st March 2019.

The following standards, frameworks and guidelines were used in preparing the report to ensure regulatory compliance and incorporate best practice into our reporting processes.

Regulatory Requirements	Voluntary Frameworks
→ Sri Lanka Accounting & Auditing Standards Act No.15 of 1995	→ Code of Best Practice on Corporate Governance 2013
→ Sri Lanka Financial Reporting Standards	→ Integrated Reporting Framework
	→ GRI Standards "In Accordance" Option

Information set out in this report have been sourced and scoped as given below:

Information	Scope & Source
→ Financial statements including accounting policies and notes to the accounts	→ Association of Accounting Technicians of Sri Lanka
→ Operational and Sustainability information	→ GRI Standard
→ Information on the Global economy and market trends	→ World Economic Outlook April 2018 published by International Monetary Fund
→ Information on the Sri Lankan economy	→ Central Bank of Sri Lanka
→ Information on Sri Lanka's education system	→ Ministry of Education - Sri Lanka

FOR ANY CLARIFICATION ON THIS REPORT, YOU MAY CONTACT:



Name : N. M. K. Ranasinghe
Designation : Chief Financial Officer
Contact details : AAT Centre, No. 540,
 Ven. Muruththettuwa Ananda Nahimi Mawatha, Colombo 05.
Tel : +94 112559669 Ext. 334



IMPROVEMENTS IN 2018/19

- Extensive Corporate Governance reporting with Auditors' certification
- Disclosed opportunities clearly
- Identified trade-offs in Capital

EXTERNAL ASSURANCE

Independent

- External Audit
- Internal Audit
- Report on Corporate Governance

INDEPENDENT AUDITORS' REPORT ON CORPORATE GOVERNANCE



The Members of Governing Council
 Association of Accounting Technicians of Sri Lanka
 540, Ven. Muruththettuwa Ananda Nahimi Mawatha,
 Southbridge,
 Colombo 05.

Agreed-upon procedures engagement on Corporate Governance of Association of Accounting Technicians of Sri Lanka

Dear Sirs/Madams

As per the request made by you, we have performed an agreed-upon procedures on corporate governance practices of Association of Accounting Technicians of Sri Lanka (AAT Sri Lanka) for the year ended 31 March 2019, based on Sri Lanka related services practice statement (SRSPS) #100. A factual finding report dated on 14 June 2019 has been issued on the AAT Sri Lanka's level of compliance with the applicable requirements of the Code of Best Practice of Corporate Governance Practices issued jointly by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka.

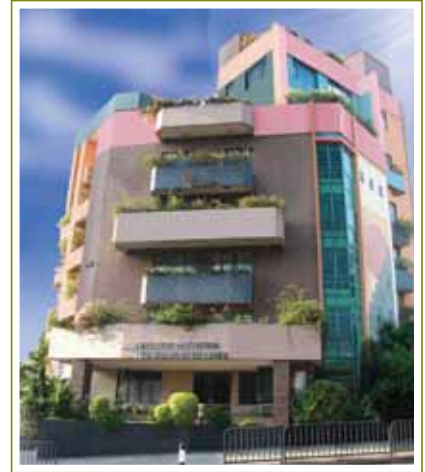
Yours faithfully,

[Signature]
14 June 2019
Colombo

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ABOUT US

The Association of Accounting Technicians of Sri Lanka was formed in 1987 on an initiative by the Institute of Chartered Accountants of Sri Lanka to fill a gap identified by the Asian Development Bank for mid-level accounting professionals to support the growth of the country's economy.



Vision

To be the most recognised qualification for middle level accounting professionals.

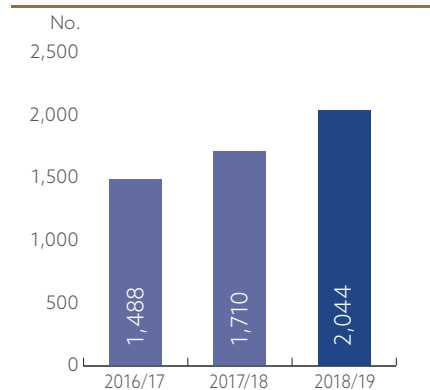
MISSION STATEMENT

To provide our students a route to success in life by helping them become competent middle level accountants who add value to their employers. We provide our members an opportunity for career progression and networking, our staff an empowered and enjoyable working environment, education service providers an opportunity to develop their delivery competency while co-operating for mutual gain with accounting and academic institutions.

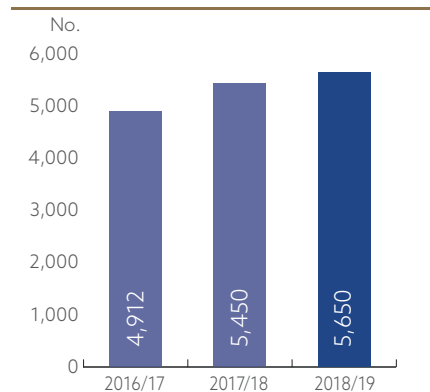
BRAND STATEMENT

At AAT Sri Lanka, we believe education should clear paths to achieve dreams and goals at a younger age. We help students to be qualified, to be able to enter the corporate world and to be accepted globally at an early stage in life by providing the best academic guidance in accounting & finance and opening up avenues for a great career path.

PASSED FINALISTS



ACTIVE MEMBERS



GLOBAL AFFILIATIONS

Our affiliations affirm acceptance of the AAT qualification by international accounting bodies, serving as testimony to the rigour of our assessment and training process and scope of our syllabus. Importantly, it paves the way for our members to progress further in their careers according to their ambition and will.



Full member of the International Federation of Accountants (IFAC) since 2017 after 28 years as an Associate Member. We were the 2nd Accounting Technician body in the world to gain full membership of the apex body of accountants.



Admitted as the first Associate Member of the Confederation of Asian & Pacific Accountants (CAPA) in 1989 and admitted to full membership in 2015.

The 2nd Sri Lankan body to obtain the CAPA full Membership



The President and CEO congratulate the new IFAC President Mr. In-Ki Joo

We have established reciprocal arrangements with the following bodies and Universities:

- ➔ Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- ➔ Chartered Institute of Management Accountants UK (CIMA)
- ➔ Association of Chartered Certified Accountants of UK (ACCA)
- ➔ Institute of Certified Management Accountants of Sri Lanka (CMASL)
- ➔ Institute of Public Accountants of Australia (IPA)
- ➔ Institute of Supply & Materials Management (ISMM-SL)
- ➔ Chartered Institute of Personnel Management (CIPM)
- ➔ Association of Business Executives (ABE-UK)
- ➔ Sri Lanka Institute of Advanced Technological Education (SLIATE)
- ➔ University of Ruhuna
- ➔ University of Sri Jayewardenepura
- ➔ University of Colombo
- ➔ University of Kelaniya
- ➔ The Open University of Sri Lanka
- ➔ Northumbria University UK
- ➔ Wollongong University Australia
- ➔ National Institute of Business Management (NIBM) in collaboration with Coventry University UK

AN ISLAND-WIDE PRESENCE

With examinations offered in all three languages, AAT Sri Lanka has developed an island-wide network to support its members, Passed Finalists and students.

AAT BUSINESS SCHOOL

Offers a wide range of courses for Members, Passed Finalists and other Professionals to enhance their competencies and gain further recognition. During the year, nearly 1,300 participants undertook courses offered by the AAT Business School.



05 Branches

08 Information Centres

98 Accredited Education Centres

87 Examination Centres

OPERATIONAL HIGHLIGHTS - 2018/19

WE ARE HELPING OUR MEMBERS TO
GROW AND DEVELOP



56

CPD COURSES



13

SEMINAR TOPICS



385

TRAINING
OPPORTUNITIES



4

NETWORKING
EVENTS



179

JOB
PLACEMENTS

"1st time in
AAT history
we released
exam results
with in 50
days"

WE ARE SUPPORTING THE NEXT GENERATION

72

Seminars/workshops
held at Schools

14,526

New Entrants to
the Profession

24,877

Students
sat for Exam



We are responding to the needs of
a dynamic business environment.

WE RECOGNISE AND DEVELOP THE TEAM
WHO HELPS US IN ACHIEVING OUR GOALS



46%

FEMALE
REPRESENTATION



6.7 Mn

REWARDS &
RECOGNITION



265

TRAINING
HOURS



ALL THIS WHILST BEING CONSCIOUS OF THE ENVIRONMENT

7,150 Kg.

Paper Recycle

990 Kwh.

Conservation of Resources
(Reduction in electricity consumption)

NURTURING AND ENHANCING COMMUNITY
RELATIONSHIPS

211 Best Annual Report
Competition (National
and Provincial Schools
participated.)

ASPIRING YOUNG PROFESSIONALS

2,044
Passed Finalists

IT IS IMPORTANT WE RECOGNISE OUR
ACHIEVERS

618
New Members

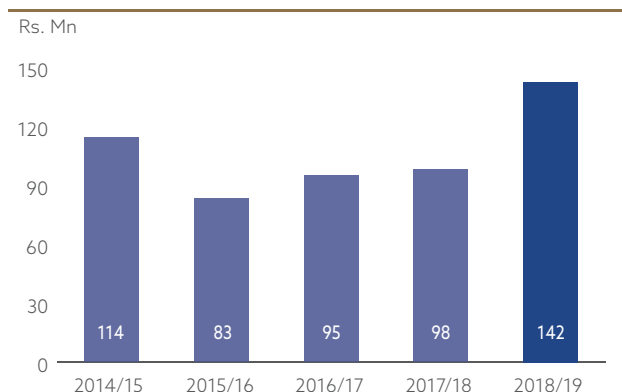
WHILST WE WORK ON ACCESSIBILITY

98 Accredited Education
Centres (AEC's)

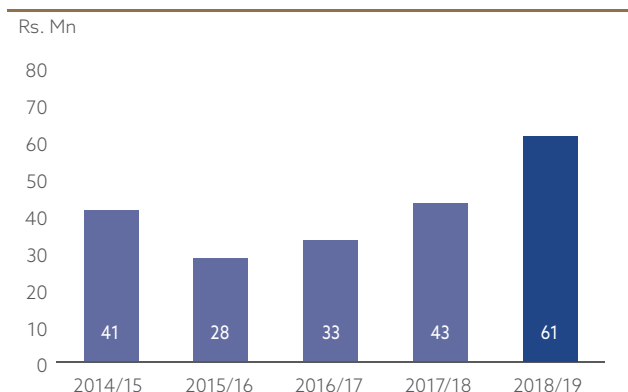
PERFORMANCE HIGHLIGHTS - 2018/19

FOR THE YEAR ENDED 31 MARCH		Metric	2018/2019	2017/2018	Change Y-O-Y %
Financial Capital	Income	Rs. Mn	275	233	18
	Gross Surplus	Rs. Mn	142	98	44
	Surplus After Tax	Rs. Mn	61	43	41
	Finance Income	Rs. Mn	46	39	18
	Total Assets	Rs. Mn	792	705	12
	Total Funds	Rs. Mn	683	621	10
	Accumulated Fund	Rs. Mn	648	587	10
	Gross Surplus Ratio	%	51	42	-
	Net Surplus Ratio	%	22	18	-
	Liquidity Ratio	Times	7	9	-
	Return on Assets	Times	0.08	0.06	0.02
Manufactured Capital	Property & Equipment	Rs. Mn	144	154	(6)
	Capital Expenditure	Rs. Mn	5	17	(70)
Social and Relationship Capital	Active Students	No.	29,340	29,498	(1)
	Active Members	No.	5,650	5,450	3
	New Student Registrations	No.	14,526	16,417	(11)
	New Student Renewals	No.	13,814	13,081	6
	Accredited Education Centres	No.	98	99	(1)
	Students at the AAT Business School	No.	1,286	1,139	12
	Investment in CSR	Rs. Mn	5	6	(16)
Human Capital	Employees	No.	67	68	(1)
	Total payment to employees	Rs. Mn	77	69	11
	Training Hours	Hours	265	635	(58)
	Average Training Hours/employee	Hours	4	9	(55)
	Investment in Training	Rs. Mn	0.4	0.6	(33)
	No of Promotions	No.	2	6	(66)
	Retention	%	97	98	-
Natural Capital	Energy Consumption	Kwh	245,360	246,350	-
	Water Consumption	Ltr. (Mn.)	3	2	50
	Paper recycled	Kg	7,150	4,010	78

GROSS SURPLUS



NET SURPLUS



Financial Performance

18%

Growth in
Income

41%

Increased
Net Surplus

44%

Increased
Gross Surplus

18%

Increased Finance
Income

Financial Strength

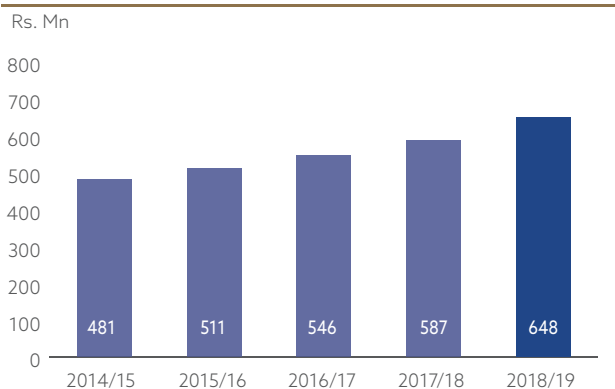
12%

Growth in
Asset Base

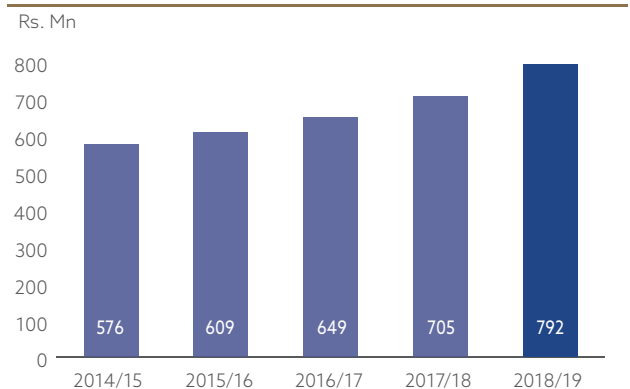
10%

Growth in
Accumulated Fund

ACCUMULATED FUND



TOTAL ASSETS



THE YEAR AT A GLANCE - 2018/19



Gold Award - National Business Excellence Awards



Gold Award - National Project Management Excellence Awards



Merit Award - National Business Excellence Awards



Passed Finalist Ceremony



Merit Award at the SLIM Brand Excellence



1st Runner up - National Business Excellence Awards



Toastmasters club won 7 Awards together with 5 Individual Awards



Members In Practice Certificate Awarding Ceremony



Felicitation of AAT students who are among top 100 rankers in 2018 G.C.E. (A/L) Examination



Best Annual Report Competition Award Ceremony



Orientation of new Members

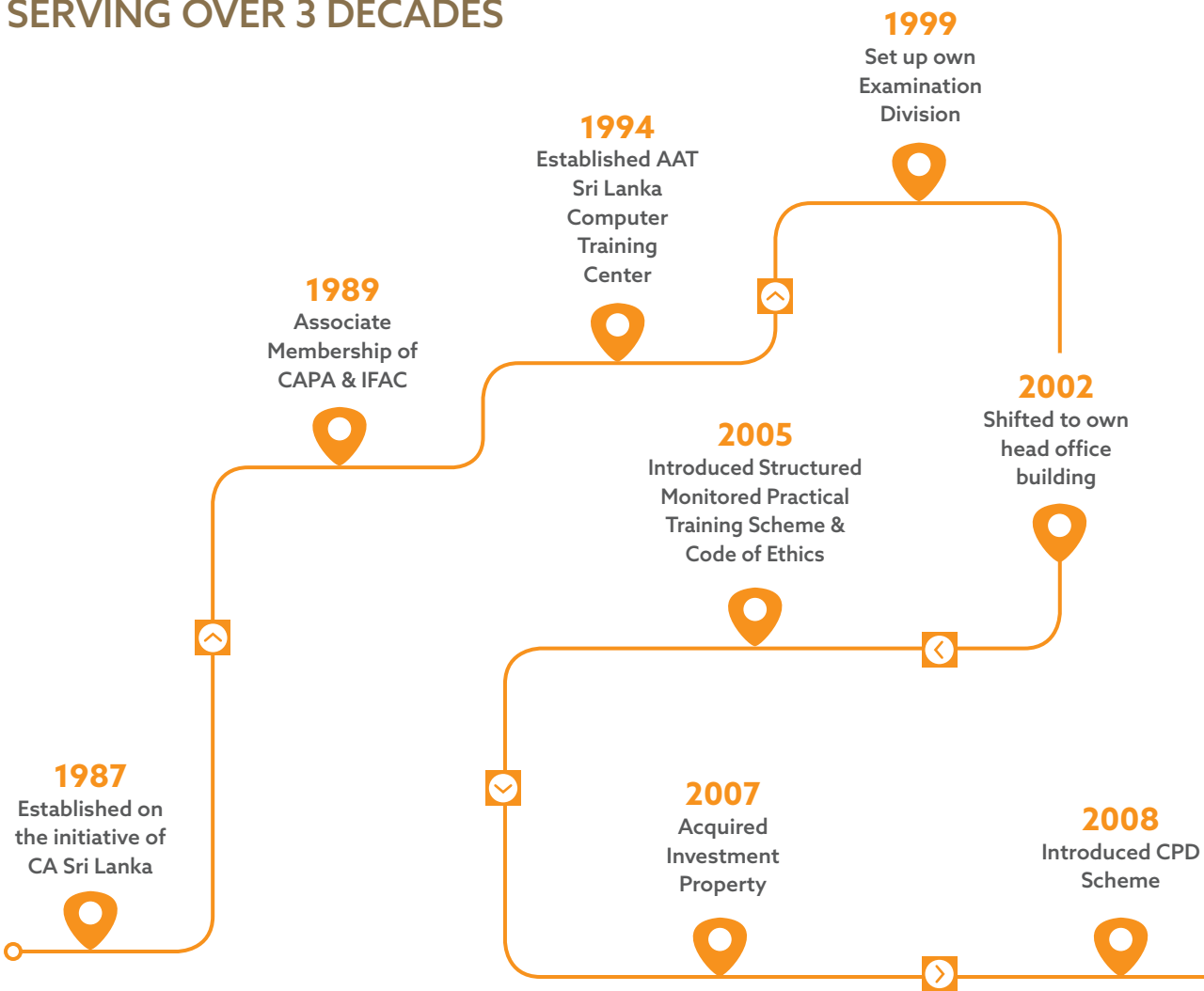


Toastmasters Installation Ceremony 2018

A TRADITION OF EXCELLENCE



SERVING OVER 3 DECADES



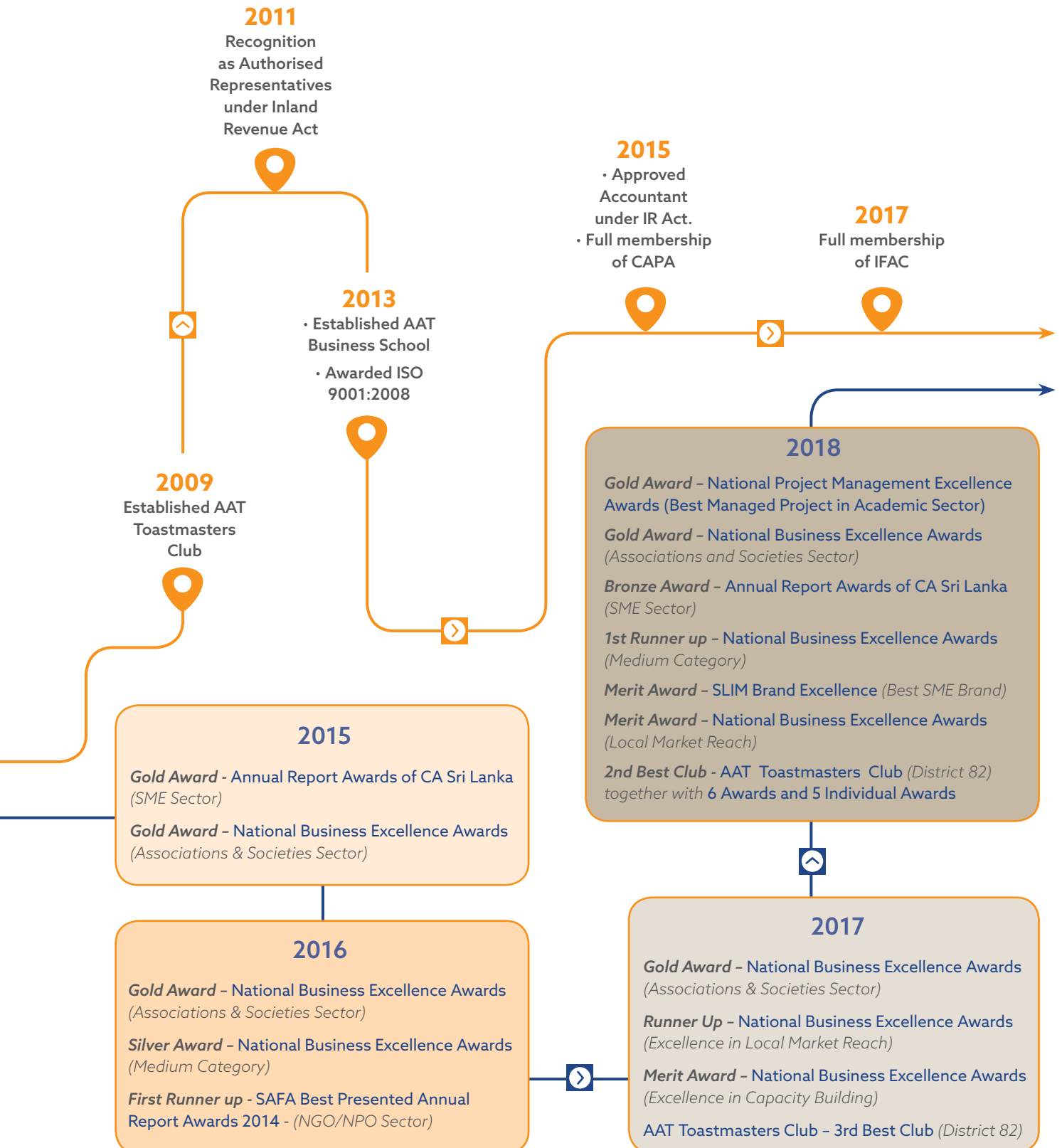
2011
Winner - Best Presented Accounts Awards of SAFA (Non Governmental Organisations)

2010
Gold Award - Annual Report Awards of CA Sri Lanka (NGO/NPO Sector)

2013
Gold Award - National Business Excellence Awards (Associations and Societies Sector)

2014
Gold Award - Annual Report Awards of CA Sri Lanka (SME Sector)
Gold Award - National Business Excellence Awards (Associations & Societies Sector)



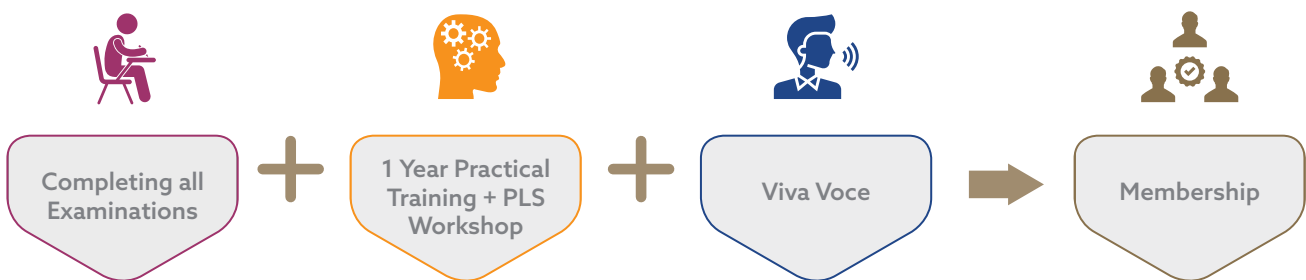


THE AAT SRI LANKA QUALIFICATION

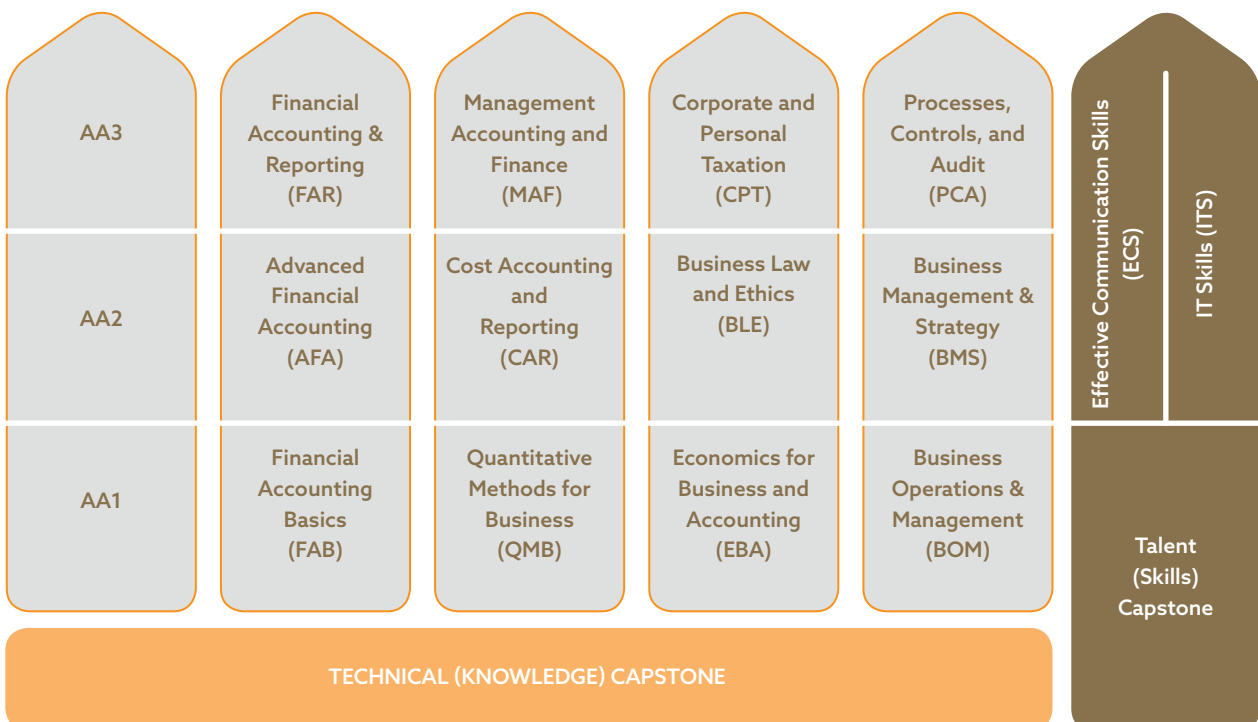
AAT Sri Lanka remains one of the few qualifications that are relevant across a broad spectrum of subjects as it provides an excellent foundation for accounting and financial management skills which can be achieved with relative ease due to the pragmatic concepts underlying this extremely useful qualification.

Alignment of the early stages to the Advanced Level Commerce stream makes it an excellent choice for post O/L students to excel at their examinations and gain two qualifications with the same effort giving them a head start on their career path. On a practical level, it is a fast track to employment, enabling students to earn as they learn as the skills gained are relevant to every aspect of any organisation.

It is also an excellent proposition for aspiring entrepreneurs to understand the financial management skills required for management of their businesses. AAT members are recognised as Authorised Representatives by the Inland Revenue Act No.10 of 2006 and as Approved Accountants under the Inland Revenue (amendment) Act No. 9 of 2015.



SYLLABUS 2015-2020



MEMBERSHIP CATEGORIES

MAAT	Member of AAT
SAT	Senior Accounting Technician
FMAAT	Fellow Member of AAT

MEMBERS IN PRACTICE

A member of AAT Sri Lanka (other than a practicing Chartered Accountant) is deemed to practice as a Professional Accountant in Public Practice ("Members in Practice") if in consideration of remuneration received or to be received, he or she engages himself/herself in Professional Services

or holds himself/herself out to the public as a Professional Accountant in Public Practice on a self-employed basis (part time or full time);

- as a sole proprietor; or
- as a partner (whether salaried or equity) in a partnership.

CATEGORIES OF AAT PRACTICING CERTIFICATES

There are 2 categories of AAT Practicing Certificates which should be applied for by Members in Practice, as applicable;

AAT PRACTICING CERTIFICATE FOR FELLOW MEMBERS (APPROVED ACCOUNTANTS)

ENTITLEMENTS

The AAT Practicing Certificate for Approved Accountants entitles the holder of the certificate to:

- 1) Practise as an Approved Accountant in terms of the Inland Revenue Act;
- 2) Practise as an Authorised Representative in terms of the Inland Revenue Act; and
- 3) Engage in any Other Professional Accountancy Services (other than statutory audits).

AAT PRACTICING CERTIFICATE FOR PROFESSIONAL ACCOUNTANCY SERVICES (OTHER MEMBERSHIP CATEGORIES)

ENTITLEMENTS

AAT Practising Certificate for Other Professional Accountancy Services entitles the holder to:

- 1) Practise as an Authorised Representative in terms of the Inland Revenue Act; and
- 2) Engage in any Other Professional Accountancy Services (other than statutory audits).



REWARDS AND RECOGNITIONS



GOLD WINNER
(Association & Societies Sector) **For the Sixth consecutive year**
2013/2014/2015/2016/2017/2018
National Business Excellence Awards 2018
Organised by National Chamber of Commerce Sri Lanka



GOLD WINNER
Best Managed
Project in Academic Sector
National Project Management
Excellence Awards 2018
Organised by the Institute of Project
Management



1ST RUNNER-UP
(Medium Category)
National Business Excellence Awards 2018
Organised by National Chamber of Commerce Sri Lanka



MERIT AWARD WINNER
(Local Market Reach)
National Business Excellence Awards 2018
Organised by National Chamber of Commerce Sri Lanka



SME BRAND OF THE YEAR
Brand Excellence 2018
Organised by Sri Lanka Institute of Marketing [SLIM]



BRONZE AWARD WINNER
Annual Report Awards - 2018
Organised by CA Sri Lanka

AAT TOASTMASTERS CLUB

- Golden Gavel Award
- Early Bird Award
- 8-80 Membership Building Award (Team 1)
- 8-80 Membership Building Award (Team 2)
- Triple Star Award
- Excellence in Leadership (Team 1)
- Excellence in Leadership (Team 2)
- 5 Individual Awards





Leadership

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PRESIDENT'S MESSAGE



“We at AAT Sri Lanka are conscious that transparency and accountability is sine qua non for our Association to be successful in the short, medium and long term”

Dear Members,

It is my privilege to welcome you to the 31st Annual General Meeting of the Association of Accounting Technicians of Sri Lanka and present to you the Annual Report of our activities. I am pleased to report that our membership has grown to 5,650 members with a student pipeline of 29,340 which makes us the 2nd largest accounting technicians body in the world.

A DYNAMIC PROFESSION

The demand for accountants remains high both locally and globally despite forebodings of waning interest stemming from increased automation of processes. As it is a profession which is applicable and relevant across industry sectors and small, medium and large scale enterprises, we are confident that the demand for this qualification will remain strong in the future as every business needs to manage its finances for long term sustainability.

The profession continues to develop at a steady pace, embracing and responding to changes in technology, developments in financial markets, governance, taxation etc., ensuring it is fit for the future.

As a member of IFAC and CAPA, AAT Sri Lanka continues to engage with these global bodies to be at the forefront of developments shaping the profession. The CEO of AAT Sri Lanka is a member

of the Professional Accountancy Organisations Development Committee and I am a member of the Accounting Technicians Task Force of CAPA, contributing to activities of these Committees.

AAT Sri Lanka has commenced revision of its syllabus to incorporate the changes in the profession into the syllabi for the 2020 to 2025 examinations and this is expected to be unveiled in the year that has commenced.

