

In Search

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SRI LANKA

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AAT Sri Lanka is bestowed
with full membership of

CAPA

Confederation of Asian and Pacific Accountants



Mr. Sujeewa Mudalige
CAPA President

“From humble beginnings
come Great things”

The right qualification, the right skills, the right attitudes, perseverance, commitment and the passion – once all these are sorted, the sky is indeed the limit.

Mr. Janse unfolds his humble story. Page 07





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SRI LANKA

CAPPA
Confederation of Asian and Pacific Accountants

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The Confederation of Asian and Pacific Accountants (CAPA) the regional organization of Professional Accounting organizations in the Asia –Pacific region, first mooted in 1957, but formally established in 1976, and, presently having a membership of 31 accounting organizations in 24 countries, the largest regional accounting organization in the region, has admitted AAT Sri Lanka to full membership with effect from 1st January 2015.

AAT Sri Lanka enjoyed the “Associate Membership” status of this regional organization for 25 years effective from September 1989.

The objectives of CAPA are amply set out in its Vision and Mission statements.

“A relevant and respected accounting profession, trusted and valued by governments and businesses

and recognized for contributing to the development of sustainable financial markets and economies” as its vision for the profession in Asia Pacific, and “As inspirational leader for the accounting profession in Asia Pacific” as its vision as an organization, CAPA has a mission to develop, co-ordinate and advance the accounting profession in the region by contributing, fostering, promoting, liaising and providing all relevant aspects.

Full membership of this formidable organization signifies the dedication and commitment our membership, all past presidents, council members, incumbent president and council. The support extended by the CEO and the staff in this endeavor, is remarkable.

Contents

04 Message
President
AAT Sri Lanka

05 Message
Chairman
Membership Committee

From humble beginnings come **Great things**

07

How could Massive Open Online Course (MOOC) Assist Sri Lankan under privileged Students?
11

13 Latest Trends in Human Resource Management Human Resource Audit (HR Audit)

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities
19

21 Nation Building Tax

25 Cost Benefit Analysis

Be a Toastmaster, To Be a Leader
29

31 Current Taxes in Sri Lanka

Members' Get-together 2014
37

38  **CONFERENCE 2014**
Governance | Accounting | Performance

Members' Annual Cricket Encounter 2014
39

40 Orientation Seminar for New Members – 2014
Passed Finalist Awards Ceremony 2014

41 Annual Convocation 2014

42 Best Annual Report & Accounts (BAR) Competition - 2014
Felicitation of Academic Excellence of AAT Students - 2013

Launch of AAT New Curriculum
43

44 AAT Sri Lanka wins **GOLD AWARD** - Best Annual Report Competition 2014
45 AAT Sri Lanka wins the National Business Excellence Award 2014

46 Members' Day 2014



President

AAT Sri Lanka

It is my pleasure to pen this message for the 4th Volume of the AAT Members Journal- “InSearch”. I am delighted with the gradual quality improvement of the publication, and the enthusiasm of members to share their knowledge and experience with fellow members through articles focusing on different aspects affecting the profession.

It is gratifying to note that the vision envisaged at the launch of “InSearch” to crave for quality is almost nearing accomplishment. This in my view is an outcome of a concentrated effort by the members of AAT Sri Lanka under the influence of an energetic Editorial Board.

The role of AAT Sri Lanka as the premier middle level accounting qualification provider in the country is gaining prominence with increasing economic activities of the SME sector utilizing services of AAT qualified personnel. In the context of the long term strategic & structural development challenges and Sri Lanka’s striving to position itself as a middle upper level country, despite problems with allocation of economic resources, aligning of public spending and problems of increasing productivity and exports,

contribution of AAT Sri Lanka, catering to human resource training and development has been significant.

The diversification of activities of the Association with IT and English Courses conducted by the newly established Business School, and holding seminars and workshops on current topics, and introduction of a new curriculum on a realistic concept of “Employment Fast Tracked” have all subscribed to realization of its objectives in a practical and tangible manner.

I wish to thank the Chairman and the members of the Journal committee, authors of articles and sponsors for their contribution and support that made it possible for us to release such a quality Journal. It is my wish that more members actively participate in our activities for us to reach greater heights.

Lalith T. Fernando



Chairman

Membership Committee

We are pleased to issue the second volume of InSearch; for this year into consideration the comments and suggestions made by our readers in respect of the previous years publications. We have added new features in the current publications, which will add value to our members. The responses received from members for our invitation to send articles to the journal was satisfactory and we have been able to publish some of the articles received in this publication. The invitation is still open, and we are indeed glad to be a partner in enhancing the writing skills of our members.

The knowledge acquiring process does not conclude after an individual obtains membership in a professional body. The advantage of a member acquiring higher knowledge is that the association could assist other members for continuous support in updating their knowledge using their skills. Thus this magazine will contribute our members to grow and also to be ahead in the profession. These efforts will be further enhanced through our future issues. As we always believe in building up a strong membership which will strengthen the Association, the efforts of the said process will continue during the year 2015 and thereafter too. We will need the support of the entire membership to do so together, with unity and mutual co-operation.

Times ahead will be more competitive and challenging than ever. Changes in the local and world economies will push businesses to have strategic thinking and new ideas. The decisions taken will require more frequent reviews than in the past. Our members, whether self-employed or carrying out the role of accountants in the business community will have a major responsibility in this regard. We invite you to share your experience with us, which could be shared with the membership for their benefit too. Further it is imperative that our members stay connected and encourage those who are yet to obtain membership to proceed with it to reap these benefits of the association.

I would also like to take this opportunity to thank the Membership Committee and the Journal Committee and also those who have contributed the articles and our sponsors for putting together an attractive journal this time. Let us build up a constructive debate on building the nation through our membership. Let this journal be used as the platform to do so by sharing your thought provoking ideas, and suggestions.

Indraka Liyanage

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Interviewed by
Oshini Yapa
MAAT
Supervisor - KPMG

From humble beginnings come **Great things**

**The right qualification,
the right skills,
the right attitudes,
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commitment and the
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Mr. Janse unfolds his
humble story.**

1. Could you take us down your memory lane to the person you have become today?

“It has certainly been a long journey from back then to the professional I have become today – successfully beginning a career in accounting, holding a worthy position in a reputed organization and leading a much more comfortable life. It hasn’t been a rosy path but I can proudly say that the AAT qualification was instrumental in setting a solid foundation in my accounting career.”



