

**ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI
LANKA**

FINANCIAL STATEMENTS

31 MARCH 2026

PNS/LD/DM

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA**

Report on the 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 2026, 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 material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association of Accounting technicians as at 31 March 2026 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 of Accounting technicians in accordance with the Code of Ethics for Professional Accountants 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.

(Contd...2/)



**Shape the future
with confidence**

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 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.

05 June 2026
Colombo

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2026

	Note	2026 Rs.	2025 Rs.
Income	3	610,084,092	568,635,355
Cost of Services	4	(286,606,044)	(274,091,041)
Gross Surplus		<u>323,478,048</u>	<u>294,544,314</u>
Other Operating Income		3,000,000	2,850,000
Administration and Establishment Expenses		(183,844,315)	(153,280,321)
Student Promotion and Awareness Expenses		(62,833,048)	(46,670,633)
Surplus from Operation		<u>79,800,685</u>	<u>97,443,360</u>
Finance Income	5	174,413,367	188,581,116
Net Income from Investment Property	6	16,291,405	17,907,138
Other Income	7	6,899,484	8,200,615
Surplus for the Year before Tax		<u>277,404,941</u>	<u>312,132,229</u>
Income Tax Expense	9	(83,474,562)	(90,988,585)
Surplus for the Year after Tax		<u>193,930,379</u>	<u>221,143,644</u>
Other Comprehensive Income			
Gain / (Loss) Arising from Changes in Assumptions in Retirement Benefit Obligations (Net of Taxes)	20.2	2,585,986	(8,391,534)
Total Comprehensive Income for the Year		<u>196,516,365</u>	<u>212,752,110</u>

The Accounting policies and Notes on pages 07 through 28 form an integral part of the Financial Statements.

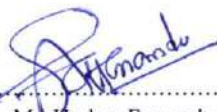


STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	Note	2026 Rs.	2025 Rs.
ASSETS			
NON-CURRENT ASSETS			
Property and Equipment	10	140,705,708	138,488,563
Investment Property	11	125,228,896	127,957,789
Intangible Assets	12	2,813,712	365,169
Long Term Investments	13	629,701,808	700,595,131
Deferred Tax Assets	21	2,023,379	-
Total Non-Current Assets		<u>900,473,503</u>	<u>967,406,652</u>
CURRENT ASSETS			
Inventories	14	7,702,562	10,300,331
Other Receivables	15	6,962,906	7,533,465
Short Term Investments	16	972,802,028	724,727,134
Deposits, Prepayments and Advances	17	21,604,680	15,259,020
Cash and Cash Equivalents	18.1	95,622,398	49,951,750
Total Current Assets		<u>1,104,694,573</u>	<u>807,771,700</u>
Total Assets		<u>2,005,168,076</u>	<u>1,775,178,352</u>
FUNDS AND LIABILITIES			
Accumulated Fund		1,676,961,067	1,480,444,702
Other Funds	19	56,793,684	50,753,352
Total Funds		<u>1,733,754,751</u>	<u>1,531,198,054</u>
NON-CURRENT LIABILITIES			
Retirement Benefit Obligation	20	45,636,847	44,259,206
Deferred Tax Liabilities	21	-	311,193
Total Non-Current Liabilities		<u>45,636,847</u>	<u>44,570,399</u>
CURRENT LIABILITIES			
Trade and Other Payables	22	75,633,417	66,833,995
Advances and Deposits Received	23	75,331,813	52,798,079
Rent Received in Advance	24	33,820,710	33,820,710
Income Tax Payable	25	38,241,378	35,820,845
Bank Overdraft	18.2	2,749,160	10,136,269
Total Current Liabilities		<u>225,776,478</u>	<u>199,409,898</u>
Total Funds and Liabilities		<u>2,005,168,076</u>	<u>1,775,178,352</u>

It is hereby certified that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.




 Mr. Heshan Fernando
 Head of Finance



 Mr. Tishanga Kumarasinghe
 Chief Executive Officer

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



 Dr. Chamara Bandara
 President



 Mr. Dayal Abhayasinghe
 Vice President

The Accounting policies and Notes on pages 07 through 28 form an integral part of the Financial Statements.



STATEMENT OF CHANGES IN FUNDS

Year ended 31 March 2026

	Accumulated Fund Rs.	Other Funds Rs.	Total Rs.
Balance as at 31 March 2024	1,267,692,592	47,082,710	1,314,775,302
Surplus for the Year after Tax	221,143,644	-	221,143,644
Other Comprehensive Income (Net of Taxes)	(8,391,534)	-	(8,391,534)
Net Movement in Other Funds	-	3,670,642	3,670,642
Balance as at 31 March 2025	<u>1,480,444,702</u>	<u>50,753,352</u>	<u>1,531,198,054</u>
Surplus for the Year after Tax	193,930,379	-	193,930,379
Other Comprehensive Income (Net of Taxes)	2,585,986	-	2,585,986
Net Movement in Other Funds	-	6,040,332	6,040,332
Balance as at 31 March 2026	<u><u>1,676,961,067</u></u>	<u><u>56,793,684</u></u>	<u><u>1,733,754,751</u></u>

"Other funds" represent the funds which are created for special purposes. (Refer Note - 19).