FULFILLING OUR PURPOSE

Accounting technicians' role in preparing reliable financial information is gaining more prominence as it supports objective decision making which is critical for optimising resource allocation for the sustainable growth of any organisation. In our country where

“The profession continues to develop at a steady pace, embracing and responding to changes in technology, developments in financial markets, governance, taxation etc., ensuring it is fit for the future”

it is estimated that SMEs account for 75% of the number of enterprises which contribute 52% to the country's GDP, the accounting technician becomes a critical player in the organisation as it paves the way for much needed



Signing IPA reciprocal agreement

PRESIDENT'S MESSAGE



5,650

Active Members



29,340

Active Students



14,814

Student Renewals

“I believe that a number of our members constitute the backbone of accounting not just in the SME sector but in the corporate sector as well”

access to finance, facilitating growth. I believe that a number of our members constitute the backbone of accounting not just in the SME sector but in the corporate sector as well and urge them to engage actively with the Association to avail themselves of the insights and skill development programs offered to enhance the value they add to the organisations.

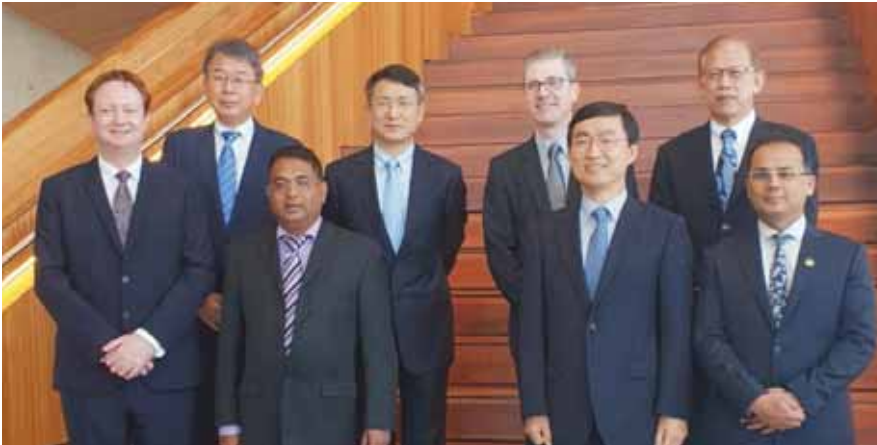
As we look forward to rebuild the country after the Easter Sunday Terror attacks, our role becomes even more critical as we will all face a challenging year and reliable financial information becomes the basis for timely and informed decision making. We can make the difference and fulfil our purpose by doing our jobs better than ever as there is much to gain by doing it ethically with diligence and getting it right.

LOOKING AHEAD

This is an exciting time for AAT Sri Lanka as we re-imagine our qualification for the next 5 years and embark on a digitisation journey that has the potential to transform our value propositions to key stakeholders. We have already completed the ERP implementation which supports better decision making and are encouraged by its success to venture further in to areas beyond management information systems. Learning, course materials, registrations, payments and other applications will be offered on digital platforms which will serve to reduce disparities in quality of service, enabling all members and students to avail themselves of services at their convenience.

I believe that the year ahead will confront us with many challenges, personally and at the workplace.





PAODC Committee of CAPA

The IMF warns of moderating economic growth and elevated downside risks globally. In our own country, the horrific events in April 2019, its aftermath and continuing political and policy uncertainty are clear indications that the year ahead will be tough in many ways. Each of us has a solemn responsibility to contribute positively to uniting and rebuilding our economy and communities that lived in harmony. As Rachel Grimes, IFAC Past President stated in her interview for the InSearch Magazine, "our Code of Ethics is the rock on which the profession is built" and we must inspire confidence as members of a public interest profession as we move forward.

APPRECIATIONS

I wish to thank the members of the Governing Council for their time and expertise extended which has been an invaluable resource in determining and driving AAT Sri Lanka during the year under review. We acknowledge the legacy built by past presidents and governing councils of the Association which we have nurtured as set out in this report.

I commend the team at AAT Sri Lanka who has delivered on a number of strategic goals with the able leadership of the Chief Executive Officer, Mr. Tishanga Kumarasinghe. I am extremely appreciative of their efforts as the achievements required hard work in a challenging year.

I thank our students for the confidence placed in our qualification to deliver your aspirations and extend my appreciation of the efforts of AECs to enhance the value delivered to the students. In conclusion, I thank our members who entrusted the Governing Council with the task of nurturing of AAT Sri Lanka to reach greater heights, paving the way for members to realise their full potential.

M. Jazri Magdon Ismail
President
AAT Sri Lanka

14 June 2019

CEO'S REVIEW



Over the years we have provided many Sri Lankans with endless possibilities, advancing their future by creating paths to growth.

Dear Members,

I am pleased to report that AAT Sri Lanka membership has grown to 5,650 members affirming the value delivered to the membership. Our student pipeline is 29,340 strong with 14,814 renewing their studentship reflecting the perceived value of the qualification. Our commitment to operational excellence is evinced by the awards won as set out in Rewards & Recognitions section in this report affirming growth of our brand, adding luster to our reputation. Prudent financial management enabled us to record a surplus of Rs. 61mn with an Accumulated Fund of Rs. 648mn. Delivering on these key performance indicators was a significant achievement against a backdrop of moderating economic growth and political turmoil which proved to be disruptive.

OPERATING CONTEXT

A growing number of career pathways for students offered by vocational, professional and academic institutions has resulted in intense competition within the higher education sector. Additionally, many institutions have adapted their qualifications to a more inclusive approach to capture students after Ordinary Level Examination vis-a-vis their earlier focus on capturing students who meet qualifying criteria after Advanced Level examination. Consequently, established professions such as accountancy have experienced

moderating growth rates with many recording negative growth rates as students sought to align personal interests with tertiary education with little consideration given to career progression.

A FOCUSED STRATEGY

In a market where the youth are highly influenced by parents, teachers and relatives, availability of information and visibility of the brand plays a key role in shaping student choices. Consequently, AAT Sri Lanka tied up with an official advertising agency for the first time by investing significant resources to maintain brand visibility in the total market to ensure a steady pipeline of students to drive membership growth.

“Operational excellence and doing more with less was a key concept integrated into our DNA”

AAT Sri Lanka has a unique positioning in the education framework of the country due to its alignment with the Advanced Level Commerce stream. Many students opt to gain both the Advanced Level qualification and the AAT Sri Lanka qualification within the same period and it has proved a pathway to early success in gaining employment and excelling at the Advanced Level Examination. Accordingly, our initiatives are aimed at this target market as well, supporting



National Business Excellence Awards - 2018

CEO'S REVIEW

“It has proved a pathway to early success in gaining employment and excelling at the Advanced Level examination”

both Advanced Level education in schools and employability of the students.

Prudent financial management plays a key role in the strategy, recognising the need for optimal resource allocation in line with the long term sustainability of the Association. As may be observed from our financial statements, we have paid close attention to this strategy, delivering a strengthened balance sheet at the end of the year. Operational excellence and doing more with less was a key concept integrated into our DNA as we redoubled our efforts to drive growth in a challenging landscape.

PERFORMANCE

Membership of the Association grew to 5,650 members as 618 new members joined their ranks. AAT Sri Lanka supported growth of the country's skilled talent pools by releasing 2044 Passed Finalist during the year.

Our student recruitment activities carried on with renewed vigour as competition intensified during the year. Accordingly, we carried out 72 programs in schools to assist Advanced and Ordinary Level students which contributed significantly to raising awareness of the AAT Sri Lanka qualification in schools. We also increased awareness of the qualification among teachers through seminars for Advanced Level teachers which were done in collaboration with the Ministry of Education. Consequently, we were able to register 14,526 new students. Encouragingly 14,814 students renewed their registration affirming their

intention to pursue the qualification and reflective of targeted marketing to attract the right students vis-a-vis a more general approach.

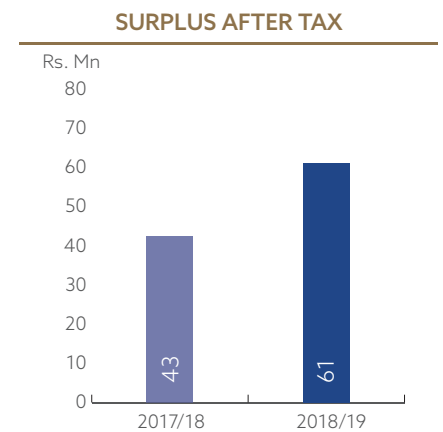
We continued to work with Accredited Education Centres to support student progression through the examinations. Accordingly, we registered 13 new AECs and 128 visits were done to assess compliance with expected standards. The total AECs stood at 98 at the close of the year. AECs were supported by examiners' reports and discussions about the results to assist identifying areas for improvement in AECs.


MANAGING FINANCIAL CAPITAL

AAT Sri Lanka recorded income growth of 18% largely due to increased renewals and examination fees which supported expansion of Student Promotion and Awareness expenses and Administration expenses necessitated by increasing activity. Accordingly, the surplus from operations increased by 420% to Rs. 23mn which amounted to 28% of the Surplus before tax.

Finance income of Rs.46 mn accounted for 58% of the Surplus before tax making this the largest source of income for AAT Sri Lanka. The increase of 17% in Finance Income was largely attributable to an increase in short term investments from Rs.352 mn to Rs.446 mn and prudent investment of these funds. Income from the Investment Property amounted to Rs.13 mn equivalent to 16% of the Surplus before tax.


Consequently, the total fund increased to Rs.683 mn strengthening the balance sheet significantly. Total assets increased by 12% to Rs.792 mn supported by the increase in short term investments. The Association has a strong launching pad for its future endeavours as we move in to an era of increasing digitisation in line with developments in tertiary education and employer requirements.





648 Mn

Accumulated Fund



14,526

New Students



RE-IMAGINING OUR FUTURE

We have commenced revision of our syllabus to ensure that our qualification supports employer requirements and reflects the developments within the profession. We have also commenced our digital journey to deliver operational efficiencies and enhanced customer convenience and we expect some processes to become operational in the coming year. Together, these have the potential to transform our member and student value propositions significantly. We will also continue to explore ways to enhance our value propositions for our Accredited Education Centres.

ACKNOWLEDGEMENTS

Our President and members of the Governing Council and Committees provide their services on a voluntary basis and we are extremely grateful for the vision and diligence in driving an active agenda. Members' welfare is also a key driving force, facilitating high levels of engagement with this key stakeholder group and adding vibrancy to the Association and I extend my sincere appreciation of their efforts. The performance enumerated in this report stands testimony to a committed and dynamic senior management team who

make it all happen and I thank every employee of AAT for working tirelessly to ensure AAT's sustained success. I extend my appreciation of the efforts of Accredited Education Centres and lecturers who play a key role in progressing students through the qualification. I would also like to thank CA, CMA, ACCA, CIMA, Universities and other professional bodies for granting generous exemptions to our students and members. In closing it is my pleasure to convey my profound gratitude to our corporate sponsors for the support and trust they have vested in us. I look forward to the continued support of all these key stakeholders who enrich the activities of the Association as we build a vibrant accountancy profession in the country.

Tishanga Kumarasinghe
Chief Executive Officer,
AAT Sri Lanka

14 June 2019

GOVERNING COUNCIL





1. **M. Jazri Magdon Ismail**
President
2. **S. Ilayperuma**
Vice President
3. **Sunil Wanigabadu**
Secretary
4. **J. M. U. B. Jayasekera**
Immediate Past President

Other Council Members

5. **Lakshman Abeysekera**
6. **H. L. P. Dayal Abhayasinghe**
7. **J. A. Choliya De Silva**
8. **A. Naleen D. De Silva**
9. **P. Jayasekera**
10. **Indraka Liyanage**
11. **F. S. Naayila Marikkar**
12. **S. Munaweera**
13. **K. L. Jagath N. Perera**
14. **R. Harsha Rajan**
15. **W. M. N. J. Pushpakumara**
16. **J.K.N. Samanmalie**

INTRODUCTION TO OUR GOVERNING COUNCIL



MR. M JAZRI MAGDON ISMAIL

President

Qualifications & Experience

Fellow Member of AAT Sri Lanka
Fellow Member of the Institute of Chartered Accountants of Sri Lanka
Member of Certified Management Accountants (Australia)

Other appointments

Senior Independent Director - Amana Bank PLC

Previous Appointments

Director - Alhambra Hotels Ltd

MR. SARATHCHANDRA ILAYPERUMA

Vice President

Qualifications & Experience

Bachelor of Business Administration from the University of Colombo
Fellow Member of AAT Sri Lanka
Fellow Member of the Institute of Chartered Accountants of Sri Lanka
Fellow Member of the Certified Management Accountants of Sri Lanka

Other appointments

Partner - Pope & Company, Chartered Accountants.

MR. SUNIL WANIGABADU

Secretary

Qualifications & Experience

Fellow Member of AAT Sri Lanka
Fellow Member of Institute of Financial Accountants (UK)
Member of the Institute of Certified Public Accountants
Member of Chartered Professional Managers

Other appointments

Group Financial Controller of Sino Lanka Group of Companies
Alternate Director of Sino Lanka Properties (Pvt.) Ltd

Previous Appointments

Assistant Accountant - Associate Motorways PLC
Internal Auditor - Chandra Senanayake Holdings

MR. J M U B JAYASEKERA

Immediate Past President

Qualifications & Experience

BSc (Mgt.) (Sp) - University of Sri Jayewardenepura
Fellow Member of AAT Sri Lanka
Fellow Member of the Institute of Chartered Accountants of Sri Lanka
Fellow Member of the Institute of Certified Management Accountants of Sri Lanka
Fellow Member of the Institute of Public Finance & Development Accountancy

Other appointments

Chairman - JMC (Pvt.) Ltd
Chairman - Udara Advertising and Printers
Partner - Udaya Jayasekera & Co., Chartered Accountants
Managing Director - Buddhist Ladies College
Council Member - Buddhist & Pali University of Sri Lanka
Senior Vice President - International Schools Association
Council Member - Institute of Certified Management Accountants of Sri Lanka

Previous Appointments

Council Member - Institute of Chartered Accountants of Sri Lanka
Council Member - Open University of Sri Lanka

MR. LAKSHMAN ABEYSEKERA

Council Member

Qualifications & Experience

Master of Business Administration - PIM - University of Sri Jayewardenepura
Fellow Member of AAT Sri Lanka
Fellow Member of the Institute of Chartered Accountants of Sri Lanka

Other appointments

Senior Director - Sanasa Development Bank PLC
Director - People's Insurance PLC
Director - NovEX Pharmaceuticals Limited
Director - JanRich Foods Ltd

Previous Appointments

Chief Financial Officer - Emerchemie NB (Ceylon) Limited

MR. H L P DAYAL ABHAYASINGHE

Council Member

Qualifications & Experience

Fellow Member of AAT Sri Lanka
Holder of Higher National Diploma in Accountancy offered by Sri Lanka Institute of Advanced Technological Education
Holder of Professional Qualification in Human Resources Management (PQHRM) offered by Chartered Institute of Personnel Management of Sri Lanka

Other appointments

Senior Assistant Bursar - Faculty of Technology, University of Colombo
Senior Assistant Bursar (Acting) - Faculty of Nursing, University of Colombo
Member of Steering Committee - Establishment of Faculty of Engineering, University of Colombo
Secretary - University Executive Officers' Association

Previous Appointments

Assistant Bursar - The Open University of Sri Lanka

MR. J A CHOLIYA DE SILVA

Council Member

Qualifications & Experience

Master of Business Administration - PIM - University of Sri Jayewardenepura.
Fellow Member of AAT Sri Lanka
Fellow Member of Institute of Chartered Accountants of Sri Lanka
Fellow Member of Chartered Institute of Management Accountants of UK
Fellow Member of CPA Australia

Other appointments

Group Chief Financial Officer - Hayleys PLC
Chairman - ICT Committee of Institute of Chartered Accountants of Sri Lanka

Previous Appointments

Finance Director - Coca-Cola Beverages Sri Lanka
Senior consultant - CFO Consultancy (Pvt) Ltd

MR. A NALEEN DHAMMIKA DE SILVA

Council Member

Qualifications & Experience

Master of Business Administration - University of Sri Jayewardenepura
Fellow Member of AAT Sri Lanka
Fellow Member of the Institute of Chartered Accountants of Sri Lanka
Associate Member of the Institute of Certified Management Accountants of Sri Lanka

Other appointments

Group Chief Financial Officer - Nelna Group of Companies

Previous Appointments

Group Chief Executive Officer - Serendib Engineering Group PLC
Finance Director - Asia Broadcasting Ltd
Director Finance - Millennium Housing Ltd

MR. P JAYASEKARA

Council Member

Qualifications & Experience

Fellow Member of AAT Sri Lanka
Member of the Institute of Taxation of Sri Lanka
Fellow Member of the Institute of Public Finance Accountants
Associate Member of the Institute of Certified Public Accountants of Sri Lanka

Previous Appointments

Manager Finance & Marketing - Kalubowitiyana Tea Factory Ltd. - Ministry of Plantations

INTRODUCTION TO OUR COUNCIL



MR. INDRAKA LIYANAGE

Council Member

Qualifications & Experience

Holds a Commonwealth Executive Master of Business Administration
Senior Member of AAT Sri Lanka
Senior Fellow Member of the Institute of Bankers
Fellow Member of Institute of Certified Professional Managers
Vocational Member of the Institute of Credit Management (UK)
Vocational Member of the Chartered Institute of Securities and Investments (UK)
Associate Member of the Institute of Credit Management of Sri Lanka
Postgraduate Diploma in Business Administration (CA Sri Lanka)
Member of Sri Lanka Institute of Directors
Member of Organisation of Professional Associations of Sri Lanka
Member of Automobile Association of Sri Lanka
Member of Association of Professional Bankers of Sri Lanka

Other appointments

Head of Risk Management at ICICI Bank Ltd
Vice President of Association of Risk Professionals of the Banking Sector
Vice President of CEMBA/CEMPA Alumni Association
Council Member - Sri Lanka Institute of Training & Development
Visiting Lecturer - Sabaragamuwa University of Sri Lanka

MS. F S NAAYILA MARIKKAR

Council Member

Qualifications & Experience

Fellow member of AAT Sri Lanka
Fellow Member of the Institute of Chartered Accountants of Sri Lanka

Other appointments

Partner - BR De Silva & Co, Chartered Accountants
Partner - Alles Martin & Co, Chartered Accountants

Previous Appointments

Governor - Institute of Internal Auditors of Sri Lanka

MR. SOMASIRI MUNAWEERA

Council Member

Qualifications & Experience

Master of Business Administration - PIM - University of Sri Jaywardenepura
Bachelor of Commerce (Sp) - University of Colombo
Fellow Member of AAT Sri Lanka
Fellow Member of Institute of Chartered Accountants of Sri Lanka
Fellow Member of Institute of Certified Management Accountants of Sri Lanka

Other appointments

Managing Partner - S. Munaweera & Co, Chartered Accountants
Managing Director - Southern Management & Corporate Services (Pvt.) Ltd
Independent Director - Alumex PLC
Independent Director - Unisyst Engineering PLC

MR. K L JAGATH NANDANA PERERA

Council Member

Qualifications & Experience

Bachelor of Business Management - Accountancy (Sp) - University of Kelaniya
Fellow Member of AAT Sri Lanka
Fellow Member of the Institute of Chartered Accountants of Sri Lanka

Other appointments

Partner - DHP Munaweera & Company, Chartered Accountants

MR. R HARSHA RAJAN

Council Member

Qualifications & Experience

Member of AAT Sri Lanka
Fellow Member of Institute of Chartered Accountants of Sri Lanka
Fellow Member of Association of Chartered Certified Accountants
Associate Member of Institute of Certified Management Accountants of Sri Lanka

Other appointments

Partner KPMG Sri Lanka, Chartered Accountants

MR. W M N J PUSHPAKUMARA

Council Member

Qualifications & Experience

Master of Assessment & Evaluation - University of Melbourne
Australia

Master of Education - University of Colombo

B.Com. - University of Sri Jayewardenepura

Diploma in Education - University of Colombo

Diploma in Education - Open University of Sri Lanka

Other appointments

Director, Commerce & Business Studies Branch, Ministry of
Education

Previous Appointments

Commissioner General - Department of Examinations

Commissioner General - Department of Publications

MS. J K NILUKA SAMANMALIE

Council Member

Qualifications & Experience

Master of Public Administration - Postgraduate Institute of
Management

Master of Arts (Economics) - International University of Japan.

Bachelor of Science Management - Public Administration (Special)
University of Sri Jayewardenepura

Other appointments

Director - Department of Treasury Operations, Ministry of
Finance

Previous Appointments

Deputy Director - Department of State Accounts

Assistant Land Commissioner Finance - Department of Land
Commissioner General

MANAGEMENT TEAM



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3



4



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11

1. **Tishanga Kumarasinghe**
Chief Executive Officer
FMAAT, B.Com(Sp) Int'l Trade, PG.Dip(PIM-USJ), MSLIM
2. **Monika Ranasinghe**
Chief Financial Officer
MBA (Sp) Finance (USQ-AUS), ACA (SL), FMAAT(SL),
ACMA(SL)
3. **Nimali Ekanayake**
Chief Academic Officer
FMAAT, FCA, B.Sc (Mgt), Dip in Taxation
4. **Siyamala Sumanthiran**
Director - Business School
MBA(AUS), B.Sc. Hons (MIS), Dip.NIBM, ACS
5. **Nadee Perera**
Head of Student Registration and
Membership
B.Sc. Mgt (Sp), (USJP) CBA, MCPM, AIPFM



- 6. Lilani Thanuja**
Head of Education and Training
FCA, MAAT
- 7. Rangika Rodrigo**
Senior Manager- Examinations
FCA, B.Sc. Accounting (Sp), (USJP), Adv. Dip. in CIMA (UK)
- 8. Henry Thalagala**
Senior Manager - Examinations
- 9. Manoj Niroshan**
Manager - IT
B.Sc. Hons (MIS), Dip.NIBM
- 10. Saluja Herath**
Manager - HR and Administration
BBA.(SP), HRM (UOC), PQHRM, L.L. Dip

- 11. Dinuka Subapanditha**
Manager - Marketing
Marketing Dip
- 12. Niroshinee Rathnayake**
Secretary to the CEO
Dip. in Hrm. Dip. in Cont. Sec., Dip. in Exec. Sec, Dip. in Admin. Sec
- 13. Chamil Moragodaarachchi**
Assistant Manager - Student Registration and Membership
BBA (Bus.Admin)Sp, PG.Dip in Busi. & Finance
- 14. Lasantha Perera**
Assistant Manager - IT
AMBCS
- 15. Shehani De Zoysa**
Financial Accountant
BBA (Accounting)Sp. (UOC), CA Finalist

- 16. Nilakshi Liyanage**
Assistant Manager - Examinations
BBA (Fin)Sp. (UOC), Adv. Diploma in CIMA (UK)
- 17. Peumika Weeraratne**
Assistant Manager - Marketing
MBA (Staffordshire University - UK), BBA Sp Finance (UOC), Adv. Diploma in CIMA
- 18. Gayanthi John**
Assistant Manager - Business School
BSc (Hons) Civil Engineering, Meng. (AIT-Thailand)
- 19. Dinushka Manori**
Assistant Manager - Business School
BBM (Bangalore University), PG Dip in Business Administration

PAST PRESIDENTS

1987 - 99



Prof. Lakshman R. Watawala

2000 - 03



Mr. Reyaz Mihular

2004 - 05



Mr. Asoka Jayasinghe

2006 - 07



Mr. Lal Nanayakkara

2008 - 09



Mr. H.M. Hennayake Bandara

2010 - 11



Mr. T. Dharmarajah

2012 - 13



Mr. Ganaka Amarasinghe

2014 - 15



Mr. Lalith T. Fernando

2016 - 17



Mr. J.M.U.B. Jayasekera

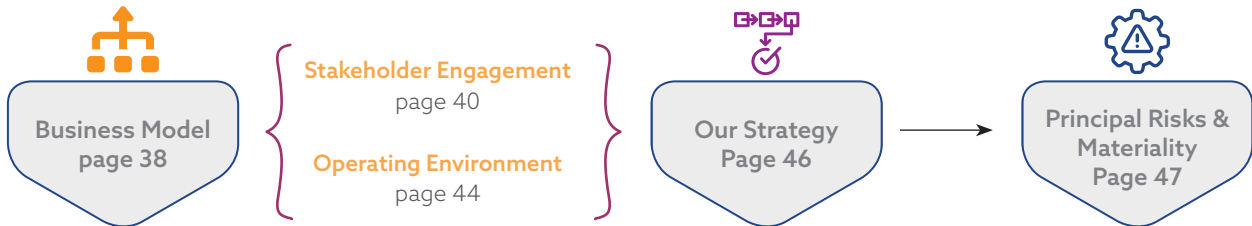
Planning for SUCCESS



How we create Value	38
Stakeholder Engagement	40
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Opportunities and Challenges	45
Our Strategy	46
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PLANNING FOR SUCCESS

Our strategic planning process facilitates integrated thinking, commencing from a re-examination of our evolving business model to ensure it is fit for purpose in the forecast operating environment, catering to the changing needs of our stakeholders.



HOW WE CREATE VALUE

CAPITAL USED	
<p>SOCIAL & RELATIONSHIP CAPITAL</p> <p>Members, Passed Finalists, Students, Employers, AECs, Business Partners</p> <p>Page 53</p>	
<p>INTELLECTUAL CAPITAL</p> <p>The AAT Sri Lanka Qualification and supporting processes</p> <p>Page 66</p>	
<p>FINANCIAL CAPITAL</p> <p>Accumulated & Other Funds Rs.683 mn</p> <p>Page 71</p>	
<p>HUMAN CAPITAL</p> <p>67 Employees</p> <p>Page 75</p>	
<p>MANUFACTURED CAPITAL</p> <p>Property and Equipment: Rs.144 mn</p> <p>Network of AECs: 98</p> <p>Page 79</p>	
<p>NATURAL CAPITAL</p> <p>Energy & Materials Consumed</p> <p>Page 80</p>	

Our primary purpose is to design a relevant accounting qualification and support the process of converting a student with little or no accounting knowledge to a skilled accounting technician who can contribute positively to the progress of a wide range of enterprises. We also support the career progress of our members through continuing professional development programs facilitating expansion of their skills through structured courses, conferences, seminars and networking events. Resources are also allocated to build the reputation and influence of AAT Sri Lanka both globally and within the country to ensure that our qualifications are recognised by employers and international accounting bodies.

VALUE DELIVERED (OUTPUT)

MEMBERS

Introduced Members in Practice scheme
56 CPD Programs
Released InSearch Magazine
Loyalty Programs from Sponsors
4 Social Events

PASSED FINALISTS

8 workshops
515 Converted to Members

STUDENTS

2,044 Converted to Passed Finalists
Over 80,000 Exam Scripts Marked
72 seminars covering over 28,000 students all island
Curriculum update in parallel to the changes in Acts & Standards

AECs

Training sessions for lecturers
5 Meetings with AECs

EMPLOYERS

Maintaining a job bank for 385 companies
179 Job placements

APEX ACCOUNTING BODIES

Active involvement in Conferences & Committees

COMMUNITY

11th Best Annual Report Competition among 211 schools.
366 Scholarships for O/L students

IMPACTS (OUTCOMES)

Development of the Accounting Profession in the Country



Skilled Talent Pools



Better Accounting and Financial Management for Businesses



Supporting Quality Education



STAKEHOLDER ENGAGEMENT

Stakeholder engagement is key to ensuring that we have a qualification that is in demand by employers aligned to both local and global developments in the profession and business environment. Feedback received from our engagement is a critical input for strategy formulation and identifying material topics for reporting. Our stakeholder engagement mechanisms, concerns and responses are given below.

STUDENTS



Our students represent the future and we are proud of the diversity of this youthful talent pool which reflects the inclusive approach adopted by AAT Sri Lanka from the inception. Significant resources are allocated to facilitate their progress from students to members, supporting realisation of their career goals.

ENGAGING OUR STUDENTS

- Surveys
- Branch offices and Information Centres
- Social Media
- Dedicated student service unit
- Job Bank
- A comprehensive student guide
- The most affordable fee structure for a recognised qualification.
- Student guide, study texts, examinations are in all 3 languages
- An active student events calendar
- Seminars & Meetings
- IFAC & CAPA international memberships
- Recognition by obtaining exemptions for AAT qualification from professional and educational bodies
- Annual student newsletters
- Feedback forms

EXPECTATIONS OF STUDENTS

- Recognition
- Quality of study materials
- Access to quality tuition
- Pass rates
- Training / job placements
- Employment prospects
- Frequent updates on important news and notices relevant to AAT
- Clear destination on successful completion of the qualification
- Access for study, examination and information in all 3 languages
- Cost effectiveness
- All island services
- Personal development
- Prompt responses and proper guidance

EMPLOYERS



Employers create demand for the AAT Sri Lanka qualification and play a key role in conversion of passed finalists to members as they provide relevant supervised training.

ENGAGING OUR EMPLOYERS

- Comprehensive course catalogue developed for AAT Business School
- Seminars and Workshops
- Expansion of approved employer program
- Job Bank for over 385 employers
- 179 job placements during the year

EXPECTATIONS OF EMPLOYERS

- Approved employer program
- Availability of talent pools
- Opportunities for further development of talent pools
- Direct contact point
- Market oriented curriculum

EMPLOYEES



Employees propel the growth of AAT Sri Lanka facilitating implementation of strategy and an efficient service to key stakeholders. As a service organisation, their contribution is key to building the reputation and influence of the brand.

ENGAGING OUR EMPLOYEES

- Staff Meetings
- Performance appraisal
- Social events & welfare activities
- Training sessions
- Management committee meetings
- Communication through email & social media platforms
- Engagement survey

EXPECTATIONS OF EMPLOYEES

- Remuneration
- A positive work environment
- Rewards and Recognition
- Equal opportunity
- Career progression
- Welfare
- Educational & training opportunities
- Retirement benefits

ACCOUNTING BODIES



Memberships of IFAC and CAPA facilitate benchmarking with peer accounting bodies globally and provide access to knowledge sharing forums, enabling AAT Sri Lanka to play a role in development of the accounting profession. Reciprocal arrangements with other accounting bodies provide career pathways for our members, facilitating career mobility.

ENGAGING ACCOUNTING BODIES

- Regular review of IFAC Statements of Member Obligations.
- Representation on Professional Accounting Organisations Development Committee & Accounting Technicians Task Force of CAPA.

EXPECTATIONS OF ACCOUNTING BODIES

- Fruitful partnerships
- Adherence to agreed obligations
- Knowledge sharing
- Increased contribution to the profession
- Innovation

SUPPLIERS



We rely on a number of suppliers for timely delivery of products & services and effective running of the organisation.

ENGAGING SUPPLIER

- Supplier meetings
- Clear communication of requirements
- Establishing transparent procurement processes
- Supplier feedback forms

EXPECTATIONS OF SUPPLIER

- Fair dealing
- Timely payments
- Efficient processes
- Direct contact point

STAKEHOLDER ENGAGEMENT

MEMBERS



As a Member driven Association, members are key stakeholders. They elect 32% of the Governing Council which is responsible for determining the strategic direction of AAT Sri Lanka, operating on a voluntary basis. Many members also work on a voluntary basis driving key strategic initiatives through committees. Our members are our ambassadors in workplaces, driving demand for the qualification. Members pay annual subscriptions which enables them to continue using the credentials MAAT, SAT or FMAAT and also to be included in the Members' portal and special rates for seminars and workshops to enhance their skills.