Interview with
distinguished member of AAT Sri Lanka
Mr. W.A.S.B.M.T. Janse,
Senior Accountant, Maga Engineering (Private) Limited

“Surprisingly, unlike many students today, who pursue the AAT study programme right after their ordinary level examinations, I was literally clueless of the higher study options open to me despite having a flair for accounting. And so one may question how I actually ended up here.

If I were to answer that question, I can say that AAT “was written in the stars” for me. One very memorable day, I remember walking into the AAT Institute, surprisingly again not for my use but to help a friend out with some work. I can still recall looking aimlessly at the floor **not knowing that one day I will become a distinguished member of this institution.** Meanwhile, an AAT staff member approached me and popped a friendly conversation which really got me thinking about this qualification. If it hadn’t been for the positive impression that gentlemen imprinted in my mind about this worthy qualification I probably wouldn’t have pursued this qualification,” Mr. Janse says with a radiant smile across his face.

“Having convinced myself that AAT was indeed the way forward I enrolled myself for lectures, then conducted at Susamayawardhana School, in Borella and turned out to be quite an active student in class. My interests were not constrained to that of the classroom but also to CSR activities such as the Social Welfare Society which I went on to head as President of the society.”

“My days at Susamayawardhana School progressed and my thirst for knowledge could hardly be quenched as I began to outperform many in the class and gained my lecturers’ admiration. It was then that one of my lecturers, Mr. Gunasekara inquired if I was interested in a job offer for a Book-keeper at a newly incorporated construction company, Chandaranayake & Co. (Pvt.) Ltd., now known as Maga Engineering (Pvt.) Ltd. I instantly agreed and to my astonishment I was called for an interview at 8pm, a rather unconventional timing for an interview. The next day I was informed that I was selected for the job and was asked to report to work on a part-time basis so my working hours were from 4pm to 8pm.”

“This was my first job and so you can imagine the excitement and enthusiasm I had. Under the guidance of superiors I gave my best shot at everything I had to do and so within a year I was promoted as an Accounts Assistant. It was certainly challenging but the love I had for accounting and my employer kept me going and so in 1994 (3 years after being promoted as Assistant Accountant) I was promoted as the Accountant. With this promotion I learnt that the accountant’s role went far more than debits and credits to a more-business oriented one where customer-relationships is the key. And that’s how I ended up as a Senior Accountant, still with my first employer.”

2. How beneficial has the AAT qualification been to your career and how supportive have your superiors been as you progressed up the career ladder?

“As explained earlier, AAT was the first professional qualification I obtained in my career. Thanks to it, I was able to gain a wealth of knowledge on comprehensive topics ranging from Corporate Governance to Supply chain management to Strategic Management and so forth which had a great impact on my conceptual skills climbing up my career ladder. In addition to that, the interpersonal skills and PR skills nurtured through seminars and various other programmes were helpful in grooming me to the professional I am today. Further on, the efforts taken by the AAT Institute and its members, in organizing the annual member’s conference and releasing tabloids such as this have been a great source for us members to keep abreast of new developments and other topics that have raised the brows of many both locally and in the international arena. All these have been proven to be beneficial handling my job scope effectively and efficiently.”

“Not to forget, how grateful I am, for the support my parents gave at the time, my lecturers, my friends and my employer with special regard to the Chairman & Managing Director of my organization, Mr. M G Kularathne, Chief Executive Director, Mr. M. Piyadasa and Director Finance, Mr. Chandrasekara for encouraging me in every way to complete my studies and become the professional I am today.”

“Early this November, Maga celebrated 30 years of excellence in Sri Lanka as I celebrated 29 years of service to this esteemed organization.”

3. To what extent do you believe that one’s commitment, sheer determination and passion are the key drivers of one’s success?

“Classroom knowledge and spoon-feeding can make you a professional, but the above traits can make you an exceptional one. My belief is that these attributes can bring out something extraordinary to any person which would not have been possible through a routinized approach.”



“What’s more important is the passion you possess for what you do, regardless of what it is. Early this November, Maga celebrated 30 years of excellence in Sri Lanka as I celebrated 29 years of service to this esteemed organization,” Mr. Janse says humbly. **“It’s a competitive world out here, and if not for the passion I have for my career, I doubt I would have survived in the field this long.”**”

4. Tell us about your work experience gained abroad and how competitive you feel is the AAT qualification in the international arena?

“Working with Maga, I have got the amazing opportunity of working with various professionals both locally and abroad. **Learning different systems, working in different environments has certainly added colour to my personality and in fact it helps you develop an open-minded approach to things.** It’s simple, where ever we are, the fundamentals are quite the same and thanks to AAT, I feel I have been able to cope in any working environment and deal with various professionals because the strong foundation and fundamentals AAT laid down in my professional career.”

5. The construction industry is currently going through a boom with increased focus on infrastructure development island-wide implying construction companies are doing great in business. How have you been able to cope up with the challenges brought up in this dynamic industry?

“Certainly, Sri Lanka is going through a massive transformation with skyscrapers climbing in the cities, revamped building renovation projects and roads stretching out across the island. With all this, we construction companies have tremendous role to play meaning many job opportunities for us to venture into have arisen, and with that comes stiff competition among other construction companies in the island. So in order to meet the surging demand created in the industry, as a dominant player in the construction industry we had to pioneer several strategic moves in the areas; Supplier Relationships, Human Resources, Supply Chain Management, Technology advancements and so forth.”

“I believe success is achieved in staying ahead not just in competition but being in offering value to our

clients at all times. As a quickly growing company with a dedicated customer base, it is imperative to keep an ear to the ground to fully understand customer needs and the overall direction of the market. Thanks to the networking and interpersonal skills groomed at various seminars organized by the AAT, I was able to overcome these difficulties.”

6. The accounting world has gone beyond the age-old debit and credit and gained a new sphere of topics including Leadership Renewal (Corporate Governance). What are your view and comments on this?

“Corporate Governance is indeed a topic that is increasingly gaining its fame and importance not in an accountants’ world but also in the business arena as investors strive to put their money in the hands of ethically-driven companies. As severe corporate tumbles have deterred shareholders from investing in companies that lack emphasis on good governance structures, companies have been encouraged or rather forced to diverge from the selfish profit-driven goal to developing a more socially-responsible corporate image. Simply, it’s all about managing your stakeholders fairly within the given regulatory framework with a view to making profit in an ethical manner.”