The Accounting policies and Notes on pages 07 through 28 form an integral part of the Financial Statements.



STATEMENT OF CASH FLOWS

Year ended 31 March 2026

	Notes	2026 Rs.	2025 Rs.
Cash Flows from Operating Activities			
Net Surplus before Tax		277,404,941	312,132,229
Adjustments for			
Depreciation - Property and Equipment	10	10,955,914	9,600,788
Depreciation - Investment Property	11	2,728,894	2,728,894
Amortisation - Intangible Assets	12	620,874	704,991
Gain on Disposal of Property and Equipment	7	(178,319)	(1,070,000)
Provision for Gratuity	20	9,113,603	7,034,396
Interest Income	5	(174,413,367)	(188,581,116)
Net Income from Investment Property-before charging depreciation	6	(19,020,299)	(20,636,032)
Operating Surplus before Changes in Working Capital		107,212,242	121,914,150
Changes in Working Capital			
Decrease in Inventories		2,597,769	4,145,789
Decrease in Trade and Other Receivables, Prepayments and Deposits		(5,775,102)	111,059
(Decrease) in Trade and Other Payables		8,799,422	(7,945,834)
Decrease in Advances and Deposits Received		22,533,734	10,960,785
Cash Generated from Operations		135,368,065	129,185,949
Tax Paid		(84,496,880)	(107,577,649)
Gratuity Paid		(4,041,697)	(2,950,423)
Net Cash from Operating Activities		46,829,488	18,657,877
Cash Flows (used in) / generated from Investing Activities			
Acquisition of Property and Equipment	10	(13,173,059)	(11,252,046)
Acquisition of Intangible Assets	12.1	(3,069,417)	-
Interest Income	5	174,413,367	188,581,116
Net Income from Investment Property	6	19,020,299	20,636,032
Net Movement in Short-term Investments	16	(248,074,894)	(350,699,386)
Net Movement in Long term investments		70,893,323	146,322,417
Sales Proceeds on Disposal of Property and Equipment		178,319	1,070,000
Net Cash (used in) / generated from Investing Activities		187,938	(5,341,867)
Cash Flows from Financing Activities			
Net Movement in Other Funds		6,040,332	3,670,642
Net Cash Flows from Financing Activities		6,040,332	3,670,642
Net Increase/(Decrease) in Cash and Cash Equivalents		53,057,758	16,986,657
Cash and Cash Equivalents at the Beginning of the Period (Note A)		39,815,481	22,828,824
Cash and Cash Equivalents at the End of the Period (Note B)		92,873,239	39,815,481
Note A			
Cash and Cash Equivalents at the Beginning of the Period			
Cash and Bank Balances	18.1	49,951,750	28,550,509
Bank Overdraft	18.2	(10,136,269)	(5,721,685)
		39,815,481	22,828,824
Note B			
Cash and Cash Equivalents at the End of the Period			
Cash and Bank Balances	18.1	95,622,398	49,951,750
Bank Overdraft	18.2	(2,749,160)	(10,136,269)
		92,873,238	39,815,481

The Accounting policies and Notes on pages 07 through 28 form an integral part of the Financial Statements.



1. CORPORATE INFORMATION

1.1 Reporting Entity

The Association of Accounting Technicians of Sri Lanka (the "Association") ("AATSL") 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 as follows

- Enrollment of students
- Regulating student education, training and securing advancement of the accounting profession
- Conducting examinations and awarding membership for those who have completed all examinations with training requirements
- Support members for continuous professional development

1.3 Date of Authorization for Issue

The financial statements of the Association of Accounting Technicians of Sri Lanka for the year ended 31 March 2026 were authorised for issue by the Council on 05 June 2026.



2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION & PRESENTATION

2.1.1 Basis of Preparation

The Financial Statements which comprise the statement of Financial Position as at 31 March 2026, and the Statement of Comprehensive Income, Statement of Changes in Funds and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, have been prepared on a historical cost basis. The financial statements are presented in Sri Lankan Rupees.

2.1.2 Statement of Compliance

The Financial Statements of the Company (Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Funds, Statement of Cash Flows together with Accounting Policies and Notes) as at 31st March 2026 are prepared in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (hereafter referred as SLFRS for SMEs) as issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007.

2.1.3 Basis of Measurement

The Financial Statements have been prepared on an accrual basis and under the historical cost basis.

2.1.4 Comparative Information

The accounting policies have been consistently applied by the company and are consistent with those used in previous year. Prior year figures and phrases have been re arranged where necessary to confirm to the current year presentation.

2.1.5 Going Concern

The Council has made an assessment of the company's ability to continue as a going concern and they do not intend either to liquidate or cease operations of the company. Accordingly, the Going Concern approach has been adopted in preparing these Financial Statements.

2.1.6 Functional Currency and Presentation Currency

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

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

2.2.1 Critical Judgments in Applying the Accounting Policies

In the process of applying the company's accounting policies, management has made the following judgments, which has the most significant effect on the amounts recognized in the Financial Statements.

(a) Deferred Taxation

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax that can be recognized based upon the likely timing and the levels of future taxable profits together with future tax planning strategies.