ENGAGING OUR MEMBERS

- Annual General Meeting
- Opportunity to serve as members in AAT Committees
- Opportunities to serve in GC
- Annual Conference
- MIP Scheme
- Monthly Seminars, Workshops & other CPD activities
- Frequent communications via digital forums
- InSearch magazine
- AAT Entrepreneurship initiative
- Annual Convocation
- Orientation seminar
- New Year celebration
- Cricket tournament
- Members' night & Annual Get Together
- Annual perception survey
- Business school programs
- Job Bank
- Negotiated /discounted offers from banks, life style stores, hospitals etc
- CSR Activities
- AAT Toastmasters Club
- AAT Code of Ethics & Disciplinary Regulations
- Members service unit

EXPECTATIONS OF MEMBERS

- Opportunities for professional and career development through AAT Sri Lanka qualification
- Increased employability of members
- Maintaining Professional Standards and Ethics
- Opportunities for networking and knowledge sharing
- Recognition for the practitioners (Members in Practice)
- Adoption to current industry trends
- Continuous Professional Development (CPD)
- Benefits / offers from various service providers for AAT membership
- Relationship building with local & international organisations
- Freedom of expression
- Joining in policy making
- Leadership & communication

PASSED FINALISTS



AAT Sri Lanka has around 30,000 non-member passed finalists who have not applied for their membership or need to fulfil their relevant training / experience to gain membership. This segment presents a significant opportunity to AAT to engage them meaningfully and encourage them to avail themselves of the benefits of membership & develop a quality passed finalist fraternity to fit into AAT member profile.

ENGAGING OUR PASSED FINALISTS

- PLS Workshops
- PF certificate awarding ceremony
- Monitored & Non Monitored training schemes
- AAT Business School courses including a Higher Diploma and Degree pathways
- Surveys
- Membership interviews
- Exemptions from number of Accounting bodies and Universities
- Annual Conference
- Workshops & Seminars
- Frequent communication via digital forums
- InSearch Magazine
- Achievers club and events for Achievers
- 4 years service scheme for membership
- AAT Job Bank
- Negotiated /discounted offers from banks, life style stores, hospitals etc

EXPECTATIONS OF PASSED FINALISTS

- Benefits of membership
- Recognition for the qualification
- Career pathways
- Fulfilling training requirements
- Ease of process
- Seminars
- Special schemes to get into membership
- Continuous development
- Higher educational pathways
- Financial support
- Networking opportunities

ACCREDITED EDUCATION CENTRES (AECs)



AECs facilitate accounting education in line with our syllabus and play a key role in the conversion of students to passed finalists. They have the potential to support the growth of our brand and recruitment and we have implemented a comprehensive programme to support mutual objectives through collaboration.

ENGAGING OUR AECs

- Registration process
- Bi-annual past question paper discussions
- Written Communications
- Regular meetings & visits
- Training sessions on current updates
- AEC coordination officers at head office and branches

EXPECTATIONS OF AECs

- Provision of up to date information on syllabus revisions, fee structures and dead lines etc.,
- Introducing a grading system for education providers
- Discussion forums with the Association
- Dedicated contact point

OUR OPERATING ENVIRONMENT

OVERVIEW

Sri Lanka provides free education for 13 years for all children and it is compulsory for all children to attend school until they are 14 years of age. There are 17 government universities of which 15 are approved by the University Grants Commission which admitted around 31,000. However, over 100,000 students drop out of school after Ordinary Levels and seek early career pathways in line with their aspirations and capabilities. Additionally, over 200,000 Advanced Level qualified students seek career pathways as the government funded universities are able to accommodate only 13-15% of these students. Consequently, there are a growing number of institutions of varying sizes competing to fill this lacuna in the country.

The country's tertiary education sector continues to grow at a healthy pace as the region focuses on capacity building to accelerate economic growth. AAT Sri Lanka is positioned as a tertiary education institution but has a proven track record of supporting the higher levels of secondary education with significant number of students enrolling to complement their Advanced Level Commerce stream studies. Private

expenditure on education continues to grow at a steady pace although inflation relating to education has declined significantly during the year in line with the Colombo Consumer Price Index movement.

The rapid growth of private sector tertiary education institutions has significantly enhanced the career choices available for students resulting in increased competition in the sector. A number of these institutions compete to attract post Ordinary Level Examination students with even foreign universities offering pathways. We welcome the initiatives to register institutions engaged in this sector and benchmark the qualifications within the National Vocational Qualification system as it provides a valid point of reference for students who typically have to fund their studies.

DEMAND CREATION

Demand for qualifications is derived from employer demand for skills necessitating alignment of syllabi and training requirements to current employer needs. These changes are reflected in both the pace of change within the accounting profession and also the increasing levels of digitisation in processes. Consequently, our

syllabus is revised frequently to align with these trends to ensure that AAT Sri Lanka members have the required competencies to function effectively in the workplace.

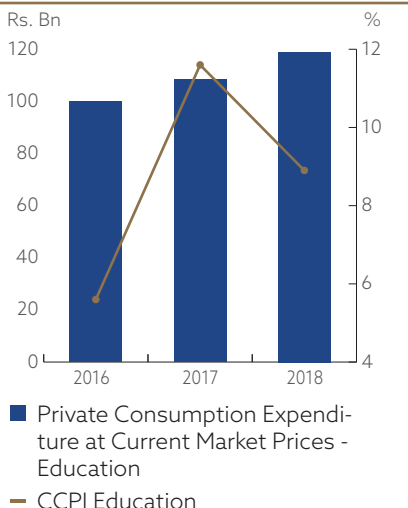
TECHNOLOGY

Increased digitisation in the country is supported by increasing penetration of digital devices which present several opportunities to transform student and member engagement experiences. It also presents opportunities to create a more level playing field through consistent delivery of course materials combining face to face tuition models with interactive online content, supporting pass rates. A number of international accounting bodies have commenced online examinations and it is likely to be the future of examinations as technology penetration rates increase rapidly as price points have widened to facilitate affordability and transition to newer technology platforms. At the end of 2018, there were over 7 mn internet subscriptions which included 5.7 mn mobile internet subscriptions and a cellular mobile subscription penetration rate of 161%.

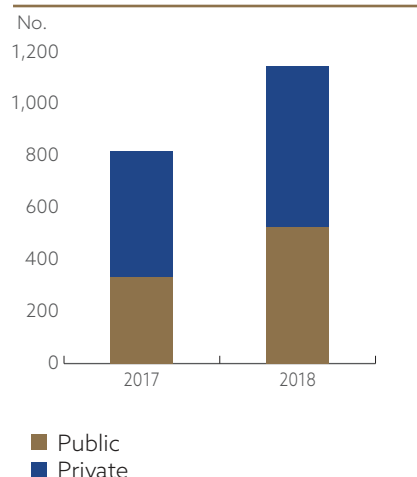
AN INCLUSIVE APPROACH

AAT Sri Lanka adopted an inclusive approach from inception providing career pathways for people from diverse socioeconomic circumstances. Maintaining affordability of the qualification and examinations in Sinhalese, Tamil and English have supported inclusivity, propelling growth of the institution. However, this also presents challenges to modernisation of the qualification due to potential technology barriers as there is significant disparity in access to technology stemming from affordability. Consequently, our future plans seek to carefully balance potential stakeholder concerns as we move into the digital age.

EXPENDITURE ON EDUCATION



REGISTERED TERTIARY VOCATIONAL EDUCATION & TRAINING INSTITUTIONS



OPPORTUNITIES & CHALLENGES

Key opportunities and challenges arising from our operating environment are as follows:

OPPORTUNITIES	OUR RESPONSE	RELEVANT STRATEGIC PILLAR
Increasing demand for middle level accountants in new industry sectors such as BPO and IT	Continuously enhancing the breadth of skills provided by its qualification, for instance passed finalists are able to obtain specialised training in the areas of BPO, SME, Multinational and Public Sectors.	Member
Increased propensity to obtain higher educational qualifications	AAT Sri Lanka has consistently focused on expanding its geographical reach and increasing the accessibility of its qualification	Brand
Growth of small-scale businesses	Continued importance given to upgrading and revising the syllabus and training provided through our qualification, to cater to the growing need of middle level accountants.	Student
Government thrust towards liberalising tertiary education	Providing an effective platform for inclusive education and engaging with industry bodies to enhance the overall attractiveness of the profession	Student
Opportunities to deliver quality study support using technology	This will serve to diminish disparities in quality of teaching facilitating equal access for all	Student
Opportunities to move to IT based assessments enhancing scalability and operational efficiencies	This will align the qualification with current employer requirements as the demand is for increasingly tech savvy accountants.	Transform
Opportunities to gain new skills and experiences	Continuously enhancing career development by promotions & providing in-house & outside training to employees.	Team

CHALLENGES	OUR RESPONSE	RELEVANT STRATEGIC PILLAR
Intensified competitive pressures	Strong brand building initiatives, frequent communications and promotional activities and engagement with national schools and advanced level students together with its cost-effective free structure has allowed the Association to mitigate the risks of increased competition.	Brand
Employers demand employees who are multi skilled	The syllabus revision of 2015 consists of significant changes to the course contents with two new pillars added to the curriculum. In addition to the technical pillar, the AAT qualification now consists of IT and Leadership pillars which will equip our students with the skills sought by employers. We are in the process of developing the 2020 - 2025 curriculum.	Student
Migrating stakeholders to digital platforms for exam and study support delivery	The migration to a digital era for AAT Sri Lanka will consider impacts on existing stakeholders with a view to facilitating a smooth transition.	Transform

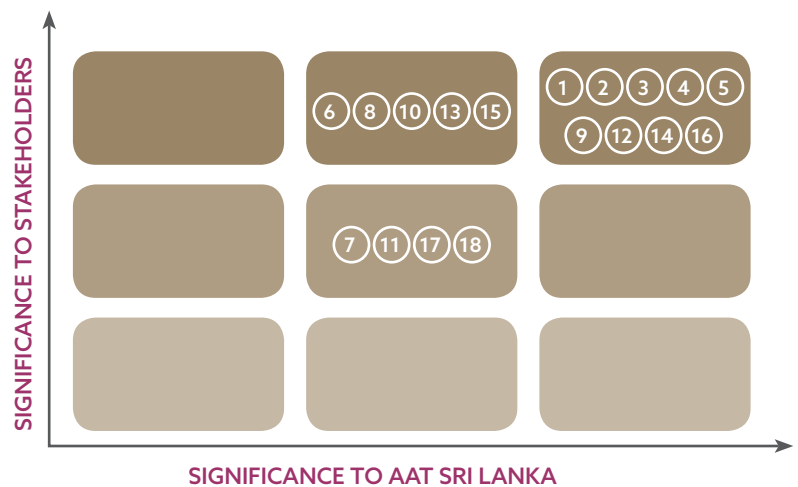
DETERMINING MATERIAL ISSUES



Materiality assessment is vital in integrating our objectives and ensuring long-term value creation to our stakeholders. The content to be included in this report has been selected through an analysis of factors which could potentially impact the Association's ability

to generate value. These aspects are selected and prioritised based on feedback received from our stakeholder engagement mechanisms as well as the emerging trends in the industries. Existing material issues were also validated against our strategic priorities.

The changes in the scope and boundary of our material topics during the year are listed in the materiality table below.







Material aspect	Materiality Compared to last year	Relevance to strategy	Corresponding Principles
1 Employability of students and members	-	Skill development	
2 Opportunities for continuous development	▲	Skill development	
3 Inclusive approach	-	Growth	GRI 201 - Economic Performance
4 Increased breadth of skills	-	Skill development	
5 IT platform	▲	High-performing team	
6 Brand recognition	-	Brand	
7 International recognition	▲	Growth, Brand	
8 Geographical reach and presence	-	Growth, Brand	
9 Financial performance	▲	Growth	
10 Compliance	-	High-performing team	GRI 307 - Environmental Compliance
11 Staff training and education	-	High-performing team	GRI 404 - Training & Education
12 Employee productivity	-	Brand	
13 Employment and Labour practices	-	Brand	
14 Opportunities for networking	▲	Brand	
15 Knowledge sharing with Accredited Education Centres	-	Growth	
16 Quality of Accredited Education Centres	-	Growth	
17 Community Engagement	-	Brand	GRI 413 - Local Communities
18 Environmental Impacts	-	Brand	GRI 302 - Energy GRI 303 - Water

- Remain same ▲ Increase ▼ Decrease over the last year

DELIVERING STRATEGY

A proliferation of public and private institutions engaged in tertiary education coupled with moderating economic growth made the reporting year a challenging one. As the diversity of qualifications required for a middle income economy expands, it is inevitable that students will have ever expanding choices and the more established professions are likely to witness decreasing growth rates. Despite this, AAT Sri Lanka has delivered membership growth and increased the number of student renewals, evincing strong confidence in the qualification and its benefits to members.

	Strategic Goal	Measuring Success	Delivery	2019/20 Targets
STUDENTS	 Increase number of students	No. of New Students	14,526	18,200
		No. of Renewals	14,814	16,000
		No. of Active Students	29,340	34,200
		No. of Students through Business School Programmes	845	1,500
MEMBERS	 Increase member population	No. of members	5,650	6,250
TRANSFORM	 Transform Value Proposition	No. of Training Opportunities	385	350
		E Registrations for studentship, examinations and courses	Work in Progress	12,600
BRAND	 Brand Recognition	No. of organisations that recognise AAT Sri Lanka for recruitment	190	400
TEAM	 High Performing Team	Retention Rate	97%	97%

Goal

Goal 1: Increase the number of students

Increasing students is vital to build a strong talent pipeline for membership of the Association and AAT Sri Lanka carries out a number of activities in this regard. The Governing Council is assisted in this regard by the Students Promotion & Marketing Committee who has oversight responsibility of this key strategic pillar. Activities undertaken include promotions targeting ordinary level, advanced level and technical college students, branding, engaging with influencers and students.

Goal 2: Increase member population

Our membership base grew by 4% to 5,650 members during the year as we welcomed 618 new members to the Association as members. The Membership Committee of AAT Sri Lanka has oversight responsibility for assisting the Governing Council in delivering this vital goal with dedicated resources of the Association allocated to enhancing the membership and the value delivered to members and to create opportunities, foster leadership and entrepreneurship.

Goal 3: Transform Value Proposition

Transforming the Value proposition is a key imperative to ensure that AAT Sri Lanka is positioned to compete effectively in a digital era alongside educational qualifications of global institutions. Many of the initiatives under this pillar are designed to drive significant operational efficiencies, enhance the quality of information for objective decision making and enhance student and member interactions and convenience. While a number of projects has commenced, many are long term in nature and are work in progress at the close of the year. Many of these are expected to be completed in the year that has commenced. The Governing Council is assisted in the transformation of the value proposition through IT sub committee.

Goal 4: Brand Recognition

Brand visibility remains relatively high within schools although there is a need to increase awareness of the relevance of the qualification to other customer segments such as employers, entrepreneurs and members of other professions and vocations to widen the target market. Additionally, aspects such as examinations, syllabus, training and ethics impact recognition by international bodies such as IFAC and CAPA which are vital for AAT Sri Lanka to remain at the cutting edge of the accounting profession. These are also important for reciprocal arrangements with other accounting bodies which facilitate career pathways for our members, building on the solid foundation of the AAT Sri Lanka qualification. Consequently, the work of many committees are linked to this pillar.

Goal 5: High Performing Team

AAT Sri Lanka has enjoyed high retention rates as it has 67 employees who work as a team to execute strategy. The Governing Council is assisted in management of Human Capital by the Human Resource and Administration Committee who seek to attract, inspire, develop and retain sufficient talent pipelines facilitating sustainable growth.

DELIVERING STRATEGY

MONITORING OUR STRATEGY

Strategic Planning and Plan Implementation Committee which is a sub committee of Finance and Administration Committee is responsible for monitoring the progress of Strategic plan.

The Strategic plan blue print set out the activities with timelines and KPIs to achieve targets for all Committees. Monthly progress review meetings are held to identify the completed, in progress and not started activities to discuss the action plans. Below the expected levels KPIs are given special attention and the respective committee secretaries are invited to the committee to inquire reasons for not achieving the set targets. Required guidance and advices are also given by the committee members to achieve the set KPIs. A progress report on activities of each Committee with blue print is tabled at the Governing Council meetings through the Finance and Administration committee on monthly basis.

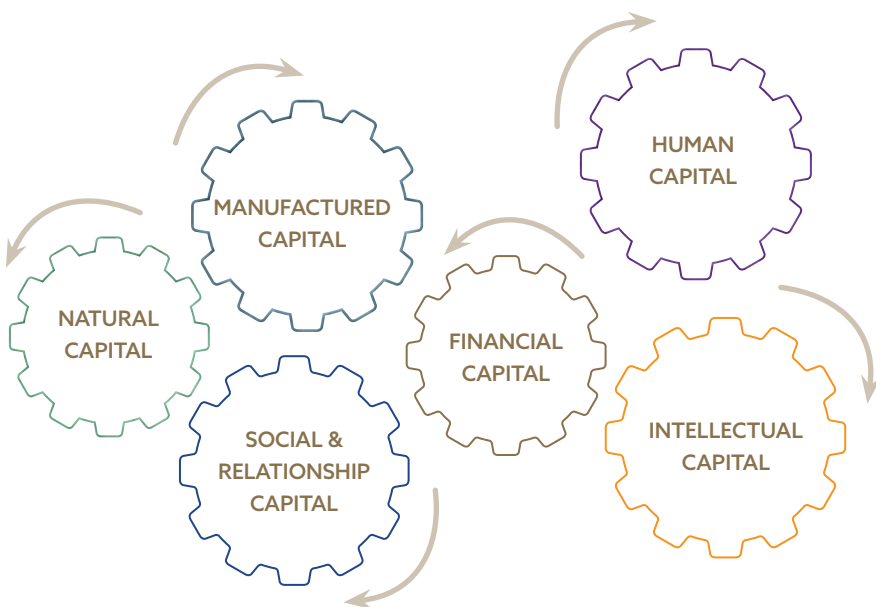
Regular review process is always guided the decision-making process of the Association and evaluate their effectiveness and impact of significant changes to the business environment. Further this process ensures the Association is in line with the directions established during the strategic planning process.



Managing our capital

Social & Relationship Capital	53
Intellectual Capital	69
Financial Capital	71
Human Capital	75
Manufactured Capital	79
Natural Capital	80

MANAGING OUR CAPITAL



Effective Management of Capital is vital in conducting operations as well as driving strategic aspirations

Many of our trade-offs are with financial capital as this is the finite source that limits our ability to nurture the other capitals which drive our growth. The amount of financial capital at our disposal is highly correlated to Social and Relationship capital and Intellectual Capital, which in turn absorb significant amounts of financial capital to nurture them. Human Capital is the key cog that turns all others and it is necessary to allocate sufficient financial capital to ensure that the AAT Sri Lanka is able to retain a talent pool of sufficient calibre to achieve its strategic goals.

SOCIAL & RELATIONSHIP CAPITAL

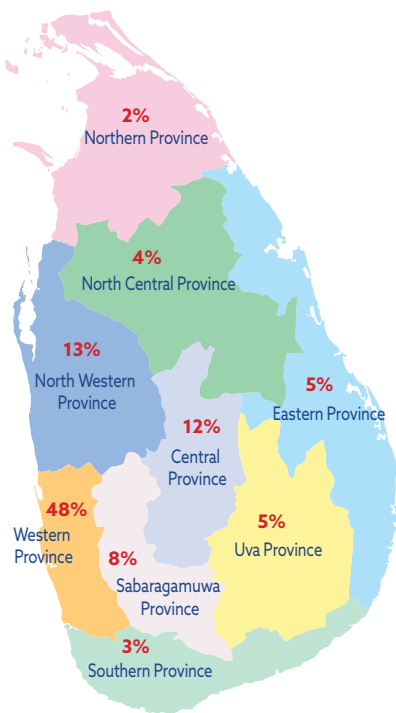
Nurturing Social & Relationship Capital is of paramount importance to us as we are a member driven organisation and our long-term growth is dependent on delivery of value to our key stakeholders.



SOCIAL & RELATIONSHIP CAPITAL

STUDENTS

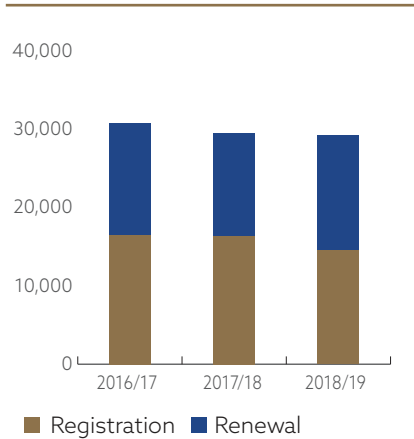
Students form the largest group of stakeholders of AAT Sri Lanka, contributing significantly to its growth. Our inclusive approach in making available an affordable qualification in all three languages of the country makes AAT Sri Lanka the most relevant tertiary qualification in the country as evinced by the geographic distribution of students throughout the country.



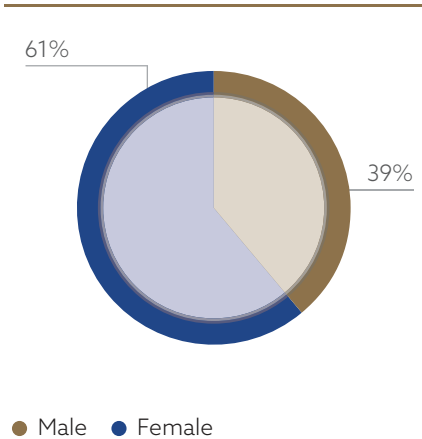
Renewals increased significantly by 13% reflecting a stronger commitment to the qualification, cushioning the decrease in registrations.

The student base has a significantly high proportion of females as depicted below which supports high female participation in the labour force in the future in line with the government initiatives to increase this key number.

STUDENT BASE



ACTIVE STUDENT BASE BY GENDER



STUDENT VALUE PROPOSITION

Students join us with little or no knowledge of accountancy and undertake a learning journey with us to realise their career aspirations. For many students, it is a fast track to financial independence as many opt for an earn and learn approach. A significantly high proportion of students use our qualification as a cost effective bridge to support higher ambitions, moving on to professional bodies and degrees through our career pathways with other institutions as set out on page 7. Career pathways are dependent on a comprehensive syllabus and sufficiently challenging examinations which are assessed by other institutions in determining exemptions and other terms and conditions for preferential access to their qualifications. Similarly, employers also rely on the rigour of examinations and practical training when employing our students and members, making examinations the main medium of delivering value to students.



KNOWLEDGE & SKILLS DEVELOPMENT

AAT Sri Lanka is geared to support the knowledge and skills development of students through the following activities.

SYLLABUS

AAT Sri Lanka revises the syllabus every five years and is currently reviewing the 2020 - 2025 syllabus to capture changing employer requirements, evolution of the profession and the operating environment.

STUDY SUPPORT

AAT Sri Lanka Provides quality study material at affordable prices to complement offerings by Accredited Education Centres. It also monitors the performance of the registered AECs and provides feedback to them to support students' progress. Additionally, the AAT Sri Lanka Business School also provides further skills development opportunities for students.

EXAMINATIONS

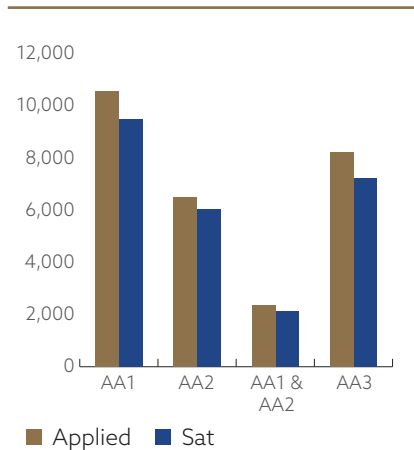
Exams are conducted twice a year in all three languages for all stages. Paper setting, administration of examinations and paper marking are subject to rigorous controls to safeguard the credibility of examinations.

SOCIAL & RELATIONSHIP CAPITAL

Conducting examinations through a reliable process is a core function of AAT Sri Lanka. The process commences with stakeholder consultations and a review of the skills needed by employers in the future and current developments within the profession to determine a suitable syllabus for knowledge and skill development. This is followed by communications to key stakeholders on changes and preparation of quality study material that will support the development of our students. Paper setting is another confidential process followed by paper marking and release of results. AAT Sri Lanka conducts two examinations annually and release the results in 50 days after examinations.

The syllabus currently in operation is the 2015-2020 syllabus as set out in AAT Sri Lanka qualification on page 16. It has provided a sound platform for benchmarking with other accounting bodies as evinced by the number of career pathways offered by Universities and Accounting bodies.

NO OF STUDENTS APPLIED & SAT FOR EXAMS



Study support is a key area and AAT Sri Lanka has taken several initiatives to improve the standard of accounting education for AAT Sri Lanka students including setting up a program to accredit the education centres and provide feedback to the AECs on the performance of the centres and the lecturers which are discussed more fully on page 57 in Accredited Education Centres. High quality study packs are

made available to students at affordable prices to ensure that all students get equal access to the text books while past papers are available for download free of charge from the AAT Sri Lanka website.

AAT Sri Lanka has refined its examination processes over time and the standard of examinations is evinced by the NVQ level 3 accreditation for AA1 and NVQ level 4 accreditation for AA2. In keeping with our inclusive approach, examinations are held in 14 cities throughout the country to facilitate ease of access and in Sinhala, Tamil and English languages.

Business school provides aspiring leadership towards enhancing competencies and recognition of students.

Career pathways and the AAT Business School have been discussed in detail on pages 60 - 63 as they are relevant to members, passed finalists and students of AAT Sri Lanka.

EXAM CENTRES

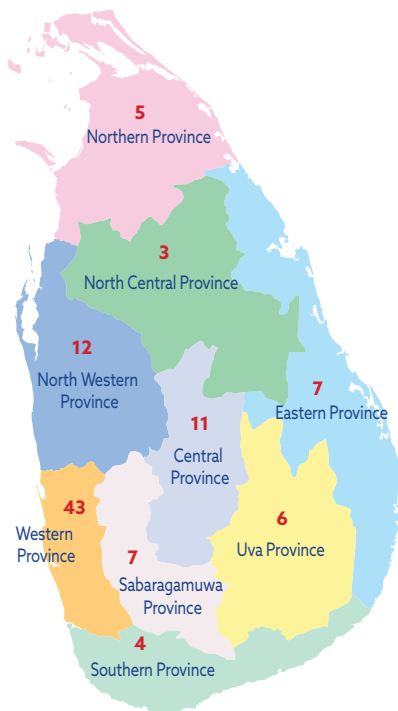
Colombo	- Western Province
Kalutara	- Western Province
Gampaha	- Western Province
Matara	- Southern Province
Galle	- Southern Province
Jaffna	- Northern Province
Kurunegala	- North Western Province
Anuradhapura	- North Central Province
Polonnaruwa	- North Central Province
Ampara	- Eastern Province
Batticaloa	- Eastern Province
Kandy	- Central Province
Badulla	- Uva Province
Ratnapura	- Sabaragamuwa Province



Recognising Students - Raffle Draw Tab winners

ACCREDITED EDUCATION CENTRES (AECs)

Accredited Education Centres play a key role in the growth and retention of students as they are often the most regular contact for students and therefore are key influencers. Accordingly, AAT Sri Lanka has partnered with private education providers covering the entire Island by way of giving them the status of the Accredited Education Centres to enhance their delivery competencies facilitating student progression through the examinations. AAT Sri Lanka also has its own class in Colombo to cater to the need of the student community while serving as the model education institute among all the other AECs. At the end of the period 2018/19 we have partnered with 98 Accredited Education Centres across the country.



OUR VALUE PROPOSITION

- Share expertise and industry insights
- Special training on new curriculum
- Provide advice on job market expectations
- Provide opportunities for teachers to enhance skills
- Implement study plan to improve quality
- Introduce and provide training on the use of technology in education
- The discussion of examination papers and the circulation of examiner reports
- Publish articles based on low performing areas

Fully Registered AECs
65
Provisionally registered AECs
33

We have carried out training programs for lecturers to improve delivery of accounting education and supporting skills development. Additionally, visits to AECs are undertaken on a regular basis to identify potential issues and discuss solutions. Semi annual discussion of examination papers, results and circulation of examiners' report also serve to identify areas for further improvement.



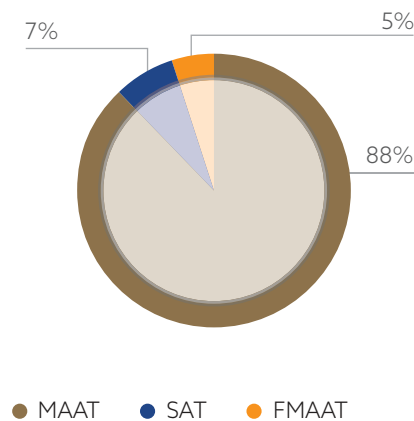
SOCIAL & RELATIONSHIP CAPITAL

MEMBERS

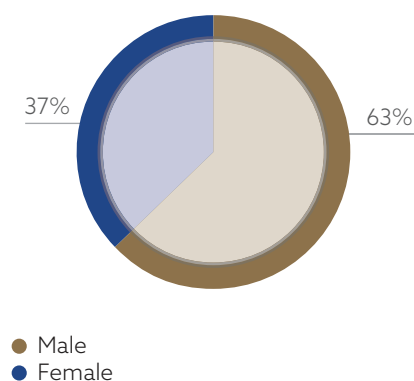
Members are key to our sustainable growth as they add lustre to our brand as the factor brand ambassadors, affirming the relevance and value they derive from the qualification in their workplaces.

AAT Sri Lanka's active membership grew by 4% to 5,650 in 2018/19 of whom 67% hold life membership. Member base comprises of 5,010 MAAT members, 376 SAT members and 264 FMAAT members. Total membership base of AAT Sri Lanka represents high proportion of males as depicted below.

MEMBERSHIP TYPE



MEMBERS BY GENDER

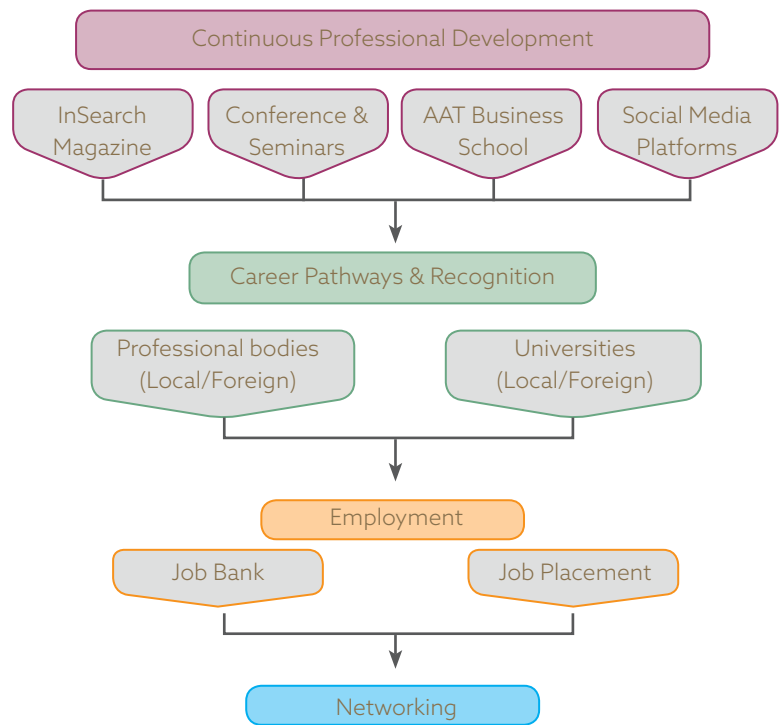


MEMBER VALUE PROPOSITION

We also derive subscriptions from members and fees for activities they choose to participate in. AAT Sri Lanka delivers value to members through supporting their continued professional development and offering numerous opportunities to engage in activities, many of which serve to build profile and provide a platform for networking

and professional growth. Many of the courses, seminars and conferences are offered at concessionary rates for members. Additionally, they have access to preferential offers structured for AAT Sri Lanka members by banks, hotels and retail businesses. Value delivered to members during the reporting year are described alongside with further details given below.