7. The finance function has grown from a mere support service to the backbone of any Company with greater emphasis on the strategic vision of the Company. Do you agree?

“Yes, indeed I agree on this matter. The importance of finance and its impact on strategic decisions of a company have greater prominence after the financial crisis. The impact of our decisions on a company’s cash flow, risk management, liquidity and so forth can either develop a company or destruct it. Therefore, our role has changed from the traditional pattern of accounting to a more strategic role with increased focus on conceptual and decision-making skills. **Today, finance professionals go on to spearhead companies playing a vital role in the economic development of any country.**”

8. Do you feel a paper qualification is all it takes to reach the top?

“According to my point of view, a paper qualification gives you recognition and acts as a supportive tool. Although, a paper qualification on your hands is a prerequisite for employment, it is certainly not a success factor. We have to be equipped with good communication skills,

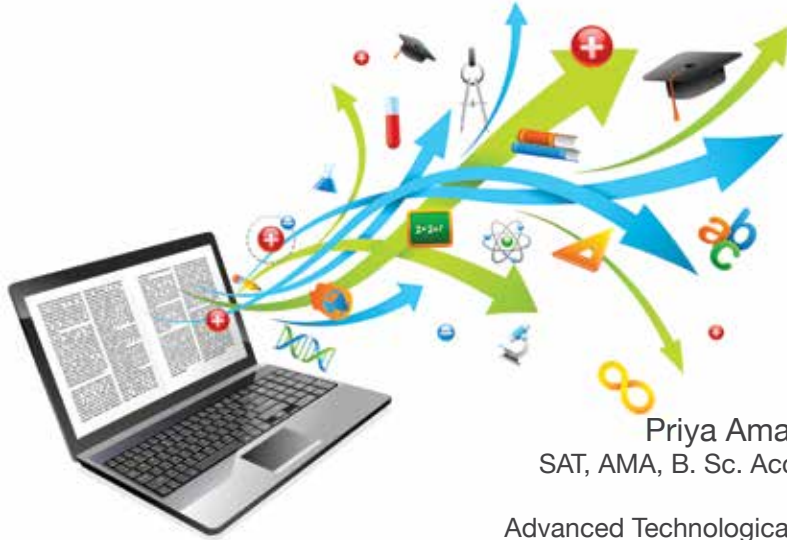
interpersonal skills, corporate awareness, leadership skills, the ability to work in a team, work attitudes and of course common sense (which is not always common, says Mr. Janse). **These skills together with your paper qualifications are what makes a complete professional, regardless of which profession you are in, and that’s what adds value to initials that follow your name.**”

9. Finally, what are your words of advice for those aspiring professionals who wish to pursue their career in the accounting field?

“The Accounting profession is a highly recognized one, so don’t lag till the last moment to approach a good study programme, instead look at the options available and get a head-start on it. The AAT qualification is a basic accounting qualification and is a gateway to the accounting world. Today, the world is far competitive than it was before, with many students following AAT right after their ordinary-level examinations. Well, if you want to be extra-ordinary you have to do something that ordinary people don’t do.”

“Therefore, to those aspiring accountants, I urge you to explore the options available and get a head start on it. And like I said before a paper qualification is not all it takes to climb the corporate ladder, so dedicate adequate time to improving your other skills as well. Secondly, instil in you the right values, attitudes and have a passion for what you do because it’s a competitive world out here. **One should have the commitment and perseverance to cope up with the challenges facing you. Once all these are sorted, sky is indeed the limit.**”





Priya Amali Warusavitarana
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How could Massive Open Online Course (MOOC) Assist Sri Lankan under privileged Students?

The Massive Open Online Courses (MOOCs) are introduced as online learning phenomena that has been developed in the last five years. MOOCs are now generating considerable media attention and significant interest from higher education institutions around the world (JISC, 2013). MOOCs are free, online courses offered by leading higher education institutions that enable unlimited global participation which provides access to a variety of academic disciplines. While some MOOCs offer opportunities to access course resources without any restrictions, some MOOCs have enabled collaborative learning and given access to industry leaders by using engaging learning environments that have enriched learning within the MOOC environment.

According to Carr (2012) more than a million people in the world have taken MOOCs. The massiveness of MOOCs has given a large number of learners in the world access to learning material. This openness allows the participants to view learning materials, take assessments and be engaged in learning from elite universities such as Stanford, Harvard and MIT (Kolowich, 2014). The ability to build knowledge through social constructivism (Salmon, 2011, Slamon, 2013) and connectivism strategies (Sieman, 2012) has increased active engagement and interaction in a MOOC environment. The accessibility and flexibility provided through MOOCs (deWaard et al., 2011) have generated great interest from low income earners and time-poor learners. While MOOCs provide a new way of learning, there are identified challenges and opportunities within MOOC environments.

The research says that MOOCs provide several opportunities to the wider community, such as time zone boundaries and locality (Friedman, 2013); student engagement (Trowler & Trowler, 2010) given the creative common resources that can be re-used; easy access to cross discipline resources without institutional barriers (Carr, 2012); easy enrolment and network participation opportunities (Kop, 2011) with lifelong learning capabilities (deWaard et al., 2011; Koutropoulos et al., 2012). MOOCs also claim to provide a wide range of personal learning options that allow participants to learn anywhere and at any time (Carr, 2012).

A team of lecturers at Sri Lanka Institute of Advanced Technological Education (SLIATE) carried out a research on applicability and suitability of MOOC to Sri Lanka. In their research they identified the key barriers and requirements to implement MOOC in Sri Lanka.

Most of the research participants indicated that MOOCs are a great innovation as they were able to learn without time zone and locality restrictions, giving them the opportunity to access the latest learning resources and most up-to-date developments in the subject area. The participants in this research indicated that the ability to take part in a new teaching approach has enabled them to re-think their course delivery and how they engage students in collaborative learning environments. It was also mentioned that respondents encountered problems such as infrastructure facilities and the unavailability of skilled staff

when attempting to implement concepts identified through MOOCs in a Sri Lankan education context. The survey results indicated that developing countries are leveraging learning through MOOCs to engage in professional development activities. There was a strong indication that the use of MOOC concepts in the higher education sector in Sri Lanka will benefit for professionals as well as students. MOOCs have created a new era in the higher education sector in Sri Lanka expediting the use of innovative teaching and learning methods to provide a better learning experience to the learners.