2.2.2 Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

(a) Defined Benefit Obligations

The cost as well as the present value of the defined benefit obligations: gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and other important related data. Due to the long term nature of employee benefits, such estimates are subject to significant uncertainty. Further details of assumptions together with an analysis of their sensitivity as carried out by the management in relation to the above key assumptions and the results of the sensitivity analysis are given in Note 20.

(b) Useful Lives of Property and Equipment

The Company reviews the assets' residual values, useful lives and methods of depreciation or amortization at each reporting date; judgment by management is exercised in the estimation of these values, rates and methods.

(c) 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.

(d) 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 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Property and Equipment

Property and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the entity and cost of the asset can be reliably measured.

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 –Head office	50
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
Motor Vehicle	04
Generator	04
Elevator	04

2.3.2 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 in the Statement of Comprehensive Income.

2.3.3 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.

2.3.4 Investment Property

Investment property consists of freehold land & buildings 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.

Depreciation is charged on building over its estimated life of 35 years using the straight-line method.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the Statement of Comprehensive Income in the year of retirement or disposal.



2.3.5 Long-Term and Short-Term Investments

Long-Term Investments

Investments with maturity more than one year from the date of investments are considered as long-term financial investments.

Long term financial investments made in banks are recognized initially at cost, which includes the amount deposited and any related transaction costs.

Subsequently, these investments are measured at amortized cost using the effective interest rate method (EIR) less impairment.

Long term financial investments are derecognized when they mature, and any difference between the carrying amount and the consideration received is recognized in the Statement of comprehensive income.

Short-Term Investment

Investments with maturities more than three months and less than one year from the date of acquisition are considered as short term financial investments and are initially recognised at fair value. Investments with short maturities i.e. three months or less from the date of investments are also treated as cash equivalents.

2.3.6 Intangible Assets

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the SLFRS for SME's.

Intangible Assets are purchased computer software that is stated at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Statement of Comprehensive Income as incurred.

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.

Costs relating to development of software are carried in capital work in progress until the software, is ready for use.

2.3.7 Curriculum Development

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 04 year period.

2.3.8 Impairment of Assets

At each reporting date, property and equipment and intangible assets 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 Statement of Comprehensive Income.



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 Statement of Comprehensive Income.

2.3.9 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.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in Statement of Comprehensive Income.

All inventory items are measured at weighted average directly attributable cost.

The inventories of the Association include study texts, study material, publications, stationery and consumables

2.3.10 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.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in Statement of Comprehensive Income

2.3.11 Financial Instruments

Financial assets and financial liabilities are recognised when the association becomes a party to the contractual provisions of the instrument.

2.3.11.1 Financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Association's business model for managing them.

At initial recognition, financial assets are measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Association's financial assets include cash and short-term deposits, trade and other receivables, Staff loans, prepayment and other deposits.



The Association's financial assets are subsequently measured at amortised cost upon satisfaction of both of the following conditions:

- a) The financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- b) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Accordingly, financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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.

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 profit or loss.

2.3.11.2 Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities are initially recognised at fair value less any directly attributable transaction costs. The Association does not have financial liabilities other than payables for the year ended 31st March 2026.

The Association derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

2.3.11.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.3.12 Cash and Cash Equivalents

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

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

2.3.13 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.



2.3.14 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.

All known provisions have been accounted for in preparing these Financial Statements.

2.3.15 Trade and Other Payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables are classified as current liabilities if payment is due within one year or less.

2.3.16 Retirement Benefit Obligation

2.3.16.1 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 20 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 and is a final salary defined benefit plan. This liability is grouped under non-current liabilities in the Statement of Financial Position.

Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. The Association's accounting policy for gratuity is to recognise actuarial gains and losses in the period in which they occur in full in the statement of other comprehensive income.

2.3.16.2 Defined Contribution Plans – Employees' Trust Fund and Employees' Provident Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to Employee Provident and Employee Trust Funds are recognised as an expense in profit or loss as incurred.

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.



2.3.17 Taxation

2.3.17.1 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.

2.3.17.2 Other Taxes

The Association is liable for Social Security Contribution Levy, a revenue based tax, of 2.5%.

2.3.17.3 Deferred Tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (Temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax assets and liabilities are not discounted.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit or tax loss of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.3.18 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.

2.4 Statement of Comprehensive Income

2.4.1 Income Recognition

Income from rendering services is measured at the fair value of the consideration received or receivable 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

Fees on Examinations are recognised as income on the date the exam is held.

d) Income from Business school and AAT Classes

Income from courses is recognised as income at the end of the course period. Income from courses relate to future periods are shown in the Statement of Financial Position as Fees received in Advance under current liabilities.

e) Income from sale of publications

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

f) Annual Conference, Seminars and Workshops

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

2.4.2 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.

2.4.3 Finance Income and Other Income

a) Finance Income

Finance income comprises of interest income and is recognised as it accrues, using the effective interest method.

b) Other Income

Other income is recognised on accrual basis.

2.4.4 Expenditure Recognition

2.4.4.1 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.



2.4.4.2 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.

2.4.5 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.

2.4.6 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.

a) Transactions with Key Management Personnel (KMP)

Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the association directly or indirectly. Accordingly, Governing Council members of the Association have been classified as KMP.

b) Transactions with Close Family Members of Key Management Personnel (KMP)

Close family members are defined as spouse or dependent. A dependent is defined as anyone who depends on the respective Governing Council member for more than 50% of his/her financial needs.