VALUE TO MEMBERS



"Disruptive Technologies at the Heart of Business Process Elimination" held at Galadari Hotel Colombo.

INSEARCH 2018

InSearch is the signature magazine issued by the Association for its Members. In the year 2018, InSearch was built up on the theme “create opportunities to foster leadership & entrepreneurship” and was released with insights on 12 strong personalities on one strong message where prominent industry leaders and intellectuals were interviewed and their perspective of not only of the role of AAT members but also of the background in which the AAT members should operate were incorporated into the magazine.



CONFERENCE AND SEMINARS

The main event of Conference and Seminars Committee was the conference which draws the largest number of members annually to gain insights into the evolution of the profession and our business environment.

AAT Sri Lanka Conference 2018	
Theme	Stepping up; Role of an Interpreter to Influencer
Dates	15th October 2018 - Inauguration 16th October 2018 - Technical Sessions
Venue	Galadari Hotel
Chief Guest	Hon. (Dr) Harsha de Silva - State Minister of National Policies and Economic Affairs
Key notes on	<div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="border: 1px solid #004a87; border-radius: 15px; padding: 5px; width: 45%; text-align: center;">Economic Trends That Make Waves</div> <div style="border: 1px solid #004a87; border-radius: 15px; padding: 5px; width: 45%; text-align: center;">Accountant at the First line of Defence</div> <div style="border: 1px solid #004a87; border-radius: 15px; padding: 5px; width: 45%; text-align: center;">Culture as an Influencer for Strategic Success</div> <div style="border: 1px solid #004a87; border-radius: 15px; padding: 5px; width: 45%; text-align: center;">A new era of Taxation in Sri Lanka</div> </div>

Conference & Seminars	
Event	No. of Participants
Conference	398
Tax Reforms; Tagging on the Smart Financial Reporting	79
Psychology in Finance	76
Conquer the Boardroom	77
Sri Lanka Accounting Standard 15 and New Exchange Control Act	71
Build Your Business Like a CEO	32
New Development in the Finance Landscape	49
What is Big Data?	60
Seminar on Budget Proposals 2019	232
Disruptive Technologies at the Heart of Business Process Elimination	158



SOCIAL & RELATIONSHIP CAPITAL

AAT BUSINESS SCHOOL

Vision

To enhance techno - managerial competencies of the SME Sector

Mission

To be the center of excellence for executive development

PROGRAMS OFFERED

- Higher Diploma in Accounting and Finance
- Diploma in Accounting and Finance
- Diploma in Applied Taxation
- Certificate Course in Taxation
- Computerised Accounting for Small and Medium Sized Enterprises
- Microsoft Office Applications
- Advanced MS Excel for Data Analysis
- People and Leadership skills workshop
- Customised training for corporates

AAT Business School is a Strategic Business Unit operating under the Association of Accounting Technicians of Sri Lanka. The AAT Business School is committed to broadening the career pathways of AAT students, passed finalists, members and other professionals.

Presently AAT Business School offers a wide range of certificate, diploma and higher diploma programs in the areas of Accounting and Finance, IT and Taxation. Each program is specially designed and delivered by industry professionals. The entire

curriculum offered by the AAT Business School has been structured with the purpose of enhancing competencies and recognition of students through exposure to industry related content and study materials. AAT Business School is equipped with a state of the art computer laboratory and modern lecture halls, ensuring a premier learning environment with the best possible resources.

Students following the higher diploma program have been granted the opportunity to obtain degree qualifications from local / foreign

higher education bodies. In order to cater to the regional demand, AAT Business School, has partnered with NICD Polgolla to offer higher diploma programs. AAT Business School has laid the groundwork for the initiation of Diploma programs in IT and English in the foreseeable future.

AAT Business School collaborated with School of Accounting & Business (SAB) of CA Sri Lanka to create a career path for the higher diploma in accounting and finance students with 20 subject exemptions for passed finalists of AAT where 14 subjects need to be covered to successfully complete the BSc applied accounting & finance.

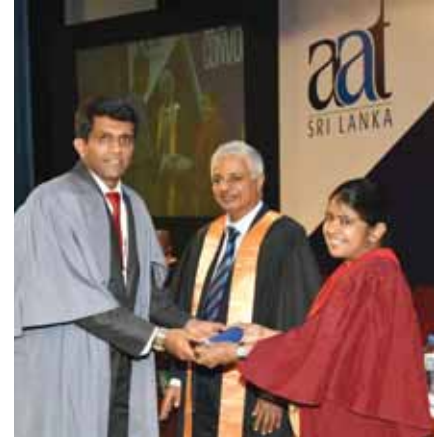
AAT Business School has partnered with leading multinational and national organisations in Sri Lanka, as the official training body, to enhance the calibre of professional personality of employees and provide them with a greater understanding about the practical application of their knowledge.



Customised IT Training for Corporates



Business School Higher Diploma Convocation 2018



Award Ceremony 2018



Certificate Awards Ceremony



Outbound Training



Leadership program for AAT Passed Finalist



CSR Project at Kosgama Vidyalaya



SOCIAL & RELATIONSHIP CAPITAL

RECOGNITION

The Association has obtained international recognition through its full membership of the IFAC and CAPA. AAT Business School members benefit directly from these international affiliations and upon completion of the AAT qualification, passed finalists and members are allowed exemptions in several global and local accountancy qualifications as well as in numerous academic programs offered by local and international universities.

Professional Bodies	Exemptions
CA Sri Lanka	<p>Executive Level I</p> <p>KE 1 - Financial Accounting and Reporting KE 3a - Fundamentals of Taxation KE 5 - Commercial Insight for Management</p> <p>Executive Level II</p> <p>KE 3b - Fundamentals of Law</p> <p>B.Sc. Applied Accounting (General Degree)</p> <p>10 subjects out of 34 subjects will be exempted for AAT passed finalists.</p>
Chartered Institute of Management Accountants (CIMA-UK)	<p>Certificate Level - Fully exempted</p> <p>Operational Level - Following 3 subjects are exempted</p> <p>E1 Organisational Management P1 Management Accounting F1 Financial Reporting & Taxation</p> <p>Can apply for operational level case study upon successful completion of a designated program introduced by CIMA</p>
Institute of Certified Management Accountants of Sri Lanka (CMASL)	<p>Foundation Level - All 5 subjects are exempted</p> <p>Operational Level - Advanced Financial Accounting & Finance, Commercial Law & Taxation and Business English II subjects are exempted</p>
Association of Chartered Certified Accountants (ACCA-UK)	<p>Knowledge Module - Following 3 subjects are exempted</p> <p>F1 Accountant in Business F2 Management Accounting F3 Financial Accounting</p> <p>Skill Module - Exempted from F7 Financial Accounting</p>
Institute of Public Accountants (IPA) of Australia	Eligible to obtain the Associate Membership
AAT Business School	HDAF - Eligible to obtain complete exemption from the 1st year of Higher Diploma in Accounting & Finance Program out of two years
Institute of Supply & Materials Management (ISMM-SL)	Diploma in Purchasing & Materials Management - Enrolment with the exemption from the Certificate in Purchasing & Materials Management
Chartered Institute of Personnel Management (CIPM)	Professional Qualification in HRM - Eligible to register with exemption from CCHRM.
Association of Business Executives (ABE-UK)	Diploma Level I - Exemption from Accounting subject.
Sri Lanka Institute of Advanced Technological Education	HNDA - Eligible with 1st year exemption.

Universities - Local	Exemptions
University of Sri Jayewardenepura	Eligible to register for the following external degrees:- (a) B. Com. (b) B. Sc. - Business Administration (c) B. Sc. - Public Administration
University of Ruhuna	The members of AAT with minimum of one year work experience; - at executive /managerial level are eligible for the admission to Master of Business Administration Program - related to Economics as acceptable to the Senate and are eligible to register for Master of Arts in Economics Program
The Open University of Sri Lanka	Passed Finalists are eligible to apply for the selection examination in Diploma in Management
Universities - Foreign	Exemptions
Northumbria University - UK	Eligible to enter level four (second year) of BA (Hons) Accounting & Finance Program, subject to: (a) Completing the entire AAT program in English or satisfying the English language requirements of Northumbria University. (b) Payment of the appropriate fee.
Wollongong University - Australia	AA2 passed students - Registration for the Bachelor of Commerce(B. Com.) Degree (internal)
National Institute of Business Management (NIBM) in collaboration with Coventry University UK.	Passed Finalists are eligible for first year exemption out of three years from BA [Hons] Degree in Professional Accounting subject to ; (a) Successful completion of the evaluation made at the interview (b) Obtain the required successful grade in the English test (c) Have industry experience of minimum 3 months

PRACTICAL TRAINING & JOB PLACEMENTS

The Association also facilitates placements for practical training as well as job opportunities for our students, passed finalists and members through the AAT Job Bank. This caters for the needs of both the job seekers and the corporates. During the period we supported 385 employers for vacancies and placed 179 members, passed finalists and students in jobs.

NETWORKING

MEMBERS' GET-TOGETHER 2018

Members' Get-together 2018 organised by the Members' Welfare Committee, was held on 27th October 2018 at Arie Lagoon Resort, Negombo in a colourful manner. The event turned out to be a fun-filled experience to all the participants that included distinguished Members of the Governing Council, AAT Members and their family members. Lots of fun-filled games and other activities had been organised for strengthening fellowship and networking among AAT members.



SOCIAL & RELATIONSHIP CAPITAL

AAT CRICKET TOURNAMENT 2018

AAT cricket tournament 2018 organised by Members' welfare committee for the 8th consecutive year, was held at the Janaka Ranawaka Ground, Moragasmulla, Rajagiriya, on Saturday, 15th September 2018. The main objective of organising the tournament is to build up unity, harmony and social interaction among AAT Sri Lanka members. "AAT Blues" (representing AAT staff) and team - Super Sixes qualified for the grand final and the AAT Blues emerged as champions of the AAT cricket tournament 2018.



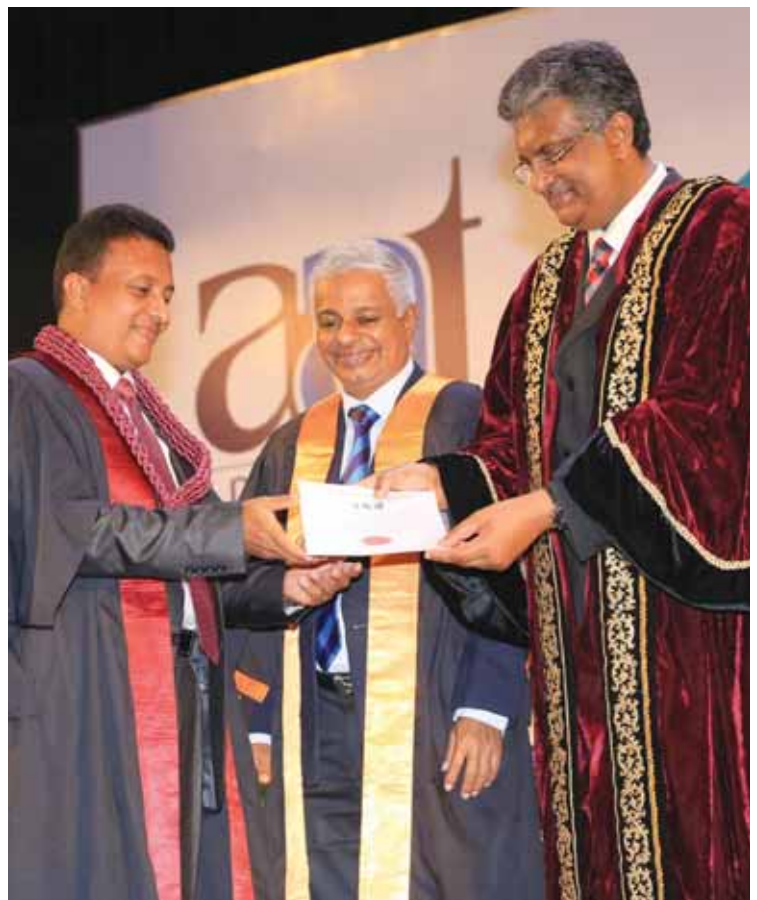
AAT NEW YEAR CELEBRATIONS 2018

AAT Sri Lanka celebrated the Sinhala and Hindu New Year 2018 with AAT members on 13th May 2018 at the Ape Gama, Battaramulla. Several events and games had been organised for AAT members, and staff and their families with no age limitations. The AAT Members' welfare committee organised the Sinhala and Hindu New Year celebration for the fourth consecutive year. The Vice President and other council members, Members and the staff of AAT Sri Lanka participated at this event in an atmosphere full of excitement, fun and brotherhood.



THE 26TH ANNUAL CONVOCATION OF AAT SRI LANKA

The 26th Annual Convocation of AAT Sri Lanka was held on 4th December 2018 at the main hall, BMICH with the Senior Professor Sampath Amaratunge, Vice Chancellor of University of Sri Jayewardenepura participating as the Chief Guest and Mr. Jagath Perera, President of CA Sri Lanka as the Guest of Honour. 618 new members were inducted to AAT Sri Lanka membership in the year 2018 including 14 Fellow Members, 26 Senior Members and 578 MAAT Members.



SOCIAL & RELATIONSHIP CAPITAL

THE ORIENTATION SEMINAR FOR NEW MEMBERS OF 2018

The orientation seminar for the new members who were inducted to AAT Membership was held on 24th November 2018 at the National College of Education, Maharagama. The objective of the seminar was to educate the new members of the Association with the detailed introduction to AAT Sri Lanka, CPD, Code of Ethics and other opportunities available for Members for their development.

An inspirational presentation was made by Dr. Mahesh Jayasinghe, Founder Managing Director of Mpower Softskills (Pvt) Ltd at the orientation seminar on the topic "Discover the power within you".



AAT NIGHT 2018

The most looked forward to year-end gathering of AAT Members was held on 14th December 2018 at the AAT center. The fun-filled event with red and black theme was full of music and dance to mark a delightful end to annual events of Members for the year 2018.

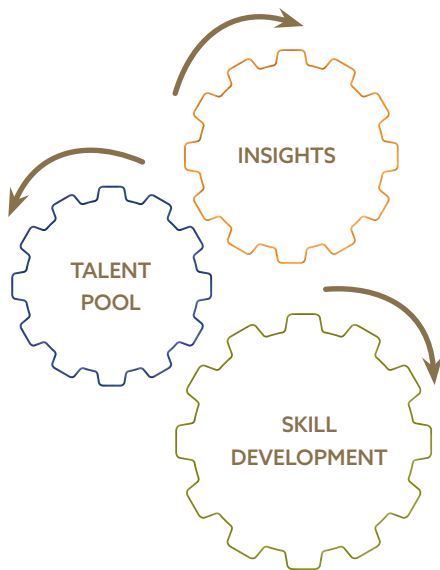


EMPLOYERS

Employers drive acceptance and recognition of our qualification, creating demand for Accounting Technicians through internal specifications for specific roles and advertisements which affirm acceptance. This is the key for growth of our student and member populations as the underlying reason for undertaking a qualification is employment. They also provide students the opportunity to gain workplace experience and achieve membership. We conduct a Perception and Attitude Survey every two years to understand areas for improvement in our curriculum and skills required.

As the AAT Sri Lanka qualification is relevant across all sectors, our employers are diverse ranging from SME's to multinationals and across all industry sectors and the public sector.

OUR VALUE PROPOSITION



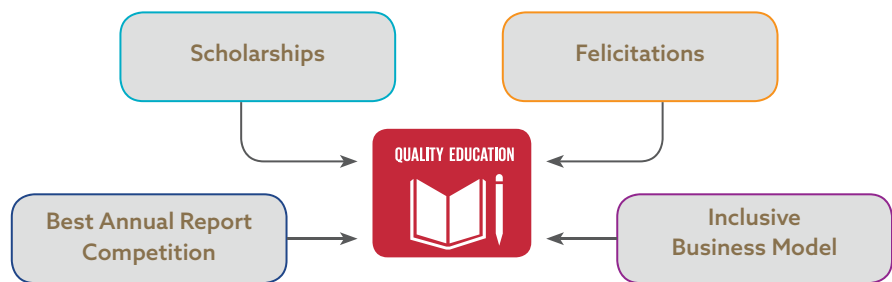
COMMUNITY RELATIONSHIPS

Our approach towards community engagement is aligned to our long-term vision and support capacity building through skills development and all projects are implemented with the objective of improving quality and access to education. Most of our programs are ongoing initiatives, benefiting many students over the past several years.

CSR GOVERNANCE

The Governing Council is responsible for the conceptualisation and formulation of the Association's community engagement projects while responsibility for implementation lies with the Students Promotion & Marketing Committee and Best Annual Report Competition Committee. During the year under review, we invested Rs. 5 million in community engagement initiatives.

	2018/19	2017/18	2016/17
CSR Cost (Rs. Mn)	5	5.6	4.4
CSR cost as a % of income	1	2	2



THE BEST ANNUAL REPORT COMPETITION (BAR)

Organised as an ongoing initiative, the Best Annual Report competition provides a platform for national and provincial schools to prepare their Annual Report and Accounts in a transparent manner, complying with generally accepted accounting principles and practices of good governance. Since its commencement in 2008, the competition has directly contributed towards enhancing the standards of financial reporting in School Development Societies. The program has enabled AAT to share its industry insights and accounting knowledge and inspire students to pursue a career in accounting.

attracted 211 participant schools from all provinces. Awards are presented at national, provincial and district levels and Sanghamiththa Balika Vidyalaya, Galle emerged as the overall winner, followed by Taxila Central College, Horana and Rathnavali Balika Vidyalaya, Gampaha who received awards for the 2nd and 3rd places respectively. Feedback is also provided to schools that do not meet the basic requirements of reporting, thereby providing them valuable guidance on how to improve their Financial Statements and Annual Reports. The winners of the awards are given below and it is evident that this competition attracts interest from a number of schools throughout the island affirming our positive impact on accounting education.

The Competition was conducted for the 11th time in November 2018 and

SOCIAL & RELATIONSHIP CAPITAL

	Name	District
1st	Sanghamiththa Balika Vidyalaya	Galle
2nd	Taxila Central College	Kalutara
3rd	Rathnavali Balika Vidyalaya	Gampaha

Name	Province
Visakha Vidyalaya - Colombo	Best in Western Province
Teldeniya National School - Kandy	Best in Central Province
Richmond College - Galle	Best in Southern Province
Jaffna Central College - Jaffna	Best in Northern Province
Sri Koneswara Hindu College - Trincomalee	Best in Eastern Province
Dhammissara National School - Puttalam	Best in North Western Province
Royal Central College - Polonnaruwa	Best in North Central Province
Uva Science College - Badulla	Best in Uva Province
St.Josheps' Balika Maha Vidyalaya - Kegalle	Best in Sabaragamuwa Province

Non-financial scholarships are granted to deserving students in the way of free AAT Registrations, Examinations, Study Texts etc. free of charge to complete the AAT Sri Lanka qualification, enabling them to become middle level accountants. During the year we granted 366 non-financial scholarships for students at a total investment of Rs. 2.1 million.

There are many students who benefited from this programme and currently at a higher position in job market. As a non profitable organisation we always keep our human hands on student's education to improve the level of knowledge by supporting for their future lines.

INCLUSIVE APPROACH TO EDUCATION

The Association has always adopted an inclusive approach to education and strives to ensure that its qualification is accessible to all aspiring students, irrespective of their financial standing. This is reflected through the following;

SCHOLARSHIPS

The Association's scholarship program aims to improve access to education for economically underprivileged students. Carried out in collaboration with the Ministry of Education, we grant financial and non financial scholarships for students.

Cost-effective fee structure

Tri-lingual examinations

Scholarship program for economically underprivileged students

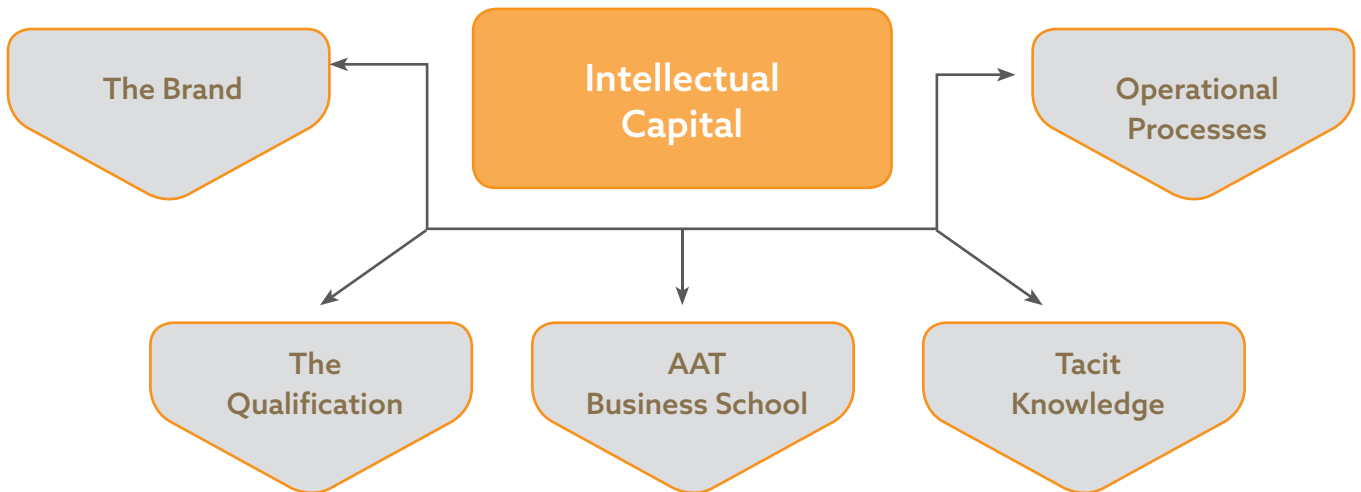
Island-wide branch network

Study texts in all three languages

Gender diversity of students and members



Intellectual Capital is a key capital as it encompasses the brand, the AAT Sri Lanaka qualification, the systems that support delivery of various components of the qualification, other operational systems, the Association’s knowledge of its people as well as an innovative culture which has supported the growth of the Association.



THE BRAND

The AAT Sri Lanka has strong visibility and recognition throughout the country supported by continuous promotions in schools, student engagement activities such as the annual report competition, a network of branches and information centres and over 60,000 community who are students, passed finalists or members. Targeted engagement with influencers and stakeholders continue

to reinforce the brand supporting sustainable growth.

THE QUALIFICATION

This is the primary function of AAT Sri Lanka and has a significant impact on its reputation and brand. Accordingly, significant resources are allocated to ensure the qualification remains relevant to employers and the profession with regular updates to the syllabus, study materials and

examinations. The qualification is described AAT Sri Lanka qualification section to this annual report.

AAT BUSINESS SCHOOL

This vital operation of the Association supports member skills development, enhancing their opportunities in increasingly competitive job markets and adding value to employers. The reputation of the business school has been nurtured through a

INTELLECTUAL CAPITAL

comprehensive menu of courses on topics relevant to accounting, taxation and management which are used by employers to upgrade the skills of their employees and also by students, members and the public to upgrade and gain recognition.

TACIT KNOWLEDGE

As a knowledge based organisation, tacit knowledge of the governing body and employees is vital to progress. The Governing Council is made up of accounting professionals of repute who have acquired relevant knowledge through their involvement with the Association and is passed down to ensure continuity of projects. The executive team is an experienced team as evinced by the retention rate of 97% which facilitates development of the employees and enhanced productivity.



MOU with National Institute of Business Management (NIBM) in collaboration with Coventry University UK



While AAT Sri Lanka is not profit driven, financial capital is still a key resource that enables delivery of value to our members and students. Member and student population growth are the key drivers for growth in financial capital and the accumulated fund is the main component of financial capital that is utilised to fund the operations of the Association.

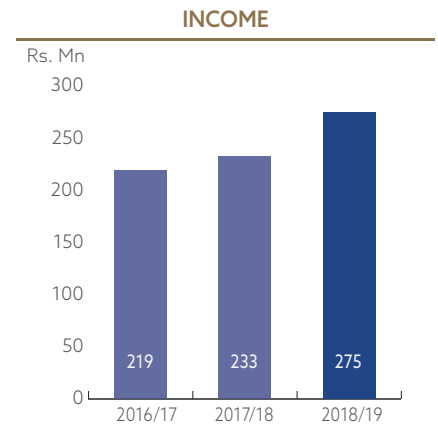
AAT Sri Lanka recorded a surplus of Rs. 61 mn for the financial year ending 31st March 2019 which is an increase of 41% over the previous year, reflecting strong growth and operational efficiencies. The Statement of Financial Position provides a strong foundation for expansion as Net Assets grew by 10% to Rs.683 mn and there are no interest-bearing borrowings reflecting prudent management of this finite resource.

INCOME STATEMENT ANALYSIS

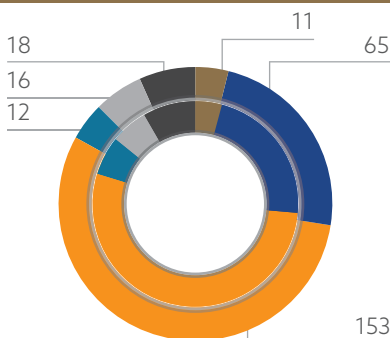
INCOME

Income grew by 18% to Rs.275 mn during the year supported by a solid student and member base, growth in renewals, price revisions and uptake of examinations. Increased examination numbers are particularly encouraging reflecting improved quality of student recruitment as they are undertaking more examinations. Education and training also grew during the year reflecting student interest in skills development. Membership

subscriptions were also supported by strong growth as we admitted 618 new members.



ANALYSIS OF INCOME (Mn)



Income	2017/2018	2018/2019
● Membership	10	11
● Student Registrations, Renewals & Exemption	52	65
● Examination	125	153
● Business school	14	12
● Education & Training	14	16
● Others	18	18

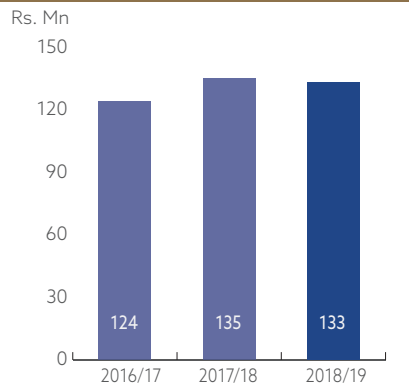
FINANCIAL CAPITAL

MEMBERSHIP	STUDENT REGISTRATIONS, RENEWALS & EXEMPTION	EXAMINATION	BUSINESS SCHOOL	EDUCATION & TRAINING	OTHERS
Rs.11 mn ↑ 13%	Rs.65 Mn ↑ 25%	Rs.153 mn ↑ 23%	Rs.12 mn ↓ 11%	Rs.16 mn ↑ 15%	Rs.18 mn ↓ 5%

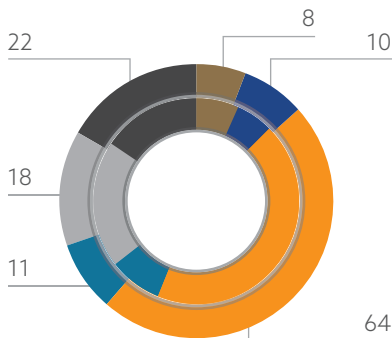
COST OF SERVICES & GROSS SURPLUS

Cost of services was curtailed to Rs.133 mn as we were able to significantly reduce the education and training costs by 33%. Costs on membership, AAT classes, passed finalists workshops and business school were also pared down while maintaining value delivered at high levels as we streamlined the courses and operations through pragmatic solutions. Consequently, we were able to increase gross margins from 42% to 51% resulting in a growth of gross surplus by 44% to Rs.142 mn.

COST OF SERVICES



ANALYSIS OF COST OF SERVICES (Mn)



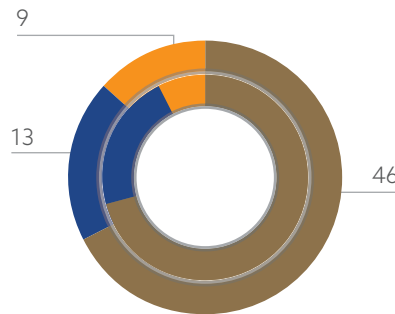
Cost of Services	2017/2018	2018/2019
● Membership	9	8
● Student Registrations, Renewals & Exemption	8	10
● Examination	59	64
● Business school	11	11
● Education & Training	27	18
● Others	21	22

MEMBERSHIP	STUDENT REGISTRATIONS, RENEWALS & EXEMPTION	EXAMINATION	BUSINESS SCHOOL	EDUCATION & TRAINING	OTHERS
Rs.8 mn ↓ 5%	Rs.10 mn ↑ 29%	Rs.64 mn ↑ 8%	Rs.11 mn ↓ 4%	Rs.18 mn ↓ 33%	Rs.22 mn ↑ 5%

SURPLUS FROM OPERATIONS

The surplus from operations increased by 420% to Rs. 23 mn strongly supported by increased income and a focus on management of costs, supporting growth of financial capital needed for a strong pipeline of projects necessary to strengthen the stakeholder value propositions. Student Promotion and Awareness expenses increased by 165% to Rs.28 mn as we invested in enhancing our visibility in the market as competition intensified. Administration & Establishment expenses increased by 9% to Rs.93 mn.

OTHER INCOME (Mn)



Other Income	2017/18	2018/19
● Finance Income	39	46
● Net Income from Investment Property	12	13
● Other Income	4	9

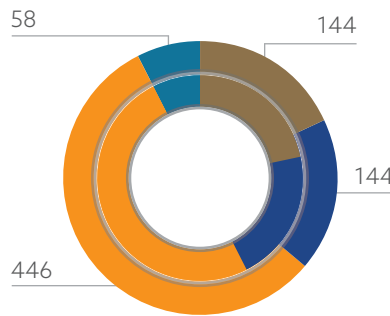
FINANCIAL CAPITAL

Surplus before tax increased by 36% to Rs.80 mn during the year due to growth in surplus from operations as described above and due to increased finance income and income from investment property as shown in the graph above. Finance income increased by 17% to 46 mn during the year which is the main contributor to surplus before tax. The effective tax rate decreased due to changes in tax rate on interest income from 28% to 14%. Accordingly, the surplus for the year increased by 41% to Rs.61 mn, strengthening the Accumulated Fund of the Association.

ANALYSIS OF FINANCIAL POSITION

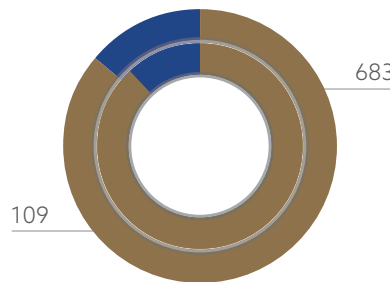
Financial capital has been prudently nurtured over the years resulting in a strong Financial Position graphically set out below. Total assets reflect prudent asset allocations to support earnings growth through a suitable mix of liquid and long-term investments, supporting stability in income from diverse sources. Funding of the Financial Position mirrors the prudent approach with the accumulated fund accounting for 86% of Total Funds & Liabilities. Successive Councils of the Association have upheld prudent financial management principles supported by the management to facilitate in sustainable growth and financial stability.