The correlation between practicability and suitability represented a positive relationship of 0.546, indicating that the use of MOOCs within the higher education sector to be strong being directly correlated as a practical and suitable idea. This highlights that research participants believe that MOOCs are suitable for the development of higher education in developing countries.

MOOCs do not require qualifications to register for the courses and are seen as an extension of existing online learning approaches with open access and scalability, they have led to a different interest in developing countries. The opportunity that MOOCs offer to these countries has generated significant interest from government education institutions and commercial education organisations, as it has opened doors into territories that were never available before.

While MOOCs are considered to be a disruptive innovation in the western world, developing countries like Sri Lanka, with higher English language literacy rates, have started to reap the benefits from the openness of the MOOCs. The Sri Lankan students who are talented and keen on their studies can just register for the courses they are interested in and could gain knowledge by using this great opportunity from a world class university without spending a single cent.

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Latest Trends in Human Resource Management Human Resource Audit (HR Audit)

Introduction

The role of Human Resource Management has changed dramatically since its inception from more clerical oriented role to a strategic partners' role. In the early days HR was merely focused on hiring people, maintaining personnel records, processing salaries and maintaining organizational discipline. Today HR as a strategic partner, there is more focus on planning and attaining organizational goals & objectives. Business climate today has pressured the HR Department to accept the challenge of doing more with less, while contributing towards the business objectives. HR Department has to consider the rapidly changing conditions affecting the type of employees required and their changing needs. To do so the HR function requires flexible and knowledgeable practitioners. HR strategic planning has become an integral part of doing businesses today and it is extremely important that HR professionals have to be specialists in their own field and competent business persons who understand the other fields in the business reasonably well.

As a result of being recognized as a "Business Partner" HR managers have to provide real evidence that HR Department is having a strategic business impact. Even senior management wants to know how the HR Department is performing. It is not an easy question to answer. At times, it is very difficult to obtain some type of objective measuring tool to determine how well certain HR functions are performing.

Most organizations today complete an extensive audit of their financial statements on an annual basis, but the programmes & procedures involving most important resource "people" such as recruitment, selection, training & development, performance related pay etc. are not given appropriate weightage. Managing the activities of HR Department efficiently and effectively is the starting point for organizations wishing to manage their human capital successfully and seeking competitive advantage through Human Resources. Creating competitive advantage through human resource is more stable than any other factor such as financial stability, customer loyalty and satisfaction, branding, research and development, market share, cost leadership, differentiation etc. The competitors can easily copy these factors other than human resources, but human resource is very difficult to copy as a whole because it is linked to the organization's culture and philosophy.

What is a HR Audit ?

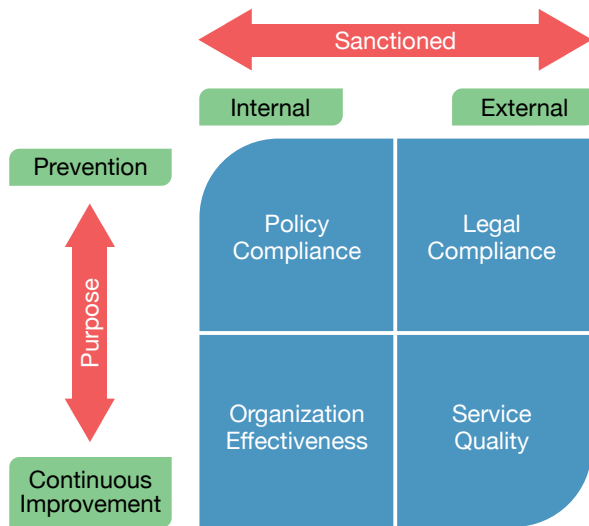
HR audit is a process of examining policies, procedures, documentation, systems and practices with respect to the organization's HR functions. It identifies the strengths and weaknesses in the HR system and any issues that need resolution. The audit works best when the focus is on analyzing and improving the HR function in the organization.

The HR audit itself is a diagnostic tool and not a prescriptive instrument. It will help the organizations to identify the missing things and things that need to be improved. But the HR audit does not reveal, what has to be done to address these issues. It is more useful that for organizations which are ready to act on findings of the HR audit. Furthermore, HR audit evolve HR function to a level which its' full potential to support the organizations' mission and objectives.

Purposes of HR Audit

HR audit provides the values on strategic objectives (return on investment), operational objectives (effectiveness), administrative objectives (efficiency) and resource optimization objectives (economy). On the other hand, it provides the level of compliance against the organizational policy and legislative requirements. More importantly it provides the people and related risks such as Occupational Health & Safety (OHS) hazards.

Matrix of possible relationship of audit purpose to organizational need



Objectives of HR Audit

HR audit identifies the effectiveness of the performance of HR Department. Whether is it business driven HR or not. Whether the HR Department of the organization is contributing to its business objectives, and if so, the level of contribution will be evaluated. Based on the HR audit findings organizations can improve their HR practices by implementing new policies & procedures. It provides the reasons for low productivity and the organizations can improve their HR development strategies in order to minimize

these areas. HR audit also provides an opportunity to review and modify the HR system in order to face new challenges. More importantly, HR audit will provide an evaluation for HR staff and other employees.

Benefits of HR Audit

HR audit identifies the contribution of the HR Department. It helps to identify the gaps between current HR practices and best practices and/or legislative requirements. Furthermore, it provides an opportunity to streamline the HR processes. HR audit provides encouragement of greater responsibility and professionalism among members of HR Department. It clarifies the HR duties and responsibilities removing ambiguities & overlapping. HR audit provides a stimulation of uniformity of HR policies and practices. It ensures the timely compliance with legal requirements. HR audit provides a reduction of HR costs through more effective personnel procedures. More importantly, it provides a thorough review of the Human Resources Information System (HRIS).