2.4.7 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.



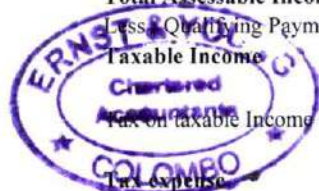
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

3. INCOME	2026	2025
	Rs.	Rs.
AAT Classes	3,338,500	3,256,750
Annual Conference	9,297,000	8,983,725
Branch operations	5,077,890	8,526,905
Business School	45,530,650	32,109,320
Education & Training	7,936,530	11,816,540
Examination fees	376,864,939	350,320,225
Membership fees & subscriptions	22,117,848	19,694,066
Passed Finalists' Workshops	15,744,350	12,114,610
Public Lectures & Seminars	93,650	119,000
Student registration, renewal and exemption fees	124,082,735	121,694,214
	<u>610,084,092</u>	<u>568,635,355</u>
4. COST OF SERVICES	2026	2025
	Rs.	Rs.
AAT Classes	3,345,125	3,085,081
Annual Conference	9,872,273	9,031,758
Branch operations	16,545,802	17,027,356
Business School	32,187,947	24,862,614
Education & Training	16,444,140	18,008,738
Examination	160,731,198	151,865,917
Membership & subscriptions	11,915,711	14,814,094
Passed Finalists' Workshops	11,978,471	10,594,418
Public Lectures & Seminars	406,674	586,318
Student registrations, renewals and exemptions	23,178,703	24,214,747
	<u>286,606,044</u>	<u>274,091,041</u>
5. FINANCE INCOME	2026	2025
	Rs.	Rs.
Interest on Term Deposits	170,951,275	185,630,440
Interest on Savings / Money Market Account	2,911,957	2,741,778
Interest received from Staff Loans	550,135	208,898
	<u>174,413,367</u>	<u>188,581,116</u>
6. NET INCOME FROM INVESTMENT PROPERTY	2026	2025
	Rs.	Rs.
Rental Income	19,487,171	20,775,579
Less : Rates & Taxes	(378,812)	(50,792)
Depreciation - Building	(2,728,894)	(2,728,894)
Insurance	(88,060)	(88,755)
	<u>16,291,405</u>	<u>17,907,138</u>



7. OTHER INCOME	2026 Rs.	2025 Rs.
Rental income	4,137,923	4,645,084
Hire of Auditorium / Lecture Halls	32,500	-
Other miscellaneous income	2,550,742	2,485,531
Gain on disposal of Fixed Assets	178,319	1,070,000
	<u>6,899,484</u>	<u>8,200,615</u>
8. SURPLUS FOR THE YEAR	2026 Rs.	2025 Rs.
Surplus for the year is stated after charging all the expenses including the followings:		
Payment for External Auditors - Audit Fee	325,760	315,158
Depreciation	10,955,914	9,600,792
Amortisation	620,874	704,991
Donations	5,000,000	120,000
Staff Costs		
Salaries and Allowances	109,003,842	95,722,500
Defined contribution plan (EPF and ETF)	16,350,576	14,358,375
Other Staff expenses	49,599,067	43,806,264
Defined benefit plan (Gratuity)	9,113,603	7,034,396
9. INCOME TAX EXPENSE	2026 Rs.	2025 Rs.
The major components of income tax expense for the year ended 31 March 2026 are as follows:		
Current Income Tax		
Current income tax charge (9.1)	86,680,987	95,783,922
Under/(Over) provision for the year in respect of previous year	236,426	(2,821,803)
Deferred Tax		
Deferred tax (Reversal)	(3,442,851)	(1,973,534)
	<u>83,474,562</u>	<u>90,988,585</u>
9.1 Reconciliation between Income Tax and the Accounting Surplus	2026 Rs.	2025 Rs.
Trade Income		
Accounting profit before tax	277,404,941	312,132,229
Net aggregate allowable items	16,531,682	7,147,511
	<u>293,936,623</u>	<u>319,279,740</u>
Less :		
Other income	174,413,367	(188,581,116)
Trade income	<u>468,349,990</u>	<u>130,698,624</u>
Other Statutory Income		
Interest income	(174,413,367)	188,581,116
Total other statutory income	<u>(174,413,367)</u>	<u>188,581,116</u>
Taxable Income		
Trade income	468,349,990	130,698,624
Other statutory income	(174,413,367)	188,581,116
Total Assessable Income	<u>293,936,623</u>	<u>319,279,740</u>
Less: Qualifying Payments	(5,000,000)	-
Taxable Income	<u>288,936,623</u>	<u>319,279,740</u>
Tax on taxable Income at 30%	86,680,987	95,783,922
	<u>86,680,987</u>	<u>95,783,922</u>