TOTAL ASSETS (Mn)



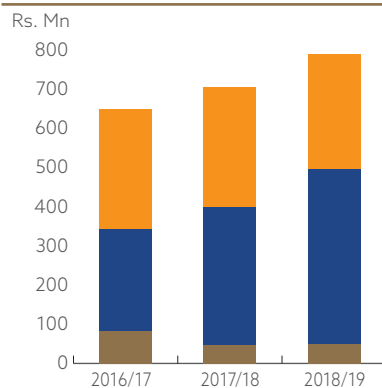
Total Assets	2017/18	2018/19
Property & Equipment	154	144
Investment Property	147	144
Short Term investments	352	446
Other	52	58

TOTAL FUNDS & LIABILITIES (Mn)



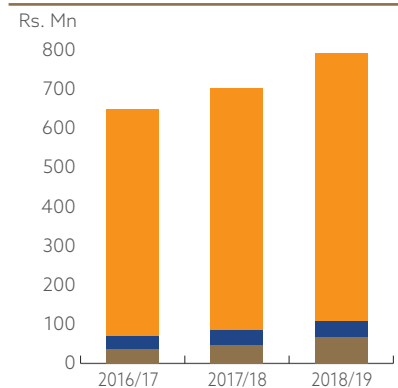
Total Funds & Liabilities	2017/18	2018/19
Total Funds	621	683
Total Liabilities	84	109

TOTAL ASSETS GROWTH



- Other Current Assets
- Short Term Investments
- Non Current Assets

TOTAL FUNDS & LIABILITIES GROWTH



- Current Liabilities
- Non-Current Liabilities
- Total funds



Human Capital is a key differentiator for AAT Sri Lanka as our ambitions are driven by a team of 67 employees who implement strategy in alignment with our corporate values to deliver value to our stakeholders. AAT Sri Lanka seeks to offer a sufficiently attractive value proposition for our employees to attract, develop and retain people of talent and capability to propel mutual growth in an inspiring work environment.



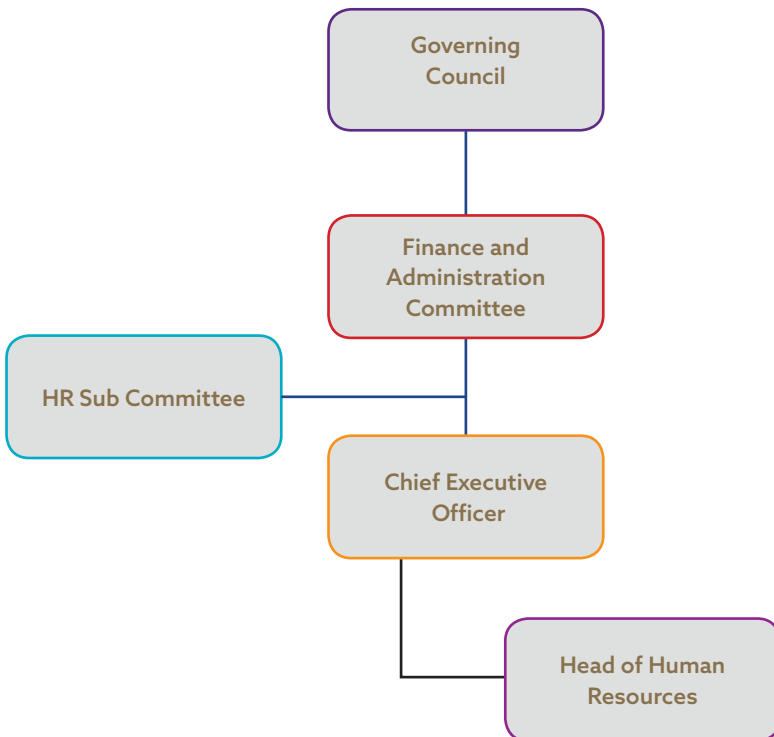
MANAGING HUMAN CAPITAL

Clearly defined governance structures, formalised policy frameworks, systems and processes placed to support all human resource related aspects and ensure uniformity in application of the defined Association's policies. The Governance structure, value proposition and our commitment to offer a conducive and inspiring workplace are summarised in the infograph below.

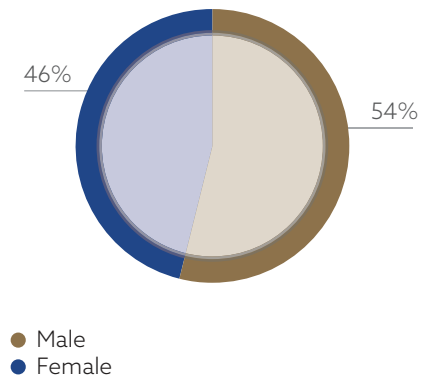
HUMAN CAPITAL

Our employee development strategies are directed at building competent human capital. AAT Sri Lanka has a truly diverse team of employees who contribute to our growth through innovation and consistent delivery, ensuring creation of shared value.

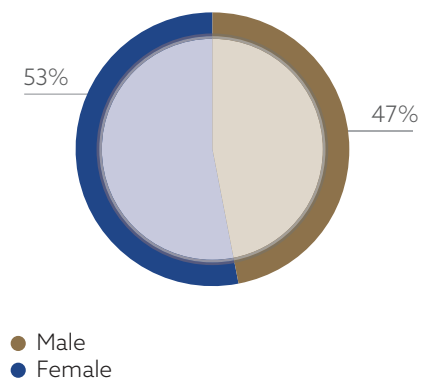
HR GOVERNANCE STRUCTURE



EMPLOYEES BY GENDER



NEW RECRUITS BY GENDER



We are an equal opportunity employer committed to providing a work place free from gender discrimination. The remuneration ratio between the salaries of men & women at entry level is 1:1.



Training Session



Workshop

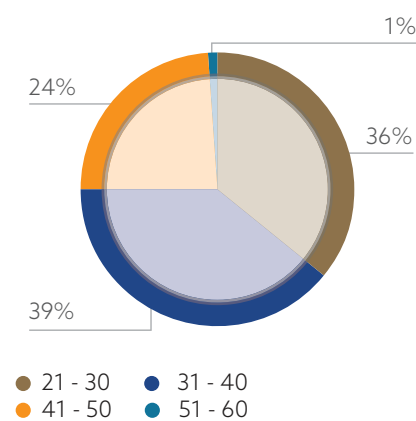
A CONDUCTIVE WORKPLACE



TEAM PROFILE

AAT Sri Lanka has a diverse team of 67 employees who are responsible for implementation of strategy as profiled below.

EMPLOYEES BY AGE GROUP



TALENT ATTRACTION

AAT Sri Lanka is able to attract talented employees due to the strong brand recognition, the professional work environment and the opportunities for learning and development. An equal opportunity policy is in place to prevent discrimination together with a recruitment process which ensures that all applicants are assessed for required skills in a fair manner. The recruitment process has multiple levels of selection techniques, including interviews, aptitude testing and background checks. An induction program for new recruits helps to acclimatise them with the working environment and other team members. During the year under review, we hired a total of 17 new employees.

EMPLOYEE ENGAGEMENT

As a relatively small team, we interact frequently both formally and informally and have an open office plan which supports collaboration and team work. Structured dialogue with our employees are facilitated through multiple engagement platforms including staff meetings, face to face interviews, performance appraisals and year-round work-life balance initiatives. Social events such as the annual trip, staff sporting events and get-togethers are organised on a regular basis to promote a sense of camaraderie amongst the staff which has helped to create a motivated and satisfied team of employees. (Please refer to page 41 Stakeholder Engagement for a list of all staff engagement methods)



AAT Sri Lanka Team

HUMAN CAPITAL

REWARDS AND RECOGNITION

The HR Sub Committee assists the Governing Council in determining the remuneration and rewards for the employees in accordance with a formal Remuneration policy. Our reward structures are designed to attract, reward and retain high performing employees while fostering a performance driven culture. Performance of all employees is appraised annually, providing an effective platform for feedback and identification of further areas for improvement. For executive staff, face-to-face interviews are carried out with the relevant Head of Department and non-executive staff are administered a questionnaire. Feedback obtained from appraisals are used to identifying training needs, determining performance bonuses and opportunities for career progression.

Performance appraisals are used as an effective mechanism to identify high performing employees, who are provided opportunities for career progression. During the year under review, we promoted 02 employees, which were executive level promotions.

TRAINING AND DEVELOPMENT

We provide a range of skills development opportunities for our employees, facilitated through on-the-job training as well as structured and external training programs. Training needs are identified primarily through the annual performance appraisal and the relevant head of department identifies areas for development and formulates options for development. Employees are also able to pursue skills development through the AAT Business School which provides numerous opportunities for employees to develop specific skills and employees are given the opportunity to enrol in courses/ modules and attend lectures free of charge. During the year, our employees underwent total training hours amounting to 265 (4 average training hours per employee).

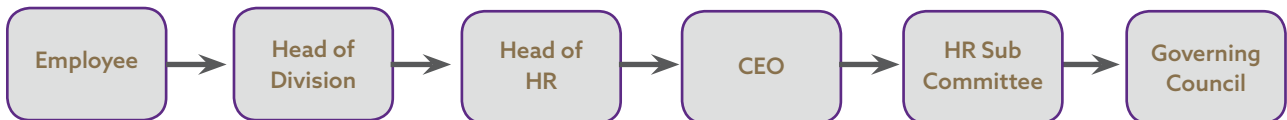
Type of skill developed	No. of Training programs	No of training hours
Professional Development	6	86
Soft Skills Development	18	179

RETENTION

Retaining our team members is a key strategic imperative as our specialised processes rely on the knowledge of skilled people. AAT Sri Lanka retention rates of 97% affirms delivery of value to employees and our ability to retain people. The labour turnover rate for the year amounted to 3% same as the year before while the return to work after maternity leave rate was relatively high.

GRIEVANCE HANDLING

We have in place a structured grievance handling process. The Human Resource Sub Committee monitors and resolves employee grievances. The Sub Committee comprises 3 Council Members who address any grievances reported directly to the Governing Council.





“The infrastructure we use to serve our students and members is designed and developed to deliver optimally with other forms of sustainable development capital”

Manufactured capital comprises the Property & Equipment of the Association and the Investment Property, accounting for 36% of total assets, supporting our earnings capacity. The Property & Equipment comprises the head office located in Colombo 5 along with a network of five branches island-wide.

Apart from our own physical infrastructure, eight Information Centres and the island- wide network of AECs play a key role in facilitating our services promoting the qualification and other skills development processes. By the end of March 2019, 98 AECs were registered with the Association.

Similarly, the Investment Property at Maligawatte supports generation of income from Investment property.

Rs. Mn	Property & Equipment	Investment Property	Total
Land	75.4	122.5	197.9
Building	45.5	21.8	67.3
Other	23.0		23.0
			288.2

The Property & Equipment of the Association comprises its landmark AAT Sri Lanka Head Office which is a purpose-built facility with its own auditorium, lecture halls and office space to support the activities of the Association. During the year Rs. 3.2mn was spent on additions made to Office Equipment, Furniture & Fittings and Computers & Communication Equipment.

The Association having identified the need to improve efficiency and effectiveness of its services, extended the existing ERP solution to the Business School, Education & Training division and Marketing division in September 2018. During the year Rs. 2.4mn was invested on Intangible Assets.






The Association’s consumption of natural resources is limited to paper usage, energy and water consumption. We are conscious of the need to reduce consumption on all these and we continuously seek ways in which to reduce consumption as we strive to do more with less to reduce our carbon footprint using the 3R approach adopted and reinforced by AAT Sri Lanka



AAT Sri Lanka complies with the Central Environment Authority requirements in operating the business but seeks to go beyond these requirements to reduce its carbon footprint. As a player in the tertiary education in the country, we inevitably generate significant quantities of printed papers which moves in line with the numbers of students and the numbers sitting for examinations. While we have made significant efforts to move to online platforms, the most successful method

of engaging prospective students remain paper based. We have increased the quantity of paper recycled as we widened the scope of applications/ processes with success. We were also able to decrease the electricity used through investing in energy efficient lighting and equipment and increased vigilance over switching off lights that are not required.

Moving forward, we hope to introduce online platforms for activities such as registration, renewal and examination applications which is expected to significantly reduce our paper usage. We will also continue our efforts to reduce energy through awareness campaigns and investments in energy efficient equipment.

	2018/19	2017/18
 Usage of Water Ltrs.(Mn)	2.73	2.10
 Paper Recycle Kg.	7,150	4,010
 Electricity Kwh	245,360	246,350

aat

aat



stewardship

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GOVERNANCE REPORT OF THE GOVERNING COUNCIL

Dear Stakeholders,

On behalf of my fellow council members, it gives me great pleasure in presenting the Governance report for 2018/19. The report sets out the best Governance principles applied and practised by the Governing Council in administering and managing day to day affairs of the Association.

The reporting although not mandatory is voluntary compliance with best practices on governance issued jointly by CA Sri Lanka, SEC and incorporating further improvements on same as determined by the AAT Sri Lanka Governing Council.

Good Governance remains integral to the way AAT Sri Lanka operates. We at AAT Sri Lanka are conscious that transparency and accountability is a sine qua non for our Association to be successful in the short, medium and long term.

It is our belief that the council must lead and live by example to ensure that these values are not restricted to the members or to the Council alone but shared, understood and practised by all at AAT Sri Lanka.

In conclusion the members of the Council and myself hereby confirm that to the best of our knowledge and belief we have not violated good practices of Governance and ethics.



M. Jazri Magdon Ismail
President,
AAT Sri Lanka

14 June 2019

INDEPENDENT AUDITORS' REPORT ON CORPORATE GOVERNANCE



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PNS/TK/JJ

The Members of Governing Council
Association of Accounting Technicians of Sri Lanka
540, Ven. Muruththettuwe Ananda Nahimi Mw.,
Narahenpita
Colombo 05

Agreed-upon procedures engagement on Corporate Governance of Association of Accounting Technicians of Sri Lanka

Dear Sirs/Madams

As per the request made by you, we have performed an agreed upon procedures on corporate governance practices of Association of Accounting Technicians of Sri Lanka (AAT Sri Lanka) for the year ended 31 March 2019, based on Sri Lanka related services practice statement (SLRSPS) 4750. A factual finding report dated on 14 June 2019 has been issued on the AAT Sri Lanka's level of compliance with the applicable requirements of the Code of Best practice of Corporate Governance Practices issued jointly by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka.

Yours Faithfully

14 June 2019
Colombo

Partners: W R H Fernando 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 K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA 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 FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principal: T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

CORPORATE GOVERNANCE

The Association of Accounting Technicians of Sri Lanka seeks to uphold high standards of Corporate Governance as a responsible National Accounting Body. It is a Company Limited by Guarantee with profit not being a primary objective as there are no Shareholders. Operations are funded through member subscriptions, student subscriptions, examination fees and other fees derived from activities and surpluses are transferred to an accumulated fund as there are no distributions of profit.

The Governing Council of AAT Sri Lanka is responsible for setting strategic direction, managing risk and oversight of performance in accordance with the objectives of the Association and are also responsible for setting in place a suitable governance framework facilitating pursuance of the Associations objectives while ensuring equitable balancing of legitimate stakeholder interests. This comprises a suitable organisation structure, rules, practices, processes and procedures enabling continuous improvements in Corporate accountability and transparency.

Accordingly, AAT Sri Lanka operates with key principles of delegation of authority, a comprehensive system of internal controls, financial and other reporting processes which facilitate performance monitoring, accountability, transparency, and alignment of incentives.

GOVERNANCE FRAMEWORK & STRUCTURE

AAT Sri Lanka's governance framework complies with the requirements outlined by the Companies Act No. 07 of 2007 and other relevant laws and regulations. AAT Sri Lanka has also voluntarily adopted the Code of Best Practice on Corporate Governance 2013 issued jointly by the Securities & Exchange Commission of Sri Lanka and the Institute of Chartered Accountants

of Sri Lanka and is progressing towards adopting the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka. Messrs. Ernst and Young (Chartered Accountants) has independently evaluated the compliance on the code of best practice and issued a compliance certification.

The Governing Council has delegated certain powers and duties to its committees and to the executive team led by the CEO to manage daily operations of the Association and to implement the agreed corporate strategies within the approved budgets.

GOVERNING COUNCIL

The Association's apex governance body is the Governing Council which comprises 16 independent members

who serve in non-executive capacity and hold office for a period of two years.

Appointments to the Governing Council are twofold. The Institute of Chartered Accountants of Sri Lanka and other nominating authorities (primarily Ministry of Finance & Planning and the Ministry of Education) nominate majority of the governing council members whilst five members are elected from the general membership of the Association. The immediate Past President also obtains a seat in the Governing Council as an Ex-Officio member. This enables a range of members with complementary skills, experience and expertise to enhance the Governing Council's strategic decision making capacity.

Method of Appointment

Method of Appointment	Number of members appointed	%
Nomination by CA	8	50
Election by members	5	32
Nomination by Ministry of Finance & Planning	1	6
Nomination by Ministry of Education	1	6
Ex-Officio (Immediate Past President)	1	6
Total Governing Council Members	16	100

Election of the President of the Governing Council is based on the majority vote of the members of the Governing Council. Elections are held once in every two years to elect members to the Governing Council. Hence orientation for new appointees to the Governing Council is held to ensure smooth transition and continuity.

ROLES AND RESPONSIBILITIES

The Governing Council oversees the affairs of the Association and provides leadership and guidance to the Senior Management team led by CEO. Collectively, the Governing Council and the Senior Management team ensure the long-term success of the Association and discharge their statutory and fiduciary responsibilities, both individually and collectively.

The responsibility of the Governing Council is to supervise and direct the management of the Association in the interest and for the benefit of the Association's stakeholders as summarised below.

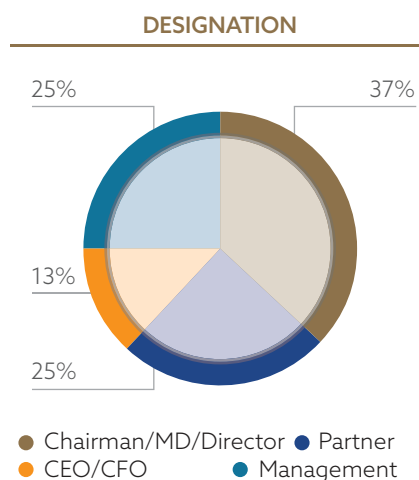
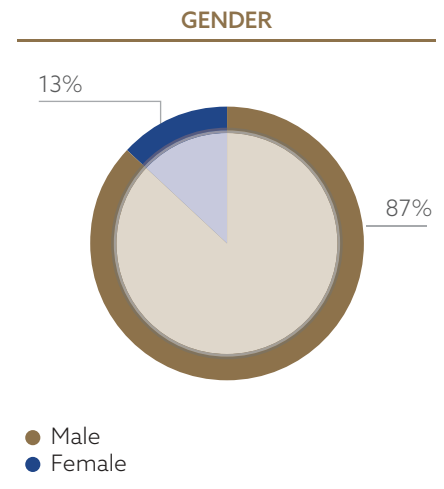
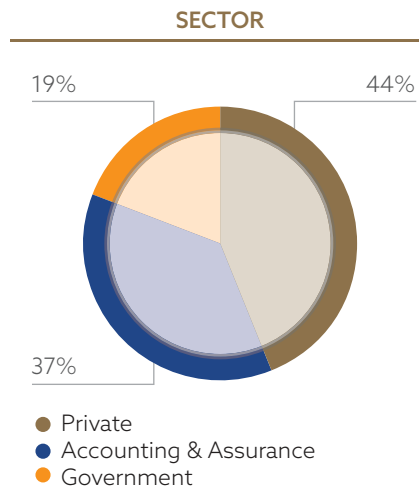
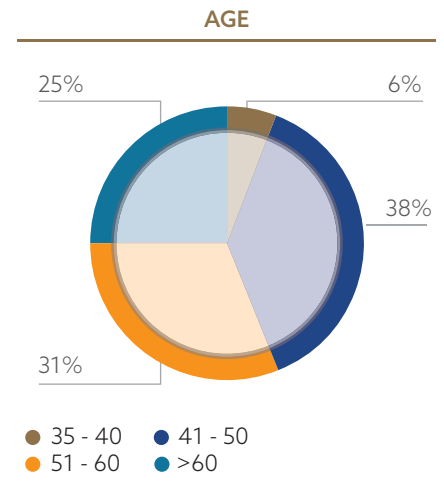
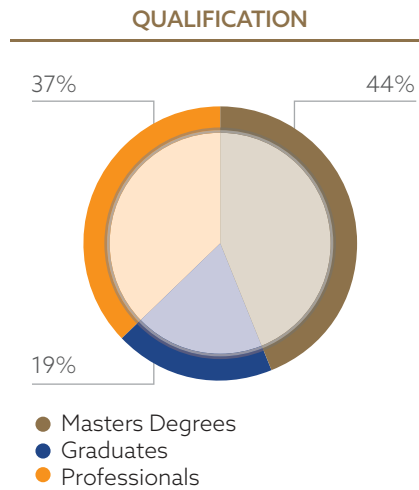
- Setting strategies, direction and establishing goals for management.
- Review and approve Strategic Plans, Annual Budgets, Financial Statements and monitor performance against approved plans.
- Oversee the compliance with regulatory requirements, processes and framework for evaluating the adequacy of internal controls, risk management, financial reporting and compliance.
- Ensure a process is in place for executive succession planning, and monitor the process by delegating authority to the CEO.
- Ensure all employees act with integrity and diligence in the interest of the Association's stakeholders.

All Council members are required to comply with the Code of Ethics and uphold such principles as selflessness, integrity, objectivity, confidentiality, accountability in all their initiatives and act in the public interest at all times.

A brief resume of each Council member is set out under "introduction to our Governing Council" in the Annual Report.

COMPOSITION OF THE GOVERNING COUNCIL

Composition of the Governing Council is key to our progress and we are fortunate to have professionals with the requisite skills and experience to provide leadership, ensuring that AAT Sri Lanka remains at the forefront of the development of the Accounting profession.



CORPORATE GOVERNANCE

Governing Council Composition and Attendance at the Governing Council meetings – 2018/19

Council Member	Meetings attended / Meetings scheduled
Mr. M. Jazri Magdon Ismail (President)	13 / 13
Mr. S. Ilayperuma (Vice-President)	08 / 13
Mr. Sunil Wanigabadu (Secretary)	13 / 13
Mr. J. M. U. B. Jayasekera (Immediate Past President)	09 / 13
Mr. A. Naleen D. De Silva	12 / 13
Mr. K. L. Jagath N. Perera	13 / 13
Mr. J. A. Choliya De Silva	08 / 13
Mr. S. Munaweera	11 / 13
Ms. F. S. Naayila Marikkar	11 / 13
Mr. Indraka Liyanage	13 / 13
Mr. Lakshman Abeysekera	10 / 13
Mr. H. L. P. Dayal Abhayasinghe	12 / 13
Mr. P. Jayasekera	08 / 13
Mr. R. Harsha Rajan	07 / 13
Mr. W. M. N. J. Pushpakumara	05 / 13
Ms. J.K.N. Samanmalie	12 / 13

GOVERNING COUNCIL APPRAISAL

The Governing Council reviews its performance both monthly and annually through the performance of its committees. The Terms of Reference (TOR) issued to each committee is based on the Strategic Plan. Following measures are used in assessing Governing Council's performance.

- Interpersonal Skills
- Skills possessed to work as a team
- Succession Planning
- Level of commitment measured in terms of engagement and preparedness
- Contribution made and effectiveness

COMMITTEES OF THE ASSOCIATION – 2018/19

The Governing Council is supported by ten Committees which are chaired by the members of the Governing Council. Every Governing Council member serves as either a Chairperson / Alternate Chairperson of these committees ensuring that areas of oversight assigned to the committees are addressed in sufficient depth, supporting progress in line with the Strategic Plan and reporting to the Board on progress periodically.

Committee meeting composition and number of meetings held during 2018/19

Committee	Chairperson	Alternate Chairperson	No. of meetings held
Audit, Compliance, Risk Management and Professional Ethics	Ms. Naayila Marikkar	Mr. K. L. Jagath N. Perera	5
Finance & Administration	Mr. S. Ilayperuma	Mr. A. Naleen D. De Silva	10
Examination & Curriculum Development	Mr. K. L. Jagath N. Perera	Ms. F. S. Naayila Marikkar	9
Business School	Mr. R. Harsha Rajan	Mr. Lakshman Abeysekera	10
Conference & Seminars	Mr. Indraka Liyanage	Mr. R. Harsha Rajan	12
Membership	Mr. Lakshman Abeysekera	Ms. J. K.N. Samanmalie	11
Members Welfare	Mr. Sunil Wanigabadu	Mr. P. Jayasekera	13
Best Annual Report Competition	Mr. S. Munaweera	Mr. W. M. N. J. Pushpakumara	12
Education and Training	Mr. H. L. P. Dayal Abhayasinghe	Mr. S. Ilayperuma	9
Students Promotion & Marketing	Mr. A. Naleen D. De Silva	Mr. J. A. Choliya De Silva	9

Role of the Committees

Committee	Role
Audit, Compliance, Risk Management and Professional Ethics	<ul style="list-style-type: none"> • To assist the Governing Council in its Responsibility for overseeing the quality and integrity of the Accounting, Auditing and Reporting practices of the Association and its compliance with legal and regulatory requirements. • Independent appraisal of all financial and non-financial interests of the Association.
Finance & Administration	<ul style="list-style-type: none"> • Overall planning of operations and control of financial, administration and human resource, infrastructure development activities of the Association • Oversee the Associations Financial Reporting Process • Oversee following subcommittees. <ul style="list-style-type: none"> - Strategic Planning - Procurement - Human Resources - Information Technology Development - International Affairs - Act of Incorporation
Examination & Curriculum Development	<ul style="list-style-type: none"> • Maintain the high standard of AAT qualification, by continuous review of syllabus, examination structure and testing standards. • Planning and controlling all activities for conducting examinations island-wide in all the provinces twice a year and attending to all matters relating to the conduct of examinations and releasing of results. • Review the curriculum with a view to ensuring relevance and needs of the market and also attend to syllabus changes in line with the Governing Council Policy and determination.
Business School	<ul style="list-style-type: none"> • Formulate Business School strategy, direction and control of the programs conducted by the Business School. • Promote and conduct Diploma programs for the membership and the general public with a view to enhancing knowledge to facilitate employability and career advancement.
Conference & Seminars	<ul style="list-style-type: none"> • Organise the Annual Accounting Technicians' Conference with a view to updating the membership with changes in technology, legal and regulatory matters, current trends and developments in the local and global economy which are having and bearing on the accounting profession and to promote AAT amongst society and corporate community. • Organise seminars for both members and the public to facilitate the enhancement of knowledge and project the image of the association amongst society.

CORPORATE GOVERNANCE

Committee	Role
Membership	<ul style="list-style-type: none"> Regulate the enrolment, upgrading and renewal of membership while maintaining a satisfactory level of active membership and maintaining a membership policy of AAT. Enhance competencies of members through communications and promoting them to actively participate in programs conducted by AAT and its Business School such as seminars, conferences, workshops and higher study programs. Foster leadership, entrepreneurship and intreprenureship among members and contribute to national development efforts by building human resource capabilities.
Members Welfare	<ul style="list-style-type: none"> To sustain a motivated and active membership.
Best Annual Report Competition	<ul style="list-style-type: none"> Image building of AAT in the school community by recognition of their talents in discharging accountability and reporting and also providing technical support to enhance quality of financial reporting.
Education and Training	<ul style="list-style-type: none"> Ensure that proper education and training facilities are available for registered students.
Students Promotion & Marketing	<ul style="list-style-type: none"> Establish the AAT qualification as the most sought-out career path among the prospective student population, teachers, parents and the general public in order to maintain a sustainable growth in the active student base.

STRATEGIC DIRECTION

The Governing Council is responsible for setting the Association's strategic direction. Strategic Planning & Plan Implementation committee's responsibility is to monitor the progress of timelines of key activities stemming from strategies. During the financial year the Council has formulated a three-year revolving strategic plan for year 2018 to 2020, founded on emerging economic and industry trends as well as stakeholder requirements.

PERIODIC REPORTING REQUIREMENTS

In order to strengthen the good governance, periodic reports are prepared and submitted. Monthly financial statements are presented to the Governing Council through the Finance and Administration committee.

AAT SRI LANKA COMPLIANCE WITH BEST PRACTICES ON GOVERNANCE

The applicable requirement of the Code of Best Practice of Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka extracted from the auditors factual finding report is set out hereunder.