Principles of Effective HR Audit

Most important principle in HR audit is, that it needs to secure the senior management commitment to the process. Are they ready to fix what's broken if it creates higher costs to the organization, do they agree with the audit methodology, will they allow the audit staff to access all departments & information, will they publically support to the process which will creates strong modeling influence among employees, will directly resulting the success or failure of the HR audit. It is essential to decide who will conduct the audit. Whether the internal staff will carry out the audit or else external consultants will do the job on behalf of the organization needs to determine in advance. Whether the auditors are internal or external will directly affect to the independence of the audit findings. If the organization decides to proceeds the audit with internal staff it is very important to provide them an adequate training on the subject. It is important that auditors should sign the confidentiality agreement before carry out the audit. Audit activities should be budgeted properly and should be establish timeframes for every phase/step of the audit. Further, it should acknowledge that there are many types of audits and each type is having its own purpose and objectives. Organizations should decide what type of audit they required base on their objectives. This will eliminate the mismatches of expectations and audit deliverables. It is important to set standards for HR audit. On the other hand auditors should agree on reporting mechanism of the audit findings and communication strategy of the process.

Types of HR Audit

There are many types of HR audits in practice. Each type of audit is having different purposes and objectives.

- **Compliance**

Mainly focuses on identifying the organizations' level of compliance to the current legislative requirements.

- **Best Practices**

Helps to maintain or improve competitive advantage by comparing the organization's practices with the practices of organizations identified as having exceptional HR practices.

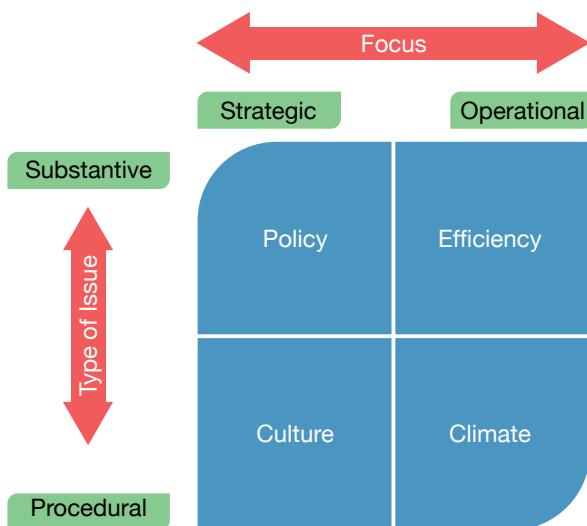
- **Strategic**

Focuses on strengths and weaknesses of the organizations' HR systems and processes to identify whether they are aligned with the HR Department and/or organizations strategic plan.

- **Functional-Specific**

This will not focus on the HR function as a whole and it will focus on specific areas of the HR function. eg : recruitment, performance management, training & development etc.

Matrix of relationship between substantive or procedural issue to strategic or operational focus



Scope of the HR Audit

- **Audit of corporate strategy**

Scope will be to ascertain whether the organization is going to gain competitive advantage through its Human Resources.

- **Audit of the Human Resource function**

Scope will be limited to specific HR functions such as HRIS (HR plans, job analysis information and compensation management), staffing and development (recruitment, selection, training & development and career development), organizational control & evaluation (performance appraisals, industrial relations and HR controls).

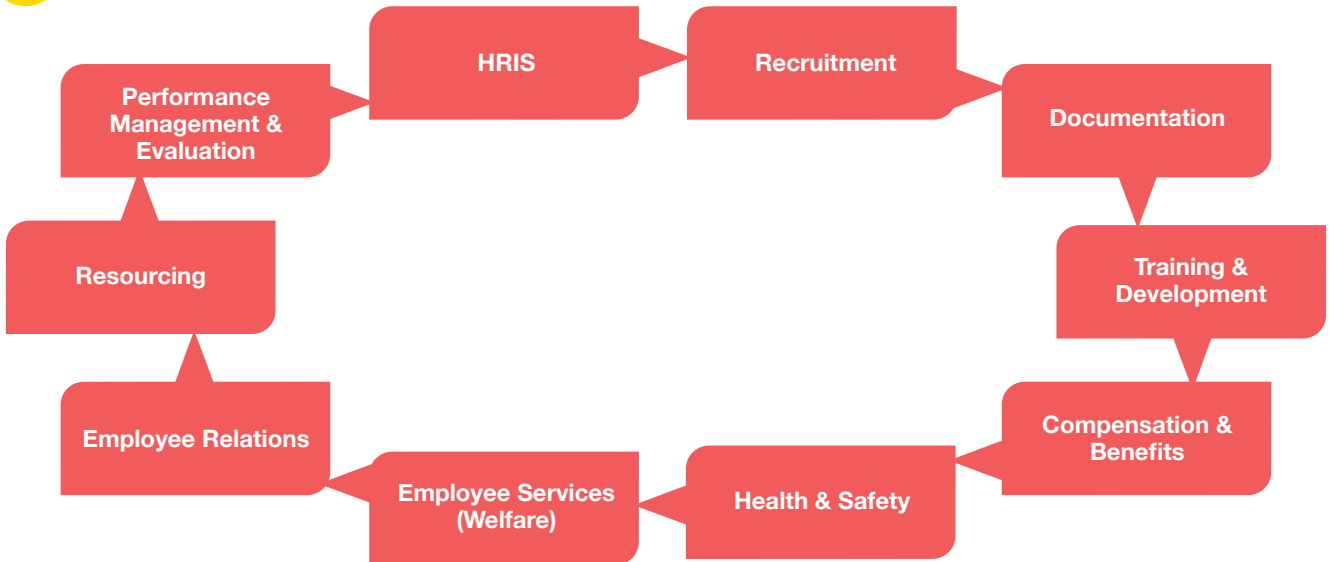
- **Audit of Managerial Compliance**

Scope will be whether the compliance with existing HR policies and procedures. Compliance with legislation is extremely important. If the safety, compensation or enforced labour laws are violated, the government will hold the organization responsible. If the managers ignore the policies or violate the employee relation laws audit can discover these issues and management can start corrective actions.