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

10. PROPERTY AND EQUIPMENT

	Freehold land	Building	Office Equipment and Name Board	Furniture and Fittings	Computers and Communication Equipment	Library Books	Motor Vehicle	Generator	Elevator	Capital Working Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At Cost											
Balance as at 31 March 2024	75,435,799	94,379,958	33,653,371	28,974,281	38,772,914	416,841	9,131,040	5,069,500	2,027,221	-	287,860,925
Additions	-	-	1,688,131	266,064	9,297,851	-	-	-	-	-	11,252,046
Disposals	-	-	-	-	-	-	(481,040)	-	-	-	(481,040)
Balance as at 31 March 2025	75,435,799	94,379,958	35,341,502	29,240,345	48,070,765	416,841	8,650,000	5,069,500	2,027,221	-	298,631,931
Additions	-	-	2,496,539	-	5,637,559	-	-	-	-	5,038,961	13,173,059
Disposals	-	-	(259,660)	-	(3,979,021)	-	-	-	-	-	(4,238,681)
Balance as at 31 March 2026	75,435,799	94,379,958	37,578,381	29,240,345	49,729,303	416,841	8,650,000	5,069,500	2,027,221	5,038,961	307,566,309
Depreciation											
Balance as at 31 March 2024	-	54,368,689	26,593,064	27,479,873	25,937,388	416,841	9,131,040	5,069,500	2,027,221	-	151,023,616
Charge for the year	-	1,418,852	2,516,434	428,799	5,236,707	-	-	-	-	-	9,600,792
Disposals	-	-	-	-	-	-	(481,040)	-	-	-	(481,040)
Balance as at 31 March 2025	-	55,787,541	29,109,498	27,908,672	31,174,095	416,841	8,650,000	5,069,500	2,027,221	-	160,143,368
Charge for the year	-	1,418,851	2,644,621	315,792	6,576,650	-	-	-	-	-	10,955,914
Disposals	-	-	(250,354)	-	(3,988,327)	-	-	-	-	-	(4,238,681)
Balance as at 31 March 2026	-	57,206,392	31,503,765	28,224,464	33,762,418	416,841	8,650,000	5,069,500	2,027,221	-	166,860,601
Written Down Value											
As at 31 March 2025	75,435,799	38,592,417	6,232,004	1,331,673	16,896,670	-	-	-	-	-	138,488,563
Written Down Value											
As at 31 March 2026	75,435,799	37,173,566	6,074,616	1,015,881	15,966,885	0	-	-	-	5,038,961	140,705,708

10.1 During the financial year, the association acquired property and equipment to the aggregate value of Rs. 13,173,059/- (2025 Rs. 11,252,046/-), Cash payments amounting to Rs. 13,173,059/- (2025 Rs.11,252,046/-) were made during the year for purchase of property & equipment.

10.2 The gross carrying amount of fully depreciated property and equipment that are still in use as at 31 march 2026 was Rs. 89,624,394/- (2025 - Rs.91,479,151/-)

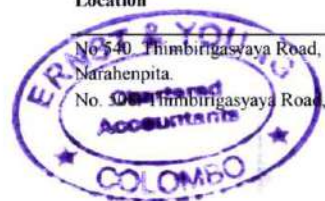
10.3 Based on the assessment of potential impairment carried out internally as at 31 March 2026 no provision was required to be made in the financial statements as at the reporting date.

10.4 There were no items of property and equipment pledged as securities for liabilities.

10.5 There were no restrictions existed on the title to the property and equipment of the association as at the reporting date.

10.6 Extents, locations and the number of buildings of the Association's holdings under property and equipment are given below.

Location	Extent (Perches)	Number of buildings	Buildings (Square feet)
No 540 Thimbrigasyaya Road, Narahenpita	28.5	01 (Six Storied)	33,098
No. 100 Thimbrigasyaya Road, Narahenpita	14.85	-	-



11. INVESTMENT PROPERTY

	Land Rs.	Building Rs.	Total Rs.
Cost			
As at 01 April 2024	122,500,000	66,303,202	188,803,202
Additions	-	-	-
As at 01 April 2025	122,500,000	66,303,202	188,803,202
Additions	-	-	-
Balance as at 31 March 2026	122,500,000	66,303,202	188,803,202
Depreciation			
As at 01 April 2024	-	58,116,519	58,116,519
Charge for the year	-	2,728,894	2,728,894
As at 01 April 2025	-	60,845,413	60,845,413
Charge for the year	-	2,728,894	2,728,894
Balance as at 31 March 2026	-	63,574,307	63,574,307
Carrying Value			
As at 31 March 2025	122,500,000	5,457,789	127,957,789
Carrying Value			
As at 31 March 2026	122,500,000	2,728,895	125,228,896

The Association has been applied undue cost or effort exemption for the measurement of Investments Property at fair value. Accordingly, the Association has adopted the cost model to subsequently account for Investment Property. Reason being, it would necessitate an additional effort by the Association's management to collect required data and resource allocation for this effort is expected to significantly outweigh the benefits of using a fair value model to account for Investment Property.

Based on the assessment of potential impairment carried out internally as at 31 March 2026 no provision was required to be made in the financial statements as at the reporting date.

There were no restrictions existed on the title to the investment property as at the reporting date.