Rule No	Governance Principle	Manner Of Implementation	Compliance
A.1.1	Regular Governing Council Meetings	a) Having a policy for the frequency and the need for meetings (Minimum 12 monthly meetings)	☑
		b) Agenda and Council papers to be circulated well in advance to ensure adequate time to study.	☑
		c) Independent Company Secretaries to be appointed	☑
		d) Proper record of the minutes to be maintained	☑
		e) Evaluate the Association's Strategy (Quarterly against plan), performance, risk profile and compliance with Governance	☑
		f) Recording of dissent at meetings in minutes.	☑
A.1.2	Role and Responsibilities of the Governing Council	Adoption of the Strategic Plan, monitoring of operational performances and management, ensure the design and operations of effective risk management policies and processes are in place.	☑
		a) By having Committees with Terms of Reference (TOR)	☑
		b) Appointing a Governing Council member to head the Committee and a senior management staff as Secretary.	☑
		c) Having a policy for frequency and need for meetings (Minimum 4 meetings per year)	☑
		d) Maintaining minutes and circulating minutes for monthly Governing Council meetings for review and discussion. (Minutes to be circulated within two weeks of the council meeting.	☑
A.1.3	Compliance with the Laws and Regulations and procedure to obtain independent advice	The Governing Council collectively and individually acts in accordance with the laws of Sri Lanka. Provisions are made for the Governing Council members to seek independent professional advice, in furtherance of their duties, if required where necessary.	☑
		a) The Association has a Code of Ethics for its members and all members of the Governing Council are members of the Association. Our culture is shaped by the code of ethics which articulate the standards of conduct expected of Governing Council Members.	☑
		b) The Association has an Administration Manual, Financial Administration Manual, Examination Procedural Manual and a Disciplinary Code. All members of the staff have to ensure compliance.	☑
		c) The Code of ethics and the manuals are reviewed and updated from time to time to ensure their fitness for purpose.	☑
		d) Ensures equal opportunity, inclusivity, integrity and fair play to create an atmosphere that will promote high performance and teamwork.	☑
		e) Maintain gender balance.	☑

CORPORATE GOVERNANCE

Rule No	Governance Principle	Manner Of Implementation	Compliance
A.1.4	Access, functions and removal of the Association Secretary	The Governing Council has access to the advice and services of the Company Secretary who possesses the required qualifications as stipulated in the Companies Act No. 07 of 2007. The Company Secretary advises the Governing Council and ensures all matters concerning the Companies Act, Council procedures and other applicable rules and regulations are complied with. The appointment and removal of the Company Secretary rests with the Governing Council as a whole.	<input checked="" type="checkbox"/>
A.1.5	Independent judgment of Governing Council members	<p>a) The Governing Council members exercise independent judgment in decisions made by the Governing Council on issues of strategy, performance, resource allocation and the conduct of business. The Governing Council draws on the strengths of each Governing Council member without placing undue reliance on any individual.</p> <p>b) All Governing Council members have submitted the declaration of independence or non-independence against specified criteria as per the code.</p>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
A.1.6	Dedicate time and effort to matters of the Governing Council and the Association	<p>a) Commitment to attend monthly Governing Council meetings and Committee Meetings.</p> <p>b) Schedule meetings well in advance and in consultation with those required to attend.</p> <p>c) Circulate all relevant papers giving adequate time to review same and seek adequate information if required.</p> <p>d) Maintaining attendance register and making available of information</p>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
A.1.7	Succession	<p>a) The President is responsible to ensure the Governing Council members possess sound knowledge to carry out their duties in an effective manner. All new appointees go through the orientation. The learning environment of the Association itself facilitates the Governing Council members to enhance their knowledge by attending continuous professional development programs and international conferences.</p> <p>b) The Governing Council members are also kept abreast of applicable legislation and regulations, changes to rules, latest trends, standards and codes as well as relevant regulatory changes and developments in the educational sector.</p>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
A.2	The President and Chief Executive Officer (CEO)	<p>a) The position of the President and the CEO are separated clearly to segregate the balance of power and responsibility.</p> <p>b) The president is elected and serves in an honorary capacity whilst the CEO is a full time employee responsible to manage the operations of the Association with the support of the Association's management.</p> <p>c) Management ensures that the Governing Council is provided with timely, accurate, relevant and comprehensive information at both Governing Council and sub-committee meetings.</p>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

Rule No	Governance Principle	Manner Of Implementation	Compliance
A.3	Role of the President	Lead the Governing Council in discharging its duties effectively and enhance the Association's standards of governance.	
		a) The President provides strong leadership to the council as a means to ensure effectiveness of the Council	☑
		b) Demonstrates leadership in the Association's long-term strategy and growth which is fit for purpose in the current operating context	☑
		c) Having a Governance framework that comprises sound reporting mechanisms, internal controls and risk management processes designed to facilitate clear definition of roles and responsibilities and accountability measurement.	☑
		d) President's term of office is two years and thereafter he shall serve on the council for another term of 2 years designated as Immediate Past President	☑
A.4	Diversity Experience and Expertise	The nominees of CA Sri Lanka are all Chartered Accountants and chosen from practicing firms of Accountants and leading large private sector enterprises. All of them possess financial acumen and knowledge through experience gained	☑
A.5	Governing Council composition Balance	a) Five out of sixteen members are elected by members' vote	☑
		b) Two out of sixteen members are appointed by the Ministry of Education and Ministry of Finance & Planning.	☑
		c) Eight out of sixteen members are nominated by CA Sri Lanka.	☑
		d) The President shall be a member nominated by CA Sri Lanka and the Immediate Past President shall also be a member of the Council.	☑
		e) Two out of sixteen members are females contributing to the gender balance.	☑
A.6	Supply of information	All financial and non-financial information are analysed and presented to the Governing Council to make informed and accurate decisions.	☑
A.7	Appointment to the Governing Council	The appointment of new Governing Council members to the Governing Council is carried out in a transparent manner as mentioned under rule A.5.	☑
A.8	Re-election / Appointment / Resignation	a) The term of the Governing Council is two years and members are elected / nominated every two years.	☑
		b) In order to get re-elected, the Governing Council members themselves are required to submit their nominations in writing to the Secretary.	☑
		c) Any casual vacancy in respect of CA and ministry appointments to the Governing Council member is to be filled by fresh nominations.	☑
		d) Any casual vacancy in respect of elected Governing Council member is to be filled by the next in line from the elected list, and any person so appointed shall retain his office until the next election of the Association and then retire.	☑
		e) Resignation if any should be communicated in writing and it is recommended to state reasons. The communication is tabled for discussion.	☑

CORPORATE GOVERNANCE

Rule No	Governance Principle	Manner Of Implementation	Compliance
A.9	Appraisal of Governing Council Performance	a) The Governing Council has recognised that it is necessary to periodically appraise its own performance in order to ensure that Governing Council responsibilities are satisfactorily discharged.	<input checked="" type="checkbox"/>
		b) Self declarations and evaluation by each member of the Governing Council for 2018/19.	<input checked="" type="checkbox"/>
A.10	Disclosure of information in respect of Governing Council members	a) Profiles of each Governing Council member, including their qualifications, expertise and other appointments are disclosed in the Annual Report.	<input checked="" type="checkbox"/>
		b) Attendance of Governing Council members at the Governing Council meetings is presented in this report.	<input checked="" type="checkbox"/>
		c) Details of the Related Party Transactions of the Governing Council members are also presented under note number 29 to the Financial statements.	<input checked="" type="checkbox"/>
A.11	Appraisal of Chief Executive Officer (CEO)	a) Strategic plan is reviewed bi-annually and action if necessary for achievement of the plan is discussed.	<input checked="" type="checkbox"/>
		b) Evaluation of the performance of the CEO with reference to target set.	<input checked="" type="checkbox"/>
B	Governing Council members' remuneration	All Governing Council members serve in an honorary capacity. No Governing Council member is entitled for any financial or non-financial benefits, remuneration nor allowances for work carried out in the capacity of a Governing Council member.	<input checked="" type="checkbox"/>
C	Member Relations	In its desire to maintain good relationships with Members, the Governing Council at AAT follows a policy of disclosing all relevant information, both financial and non-financial to its Members. The Governing Council constantly strives to enhance the value of Members who have built this winning Association.	<input checked="" type="checkbox"/>
		The Governing Council recognises the importance of the AGM to communicate effectively with Members and encourage the Members to attend and actively participate. The Members are given the opportunity of exercising their rights at the AGM.	<input checked="" type="checkbox"/>
		The Members of the Governing Council spends time with the members of the Association at the AGM, hear their views and give importance to their questions.	<input checked="" type="checkbox"/>
		The notice of AGM including the copy of the final accounts are circulated to Members well in advance of the AGM to enable the members to study same.	<input checked="" type="checkbox"/>
		There is no process for proxy votes and the mechanism of voting is indicated in the Memorandum and Articles of Association of AAT.	<input checked="" type="checkbox"/>
		The Association Secretary and CEO will be the main contact persons with regard to any disclosures to the Members. Further, the CFO can also be contacted with regard to any clarifications on financial information published.	<input checked="" type="checkbox"/>
		The Association Secretary maintains records of all correspondence received from Members and direct the same to appropriate channels.	<input checked="" type="checkbox"/>

Rule No	Governance Principle	Manner Of Implementation	Compliance
D	Accountability and Audit	<p>Financial Reporting</p> <p>AAT has reported a true and fair view of its financial position and performance for the year ended 31st March 2019.</p> <p>The Governing Council member's report forms part of the Annual report and the Financial Statements are in accordance with the Sri Lanka Accounting Standards for Small and Medium sized Entities (SLFRS for SME's) and the Companies Act No. 07 of 2007 and the generally accepted accounting principles.</p> <p>Going Concern</p> <p>The Governing Council, upon the recommendation of the Audit, Risk Management and Ethics committee, is satisfied that the Association has sufficient resources to continue in operation for the near future.</p> <p>Internal Control</p> <p>Association has an internal audit function carried out by KPMG (Chartered Accountants) who are reporting to the Audit, Risk Management and Ethics committee. Internal auditors carry out reviews on the processes, effectiveness of the risk management, internal controls and report on a quarterly basis.</p> <p>The Association has established a comprehensive framework of policies and procedures for risk management and internal control which are regularly reviewed and updated. The Association's Audit, Risk Management and Ethics committee ensures that there is an effective internal control and financial reporting system.</p>	<p>☑</p> <p>☑</p> <p>☑</p> <p>☑</p> <p>☑</p>

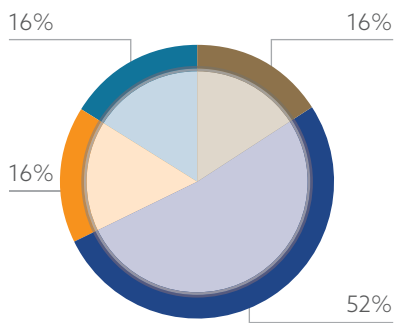
CORPORATE GOVERNANCE

Rule No	Governance Principle	Manner Of Implementation	Compliance
		<p>Audit, Risk Management and Ethics Committee</p> <p>The Association's Audit, Risk Management and Ethics Committee consists of independent members who serve in the Governing Council. In addition to the annual financial audit it is our desire to ensure compliance with the relevant directions. Internal audits are conducted on a quarterly basis and audit reports are discussed and required corrective actions to be taken by the management is agreed at the Audit, Risk Management and Ethics Committee.</p> <p>The Committee maintains an appropriate relationship with the external auditor, Messrs. Ernst & Young (Chartered Accountant) to ensure their objectivity and independence. The payments to external auditors for the audit and non-audit services are disclosed in the note number 8 to the financial statements.</p> <p>In addition, the Association has established an internal audit function which operates independently. The external auditors do not have any relationship and any interest in the Association.</p> <p>The Association has written Terms Of Reference (TOR) for the Audit, Risk Management and Ethics committee.</p> <p>Composition of the Audit, Risk Management and Ethics committee is set out under the Audit, Risk Management and Ethics committee report.</p>	<p>☑</p> <p>☑</p> <p>☑</p> <p>☑</p> <p>☑</p>
		<p>Code of Business Conduct and Ethics for Governing Council</p> <p>The Association has developed a code of Ethics and professional standards for all its members.</p>	<p>☑</p>
		<p>Corporate Governance Disclosure</p> <p>This requirement is met by including the Corporate Governance Report to this Annual report.</p>	<p>☑</p>
E & F	Institutional Investors & Other Investors	The Associates generally maintains a good relationship with the Members and potential investors.	☑
G	Sustainability Reporting	We believe that among others, financial performance, brand image, a productive workforce along with prudent and independent Governing Council place great importance on Sustainable Development. The Association aligns its strategies, plans and goals according to the sustainability content annually.	☑

SENIOR MANAGEMENT

All members of the senior management team are well qualified and have the required experience to perform the work delegated through the CEO.

QUALIFICATION



- Masters Degrees
- Graduates
- Professionals
- Diploma Holders/Others

SECRETARIES TO THE GOVERNING COUNCIL

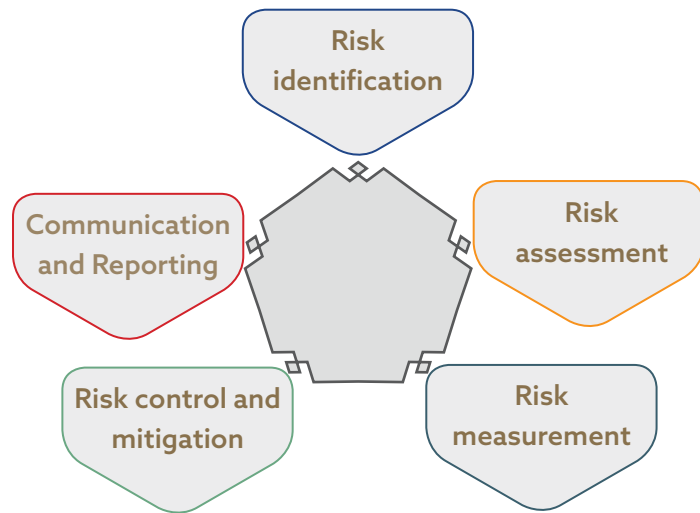
Integrated Management Systems (Pvt.) Limited, function as the Secretary to the Association. The Secretaries are duly registered under the regulations and provide the necessary expertise and advice to the Council.

RISK MANAGEMENT

AAT Sri Lanka has to navigate a number of potential risks stemming from its internal and external environments and recognises the importance of identifying, measuring and managing these risks in a structured and proactive manner.

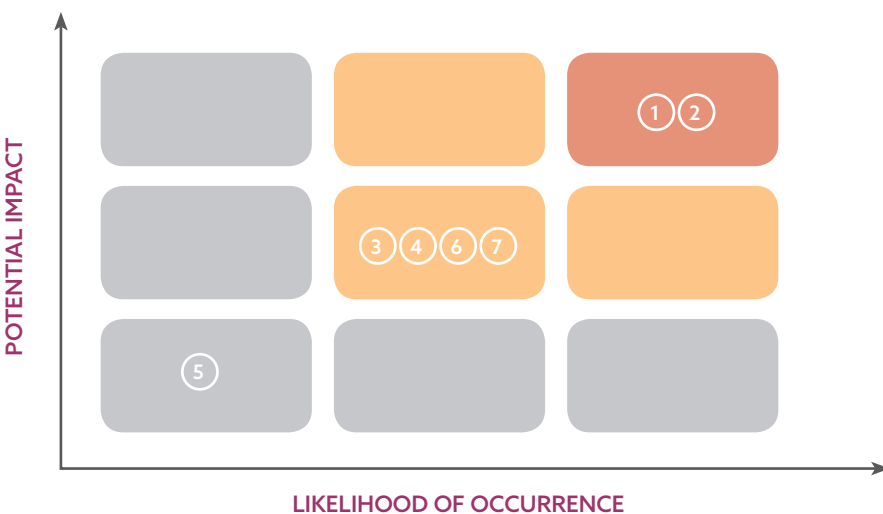
RISK GOVERNANCE

The Governing Council holds ultimate responsibility and oversight for risk management. The Governing Council is supported by a dedicated Audit, Compliance, Professional Ethics and Risk Management Committee in discharging its duties. The Committee is therefore responsible for regularly reviewing and updating the Risk Management Framework in place as well as monitoring the Association’s risk profile on a regular basis.



OUR APPROACH TO RISK MANAGEMENT

All key divisions are engaged in the assessment of key risks including Finance, Human Resource and Administration divisions. Brainstorming sessions serve to identify and prioritise risks that could potentially impact the Association’s ability to create value. We have also introduced a Risk register which provides detailed guidelines pertaining to the identification, mitigation and management of risk. The defined risk categories are prioritised based on impact and likelihood. Performance is monitored against a set of pre-defined criteria which is reported to the Governing Council on an ongoing basis.



PRINCIPAL RISKS AND UNCERTAINTIES

The following risk matrix depicts the assessment of AAT Sri Lanka’s key risk exposures, prioritised based on the potential impact and likelihood on its strategic goals. The list below only includes the Association’s key risks and is not an exhaustive list.

Risk factor & Impact	Mitigating action	Grading
1. INCREASING COMPETITION FROM OTHER INSTITUTES		
The increasing intensity of competitive pressure from a surge in overseas academic institutions, distant learning programs and other professional institutions.	<ul style="list-style-type: none"> • Brand building initiatives • Strong engagement with government and private schools to attract students • Maintain an inclusive approach towards education • Continuous upgrade of the syllabus • Maintain high level of engagement with AECs to ensure optimum delivery of our syllabus 	High
2. LOW RECOGNITION OF THE QUALIFICATION BY EMPLOYERS		
Relatively low recognition among employers over the long-term, effects the appeal of our qualification and render it difficult to attract students	<ul style="list-style-type: none"> • Engagement with employers to understand emerging requirements with regards to employee skills. • Frequent upgrading of the syllabus in response to what employers require • Brand building initiatives • Facilitating training programs for passed finalists and continuous professional development for members 	High
3. EMPLOYEE RECRUITMENT AND RETENTION		
Difficulties in attracting and retaining employees of high calibre and specialised knowledge will impact our ability to achieve our strategic goals	<ul style="list-style-type: none"> • Ongoing efforts to strengthen our employee value proposition • Investment in training and development • Offer opportunities for career progression • Maintain a high level of employee engagement 	Moderate
4. SYSTEM ERRORS AND FAILURES		
Frequent system breakdowns and resultant delays in obtaining information required for effective decision making	<ul style="list-style-type: none"> • Ongoing investments in strengthening the IT infrastructure • Robust information security infrastructure 	Moderate

RISK MANAGEMENT

Risk factor & Impact	Mitigating action	Grading
5. GOVERNMENT POLICY ON EDUCATION		
Changes in government policy regarding state and private education could result in shifting dynamics within the higher education industry	<ul style="list-style-type: none"> Maintaining a close rapport with government institutions related to education Active participation on tertiary education forums to give voice to AAT Sri Lanka concerns 	Low
6. LACK OF TRAINING PROGRAMS FOR MEMBERS		
Limited opportunities for members to enhance their skills could result in difficulties in obtaining employment, thereby affecting the brand value of the Association	<ul style="list-style-type: none"> Organising the Annual Members' Conference Dedicated Seminar & Conference Committee to ensure adequate training is provided to members Numerous opportunities for Continuous Professional Development Ongoing series of seminars conducted for members on a range of technical topics 	Moderate
7. PHYSICAL INFRASTRUCTURE		
Operational risks may arise from inadequacies and/or breakdown in physical infrastructure, which could also lead to loss of income and/or pose risks to the safety of occupants	<ul style="list-style-type: none"> Regular maintenance of premises 	Moderate

THE AUDIT, COMPLIANCE, PROFESSIONAL ETHICS AND RISK MANAGEMENT COMMITTEE REPORT

The Audit, Compliance, Professional Ethics and Risk Management Committee conducts its proceedings in accordance with the Terms of Reference (TOR) approved by the Governing Council and deliberates to assist the Governing Council of the Association in fulfilling its oversight responsibilities for financial reporting process, internal control, the audit process and the monitoring process for compliance with laws and regulations.

The scope of the Committee is reviewed and updated regularly incorporating the provisions of regulatory requirements, standards and Acts.

MANDATE AND RESPONSIBILITIES

The Audit, Compliance, Professional Ethics and Risk Management Committee assists the Governing Council in the discharge of its responsibility for overseeing the quality and integrity of the Accounting, Auditing and Reporting practices of the Association and its compliance with legal and regulatory requirements. Further among other functions the independent appraisal of all financial and non-financial interests of the Association is also a key task of the Committee.

COMPOSITION OF AUDIT, COMPLIANCE, PROFESSIONAL ETHICS AND RISK MANAGEMENT COMMITTEE

The Committee comprises of five non-executive Governing Council Members, who are independent. Presently the Audit, Compliance, Professional Ethics and Risk Management committee of the Association is chaired by Ms. Naayila Marikkar, who is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and former Governor of

the Institute of Internal Auditors of Sri Lanka. The wide range of experience brought to the committee from positions held by the present members can be seen from the Governing Council member profiles appearing in this annual report. The Secretary of the Association functions as the Secretary to the Audit, Compliance, Professional Ethics and Risk Management Committee.

The table below shows the list of members of the Audit, Compliance, Professional Ethics and Risk Management Committee of the Association during the period under review and their attendance.

Committee Members - 2018/19	Meetings attended / Meetings held
Ms. Naayila Marikkar - Chairperson	5 / 5
Mr. Jagath Nandana Perera - Alternate Chairman	5 / 5
Mr. Somasiri Munaweera	3 / 5
Ms. J. K. N. Samanmalie	2 / 5
Mr. P. Jayasekera	1 / 5

SUMMARY OF ACTIVITIES FOR THE YEAR 2018/19

- Reviewing the operations and effectiveness of the Associations' internal control systems to ensure that an effective Financial Reporting System is in place to comply with Sri Lanka Financial Reporting Standards.
- Ensure that the presentation of Financial Statements satisfies all applicable accounting standards relevant to the Association as well as the relevant legal requirements.
- Recommend appointment or reappointment of the external

auditors in compliance with relevant statutes.

- Reviewing and monitoring the external Auditor's independence and objectivity and the effectiveness of the audit process in accordance with the applicable standards and best practices.
- Discussing and finalising with internal auditors, the nature and scope of the audit before commencement of the audit.
- Monitoring the effectiveness of the Association's internal audit function.
- Reviewing the scope of the internal audit, timely submission of Internal audit reports and ensuring that appropriate actions are taken on the findings and recommendations of the internal auditors.
- Ensuring that the Association's internal controls and risk management procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards.
- Evaluate risk profile of the Association and the risk mitigation strategies.

MEETINGS

The Audit, Compliance, Professional Ethics and Risk Management Committee met 5 times during the year under review. The proceedings of the committee are reported regularly to the Governing Council through minutes of meetings and special remarks added by the committee chairman at the Governing Council meetings.

The CEO, CFO, Partner of Messrs. KPMG Sri Lanka, Chartered Accountants in charge of reviewing and signing of the Internal Audit Report attended these meetings by invitation.

THE AUDIT, COMPLIANCE, PROFESSIONAL ETHICS AND RISK MANAGEMENT COMMITTEE REPORT

On the invitation of the Committee the engagement partner of the Association's external auditors met the committee without the presence of the executive management of the Association to ensure that there was no limitation of scope in relation to the audit and any other related incidents which could have a negative impact on the effectiveness of the audits and concluded that there was no cause for concern.

FINANCIAL REPORTING

The Audit, Compliance, Professional Ethics and Risk Management Committee reviewed the financial statements before presenting it to the Governing Council through Finance and Administration Committee. Prior to release, the committee reviewed and discussed these financial statements with the management and also obtained confirmation that they were prepared in line with the Sri Lanka Financial Reporting Standards for SME's and also in compliance with the requirements of the Companies Act No. 7 of 2007.

RISKS AND INTERNAL CONTROLS

The Internal Controls within the Association are designed to provide reasonable but not absolute assurance to the members of the Governing Council and assist them to monitor the financial position of the Association. During the year, the Committee reviewed the effectiveness of the Association's internal control systems and assessed the effectiveness of the internal controls over financial reporting as of 31st March 2019. Based on its

assessment of the internal control system, the Committee concluded and confirmed to the Governing Council that the Association's Internal Controls over financial reporting have been effective throughout the period.

EXTERNAL AUDIT

The Audit, Compliance, Professional Ethics and Risk Management Committee reviewed and monitored the independence of the external auditors and the objectivity and the effectiveness of the audit process. External audit functions were carried out by Messrs. Ernst & Young (Chartered Accountants).

INTERNAL AUDIT

During the year under review, 4 internal audit reports were released and the Committee reviewed the findings. This review also included the internal auditor's evaluation of the internal control systems. The committee also reviewed the adequacy of the internal audit coverage through the internal audit plan. Internal audits were carried out by Messrs. KPMG (Chartered Accountants).

CONCLUSION

Based on the reports submitted by the External Auditor and the Internal Auditor, the Committee identified matters in respect of which it considered action or improvement was needed and made recommendations as to the steps to be undertaken and reported to the Governing Council.

The Audit, Compliance, Professional Ethics and Risk Management Committee is satisfied that internal controls of Association of Accounting Technicians of Sri Lanka provide a reasonable assurance that the affairs of the Association are managed in accordance with policies of the Association and that the Association's assets are properly accounted for and adequately safeguarded.

On behalf of the Audit, Compliance, Professional Ethics and Risk Management Committee,



Naayila Marikkar

*Chairperson - (2018/19)
Audit, Compliance, Professional Ethics
and Risk Management Committee*

Colombo 05
14 June 2019

HUMAN RESOURCES DEVELOPMENT SUB COMMITTEE REPORT

Human Resources Development Sub-Committee was established in order to oversee the Human Resource Development function of the Association to pursue staff recruitment, selection, compensation and benefits, training and development, grievance handling, employee engagement, performance evaluation of staff, health and safety.

The Human Resource Development Sub Committee will be reporting to Finance & Administration Committee of the Association and given below is the composition of committee members.

1. Mr. Indraka Liyanage - Chairman
2. Mr. Choliya De Silva - Alternative Chairman
3. Mr. Naleen Dhammika De Silva

Employees of the Association can communicate with the HR Development Sub Committee via the Manager - HR who acts as the secretary to the Committee and CEO regarding their benefits and welfare issues. The Committee recommends precautionary action and advises the management on specific issues to be resolved. In addition, employees have the facility to report to the Chairman of the Committee and communicate directly on any unethical behaviour or any violation of the Association's code of conduct. The Committee had eleven meetings during the period under review in which many significant strategic HR decisions were made benefiting the employees and the Association.

ACTIVITIES FOR THE YEAR

- Committee reviewed the statutory payments such as EPF, ETF and Gratuity obligations of employees, to ensure accurate and timely payments on a monthly basis. Further, the Committee regularly monitored the gratuity obligation and its funding and submitted a

monthly compliance report to the Governing Council.

- In order to ensure career progression for existing employees the Committee decided to consider internal promotion in a transparent manner. As a result, staff members have been promoted to executive and above levels having followed formal interview structure and ratings of annual appraisals.
- The Committee views Training & Development as a vital aspect to develop employees, accordingly Rs. 0.4 mn was spent and nearly 67 staff members took part in different training and development programs as per the T & D plan for the year 2018/2019.
- Employees were sent on training to enhance their technical knowledge to carry out their respective role effectively by way of skills improvements.
- During the year under review, the Sub-Committee reviewed and amended organisation structure. Employee attrition rate was maintained at a very low rate and the total staff strength stood at 67.
- Committee also reviewed and made the recommendation for the annual salary revision process of the association employees based on their individual performance and aligned to the market rates. In addition a special review was done to iron off salary anomalies of the entire cadre to be on par with market rates. Further the staff was rewarded and recognised for their additional commitment and dedication towards work. Some of the designations were redesigned to meet current market requirements.
- Employee Engagement Survey was continued during the year under review as well and it was noted that the employee engagement has been further improved.

- Association had valued and recognised the best ideas of the employees' on a quarterly basis and those were implemented with the support of the staff.
- Enhance the limits of the health insurance coverage for all staff.

On behalf of the Human Resources Development Sub-Committee,



Indraka Liyanage

Chairman - Human Resources Development Sub Committee

14 June 2019

STATEMENT OF GOVERNING COUNCIL MEMBERS' RESPONSIBILITY ON INTERNAL CONTROLS

Members of the Governing Council are responsible for the adequacy and effectiveness of the Internal Control mechanism in place at the Association of Accounting Technicians of Sri Lanka. The Governing Council recognises that the controls of the Association require balanced management. The internal controls therefore have been designed to manage the Association's key areas of risk within an acceptable risk profile. In this light, the systems and Internal Control can only provide reasonable but not absolute assurance, against material misstatement of financial information or against financial losses or fraud.

The Governing Council has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Association and this process includes enhancing the System of Internal Controls over financial reporting as and when there are changes to the operating environment of the Association. The process is regularly reviewed by the Audit, Compliance, Professional Ethics and Risk Management Committee under the guidance of the Governing Council of the Association.

The Governing Council is of the view that the Systems of Internal Control over financial reporting in place are sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes are in accordance with relevant financial reporting standards.

The integrity of the system of internal controls with respect to financial reporting includes the following:

- Various selected Committees are established by the Governing Council to assist the Governing Council in ensuring the

effectiveness of the Association's operations.

- Those Committees ensure that the Association's operations are in accordance with the Association's objectives, strategies and the annual budget as well as the policies and directions that have been approved.
- The Audit, Compliance, Professional Ethics and Risk Management Committee of the Association monitors compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis through internal audit.
- Internal Audits are carried out on the operations of the Association on a quarterly basis.
- The annual internal audit plan is reviewed and approved by the Audit, Compliance, Professional Ethics and Risk Management Committee. Findings of the internal audit are submitted to the Audit, Compliance, Professional Ethics and Risk Management Committee for review at their periodic meetings.
- The Audit, Compliance, Professional Ethics and Risk Management Committee of the Association reviewed internal control issues identified by the internal auditors, external auditors and the management and ensured that appropriate steps have been taken to rectify them.
- The minutes of the Audit, Compliance, Professional Ethics and Risk Management Committee meetings are tabled at meetings of the Governing Council of the Association on a periodical basis.

CONFIRMATION

Based on the above processes, the Governing Council confirms that the financial reporting system of the

Association has been designed to provide reasonable assurance regarding the reliability of Financial Reporting and the preparation of Financial Statements for the external purposes and has been done in accordance with Sri Lanka Financial Reporting Standards for small and medium size enterprises (SLFRS for SME's).

By order of the Governing Council



M. Jazri Magdon Ismail

President

Association of Accounting Technicians of Sri Lanka



Sarathchandra Ilayperuma

Chairman - Finance & Administration Committee



Ms. Naayila Marikkar

Chairperson - Audit, Compliance, Professional Ethics and Risk Management Committee

14 June 2019

ANNUAL REPORT OF THE GOVERNING COUNCIL MEMBERS' ON THE AFFAIRS OF THE ASSOCIATION

The members of the Governing Council of the Association of Accounting Technicians of Sri Lanka have pleasure in presenting the report on the affairs of the Association together with the Audited Financial Statements for the year ended 31st March 2019 and the details set out herein provide the pertinent information required by the Companies Act No. 7 of 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Association is promoting professional education in accounting. The process involves registration of students for the award of a qualification by conducting examinations, enrolment to membership and facilitating continuous professional development of members. There were no significant changes in the activities of the Association in the year under review. A review of the Association's performance during the year with brief comments on the financial results, operational performance and prospects is contained in the President's Statement and Chief Executive Officer's Review of the Annual Report. These reports together with the financial statement reflect the state of affairs of the Association.

The members of the Governing Council to the best of their knowledge and belief confirm that the Association has not engaged in any activities that contravene laws and regulations.

FINANCIAL STATEMENTS AND AUDITORS' REPORT

Financial statement of the Association for the year ended 31st March 2019 have been prepared in accordance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SME's) duly signed by the Governing Council members and the Auditors' report on the financial statements are provided on pages 106 to 129.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of Financial Statement are given on pages 112 to 117.

TAXATION

The Association is liable to income tax on its profit at the rate of 14%.

SYNOPSIS OF THE STATEMENT OF FINANCIALS OF THE ASSOCIATION

The Association is registered under the Companies Act as an Association limited by Guarantee. The surplus of income over its expenditure is credited to the Association's Accumulated Fund and is not distributable amongst its members. The members do not subscribe to the capital of the Association. The Association's Accumulated Fund as at 31st March 2019 was Rs. 648mn (2017/18 Rs. 587 and the details are disclosed in the Financial Statement of this Annual Report

Income generated by the Association amounted to Rs. 275mn (2017/18 - Rs. 233mn). The surplus after tax of the Association is 61mn (2017/18 - Rs. 43mn)

REMUNERATION TO GOVERNING COUNCIL MEMBERS

The Governing Council members are not entitled to remuneration and no payments were made during the year under review.

RELATED PARTY TRANSACTIONS

The Governing Council Members in contracts or proposed contracts with the Association, both direct and indirect relationships are disclosed on page 129 of the annual report. These transactions are arms-length transactions and have been disclosed and approved by the

Council at Governing Council meetings and at uninterested quorums.

CORPORATE GOVERNANCE

The Association strives to follow best practices in the code of Best Practices on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and Securities and Exchange Commission of Sri Lanka (SEC). Messrs. Ernst & Young chartered accountants has gone through a comprehensive and independent evaluation on compliance of best practices in order to issue a certification on the same to the Governing Council.

- The members of the Governing Council have declared all material interest in contracts involving the Association and have refrained from voting on matters in which they were materially interested.
- The Association has made all endeavours to ensure equitable treatments of all stakeholders.
- The business is a going concern with supporting assumptions or qualifications as necessary.
- A review of internal control and risk management has been conducted and a reasonable assurance of their effectiveness and successful adherence herewith has been obtained.

GOING CONCERN

The members of the Governing Council after considering the financial position, operating conditions, regulatory and other factors are satisfied that the Association has adequate resources to continue its operations in the foreseeable future. Accordingly the Financial Statements of the Association have been prepared based on the going concern.

ANNUAL REPORT OF THE GOVERNING COUNCIL MEMBERS ON THE AFFAIRS OF THE ASSOCIATION

EVENTS AFTER THE REPORTING PERIOD

No events of materials significant that require adjustments to the financial statements have occurred subsequent to the statement of Financial Position date.

CONTINGENT LIABILITIES & CAPITAL COMMITMENTS

Commitment made for capital expenditure as at 31st March 2019 and the contingent liabilities as at that date are given in note number 27 to the Financial Statements.

RISK MANAGEMENT

The Processes have been implemented to identify, evaluate and manage the risks that are faced by the Association. The Governing Council members continually review the progress through the Audit, Compliance, Professional Ethics and Risk Management Committee. The Risk Management report of the Association is set out under "Risk Management" section of this Annual Report.

SUSTAINABILITY

The Association is conscious of the need to preserve the environment and its natural resources and has taken specific steps, particularly in ensuring the conservation of its natural resources and environment as well as addressing material issues. The Association has not engaged in any activities that have caused detriment to the environment.

STATUTORY PAYMENTS

The members of the Governing Council to the best of their knowledge are satisfied that all statutory payments due to government, local authorities, other regulatory institutions and the employees have been either duly paid or appropriately provided for in the financial statements. The CEO submits a monthly compliance report to the Governing Council for their review.

DONATIONS

There were no donations made during the year.

AUDITOR'S REMUNERATION AND APPOINTMENT OF AUDITORS

The Audit, Compliance, Professional Ethics and Risk Management Committee reviews the appointment of the Auditors, their effectiveness, independence and relationship with the Association, including the level of audit. Messrs. Ernst & Young, Chartered Accountants have indicated their willingness to continue as Auditors of the Associations, and a resolution proposing their reappointment as auditors and to authorise the Governing Council to determine their remuneration will be tabled at the Annual General Meeting.

Details of the Audit fees paid to the external auditors are set out in note 8 of the financial statements.