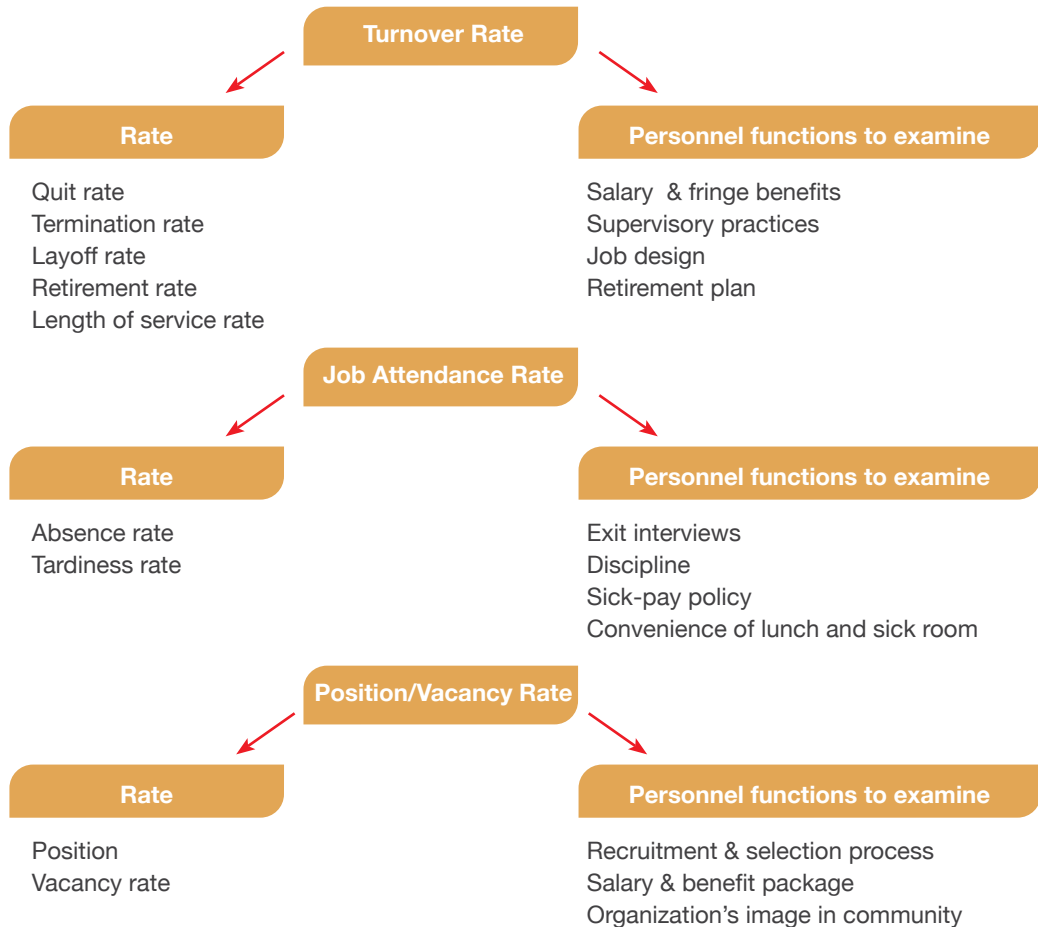
- **Audit of Employee Satisfaction**

Scope will be whether the employee needs are met and determine the level of satisfaction. It measures the employees' general attitude over his/her job. When the employee needs are not met, possibilities of higher labour turnover, higher absenteeism and trade union actions are more likely. To learn how well the employee needs are met, the audit team will collect the information about wages, fringe benefits, supervisory practices, career planning assistance and other dimensions of the job.

HR Audit Sections



HR Audit Measurements and Organization's Indicators



General Auditing Method

It is very important that the auditors should develop an understanding of the management system and procedures of the organization. After getting reasonable understanding about the existing management system and procedures of the organization auditors can access the strengths and weaknesses of it. Then the auditors can collect evidence and verify their findings. Auditors should validate the audit findings and identify the exceptions before submission of the audit report.

HR Audit Tools

● Individual Interview Method

This method is very useful when collecting information from top level management and senior management. It helps to know about their expectations from the HR audit, get to know about organization's future plans, opportunities available for the organization, get the sensitive information pertaining to working styles and organizational culture.

● Group Interview Method

Group interviews or discussions with the employees and executives of large organizations will help to collect information on effectiveness of the existing systems.

● Workshop Method

Workshop method also referred to as Large Scale Interactive Process (LSIP) will be conducted in certain cases of the audit.

● Questionnaire Survey Method

Feedback about various dimensions of HR Department, including the competency base of the HR staff, the managerial styles of line managers, the implementation of various HR systems etc. are obtained through a detailed edquestionnaire survey from individuals or groups of the organization. This method helps in benchmarking.

● Observation

The auditors should physically visit the organization and it will facilitate to assess the extent to which a congenial & supportive human welfare climate exists in the organization. This is very essential because, employees are not likely to give their best if they are not comfortable with the work surroundings. The observations can be conducted using a checklist of questions which will facilitate to cover all areas that need to be considered.

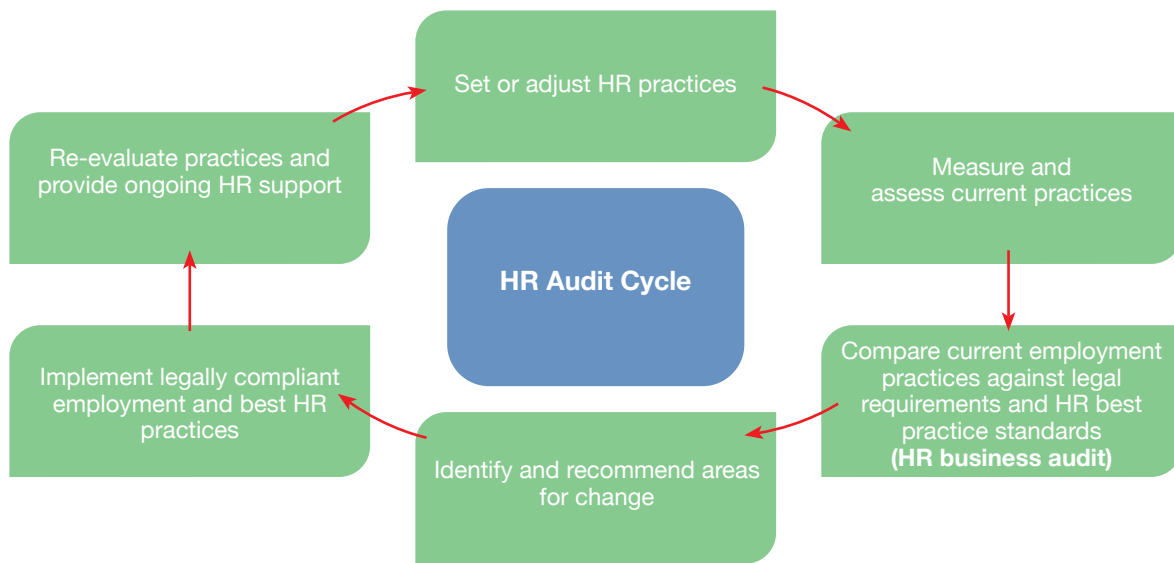
● Analysis of Secondary Data

Analysis of secondary data will provide the insight into organizations HR assets and liabilities. Employee age analysis, analysis of training attended, analysis of minutes of meetings held etc. help to determine the assets and liabilities.