Information on Investment Property

Location	Extent (Perches)	Number of buildings	Buildings (Square feet)
No. 86 & 86A, Maligawatte Road, Colombo 10.	70	01 (Three Storied)	14,302

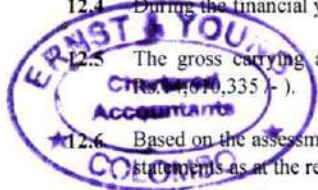
12. INTANGIBLE ASSETS

	Balance as at 01.04.2025 Rs.	Additions Rs.	Disposals / Transfers Rs.	Balance as at 31.03.2026 Rs.
12.1 At Cost				
Computer Software	16,857,388	3,069,417	-	19,926,805
	16,857,388	3,069,417	-	19,926,805
Total Value of Intangible Assets	16,857,388	3,069,417	-	19,926,805
	Balance as at 01.04.2025 Rs.	Additions Rs.	Disposals / Transfers Rs.	Balance as at 31.03.2026 Rs.
12.2 Amortisation				
Computer Software	16,492,219	620,874	-	17,113,093
Total Amortisation	16,492,218	620,874	-	17,113,093
			2026 Rs.	2025 Rs.
12.3 Net Book Values			2,813,712	365,169
Computer Software			2,813,712	365,169

12.4 During the financial year, the association acquired intangible assets to the aggregate value of Rs.3,069,417/-.

12.5 The gross carrying amount of fully depreciated Intangible Assets that are still in use as at 31 March 2026 was Rs.16,447,888/- (2025 - Rs.16,010,335/-).

12.6 Based on the assessment of potential impairment carried out internally as at 31 March 2026 no provision was required to be made in the financial statements as at the reporting date.



13. LONG TERM INVESTMENTS	2026 Rs.	2025 Rs.
Term deposits - Bank of Ceylon	65,566,409	138,652,738
- People's Bank	211,232,944	211,345,152
- DFCC Bank	179,991,595	155,512,495
- Seylan Bank	172,910,860	151,788,410
- Hatton National Bank	-	43,296,336
	<u>629,701,808</u>	<u>700,595,131</u>

Due to the volatility of interest rates in the current market, management has decided to invest a certain amount of the total portfolio in long term in order to avoid the exposure towards the interest rate risk and to earn best income in the long run.

14. INVENTORIES	2026 Rs.	2025 Rs.
Practical training books	10,570	72,460
Suggested answers and other publications	943,091	1,317,182
Student guides & Registration Applications	296,082	223,595
Study texts	3,601,941	3,777,226
Stationery items	2,918,456	1,925,578
Answer booklets & Supplimentories	2,064,341	2,984,290
Less: Provision	(2,131,919)	-
	<u>7,702,562</u>	<u>10,300,331</u>

15. OTHER RECEIVABLES	2026 Rs.	2025 Rs.
Other Receivables	2,618,426	3,020,373
Staff Loans (Note 15.1)	4,344,479	4,513,092
	<u>6,962,906</u>	<u>7,533,465</u>

15.1 Staff Loans	2026 Rs.	2025 Rs.
Staff loans	3,408,625	3,605,153
Pre paid staff expenses	935,854	907,939
	<u>4,344,479</u>	<u>4,513,092</u>

Staff loans granted for more than one year initially recognised at present value and subsequently measured at amortised cost using the effective interest method under the Sri Lanka Accounting Standard for SMEs.

16. SHORT TERM INVESTMENTS	2026 Rs.	2025 Rs.
Term deposits - Bank of Ceylon	484,654,748	375,820,830
- People's Bank	29,338,761	100,175,923
- Seylan Bank	182,317,949	-
- Sampath Bank	160,369,281	63,934,767
- Hatton National bank	48,972,549	184,795,614
- NDB Bank	67,148,740	-
	<u>972,802,028</u>	<u>724,727,134</u>

Due to the volatility of interest rates in the current market, management has decided to invest funds in short term in order to avoid the exposure towards the interest rate risk and meet the working capital requirement . On expiry/redemption of term deposits, the funds will be reinvested at best available interest rate.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

17. DEPOSITS, PREPAYMENTS AND ADVANCES

	2026	2025
	Rs.	Rs.
Prepayments / Advances	19,499,180	13,153,520
Deposits (Note 17.1)	2,105,500	2,105,500
	<u>21,604,680</u>	<u>15,259,020</u>

17.1 Deposits

	2026	2025
	Rs.	Rs.
Refundable deposits	944,500	944,500
Bulk postage deposit	500,000	500,000
Security deposits	461,000	461,000
Rent deposit	200,000	200,000
	<u>2,105,500</u>	<u>2,105,500</u>

18. CASH AND CASH EQUIVALENTS

18.1 Favourable Balances

	2026	2025
	Rs.	Rs.
Cash at bank	95,345,806	49,713,527
Stamps	30,650	25,835
Cash-in-hand	245,942	212,388
	<u>95,622,398</u>	<u>49,951,750</u>

18.2 Unfavourable Balances

Hatton National Bank	-	(4,401,416)
Bank Of Ceylon	(2,749,160)	(5,734,853)
	<u>(2,749,160)</u>	<u>(10,136,269)</u>

Total cash and cash equivalents for the purpose of Statement of Cash Flow

<u>92,873,238</u>	<u>39,815,481</u>
-------------------	-------------------

As of the reporting date, the Association's books reflect an overdraft balance in the payment account. However, this is not a bank overdraft facility. The Association has an arrangement with the bank whereby funds are automatically transferred from its savings or money market accounts to the payment account at the time of cheque realisation. Therefore, no interest-bearing overdraft facility exists with the bank.