ANNUAL REPORT

The members of the Governing Council approved the financial statements on 14 June 2019.

NOTICE OF MEETING

The Annual General Meeting will be held at the Prof. Lakshman R Watawala Auditorium, AAT Center, No. 540, Ven. Muruththettuwe Ananda Nahimi Mawatha, Colombo 05, on 31 July 2019 at 5:00 pm.

The Notice of the Annual General Meeting appears on page 141.

For and on behalf of the Governing Council.



M. Jazri Magdon Ismail

*President
Association of the Accounting
Technicians of Sri Lanka*

14 June 2019

Financial Information



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INDEPENDENT AUDITORS' REPORT



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Chartered Accountants
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TO THE MEMBERS OF THE ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the Financial Statements of The Association of Accounting Technicians of Sri Lanka ("the Association") which comprise the Statement of Financial Position as at 31 March 2019, and the statement of comprehensive income, statement of changes in fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31st March 2019 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (hereafter "SLFRS for SMEs").

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in

accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Governing Council and those charged with governance for the financial statements

Council is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (hereafter "SLFRS for SMEs"), and for such internal control as council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, council is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless council either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

Partners: W R H Fernando 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 K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA 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 FCA Ms. P V K N Sajewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principal: T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

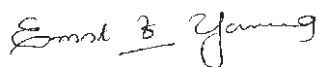
opinion on the effectiveness of the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Association.



14 June 2019
Colombo

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH	Note	2019 Rs.	2018 Rs.
Income	3	275,000,161	232,717,240
Cost of Services	4	(133,260,954)	(135,133,291)
Gross Surplus		141,739,207	97,583,949
Other Operating Income		2,100,000	3,050,000
Administration and Establishment Expenses		(93,108,354)	(85,671,418)
Student Promotion and Awareness Expenses		(28,056,923)	(10,601,604)
Surplus from operation		22,673,930	4,360,927
Finance charges		(1,832,273)	(1,310,168)
Best Annual Report Competition expenses		(4,452,858)	(4,887,538)
Other Income	5	4,476,829	9,282,346
Net Income from Investment Property	6	13,044,596	12,237,407
Finance Income	7	46,177,897	39,308,353
Surplus for the Year before Tax		80,088,121	58,991,327
NBT Expense		(4,926,752)	(4,334,060)
Income Tax Expense	9	(13,958,222)	(12,073,143)
Surplus for the Year		61,203,147	42,584,124
Other Comprehensive Income			
Gain/(Loss) Arising from Changes in Assumptions in Retirement Benefit Obligations (Net of Taxes)	19.2	229,976	(2,208,199)
Total Comprehensive Income for the Year		61,433,123	40,375,925

The accounting policies and notes on pages 112 through 129 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH	Note	2019 Rs.	2018 Rs.
ASSETS			
NON-CURRENT ASSETS			
Property and Equipment	10	143,974,349	153,686,783
Investment Property	11	144,331,152	147,060,046
Intangible Assets	12	7,143,222	3,985,408
Total Non-Current Assets		295,448,723	304,732,237
CURRENT ASSETS			
Inventories	13	12,370,602	10,058,072
Trade and Other Receivables	14	7,584,264	7,999,847
Short Term Investments	15	446,192,994	352,076,113
Deposits, Prepayments and Advances	16	8,519,949	8,253,222
Income Tax Refund Due	24	2,276,102	-
Cash and Cash Equivalents	17	19,523,026	21,610,251
Total Current Assets		496,466,937	399,997,505
Total Assets		791,915,660	704,729,742
FUNDS AND LIABILITIES			
Accumulated Fund		648,131,776	586,698,653
Other Funds	18	34,819,996	34,263,844
Total Funds		682,951,772	620,962,497
NON-CURRENT LIABILITIES			
Retirement Benefit Obligation	19	15,344,412	13,139,012
Rent Received in Advance	20	21,020,818	21,020,818
Deferred Tax Liabilities	21	5,798,154	2,765,262
Total Non-Current Liabilities		42,163,384	36,925,092
CURRENT LIABILITIES			
Trade and Other Payables	22	33,005,112	22,819,594
Advances and Deposits Received	23	28,783,684	17,212,256
Income Tax Payable	24	-	4,108,870
Bank Overdraft	25	5,011,708	2,701,433
Total Current Liabilities		66,800,504	46,842,153
Total Funds and Liabilities		791,915,660	704,729,742

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.


N. M. K. Ranasinghe
Chief Financial Officer


Tishanga Kumarasinghe
Chief Executive Officer

The Governing Council is responsible for these Financial Statements. Signed for and on behalf of the Governing Council by;


Jazri Magdon Ismail
President


S. Ilayperuma
Vice President

The accounting policies and notes on pages 112 through 129 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN FUND

FOR THE YEAR ENDED 31 MARCH	Accumulated Fund Rs.	Other Funds Rs.	Total Rs.
Balance as at 01 April 2017	546,322,728	32,683,027	579,005,755
Surplus for the Year after Tax	42,584,124	-	42,584,124
Other Comprehensive Income (Net of Taxes)	(2,208,199)	-	(2,208,199)
Net Movement in Other Funds	-	1,580,817	1,580,817
Balance as at 31 March 2018	586,698,653	34,263,844	620,962,497
Surplus for the Year after Tax	61,203,147	-	61,203,147
Other Comprehensive Income (Net of Taxes)	229,976	-	229,976
Net Movement in Other Funds	-	556,152	556,152
Balance as at 31 March 2019	648,131,776	34,819,996	682,951,772

"Other funds" represent the funds which are created for non operational activities. (Refer Note - 18).

The accounting policies and notes on pages 112 through 129 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH	Note	2019 Rs.	2018 Rs.
Cash Flows from / (used in) Operating Activities			
Net Surplus before Tax		80,088,121	58,991,327
Adjustments for			
Depreciation - Property and Equipment	10	12,771,766	12,078,205
Depreciation - Investment Property	11	2,728,894	2,728,894
Amortisation - Intangible Assets	12	1,774,436	1,237,827
Gain on Disposal of Property and Equipment	5	(28,387)	(4,864,481)
Provision for Gratuity	19	3,061,564	2,520,780
Interest Income	7	(46,177,897)	(39,308,353)
Income from Investment Property-before charging depreciation	6	(15,773,490)	(14,966,301)
Operating Surplus before Changes in Working Capital		38,445,007	18,417,898
(Increase)/Decrease in Working Capital			
Inventories		(2,312,530)	669,335
Trade and Other Receivables, Prepayments and Deposits		148,857	11,065,062
Trade and Other Payables		10,570,521	1,572,856
Advances and Deposits Received		11,571,428	10,955,336
Cash Generated from Operations		58,423,283	42,680,487
Tax Paid		(22,274,493)	(15,645,410)
Gratuity Paid		(588,750)	(769,650)
Net Cash from/ (used in) Operating Activities		35,560,040	26,265,427
Cash Flows from/ (used in) Investing Activities			
Acquisition of Property and Equipment	10	(3,162,890)	(11,327,877)
Acquisition of Intangible Assets	12	(2,393,750)	(4,011,875)
Movement in Capital Working Progress - Intangible Asset	12	(2,538,500)	-
Movement in Capital Working Progress - Property & Equipment	10	(281,445)	-
Interest Income	7	46,177,897	39,308,353
Income from Investment Property	6	15,773,490	14,966,301
Net Movement in Short-term Investments		(94,116,881)	(90,371,471)
Sales Proceeds on Disposal of Property and Equipment	5	28,387	4,864,481
Net Cash Flows from/ (used in) in Investing Activities		(40,513,692)	(46,572,088)
Cash Flows from / (used in) Financing Activities			
Net Movement of Rent Advances		-	(422,419)
Net Movement in Other Funds		556,152	1,580,817
Net Cash Flows from Financing Activities		556,152	1,158,398
Net Increase/(Decrease) in Cash and Cash Equivalents			
		(4,397,500)	(19,148,263)
Cash and Cash Equivalents at the Beginning of the Period (Note A)		18,908,818	38,057,081
Cash and Cash Equivalents at the End of the Period (Note B)		14,511,318	18,908,818
Note A			
Cash and Cash Equivalents at the Beginning of the Period			
Cash and Bank Balances		21,610,251	44,182,908
Bank Overdraft		(2,701,433)	(6,125,827)
		18,908,818	38,057,081
Note B			
Cash and Cash Equivalents at the End of the Period			
Cash and Bank Balances	17	19,523,026	21,610,251
Bank Overdraft	25	(5,011,708)	(2,701,433)
		14,511,318	18,908,818

The accounting policies and notes on pages 112 through 129 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting Entity

The Association of Accounting Technicians of Sri Lanka (the "Association") ("AAT") is a Company Limited by Guarantee, domiciled in Sri Lanka, registered under the Companies Act No.17 of 1982 and re-registered under the Companies Act No.7 of 2007. The registered office and the principal place of business of the Association is located at No.540, Ven. Muruththettuwe Ananda Nahimi Mawatha, Narahenpita, Colombo 05, Sri Lanka.

1.2 Principal Activities and Nature of Operations

The principal activities of the Association are enrollment of students, conducting of examinations, regulating student education, training and securing advancement of the accounting profession and other services to members.

1.3 Date of Authorisation for Issue

The financial statements of the Association of Accounting Technicians of Sri Lanka for the year ended 31st March 2019 were authorised for issue by the Council on 14 June 2019.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

2.1. Statement of Compliance

The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Funds and Statement of Cash Flows, together with the accounting policies and notes ("financial statements") of the Association have been prepared in accordance with the Sri Lanka Accounting Standards for Small and Medium-sized Entities (hereafter "SLFRS for SMEs") is issued by The Institute of Chartered Accountants of Sri Lanka and are in compliance with Companies Act No.7 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

2.1.1 Basis of Measurement

The financial statements have been prepared based on the historical cost, except for the following matters:

- Employee benefit is measured using the projected unit credit method.
- Interest income is recognised as it accrues in the Statement of Comprehensive Income.
- Staff loans granted for more than one year have been fair valued.

2.1.2 Comparative Information

The accounting policies have been consistently applied by the Association and are consistent with those used in the previous year. The previous year's figures and phrases have been rearranged wherever necessary, to conform to the current presentation as indicated.

2.1.3 Going Concern

The Governing Council has made an assessment of the Association's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

2.1.4 Functional Currency

The financial statements are presented in Sri Lankan Rupees, which is the Association's functional currency. All the financial information presented in Rupees has been rounded to the nearest Rupee.

2.1.5 Use of Estimates and Judgments

The preparation of the financial statements of the Association in conformity with the Sri Lanka Accounting Standards (SLFRS for SMEs) requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed reasonable under the circumstances. Actual results may differ from these estimates. Estimates and underline assumptions are reviewed on an ongoing basis.

Revision of accounting estimates are recognised in the period in which the estimate is revised.

- Assessment of impairment

The Association assesses at the end of each financial year whether there is objective evidence that an asset or portfolio of assets is impaired. The recoverable amount of an asset or Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to present value using appropriate discount rates that reflects the current market assessments of the time value of money and risks specific to the asset.

- Useful lives of Property and Equipment

The Association reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Management estimates these

values, rates, methods and hence they are subject to uncertainty.

- Useful lives of intangible assets

The Association reviews the residual values, useful lives and methods of amortisation of assets as at each reporting date. Judgement by the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

2.2. Summary of Significant Accounting Policies

The accounting policies set out below, have been applied consistently for all periods presented in the financial statements of the Association.

2.2.1 Property and Equipment

Property and equipment are stated at cost, excluding the cost of day-to-day servicing, less accumulated depreciation and any impairment losses. Such costs include the cost of replacing parts of the equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on straight-line basis over the useful life of the assets.

The estimated useful lives of the assets are as follows:

Assets	Years
Building	
Building –Head office	50
Building – Maligawatte	35
Office Equipment & Name Board	
Office equipment	05
Machinery	04
Name boards	05
Furniture & fittings	
Furniture & fittings	08
Partition work	04
Computers & Communication Equipment	
Computers	04
Public address systems	04
Multi Media	04
Telephone installations	04
Library books	05
Generator	04
Elevator	04

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year-end.

2.2.2 De-recognition

An item of property & equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from de-recognition of the assets are determined by comparing the proceeds from disposal with the carrying amount of the property & equipment and recognised within "Other Income" in the Statement of Comprehensive Income.

2.2.3 Capital Work-In-Progress

Capital work-in-progress is stated at cost, less any impairment losses. These are expenses of a capital nature directly incurred in the building renovation work awaiting capitalisation. Capital work-in-progress would be transferred to the relevant asset category in Property and equipment, when it is available for use ie. when it is in the location and in condition necessary for it to be capable of operating in the manner intended by the association.

2.2.4 Restoration Costs

Expenditure incurred on repairs or maintenance of property and equipment in order to restore or maintain future economic benefits expected from originally assessed standard of performance is recognised as an expense when incurred.

2.2.5 Investment Property

Investment property consists of freehold land & buildings and equipment which are needed for long-term rental yields. These are not occupied substantially in administration. The value of buildings in investment property is stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost.

2.2.6 Long Term Investments

Investments in fixed deposits are matured at amortised cost using the effective interest rate method.

2.2.7 Intangible Assets

Purchased computer software is stated at cost less accumulated amortisation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

2.2.8 Depreciation / Cost of Amortisation

2.2.8.1 Building

Depreciation is charged on building over 50 years.

2.2.8.2 Investment Property

Depreciation is charged on building over 35 years.

2.2.8.3 Intangible Assets

An intangible assets is recognised that the economic benefits are attributable to entity and reliably measured on the cost basis in accordance with SLFRS for SME's.

Subsequent expenditure on intangible assets is capitalized only when it incurs future economic benefit of the assets.

Amortisation is charged on computer software over its estimated life of four years using the straight-line method. If there is an indication that there has been a significant change in the amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

2.2.8.4 Study Material

Costs that are directly attributable to the development of curriculum and study materials of the AAT qualifications are recognised as pre-payment. When it is technically feasible to implement the new curriculum, the investment attributable to the project during its development period can be reliably measured. These costs are amortised over the 4 year period.

2.2.9 Impairment of Assets

At each reporting date, property and equipment, intangible assets and inventory are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverability of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less cost to complete and sell, in the case of inventories), but not in excess of the amount that would have been

determined had no impairment loss been recognised for the asset (group of related assets) in the prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

2.2.10 Inventories

Inventories are valued at the lower of cost or net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. Cost is arrived at using the weighted average cost method.

2.2.11 Trade and Other Receivables

Receivables are stated at the amounts that they are estimated to realise net of allowances for impairment.

Other receivables are also recognised at cost less allowances for impairment.

2.2.12 Basic Financial Instruments

Financial assets and financial liabilities are recognised when the association becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured initially at the transaction price (including transaction cost except in the initial measurement of the financial assets and liabilities that are measured at fair value through surplus or deficit).

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets have expired or settled and the Association has transferred substantially all risk and rewards of ownership of the financial assets to another party. The Association derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expired.

At the end of each reporting period, the financial instruments are measured at amortised cost.

At the end of each reporting period, the Association assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost. If there is objective evidence of impairment, the impairment loss is immediately recognised in surplus or deficit.

2.2.13 Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash in hand and at bank. Bank over drafts are included as a component of cash and cash equivalent for the purpose of the Statement of Cash Flow.

Cash and cash equivalents are short term, highly liquid held to meet short term cash commitments rather than investment or other purposes.

Cash Flow Statement has been prepared using the indirect method.

2.2.14 Accumulated Fund and Other Funds

Accumulated fund includes the surpluses and deficits of general funds accumulated over the years which are available for use in the furtherance of the general objectives of the Association at the discretion of the Governing Council.

Other funds which have been set aside out of the accumulated fund by the Governing Council of the Association are restricted for specific purposes that can either be the updating of existing, or the development of products and services provided by the Association.

2.2.15 Provisions

Provisions are recognised when the Association has a present legal or constructive obligation, as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimates can be made of the amount of the obligation. When the Association expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is certain. The expense relating to any provision is presented in the Comprehensive Statement of Income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

2.2.16 Trade and Other Payables

Trade and other payables are obligations on the basis of normal credit terms & do not bear interest.

2.2.17 Retirement Benefit Obligation

2.2.17.1 Defined Benefit Plan - Gratuity

Gratuity is a defined benefit plan. In order to meet this liability, a provision is carried forward in the Statement of Financial Position. The provision is calculated based on a projected unit credit method considering the future salary increment rates,

discount rates and the expected staff turnover rate (these assumptions are shown in the Note 19 to the Financial Statements). The resulting difference between the brought forward provision at the beginning of the year and the carried forward provision at the end of the year is dealt within the Statement of Comprehensive Income. However, as per the payment of the Gratuity Act No.12 of 1983, gratuity liability is not externally funded. This liability is grouped under non-current liabilities in the Statement of Financial Position.

2.2.17.2 Defined Contribution Plans – Employees’ Trust Fund and Employees’ Provident Fund

Employees are eligible for the Employees’ Provident Fund and Employees’ Trust Fund in accordance with respective statutes and regulations. The Association contributes 12% and 3% of the gross emoluments of employees to the Employees’ Provident Fund and Employees’ Trust Fund respectively.

2.2.18 Taxation

2.2.18.1 Income Tax

Income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the date of the Statement of Financial Position.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act, No.24 of 2017 and subsequent amendments there to.

2.2.18.2 Deferred Tax

Deferred tax is provided, using the liability method on temporary differences as at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary taxable differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax assets and unused tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

The carrying amount of deferred tax assets is reviewed at each date of the Statement of Financial Position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applicable for the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the date of the Statement of Financial Position.

2.2.19 Capital Commitments and Contingent Liabilities

All material capital commitments and contingent liabilities are considered and necessary adjustments or disclosures are made in these financial statements.

2.3 Statement of Comprehensive Income

2.3.1 Income Recognition

Income from rendering services are measured at the fair value of the consideration received and to the extent that it is probable that the economic benefits will flow to the Association and that it can be measured reliably.

a) Student Registration, Renewal and Exemption Fees

The student registration, renewal and exemption fees from students are recognised as income at the time of completion of the registration, renewal and exemption process.

Any income related to future periods is shown in the statement of financial position under current liabilities as fee received in advance.

b) Membership fee and subscriptions

Fee received in connection with enrollment to membership is recognised as income after receiving the approval of the Council and the payment due on such application.

Annual subscriptions attributable to current financial year are recognised as income.

The subscription received in respect of life membership is accounted under life membership fund and amortised over a period of 10 years.

c) Examination Fees

Fee on examination is recognised as income at the time of releasing results.

d) Income from Business school and AAT Classes

Income from courses is recognised as income at the end of the course period.

e) Income from sale of publications

Sale of educational and other materials are recognised as income at the time of sale.

f) Annual Conference, Seminars and Workshops

Incomes from Annual Conference, Seminars and Workshops are recognised after the respective event.

2.3.2 Surplus / Deficit from operation

The operating surplus/deficit of an Association measures by net of operating income and operating expenses. Operating expenses includes cost of sales, Administration expenses and Student promotion expenses.

2.3.3 Other Income

a) Interest Income

Interest income is recognised on accrual basis.

b) Other Income

Other income is recognised on accrual basis.

2.3.4 Expenditure Recognition

2.3.4.1 Revenue Expenditure

Expenses are recognised in the Statement of Comprehensive Income on the basis of direct association between the cost incurred and the earning of specific items of income.

All expenditure incurred in running of the Association and in maintaining the property and equipment in a state of efficiency has been charged to revenue in arriving at the surplus for the year.

2.3.4.2 Capital Expenditure

All expenditure incurred in the acquisition, extension or improvement of the property and equipment of a permanent nature, in order to carry on or increase the earning capacity of the Association have been treated as capital expenditure.

2.3.5 Donated Services

Members of the Governing Council and members served in committees appointed by the Governing Council contribute significant amounts of time to the activities of the Association without being compensated. These donated services are not recognised in the financial statements as their value cannot be measured reliably.

2.3.6 Borrowing Costs

All borrowing costs are recognised as expenses in the period in which they were incurred.

2.3.7 Related Party Transactions

The Association carries out transactions in the ordinary course of business on the arm's length basis at commercial rate with related parties.

Related parties include Governing Council members those who having authority and responsibility for planning, directing and controlling the activities of the entity and its related entities.

2.3.8 Risk Management

The Association has appointed an Audit, Compliance, Professional Ethics and Risk Management Committee for monitoring financial reporting requirement, compliance of statutory requirements, effectiveness of the internal controls and risks affecting to the Association and risk factors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH		2019	2018
		Rs.	Rs.
3.	INCOME		
	AAT Classes	2,941,063	3,575,825
	Annual Conference	6,124,625	6,400,820
	Branch operations	4,170,651	3,602,678
	Business School	12,389,550	13,845,724
	Education & Training	15,597,825	13,532,825
	Examination fees	153,188,970	124,552,684
	Membership fees & subscriptions	11,194,303	9,943,792
	Passed Finalists' Workshop fee	4,036,575	3,414,300
	Public Lectures & Seminars	661,750	1,898,700
	Student registrations, renewals and exemptions fees	64,694,849	51,949,892
		275,000,161	232,717,240
4.	COST OF SERVICES		
	AAT Classes	3,014,363	3,461,788
	Annual Conference	7,133,340	6,452,270
	Branch operations	7,241,087	6,137,752
	Business School	10,914,281	11,411,273
	Education & Training	18,210,678	27,062,763
	Examination	64,006,084	59,450,918
	Membership fees & subscriptions	8,392,229	8,836,295
	Passed Finalists' Workshops	3,735,429	4,076,404
	Public Lectures & Seminars	499,464	422,013
	Student registrations, renewals and exemptions	10,113,999	7,821,815
		133,260,954	135,133,291
5.	OTHER INCOME		
	Rental income	3,608,661	3,894,444
	Hire of auditorium / lecture halls	135,288	54,313
	Other miscellaneous income	704,493	469,108
	Gain on disposal of fixed assets	28,387	4,864,481
		4,476,829	9,282,346
6.	NET INCOME FROM INVESTMENT PROPERTY		
	Rental Income	15,972,000	15,609,000
	Less : Rates & taxes	(130,900)	(582,120)
	Depreciation - Building	(2,728,894)	(2,728,894)
	Building Maintenance	(7,070)	-
	Insurance	(60,540)	(60,579)
		13,044,596	12,237,407

FOR THE YEAR ENDED 31 MARCH		2019	2018
		Rs.	Rs.
7.	FINANCE INCOME		
	Interest on term deposits	44,571,301	38,496,550
	Interest on call deposits	-	158,937
	Interest on savings / Money Market account	1,277,966	422,116
	Interest received from staff loan	328,630	230,750
		46,177,897	39,308,353
8.	SURPLUS FOR THE YEAR		
	Surplus for the year is stated after charging all the expenses including the following:		
	Payment for external auditors - Audit Fee	205,275	143,872
	Payment for external auditors - Non Audit Services	-	49,673
	Depreciation	12,771,766	12,078,205
	Amortisation	1,774,436	1,237,827
	Staff costs		
	Salaries and Allowances	47,161,484	42,440,872
	Defined contribution plan (EPF and ETF)	6,776,976	5,951,851
	Other Staff expenses	18,288,055	18,113,706
	Ex Gratia Payment	1,441,000	-
	Defined benefit plan (gratuity)	3,061,564	2,520,780
9.	INCOME TAX EXPENSE		
	The major components of income tax expense for the year ended 31 March 2019 are as follows:		
	Current Income Tax		
	Current income tax charge (9.1)	10,962,768	11,864,170
	Over provision for the year in respect of previous year	-	(699,001)
	Deferred Tax		
	Deferred tax charge	2,995,454	907,974
		13,958,222	12,073,143

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH		2019	2018
		Rs.	Rs.
9.1	Reconciliation between Income Tax and the Accounting Surplus		
	Trade Income		
	Accounting profit before tax	80,088,121	58,991,327
	NBT Expense	(4,926,752)	(4,334,060)
	Net aggregate allowable items	3,144,117	(6,770,609)
		78,305,486	47,886,659
	Less :		
	Other income	(46,177,897)	(39,308,353)
	Trade income/(loss)	32,127,589	8,578,306
	Other Statutory Income		
	Interest income	46,177,897	39,308,353
	Total other statutory income	46,177,897	39,308,353
	Taxable Income		
	Trade income/(loss)	32,127,589	8,578,306
	Other statutory income	46,177,897	39,308,353
	Taxable income	78,305,486	47,886,659
	Tax on taxable income at 14%	10,962,768	-
	Tax on taxable income at 10%	-	857,831
	Tax on other statutory income at 28%	-	11,006,339
	Current year tax expense	10,962,768	11,864,170

10. PROPERTY AND EQUIPMENT

	Freehold land	Building	Office equipment and name board	Furniture and fittings	Computers and communication equipments	Library Books	Motor Vehicle	Generator	Elevator	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost										
Balance as at 01 April 2017	75,435,799	89,895,238	25,459,471	28,369,633	23,614,614	416,841	4,981,040	5,069,500	2,027,221	255,269,357
Additions	-	2,661,375	755,270	297,231	1,042,359	-	8,650,000	-	-	13,406,235
Disposals	-	-	-	-	-	-	(4,500,000)	-	-	(4,500,000)
Balance as at 31 March 2018	75,435,799	92,556,613	26,214,741	28,666,864	24,656,973	416,841	9,131,040	5,069,500	2,027,221	264,175,592
Additions	-	-	1,175,027	575,003	1,412,860	-	-	-	-	3,162,890
Disposals	-	-	(234,887)	-	(498,645)	-	-	-	-	(733,532)
Balance as at 31 March 2019	75,435,799	92,556,613	27,154,881	29,241,867	25,571,188	416,841	9,131,040	5,069,500	2,027,221	266,604,950
Depreciation										
Balance as at 01 April 2017	-	44,587,216	15,876,274	12,480,844	17,627,183	416,841	4,825,525	5,069,500	2,027,221	102,910,604
Charge for the year	-	1,342,524	3,102,824	3,488,285	3,128,102	-	1,016,470	-	-	12,078,205
Disposals	-	-	-	-	-	-	(4,500,000)	-	-	(4,500,000)
Balance as at 31 March 2018	-	45,929,740	18,979,098	15,969,129	20,755,285	416,841	1,341,995	5,069,500	2,027,221	110,488,809
Charge for the year	-	1,363,599	3,474,356	3,512,157	2,219,067	-	2,202,587	-	-	12,771,766
Disposals	-	-	(234,883)	-	(113,645)	-	-	-	-	(348,528)
Balance as at 31 March 2019	-	47,293,339	22,218,571	19,481,286	22,860,707	416,841	3,544,582	5,069,500	2,027,221	122,912,047
Capital work-in progress as at 31.03.2018	-	-	-	-	-	-	-	-	-	-
Capital work-in progress as at 31.03.2019	-	281,445	-	-	-	-	-	-	-	281,445
Written Down Value										
As at 31 March 2018	75,435,799	46,626,873	7,235,643	12,697,735	3,901,688	-	7,789,045	-	-	153,686,783
As at 31 March 2019	75,435,799	45,544,719	4,936,310	9,760,581	2,710,481	-	5,586,458	-	-	143,974,349

During the financial year, the association acquired property and equipment to the aggregate value of Rs. 3,162,890/- (2018 Rs. 13,406,235/-), Cash payments amounting to Rs. 3,162,890/- (2018 Rs. 11,327,877/-) were made during the year for purchase of property & equipment.

The gross carrying amount of fully depreciated property and equipment that are still in use as at 31 March 2019 was Rs. 45,188,111/- (2018 - Rs. 36,110,331/-)

NOTES TO THE FINANCIAL STATEMENTS

11. INVESTMENT PROPERTY	Land Rs.	Building Rs.	Total Rs.
Cost			
As at 01 April 2017	122,500,000	66,303,202	188,803,202
Additions	-	-	-
As at 01 April 2018	122,500,000	66,303,202	188,803,202
Additions	-	-	-
Balance as at 31 March 2019	122,500,000	66,303,202	188,803,202
Depreciation			
As at 01 April 2017	-	39,014,260	39,014,260
Charge for the year	-	2,728,896	2,728,896
As at 01 April 2018	-	41,743,156	41,743,156
Charge for the year	-	2,728,894	2,728,894
Balance as at 31 March 2019	-	44,472,050	44,472,050
Carrying Value			
As at 31 March 2018	122,500,000	24,560,046	147,060,046
Carrying Value			
As at 31 March 2019	122,500,000	21,831,152	144,331,152

The investment property represents the cost of 70 perches land at No. 86 & 86A, Maligawatte Road, Colombo 10.

12. INTANGIBLE ASSETS	Computer Software Rs.
Cost	
As at 01 April 2017	6,677,456
Additions	4,011,875
As at 01 April 2018	10,689,331
Additions	2,393,750
As at 31 March 2019	13,083,081
Amotisation	
As at 01 April 2017	5,466,096
Charge for the year	1,237,827
As at 01 April 2018	6,703,923
Charge for the year	1,774,436
As at 31 March 2019	8,478,359
Capital work-in progress as at 31.03.2018	-
Capital work-in progress as at 31.03.2019	2,538,500
Carrying Value	
As at 31 March 2018	3,985,408
Carrying Value	
As at 31 March 2019	7,143,222

During the financial year, the Association acquired intangible assets to the aggregate value of Rs. 2,393,750/- for cash. (2018 - 4,011,875/-)

FOR THE YEAR ENDED 31 MARCH		2019	2018
		Rs.	Rs.
13.	INVENTORIES		
	Practical training books	99,092	13,482
	Suggested answers and other publications	1,391,742	1,135,313
	Student guides	1,183,608	772,244
	Study texts	7,069,870	5,446,759
	Stationery items	1,290,078	2,145,750
	Sundry items	1,336,212	544,524
		12,370,602	10,058,072
14.	TRADE AND OTHER RECEIVABLES		
	Trade Debtors	2,821,815	2,411,279
	Other receivables	1,105,280	1,491,942
	Staff Loans (Note 14.1)	3,657,169	4,096,626
		7,584,264	7,999,847
14.1	Staff Loans		
	Staff loans	3,062,558	2,041,825
	Pre paid staff expenses	594,611	2,054,802
		3,657,169	4,096,626
	Staff loans granted for more than one year have been fair valued under the Sri Lanka Accounting Standard for SMEs.		
15.	SHORT TERM INVESTMENTS		
	Term deposits - Bank Of Ceylon	203,432,502	151,451,867
	- Hatton National Bank PLC	180,309,122	168,539,532
	- People's Bank	62,451,370	32,084,714
		446,192,994	352,076,113
16.	DEPOSITS, PREPAYMENTS AND ADVANCES		
	Prepayments/advances	7,026,765	5,463,851
	Salaries control	13,184	1,009,371
	Deposits (Note 16.1)	1,480,000	1,780,000
		8,519,949	8,253,222
16.1	Deposits		
	Refundable deposits	302,500	602,500
	Bulk postage deposit	500,000	500,000
	Security deposits - Electricity	522,500	522,500
	- Safe Locker	15,000	15,000
	- Water	80,000	80,000
	Rent deposit - Parking area	60,000	60,000
		1,480,000	1,780,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH		2019	2018
		Rs.	Rs.
17.	CASH AND CASH EQUIVALENTS		
17.1	Favourable Balances		
	Cash at bank	18,803,125	21,359,094
	Stamps	553,657	54,875
	Cash-in-hand	166,244	196,282
		19,523,026	21,610,251
17.2	Unfavourable Balances		
	People's Bank	(228,692)	-
	Bank Of Ceylon	(4,783,016)	(2,701,433)
		(5,011,708)	(2,701,433)
	Total cash and cash equivalents for the purpose of Statement of Cash Flow	14,511,318	18,908,818

	Balance as at 01.04.2018	Contribution	Distribution	Balance as at 31.03.2019
	Rs.	Rs.	Rs.	Rs.
18.	OTHER FUNDS			
	Scholarship fund	462,735	-	462,735
	Member's benevolence fund	14,500	-	14,500
	Education and training fund	6,000	-	6,000
	Toastmasters club fund	10,100	-	10,100
	Prize fund	609,090	253,367	712,957
	Life membership fund	31,864,878	6,649,638	32,081,063
	Achievers network fund	1,296,541	236,100	1,532,641
		34,263,844	6,989,605	34,819,996

18.1 These funds have been established for specific purposes and utilised only for those purposes. The life membership fund has been created out of the membership fees received from the members on account of life time membership. Life membership fund is amortised over a period of 10 years.