● Analysis of Reports, Records, Manuals and Other Published Literature

Published literature of the organization including annual reports, hand-outs, training calendar, employee manuals and various circulars issued within the organization are also helpful to identify the strengths and weaknesses of HR practices.





Phase 1 - Foundational/Invitation

This phase contains two types of actions namely audit set-up and audit planning. The purpose & objectives of audit, scope of audit, organizational components to be audited, auditing tools to be used, cost and resources required to perform the audit and audit team governance will be determined in this phase.

Phase 2 - Assessment

This is the most important phase of the HR Audit. Identifying key organizational matrices, determining key employment issues of the organization and identifying officers accountable for such issues will be done in this phase. Assessment will be done against the checklist of best HR practices, legislative requirements and needs of assessment tools. Formulated auditing methodology and audit tools will be used to do the assessment.

Phase 3 - Conclusion and Report

There are three major components in this phase namely report preparation, report presentation and developing a HR improvement plan. It is very important that auditors should quantify the results of the audit in the report. Report needs to start with the outcomes of the audit. It should include an executive summary in order to get a brief idea about the process without spending much time. Another important aspect of the report is that identifying and prioritizing the solutions for issues discovered in the audit. It is more appropriate that the solutions are presented in bottom-line prospective where it is possible, in the report. If the solutions are presented with their benefits and costs (cost-benefit analysis), it facilitates quick decision making over the proposed solutions. Further, evaluation on organizational, financial and employee relations impact of action or inaction should be stated in the report.

The Audit Report

Findings of the audit are used to develop a picture of the organization's HR activities. Collected information will be more useful, if it is compiled to the audit report. The audit report is a comprehensive description of the organizations HR activities which includes both commendations for effective practices and recommendations for practices that need to be improved or less effective. HR audit report contains several sections such as a part for line managers, another for managers of specific HR functions and final part for the person who is the head of the HR function of the organization. In the line managers section it will discuss how line managers handle their HR related tasks such as interviewing applicants, evaluating employee performances, identifying training needs, motivating subordinates, satisfying employee needs etc. This part also identifies people problems, violation of organizational policies, deviation from employee relation lawsuits etc. HR specialists are handling the specific HR functions in the organization. They are also expecting feedbacks on employee training, compensation and other HR activities. Such feedbacks are, unqualified employees who need training, qualified employees who need development, attitude of line managers over personnel policies, employee pay dissatisfactions etc. Head of HR will get all the information given to line managers and functional HR specialists. In addition to that he/she will get feedback on attitude of line managers & employees over the services given by HR Department, a review of HR plans, HR problems of the organization and their implications, recommendations for required changes and priorities for their implementation.

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Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities

The Institute of Chartered Accountants (CA) Sri Lanka issued three new standards: *SLFRS 10 Consolidated Financial Statements*, *SLFRS 11 Joint Arrangements*, and *SLFRS 12 Disclosure of Interests in Other Entities* that is materially converged with International Financial Reporting Standards issued by International Accounting Standards Board (IASB). These new standards are effective for annual periods beginning on or after 1 January 2014.

SLFRS 10 replaces the portion of LKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation – Special Purpose Entities. What remains in LKAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

Consistent with the requirements that were previously included in LKAS 27, a group presents financial statements that consolidate the assets, liabilities, equity, income,

expenses and cash flows of the parent and its subsidiaries, as those of a single economic entity. A group will continue to consist of a parent and its subsidiaries (i.e., entities that the parent controls), however, SLFRS 10 uses different terminology from LKAS 27 in describing its control model.

SLFRS 10 does not change consolidation procedures i.e., how to consolidate an entity. Rather, SLFRS 10 changes whether an entity is consolidated, by revising the definition of control. The new definition of control will lead to consolidation of entities that were not previously included in the group, potentially resulting in more assets and liabilities on the books. There may also be instances in which companies will have to de-consolidate entities that were previously consolidated, that is, taking those entities off the Statement of Financial Position.

Under the new guidance control is the sole basis for consolidation. An investor will be required to consolidate an investee if it has all of the following:

- Power over the investee, which is described as having existing rights that give the current ability to direct the activities of the investee that significantly affect the investee's returns (such activities are referred to as the 'relevant activities')
- Exposure, or rights, to variable returns from its involvement with the investee
- Ability to exert power over the investee to affect the amount of the investor's returns.

The main change introduced by SLFRS 10 compared with the existing consolidation requirements is a greater focus on which investor has power over an investee's activities rather than who has the majority of the voting rights.

The control assessment could also change because of new guidance for potential voting rights, contractual arrangements with other vote holders, and structured entities (previously termed Special Purpose Entities or SPEs) where SLFRS 10 differs from previous guidance. In addition, SLFRS 10 contains specific guidance for the following topics, which were not covered (or covered in less detail) by LKAS 27/SIC-12:

- De-facto control
- Principal – Agent relationships
- Silos
- Franchises.

SLFRS 11 replaces LKAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. SLFRS 11 uses some of the terms that were used in LKAS 31, but with different meanings. Thus, there may be some confusion as to whether SLFRS 11 is a significant change from LKAS 31. For example, whereas LKAS 31 identified three forms of joint ventures (i.e., jointly controlled operations, jointly controlled assets and jointly controlled entities), SLFRS 11 addresses only two forms of joint arrangements (joint operations and joint ventures) where there is joint control. Because SLFRS 11 uses the principle of control in SLFRS 10 to define joint control, the determination of whether joint control exists may change.

SLFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. This will result in recognising a single line item for the investment and the reporting entity's share of the joint arrangement's profit or loss. Conversely, there might be some joint arrangements that are currently accounted for using

the equity method that will be considered joint operations under the new standard. For those arrangements, the joint operator will recognise its assets, liabilities, revenues, and expenses, and/or its share of those items, if any; that is, the single investment line item will have to be disaggregated into its components on the balance sheet and income statement.