19. OTHER FUNDS

	Balance as at	Contribution	Distribution	Balance as at
	01.04.2025	Rs.	Rs.	31.03.2026
	Rs.			Rs.
Scholarship fund	19,560	40,340	43,900	16,000
Member's benevolence fund	28,700	-	-	28,700
Toastmasters club fund	10,100	-	-	10,100
Prize fund	298,406	757,500	525,000	530,906
Achievers network fund	3,933,008	1,091,000	-	5,024,008
AAT Nenawaruna Scholarship fund	519,000	181,000	200,000	500,000
Life membership fund				
MAAT	42,546,758	12,173,000	7,690,539	47,029,219
SAT	1,350,779	498,500	292,374	1,556,905
FMAAT	2,047,041	425,000	374,195	2,097,846
	<u>50,753,352</u>	<u>15,166,340</u>	<u>9,126,008</u>	<u>56,793,684</u>

19.1 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 funds are amortized over a period of 10 years.

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



20. RETIREMENT BENEFIT OBLIGATION	2026 Rs.	2025 Rs.
Balance at the beginning of the year	44,259,206	28,187,328
Current service cost	4,642,319	4,232,339
Interest cost	4,471,284	2,802,056
	<u>53,372,809</u>	<u>35,221,723</u>
Payments made during the year	(4,041,697)	(2,950,423)
(Profit) / Loss arising from changes in assumptions	(3,694,265)	11,987,906
Balance at the end of the year	<u>45,636,847</u>	<u>44,259,206</u>

The Present Value of the Retirement Benefit Obligation is estimated using PUC method as per the Section 28 of 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.

	2026	2025
Discount interest rate	11%	11%
Salary increment rate	10%	10%
Staff turnover rate	5%	5%
Retirement age (years)	60	60

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

20.1 Expenses recognized during the year in Income Statement	2026 Rs.	2025 Rs.
Current service cost	4,642,319	4,232,339
Interest cost	4,471,284	2,802,056
Actuarial (Gain) / Loss recognised in other comprehensive income	(3,694,265)	11,987,906

20.2 Retirement Benefit Obligations (Net of Taxes)	2026 Rs.	2025 Rs.
(Gain) / Loss arising from changes in assumptions	(3,694,265)	11,987,906
Tax at 30 % p.a	1,108,279	(3,596,372)
	<u>(2,585,986)</u>	<u>8,391,534</u>

20.3 Sensitivity Analysis - Salary Increment rate / Discount rate

A one percentage change at the reporting date to one of the assumptions would have the following effects to retirement benefit obligation.

	Changes in Retirement benefit obligation		Present value of Retirement benefit obligation	
	Rs. + 1%	Rs. - 1%	Rs. + 1%	Rs. - 1%
Rate of Discount	(3,219,556)	3,567,029	41,003,355	47,862,651
Salary Increment rate	3,567,029	(3,275,646)	47,862,651	40,946,604

The above sensitivity analyses are based on a change in significant assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The Association used "Projected Unit Credit method" when calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions as at 31



The methods and types of assumptions used in preparing the sensitivity analysis has not changed compared to the prior period.

21. DEFERRED TAX (ASSETS)/LIABILITIES

	2026 Rs.	2025 Rs.
Balance at the beginning of the year	311,193	5,881,099
Amount originated/(reversed) during the year		
(Reversed) /Charged to profit or loss	(3,442,851)	(1,973,534)
Charged / (Reversed) to other comprehensive income	1,108,279	(3,596,372)
Balance at the end of the year	<u>(2,023,379)</u>	<u>311,193</u>

	2026		2025	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Deferred Tax Arising from				
Accelerated depreciation for tax purpose	41,024,171	12,307,251	45,296,512	13,588,954
Post - employment retirement benefit	(45,636,848)	(13,691,054)	(44,259,206)	(13,277,762)
Provision for Inventory	(2,131,919)	(639,576)	-	-
	<u>(6,744,596)</u>	<u>(2,023,379)</u>	<u>1,037,306</u>	<u>311,193</u>

21.1 Reconciliation of net deferred tax liability

	Statement of Financial Position		Statement of Comprehensive Income		Other Comprehensive Income	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Accelerated depreciation for tax purposes	12,307,251	13,588,954	(1,281,702)	(748,345)	-	-
Defined benefit obligation	(13,691,054)	(13,277,762)	(1,521,572)	(1,225,192)	-	-
Provision for Inventory	(639,576)	-	(639,576)	-	-	-
Tax effect on actuarial gains/(losses) on defined benefit plans	-	-	-	-	1,108,279	(3,596,372)
Deferred tax effect on profit or loss and other comprehensive income	-	-	(3,442,851)	(1,973,537)	1,108,279	(3,596,372)
Net deferred tax (asset) / liability as at 31 March 2026	<u>(2,023,379)</u>	<u>311,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

22. TRADE AND OTHER PAYABLES

	2026 Rs.	2025 Rs.
Trade Payables	25,004,236	25,362,146
Other Payables	50,614,038	41,034,970
Stamp Duty Payable	5,575	2,925
SSCL Payable	9,568	433,954
	<u>75,633,417</u>	<u>66,833,995</u>

23. ADVANCES AND DEPOSITS RECEIVED

	2026 Rs.	2025 Rs.
Fees received in advance	70,165,283	47,631,549
Refundable deposits	125,000	125,000
Refundable rent deposits	5,041,530	5,041,530
	<u>75,331,813</u>	<u>52,798,079</u>

The Association carried forward certain customer receipts as unallocated deposits in prior periods as the receipts could not be matched to individual customer accounts. During the current year, management determined that these balances represented collections relating to trade receivables and accordingly offset the aggregate unallocated deposit balance (Rs. 2,187,494) against trade receivables.