18.2 The interest earned from the restricted funds are taken into the normal current accounts of the Association

FOR THE YEAR ENDED 31 MARCH		2019	2018
		Rs.	Rs.
19.	RETIREMENT BENEFIT OBLIGATION		
	Balance at the beginning of the year	13,139,012	8,934,327
	Current service cost	1,717,505	1,583,862
	Interest cost	1,344,059	936,918
		16,200,576	11,455,107
	Payments made during the year	(588,750)	(769,650)
	(Gain) / Loss arising from changes in assumptions	(267,414)	2,453,555
	Balance at the end of the year	15,344,412	13,139,012

Retirement benefit obligation has been fair valued as per the Sri Lanka Accounting Standard for SME.

The following key assumptions were used in determining the cost of retirement benefits as per Section 28 of SLFRS for SMEs.

FOR THE YEAR ENDED 31 MARCH		2019	2018
	Discount interest rate	11%	11%
	Salary increment rate	10%	10%
	Staff turnover rate	5%	5%
	Retirement age (years)	55	55

However, under the Gratuity Act No.12 of 1983, gratuity liability arises only upon an employee completing a continuous service of five years.

FOR THE YEAR ENDED 31 MARCH		2019	2018
		Rs.	Rs.
19.1	Expenses recognised during the year in Income Statement		
	Current service cost	1,717,505	1,583,862
	Interest cost	1,344,059	936,918
	Actuarial (Gain)/ Losses recognised in other comprehensive income	(267,414)	2,453,555
19.2	Retirement Benefit Obligations (Net of Taxes)		
	(Gain)/ Loss arising from changes in assumptions	(267,414)	2,453,555
	Tax at 14 % p.a (2018 - 10%)	37,438	(245,356)
		(229,976)	2,208,199

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH		2019	2018
		Rs.	Rs.
20.	RENT RECEIVED IN ADVANCE		
	Bharti Airtel Lanka (Pvt) Ltd	21,000,000	21,000,000
	Mobitel (Pvt) Ltd	20,818	20,818
		21,020,818	21,020,818
21.	DEFERRED TAX LIABILITIES		
	As at the beginning of the year	2,765,262	2,102,644
	Amount originated/(reversed) during the year		
	Charge to profit or loss	2,995,454	907,974
	Charge to other comprehensive income	37,438	(245,356)
	As at the end of the year	5,798,154	2,765,262

FOR THE YEAR ENDED 31 MARCH	2019		2018	
	Temporary	Tax	Temporary	Tax
	Difference	Effect	Difference	Effect
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Arising from				
Accelerated depreciation for tax purpose	56,759,800	7,946,372	40,791,637	4,079,163
Post - employment retirement benefit	(15,344,412)	(2,148,218)	(13,139,012)	(1,313,901)
	41,415,388	5,798,154	27,652,625	2,765,262

AS AT 31 MARCH		2019	2018
		Rs.	Rs.
22.	TRADE AND OTHER PAYABLES		
	Trade Payables	25,728,280	10,807,757
	Other Payables	4,012,970	10,406,918
	ESC Payable	635,310	254,950
	VAT Payable	371,440	739,804
	NBT Payable	2,182,230	610,165
	Stamp Duty	7,350	-
	WHT Payable	67,532	-
		33,005,112	22,819,594
23.	ADVANCES AND DEPOSITS RECEIVED		
	Fees received in advance	25,338,684	13,767,256
	Refundable deposits	25,000	25,000
	Refundable rent deposits	3,420,000	3,420,000
		28,783,684	17,212,256

AS AT 31 MARCH		2019	2018
		Rs.	Rs.
24.	INCOME TAX PAYABLE		
	Balance at the beginning of the year	4,108,870	4,255,051
	Charge for the year	10,962,768	11,864,169
	Over provision for the year in respect of previous year	-	(699,001)
		15,071,638	15,420,220
	Less: Payments made during the year	(11,983,227)	(6,753,254)
	Withholding tax	(3,910,461)	(3,292,846)
	ESC recoverable	(1,454,053)	(1,265,249)
	Payable/ (Refund) at the end of the year	(2,276,102)	4,108,870
25.	BANK OVERDRAFT		
	Bank Of Ceylon	4,783,016	2,701,433
	People's Bank	228,692	-
		5,011,708	2,701,433
26.	EVENTS AFTER THE REPORTING PERIOD		
	No circumstances have arisen since the date of the statement of financial position which would require adjustments to or disclosures in the financial statements.		

AS AT 31 MARCH		2019	2018
		Rs.	Rs.
27.	CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES		
	ERP project	2,879,375	8,323,125
	Website Development	761,500	-
	Curriculum Developmet	14,345,500	-
		17,986,375	8,323,125

NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT

Governing Council has overall responsibility for the establishment and overseeing of the Association's risk management that oversee through the Audit, Compliance, Professionals Ethics and Risk Management Committee.

28.1 Credit Risk

Credit risk is the risk of financial losses to the Association if a recipient of a service or counterparty to a financial assets fails to meet its contractual obligation.

To minimise the credit risk all term deposits are held in government banks and private banks with higher ratings.

Carrying value as at 31 March

	2019 Rs.	2018 Rs.
Term Deposits	446,192,994	352,076,113
Receivables	16,104,213	16,253,069
	462,297,207	368,329,182

28.2 Liquidity Risk

The Association is managing the liquidity risk by ensuring that there will always be sufficient liquidity to meet its liabilities when due without incurring unacceptable damages to the Association's reputation.

Maturity analysis of financial assets and liabilities

Description	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
Financial Assets					
Trade and Other Receivables	3,927,095	-	-	-	3,927,095
Staff Loan	-	445,295	903,659	1,713,604	3,062,558
Short Term Investments	-	34,889,698	411,303,296	-	446,192,994
Refundable Deposits	-	-	-	1,480,000	1,480,000
Cash and Cash Equivalents	19,523,026	-	-	-	19,523,026
	23,450,121	35,334,993	412,206,955	3,193,604	474,185,673
Financial Liability					
Trade and Other Payables	16,513,570	16,491,543	-	-	33,005,112
Refundable Deposits	25,000	-	420,000	3,000,000	3,445,000
Bank Overdraft	5,011,708	-	-	-	5,011,708
	21,550,278	16,491,543	420,000	3,000,000	41,461,820

28.3 Market Risk

Market risk is the risk that changes in interest rates which will affect the Association's income or the value of its holding of financial instruments.

Association manages and controls the market exposure within acceptable parameters, while optimising the return.

29. RELATED PARTY DISCLOSURES

The Association carries out transactions in the ordinary course of business on arm's length basis at commercial rates with related parties. Transactions with related parties listed below have been processed as reimbursement of expenses and other expenses.

29.1 Transactions with Governing Council Members of the Association

Related parties include Governing Council members those who having authority and responsibility for planning, directing and controlling the activities of the entity and its related entities.

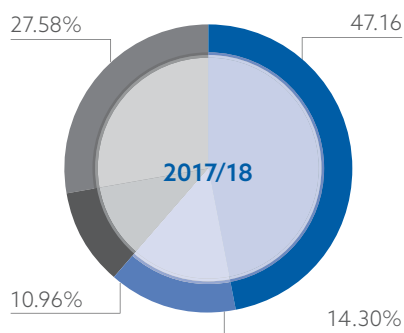
The Governing Council Members of the Association carried out the following transactions in the ordinary course of business:

	2019 Rs.	2018 Rs.
Reimbursement of travelling expenses of all members of the Governing Council	535,000	927,260
29.2 Transactions with Related Entities		
29.2.1 Professional fee		
(a) CFO Consultants (Pvt) Ltd	280,000	840,000
CFO Consultants (Pvt) Ltd has provided IT consultancy services during the financial year. Mr. J.A. Choliya De Silva is a Governing Council member of AAT Sri Lanka and Also Director of CFO Consultants (Pvt) Ltd up to 30th June 2018.		
(b) Mr. S Ilayperuma	-	375,000
Mr. S Ilayperuma has not provided any finance consultancy services during the financial year. Mr. S Ilayperuma is a Governing Council member of AAT Sri Lanka.		
(c) Following Governing Council members have provided various professional services in 2017/18 and no professional services are provided during the financial year 2018/19.		
Mr. J M U B Jayasekera	-	5,000
Mr. Indraka P Liyanage	-	10,000
29.2.2 Related Party Disclosures		
CA Sri Lanka appoints 8 out of 16 council members for AAT Sri Lanka. Following transactions occurred during the year.		
Payments to CA Sri Lanka		
Best annual report competition expenses	176,000	130,000
Advertisement in Organiser	-	30,000
Receipts from CA Sri Lanka		
Advertisement in Organiser	30,000	60,000
Sponsorships	750,000	750,000

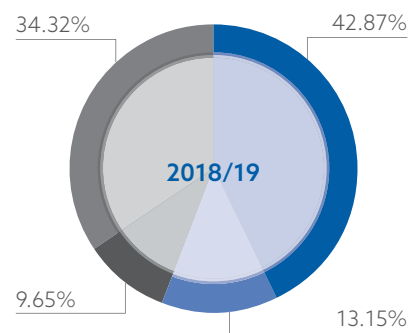
VALUE ADDED STATEMENT

FOR THE YEAR ENDED 31 MARCH

	2019 Rs.	2018 Rs.
Value Addition		
Revenue	267,040,281	228,963,311
Other income	52,726,339	46,776,218
Total	319,766,620	275,739,529
Less: Operating expenses	140,785,610	129,367,207
Value added	178,981,010	146,372,322
Distribution of Value Addition		
To employees as salaries and other benefits	76,729,078	69,027,208
To the Government as taxes	23,543,713	20,924,262
Retained within the Association		
As depreciation	17,275,096	16,044,926
As reserves	61,433,123	40,375,926
	178,981,010	146,372,322



■ To Employees ■ To the Government
■ As Depreciation ■ As Reserves



■ To Employees ■ To the Government
■ As Depreciation ■ As Reserves

TEN YEAR SUMMARY STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH	2019	2018	2017	2016	2015	2014	2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Income	275,000	232,717	219,122	212,410	226,401	209,769	200,412
Cost of services	(133,261)	(135,133)	(123,980)	(129,853)	(112,510)	(98,042)	(95,147)
Gross surplus	141,739	97,584	95,142	82,557	113,891	111,727	105,265
Other income	6,577	12,332	6,061	24,785	5,529	5,978	5,966
Net income from investment property	13,045	12,237	11,112	10,823	9,832	10,096	8,518
Administration, Establishment and Finance Expenses	(94,941)	(86,982)	(81,358)	(80,565)	(73,000)	(58,975)	(51,963)
Student Promotion and Best Annual Report Expenses	(32,510)	(15,489)	(19,874)	(20,526)	(23,290)	(16,583)	(14,174)
Finance income	46,178	39,308	29,794	15,540	17,586	22,525	23,001
Surplus for the year before tax	80,088	58,991	40,878	32,614	50,549	74,768	76,613
Tax expense	(18,885)	(16,407)	(8,314)	(4,999)	(9,927)	(11,608)	(11,613)
Surplus for the year after tax	61,203	42,584	32,564	27,615	40,622	63,160	65,000
Other comprehensive income							
Gain/Loss arising from changes in assumptions in retirement Benefit Obligations	230	(2,208)	2,298	2,888	(1,917)	381	-
Total comprehensive income for the year	61,433	40,376	34,862	30,503	38,705	63,541	65,000

YEAR ENDED 31 MARCH	2012	2011	2010
	Rs.'000	Rs.'000	Rs.'000
Income			
Registration fees, exemption fees, renewals & subscriptions	55,036	47,588	44,082
Examinations	46,370	36,046	37,234
Net surplus from main activities	101,406	83,634	81,316
Net surplus from other activities	7,682	3,142	1,728
Other income	15,853	8,183	13,779
Surplus / (Deficit) from investment property	6,553	5,476	(17)
Total net surplus	131,494	100,435	96,806
Expenses			
Administration & establishment expenses	(60,781)	(54,029)	(64,529)
Publicity & other expenses	(13,620)	(16,045)	(5,967)
Finance expenses	-	-	(685)
Surplus for the year before tax	57,093	30,361	25,625
Income tax expense	(5,419)	(1,610)	(3,270)
Surplus for the year after tax	51,674	28,751	22,355

Figures in 2010 to 2012 are presented under the Sri Lankan Accounting Standards. These figures can not be compared with 2013 to 2019 due to the difference application of Sri Lanka Financial Reporting Standards for Small and Medium size entities (SLFRS for SMEs)

TEN YEAR SUMMARY

STATEMENT OF FINANCIAL POSITION

As at 31 March	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS										
NON-CURRENT ASSETS										
Property and Equipment	143,974	153,687	154,437	157,057	137,089	123,936	54,117	59,494	65,200	70,187
Investment Property	144,331	147,060	149,789	152,518	155,247	157,976	160,705	165,125	171,199	177,450
Intangible Assets	7,143	3,985	1,211	1,696	416	-	-	-	-	-
	295,449	304,732	305,437	311,271	292,752	281,912	214,822	224,619	236,399	247,637
Deferred tax assets	-	-	-	-	744	2,485	2,260	2,429	-	-
Total Non-Current Assets	295,449	304,732	305,437	311,271	293,496	284,397	217,082	227,048	236,399	247,637
CURRENT ASSETS										
Inventories	12,371	10,058	10,727	10,940	4,897	7,225	8,490	7,650	9,823	4,346
Trade and Other Receivables	7,584	8,000	7,896	2,279	3,269	1,812	1,989	3,030	7,375	5,538
Short Term Investments	446,193	352,076	261,705	232,963	221,125	210,100	208,113	132,892	53,505	38,536
Deposits, Prepayments and Advances	8,520	8,253	19,422	27,043	16,814	7,989	7,057	4,533	6,854	2,499
Non-Current Assets Held for Sale	-	-	-	-	9,198	-	-	-	-	-
Income Tax Receivable	2,276	-	-	433	-	-	-	-	158	150
Cash and Cash Equivalents	19,523	21,610	44,183	23,602	27,109	6,193	8,923	3,989	4,897	1,177
Total Current Assets	496,467	399,997	343,933	297,260	282,412	233,319	234,572	152,094	82,612	52,246
Total Assets	791,916	704,729	649,370	608,531	575,908	517,716	451,654	379,142	319,011	299,883
FUNDS AND LIABILITIES										
Accumulated Fund	648,132	586,698	546,323	511,461	480,958	442,253	378,613	312,713	261,038	232,287
Other Funds	34,820	34,264	32,683	30,959	28,346	25,229	16,062	12,522	10,820	9,562
Total Funds	682,952	620,962	579,006	542,420	509,304	467,482	394,675	325,235	271,858	241,849
NON-CURRENT LIABILITIES										
Retirement Benefit Obligation	15,344	13,139	8,934	9,894	11,463	8,259	7,089	6,766	6,139	4,632
Rent Received in Advance	21,021	21,021	21,443	21,422	21,402	21,382	21,365	21,347	21,331	21,000
Deferred Tax Liabilities	5,798	2,765	2,103	2,216	-	-	-	-	-	-
Total Non Current Liabilities	42,163	36,925	32,480	33,532	32,865	29,641	28,454	28,113	27,470	25,632
CURRENT LIABILITIES										
Trade and Other Payables	33,005	22,820	21,246	23,602	20,535	17,632	24,089	18,588	19,683	30,952
Advances and Deposits Received	28,784	17,212	6,257	5,496	7,345	-	-	-	-	-
Income Tax Payable	-	4,109	4,255	-	1,182	2,960	4,434	7,088	-	-
Bank Overdraft	5,012	2,701	6,126	3,481	4,677	-	2	118	-	1,450
Total Current Liabilities	66,801	46,842	37,884	32,579	33,739	20,592	28,525	25,794	19,683	32,402
Total Funds and Liabilities	791,916	704,729	649,370	608,531	575,908	517,716	451,654	379,142	319,011	299,883

Figures in 2010 to 2012 are presented under the Sri Lankan Accounting Standards. These figures can not be compared with 2013 to 2019 due to the difference application of Sri Lanka Financial Reporting Standards for Small and Medium size entities (SLFRS for SMEs)

TEN YEAR SUMMARY STATEMENT OF CASH FLOWS

As at 31 March	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cash Flows from / (used in) Operating Activities										
Net Surplus before Tax	80,088	54,657	40,878	32,614	50,550	74,767	77,613	57,093	30,360	25,625
Adjustments for										
Depreciation - Property and Equipment	12,772	12,078	11,202	9,176	5,411	3,691	8,228	8,383	12,193	17,357
Depreciation - Investment Property	2,729	2,729	2,729	2,729	2,729	2,729	4,420	6,074	2,590	-
Amortisation - Intangible Assets	1,774	1,238	485	120	123	-	-	-	-	-
Gain on Disposal of Property and Equipment	(28)	(4,864)	2	(17,163)	(51)	235	-	-	(5)	(3)
Provision for Gratuity	3,062	2,521	2,160	2,511	2,159	1,802	1,609	986	1,507	270
Interest Income	(46,178)	(39,308)	(29,794)	(15,540)	(17,391)	(22,525)	(23,002)	(9,500)	(4,110)	(7,599)
Finance Cost	-	-	-	-	-	-	-	-	-	5,491
Income from Investment Property-before charging depreciation	(15,773)	(14,966)	(13,841)	(13,553)	(12,562)	(12,825)	(12,939)	(12,627)	(11,727)	-
Operating Surplus before Changes in Working Capital	38,445	14,084	13,821	894	30,968	47,874	55,929	50,409	30,808	41,141
(Increase)/Decrease in Working Capital										
Inventories	(2,313)	669	212	(6,077)	2,328	1,264	(839)	2,172	(5,476)	2,220
Trade and Other Receivables, Prepayments and Deposits	149	11,065	2,004	(41)	(9,940)	(757)	(1,481)	406	(6,193)	(146)
Trade and Other Payables	10,571	1,573	(2,354)	3,066	7,135	(5,834)	5,501	(1,096)	(11,269)	6,789
Advances and Deposits Received	11,571	10,955	761	(1,848)	3,113	(623)	-	-	-	-
Cash Generated from Operations	58,423	38,346	14,444	(4,006)	33,604	41,924	59,110	51,891	7,870	50,004
Tax Paid	(22,274)	(11,311)	(3,994)	(4,780)	(9,582)	(13,378)	(14,099)	(600)	(1,619)	(2,908)
Gratuity Paid	(589)	(770)	(567)	(68)	(1,255)	(80)	(1,386)	(359)	-	(41)
Net Cash from/ (used in) Operating Activities	35,560	26,265	9,883	(8,854)	22,767	28,466	43,625	50,932	6,251	47,055
Cash Flows from/ (used in) Investing Activities										
Acquisition of Property and Equipment	(3,163)	(11,328)	(10,169)	(38,852)	(27,849)	(73,518)	(2,850)	(2,676)	(3,545)	(5,196)
Acquisition of Intangible Assets	(2,394)	(4,012)	-	(1,400)	(540)	-	-	-	-	-
Movement in Capital Working Progress _ Intangible Asset	(2,539)	-	-	-	-	-	-	-	-	-
Movement in Capital Working Progress - Property & Equipment	(281)	-	1,584	-	-	-	-	-	-	-
Interest Income	46,178	39,308	29,794	15,540	17,391	22,525	23,002	9,500	4,110	-
Income from Investment Property	15,773	14,966	13,841	13,553	12,562	12,825	12,939	12,627	11,727	7,598
Net Movement in Short-term Investments	(94,117)	(90,371)	(28,741)	(21,838)	(23,866)	10,513	(70,221)	(73,128)	(14,968)	(3,074)
Sales Proceeds on Disposal of Property and Equipment	28	4,864	-	26,907	139	(226)	-	-	5	3

TEN YEAR SUMMARY STATEMENT OF CASH FLOWS

As at 31 March	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Net Cash Flows from/ (used in) in Investing Activities	(40,514)	(46,572)	6,309	(6,090)	(22,163)	(27,881)	(37,130)	(53,677)	(2,671)	(669)
Cash Flows from / (used in) Financing Activities										
Net Movement of Rent Advances	-	(422)	21	20	19	18	17	17	331	-
Net Movement of Long term liabilities	-	-	-	-	-	-	-	-	-	(45,000)
Finance Cost	-	-	-	-	-	-	-	-	-	(5,491)
Net Movement in Other Funds	556	1,581	1,724	2,612	3,117	9,167	3,540	1,701	1,259	715
Net Cash Flows from Financing Activities	556	1,159	1,745	2,632	3,136	9,185	3,557	1,718	1,590	(49,776)
Net Increase/(Decrease) in Cash and Cash Equivalents	(4,398)	(19,148)	17,937	(12,312)	3,740	9,770	10,052	(1,027)	5,170	(3,390)
Cash and Cash Equivalents at the Beginning of the Period (Note A)	18,909	38,057	20,120	32,432	28,692	18,922	8,870	4,897	(273)	3,117
Cash and Cash Equivalents at the End of the Period (Note B)	14,511	18,909	38,057	20,120	32,432	28,692	18,922	3,870	4,897	(273)
Note A										
Cash and Cash Equivalents at the Beginning of the Period										
Cash and Bank Balances	21,610	44,182	23,602	37,109	28,692	18,924	8,988	4,897	1,177	3,262
Bank Overdraft	(2,701)	(6,125)	(3,482)	(4,677)	-	(2)	(118)	-	(1,450)	(145)
	18,909	38,057	20,120	32,432	28,692	18,922	8,870	4,897	(273)	3,117
Note B										
Cash and Cash Equivalents at the End of the Period										
Cash and Bank Balances	19,523	21,610	44,182	23,602	37,109	28,692	18,924	3,988	4,897	1,177
Bank Overdraft	(5,012)	(2,701)	(6,125)	(3,482)	(4,677)	-	(2)	(118)	-	(1,450)
	14,511	18,909	38,057	20,120	32,432	28,692	18,922	3,870	4,897	(273)

BRANCHES & INFORMATION CENTRES

AAT SRI LANKA BRANCHES

Kurunegala

No: 15/6, Convent Road, Kurunegala.
Tel: 037-7559669
Email: kurunegala@aatsl.lk

Jaffna

Jaffna College, Undergraduate
Department
No: 464, Hospital Road, Jaffna.
Tel: 021-7559669
Email: jaffna@aatsl.lk

Anuradhapura

No: 514/4A, 2nd Floor,
New Bus Stand, Anuradhapura.
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Email: anuradhapura@aatsl.lk

Matara

No: 274, 2nd Floor, Sagara Building,
Anagarika Dharmapala Mw, Matara.
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Email: rc@hdcc.lk

Polgolla

National Institute of Co-operative
Development,
Polgolla.
Tel: 066-7559669
Email: nicd.edu@gmail.com

Badulla

District Chamber of Commerce &
Industries
No.85/2 Daya Gunasekara Mawatha,
Badulla.
Tel: 055-7559669
Email: cciuvaprovince@gmail.com

Trincomalee

District Chamber of Commerce &
Industries
No.62, Shopping Complex, Main Street,
Trincomalee.
Tel: 026-7559669
Email: chambertrinco@gmail.com

Ampara

District Chamber of Commerce &
Industries
No D.731/3 Kandy Road, Ampara.
Tel: 063-7559669
Email: amparachambers.it@gmail.com

Galle

District Chamber of Commerce &
Industries
Sri Gnanabasha Mawatha, Oropuwatte,
Galle.
Tel: 091-7559669
Email: gallechamberacademy@yahoo.
com

Batticaloa

District Chamber of Commerce &
Industries
No 23, Mamangam Road, Batticaloa.
Tel: 065-7559669
Email: necbp@sltnet.lk

Gampaha

District Chamber of Commerce &
Industries,
Chamber Academy, No.49/1/2, 2nd
Floor,
Yakkala Rd,Gampaha.
Tel: 033-7559669
Email: iptdgmp@gmail.com

CORPORATE SPONSORS - 2018/19



GRI CONTENT INDEX

GRI Standards : Core option	Disclosure	Page Number	Omission
GRI 101: Foundation 2016 (does not include any disclosure)			
General Disclosures			
GRI 102:General Disclosures 2016	102-1	Name of Organisation	IBP -
	102-2	Activities, brands, products and services	6 -
	102-3	Location of headquarters	IBP -
	102-4	Location of operations	135, IBP -
	102-5	Ownership and legal form	IBP -
	102-6	Markets served	44 -
	102-7	Scale of the organisation	8,10 -
	102-8	Information on employees and other workers	75 -
	102-9	Supply chain	38 -
	102-10	Significant changes to the organisation and its supply chain	39 -
	102-11	Precautionary principle	- We have not formally adopted the principle
	102-12	External initiatives	62 -
	102-13	Membership of Associations	7 -
	102-14	Statement from senior decision maker	21 -
	102-15	Key impacts, risks and opportunities	45 -
	102-16	Values, principles, standards and norms of behaviours	84 -
	102-18	Governance Structure	84, 85 -
	102-40	List of Stakeholder groups	39 -
	102-41	Collective bargaining agreements	40-43 -
	102-42	Identifying and selecting stakeholder groups	- Not applicable
	102-43	Approach to stakeholder engagement	40-43 -
	102-44	Key topics and concerns raised	40-43 -
	102-45	Entities included in the consolidated financial statements	- Not applicable
	102-46	Defining report content and topic boundaries	47 -
	102-47	List of material topics	47 -
	102-48	Restatement of Information	47 -
	102-49	Changes in reporting	5 -
	102-50	Reporting period	5 -
	102-51	Date of most recent report	4 -
	102-52	Reporting cycle	5 -
	102-53	Contact point for questions regarding the report	5 -
	102-54	Claims of reporting in accordance with the GRI Standards	5 -
	102-55	GRI Content index	- -
	102-56	External assurance	5 -

GRI CONTENT INDEX

GRI Standards : Core option	Disclosure		Page Number	Omission
Material topics				
Economic performance				
GRI 103: Management Approach	103-1	Explanation of material topics and its boundaries	10	-
	103-2	The Management Approach and its components	10	-
	103-2	Evaluation of the Management Approach	10	-
GRI 201:Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	115	-
Energy				
GRI 103: Management Approach	103-1	Explanation of material topics and its boundaries	80	-
	103-2	The Management Approach and its components	80	-
	103-2	Evaluation of the Management Approach	80	-
GRI 302:Energy 2016	302-1	Energy consumption within the organisation	80	-
	302-4	Reduction of Energy consumption	80	-
Water				
GRI 103: Management Approach	103-1	Explanation of material topics and its boundaries	80	-
	103-2	The Management Approach and its components	80	-
	103-2	Evaluation of the Management Approach	80	-
GRI 303:Water 2016	303-1	Water withdrawal by source	80	-
Environmental Compliance				
GRI 103: Management Approach	103-1	Explanation of material topics and its boundaries	80	-
	103-2	The Management Approach and its components	80	-
	103-2	Evaluation of the Management Approach	80	-
GRI 307:Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	80	-
Employment				
GRI 103: Management Approach	103-1	Explanation of material topics and its boundaries	75	-
	103-2	The Management Approach and its components	75	-
	103-2	Evaluation of the Management Approach	75	-
GRI 404:Employment 2016	401-1	New employee hires and turnover	76	-

GRI Standards : Core option	Disclosure		Page Number	Omission
Training and education				
GRI 103: Management Approach	103-1	Explanation of material topics and its boundaries	78	-
	103-2	The Management Approach and its components	78	-
	103-2	Evaluation of the Management Approach	78	-
GRI 404: Training and education	404-1	Average hours of training per year per employee	78	-
	404-2	Programs for upgrading skills and transition assistance programmes	78	-
	404-3	Percentage of employees receiving regular performance and career development reviews	78	-
Local Communities				
GRI 103: Management Approach	103-1	Explanation of material topics and its boundaries	67	-
	103-2	The Management Approach and its components	67	-
	103-2	Evaluation of the Management Approach	67	-
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments and development programmes	67	-

GLOSSARY OF TERMS

AAT	- Association of Accounting Technicians of Sri Lanka
AEC	- Accredited Education Centre
AGM	- Annual General Meeting
ATL	- Above The Line
BAR	- Best Annual Report
BTL	- Below The Line
CA	- Institute of Chartered Accountants of Sri Lanka
CAO	- Chief Academic Officer
CAPA	- Confederation of Asian and Pacific Accountants
CCHRM	- Certificate Course in Human Resource Management
CCPI	- Colombo Consumer Price Index
CEA	- Central Environment Authority
CEO	- Chief Executive Officer
CFO	- Chief Financial Officer
CPD	- Continues Professional Development
CSR	- Corporate Social Responsibility
ERP	- Enterprise Resource Planning
GC	- Governing Council
G.C.E. A/L	- G. C. E. Advanced Level
PLS	- People and Leadership Skills
GDP	- Gross Domestic Product
GRI	- Global Reporting Initiative
HDAF	- Higher Diploma in Accounting and Finance
HNDA	- Higher National Diploma in Accountancy
HRM	- Human Resource Management
IFAC	- International Federations of Accountants
IR	- Integrated Reporting
IT	- Information Technology
KPI	- Key Performance Indicator
MIP	- Members In Practice
MOU	- Memorandum Of Understanding
NICD	- National Institute of Cooperative Development
NVQ	- National Vocational Qualification
G.C.E. O/L	- G. C. E. Ordinary Level
PF	- Passed Finalist
SEC	- Securities and Exchange Commission
SME	- Small and Medium – sized Enterprises

NOTICE OF MEETING

Notice is hereby given that the 31st Annual General Meeting of the Association of Accounting Technicians of Sri Lanka will be held on 31st July 2019 from 5.00 p.m. onwards at the Prof. Lakshman R. Watawala Auditorium, AAT Centre, No.540, Ven. Muruththettuwa Ananda Nahimi Mawatha, (Thimbirigasyaya Road) Colombo 05, for the following purposes:

- 1 To receive and consider the Annual Report of the Governing Council for the Financial Year 2018/19.
- 2 To receive and consider the Audited Financial Statements of the Association and Report of the Auditors thereon for the year ended 31st March 2019.
- 3 To re-appoint M/s. Ernst & Young, Chartered Accountants as Auditors of the Association for the Financial Year 2019/2020 and to authorise the Governing Council to determine their remuneration.
- 4 To authorise the Governing Council to determine contribution to charity and donations for the Financial Year 2019/20.

By Order of the Governing Council



Sunil Wanigabadu
Secretary

ASSOCIATION OF ACCOUNTING
TECHNICIANS OF SRI LANKA

05th July 2019

CORPORATE INFORMATION

Company Name	:	Association of Accounting Technicians of Sri Lanka
Legal form	:	Limited Liability Company (Guarantee)
Registered Office & Principal Place of Business	:	540, Ven. Muruththettuwe Ananda Nahimi Mw, (Thimbirigasyaya Road), Narahenpita, Colombo 05.
Contact	:	+94 11 2559669, 2552662, 2595857
Fax	:	+94 11 2559299
Email	:	aatsled@sltnet.lk
Website	:	www.aatsl.lk
External Auditors	:	M/S Ernst & Young – Chartered Accountants
Internal Auditors	:	KPMG
Company Secretaries	:	Integrated Management Systems (Pvt) Limited
Bankers	:	Bank Of Ceylon Hatton National Bank PLC People’s Bank National Savings Bank Sampath Bank PLC
Lawyers	:	F. J. G. De Saram & Company



READ THIS REPORT ONLINE

<https://www.aatsl.lk/AnnualReport/AAT-AR-2018-19.pdf>
www.aatsl.lk