As a result, the comparative information has been reclassified by adjusting the relevant balances as if the offset had occurred in the periods in which the receipts were originally recognised. The Statement of Financial Position as at 31 March 2025 has been reclassified to reflect the effect of these adjustments.



24. RENT RECEIVED IN ADVANCE		2026	2025
		Rs.	Rs.
Bharti Airtel Lanka (Pvt) Ltd		33,820,710	33,820,710
		<u>33,820,710</u>	<u>33,820,710</u>

25. INCOME TAX PAYABLE		2026	2025
		Rs.	Rs.
Balance at the beginning of the year		35,820,845	50,436,375
Charge for the year		86,917,413	92,962,119
		<u>122,738,258</u>	<u>143,398,494</u>
Less: Payments made during the year		(70,462,313)	(98,865,257)
Withholding tax		<u>(14,034,567)</u>	<u>(8,712,392)</u>
Payable at the end of the year		<u>38,241,378</u>	<u>35,820,845</u>

26. EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting date which would require adjustments or disclosures in the financial statements.

27. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments and contingent liabilities as at the date of the Statements of Financial Position which require adjustments to or disclosures in 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, Risk Management & Ethics Committee.

- 28.1 Credit Risk
- 28.2 Liquidity Risk
- 28.3 Market Risk

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 minimize the credit risk all deposits are held in government banks and private banks which have higher ratings.

Credit risk exposure

The maximum risk exposure of financial assets which are generally subject to credit risk are equal to their carrying amounts.

As at 31st March		2026	2025
		Rs.	Rs.
Term Deposits		1,602,503,836	1,425,322,265
Receivables & Deposits		28,567,586	24,979,979
Cash at Bank		92,596,646	39,577,258
Total credit risk exposure		<u>1,723,668,067</u>	<u>1,489,879,502</u>

To minimize the credit risk all deposits are held in government banks and private banks which have higher ratings.



28. FINANCIAL RISK MANAGEMENT (Contd...)**28.1 Credit Risk (Contd...)****Balances with banks**

Fitch Rating	2026 Rs.	2025 Rs.
AAA	558,320	289,435
AA-	241,853,218	314,994,706
A	602,516,183	842,215,428
A-	850,172,761	307,399,954
	<u>1,695,100,482</u>	<u>1,464,899,523</u>

The Association has taken necessary steps to monitor creditors more closely and frequently to ensure that the payables are settled on time.

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 Rs.	Less than 3 Rs.	3 to 12 Rs.	More than 1 Rs.	Total Rs.
Financial Assets					
Trade and Other Receivables	-	-	2,618,426	-	2,618,426
Staff Loan	-	985,257	1,266,630	1,156,738	3,408,625
Short & Long Term Investments	-	531,515,958	441,286,070	629,701,808	1,602,503,836
Refundable Deposits	-	-	-	2,105,500	2,105,500
Cash and Cash Equivalents	95,622,398	-	-	-	95,622,398
	<u>95,622,398</u>	<u>532,501,215</u>	<u>445,171,126</u>	<u>632,964,046</u>	<u>1,706,258,785</u>
Financial Liability					
Trade and Other Payables	20,885,589	50,614,038	4,133,790	-	75,633,417
Refundable Deposits	125,000	-	-	5,041,530	5,166,530
Rent Received in Advance	-	-	33,820,710	-	33,820,710
Bank Overdraft	2,749,160	-	-	-	2,749,160
	<u>23,759,749</u>	<u>50,614,038</u>	<u>37,954,500</u>	<u>5,041,530</u>	<u>117,369,818</u>

Governing Council is satisfied that the Association have adequate liquidity and business plans to continue the operation and to mitigate the increased liquidity risks for the next 12 months from the reporting date.

28.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates, which will affect the Association's profit or loss or the value of its holdings of financial instruments.

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

The Association manages its interest rate risk by monitoring and managing cash flows, negotiating favourable rates on deposits including and maintaining an appropriate combination of deposits with Government and Private banks.



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:

	2026	2025
	Rs.	Rs.
Payments		
Reimbursement of travelling expenses of all members of the Governing Council on attending of meetings	723,000	753,000
Reimbursement of examination center visit, AECs & other visit expenses	262,729	314,720
Receipts		
Received to AAT special funds from members of the Governing Council	145,500	174,500

CA Sri Lanka appoints 8 out of 16 council members for AAT Sri Lanka. Following transactions occurred during the year.

	2026	2025
	Rs.	Rs.
Payments to CA Sri Lanka		
Seminar/ Conference Participation	208,500	99,000
Registration and tickets for Annual Report Awards Competition	305,000	200,000
Renewal of Training Organisation	35,000	-
Other	47,500	-
Receipts from CA Sri Lanka		
Sponsorships	1,300,000	1,300,000