SLFRS 12 includes all of the disclosures that were previously in LKAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in LKAS 31 and LKAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

A number of new disclosures are also required. One of the most significant changes introduced by SLFRS 12 is that an entity is now required to disclose the judgements made to determine whether it controls another entity. Now, even if management concludes that it does not control an entity, the information used to make that judgement will be transparent to users of the financial statements.

SLFRS 12 in addition requires additional disclosures for structured entities regardless of whether an investor is required or not required to consolidate a structured entity.

The new disclosures will also assist users of the financial statements to make their own assessment of the financial impact even if management were to reach a different conclusion regarding consolidation – by providing more information about unconsolidated entities.



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Nation Building Tax

The novel tax added to the Sri Lanka Tax System is Nation Building Tax, which was introduced by Act No. 9 of 2009 which came into force on the 1st February 2009.

As stated in the preamble to the Act, the purpose of the Act is to provide for imposition and collection of a tax to be called the NBT, on the liable turnover of every person to whom the tax applies.

Therefore, it is clear that this is a tax which is payable on the turnover of a taxable person and should be paid by every person to whom this Act applies.

Person to whom this Act applies

In terms of Section 2 of the principal Act the NBT is payable by the following persons:

- (a) Importers of any article,
- (b) Manufacturers of any article,
- (c) Service providers.

Subject to certain exceptions, those who are coming under the provisions of this Section are liable to pay NBT on their turnover for the relevant quarter.

This section was further broadened by an amendment brought by Act No. 11 of 2011. Accordingly, the wholesale and retail traders too were brought under the Act w.e.f. 01.01.2011.

The powers vested with the Provincial Councils under the 13th Amendment to the Constitution to collect Turnover Tax from retail and wholesale traders was annulled by this amendment, and retail and whole sale traders too were brought under the NBT regime under the Central Government.

Tax Rate

In terms of Section 3 of the principal enactment, those to whom the Act applies were made liable to pay NBT at the rate of 1% on liable turnover commencing from 01st January 2009.

This rate was further amended by Amendment Act No. 10 of 2009, by adding a schedule called Second Schedule to the Principal Enactment. Accordingly, following multiple rates were introduced in place of the 1% single rate that prevailed.

- | | |
|--|------|
| (1) For the period ending April 30, 2009 | 1% |
| (2) For the period from 1 st May 2009 to 31 st Dec. 2009 | |
| (a) On liable turnover | 3% |
| (b) On rice manufactured from locally produced paddy | 1.5% |
| (c) From 1 st January 2011 onwards on liable turnover | 2% |

Three fourths of liable turnover of any distributor and one half of any turnover of a retail and wholesale trader was exempted by this amendment and they were subjected to pay 2% on the balance turnover.

Liable Turnover

In reckoning the liable turnover of liable persons the following provisions were brought in by the amendment Act No. 10 of 2011.Viz.

Importers:

According to the principal enactment the liable turnover of an importer is the value of articles ascertained for the purpose of VAT. However the value of exempted items in the first schedule was exempted for NBT purpose from the value liable for VAT.

Manufacturers

In the case of manufacture the liable turnover was reckoned by excluding the value of articles excepted by the first schedule of the Act.

Service Providers

The value of services except the value of services exempted by schedule 1 should be treated as liable turnover for NBT purposes.

In reckoning the liable turnover the following were excluded

- (1) Bad debts incurred
- (2) VAT paid in the relevant quarter
- (3) Excise duty paid.

However, any bad debts recovered during that quarter should be treated as a part of the liable turnover.

Exempted Articles and Services

There is a great deal of articles and services which are not liable to tax. Those articles and services have been exhibited in the Part 1 and Part 2 of the First Schedule to the Act.

NBT Threshold

Under Section 3 (4) of the principal enactment the turnover which does not exceed Rs. 650,000/- per quarter was not liable to pay NBT. Those who pay optional VAT under VAT Act No. 14 of 2002, were also exempted from payment of NBT. This Rs. 650,000/- threshold was reduced to Rs. 500,000 w.e.f January 1st, 2011 by Amendment Act No. 10 of 2011.

In addition to that, Hotels and other similar businesses, agricultural produce, educational services and supply of manpower were also exempted if their turnover do not exceed Rs. 25M per quarter with effect from 1.11.2011.

The following proposals relating to Nation Building Tax (NBT) were made in the Budget 2013 which came into effect from January 01, 2013.

Any person or partnership with an annual turnover not exceeding Rs.12Mn (or quarterly turnover Rs.3 Mn), from all the businesses carried on by such person or partnership, will not be liable to pay NBT.

Consequently, NBT file of any person or partnership whose liable turnover became less than the above limits were inactive w.e.f 01.01.2013.

Changes brought in under 2015 Budget

- (a) The threshold was increased to Rs.3.75 mn per quarter w.e.f. 01st January 2015 (Rs.15mn per annum)
- (b) Import of machinery, equipment and spare parts by Sri Lanka Ports Authority to be used exclusively within specified ports were exempted.
- (c) Exemption limit on importation of sample value increased Rs.50,000/=.
- (d) The chargeability of NBT was removed in lieu of other import duties to be levied with immediate effect.
 - . Import of Motor Vehicle – in lieu of Excise (Special Provisions) Duty
 - . Manufacturer of liquor – in lieu of Excise (Ordinance) Duty
 - . Import of liquor - in lieu of Customs Duty and Cess.
 - . Manufacturer or import of cigarettes – in lieu of excise (Special Provisions) Duty

NBT Amnesty

Income Tax and corresponding indirect taxes payable by any person having turnover not exceeding Rs.300 Million per year from every trade or business carried on by such person for any period ending prior to 1st April 2011, and not complied with tax laws was exempted from payment of NBT, if the past earnings are invested prior to 31.03.2014 in any trade or business and duly comply with tax laws.

Concessions

Any individual who returns from foreign employment and investing his/her savings to commence new businesses was exempted from NBT as well as all other taxes payable on turnover and on the profits and income from all such new businesses for a period of 5 years.

Payment of the Tax

In terms of Section 4 of the principal enactment it was said that an amount equivalent to one third of the tax payable for the relevant quarter should be paid in the month following the quarter. This section was repealed by amendment Act No. 10 of 2011 to the effect that the NBT of each month should be paid on or before 20th of the subsequent month. Accordingly, NBT should be calculated on the turnover of each month and paid on or before 20th of the month following. Notwithstanding the tax payment the NBT return should be filed with the Dept. of Inland Revenue for the entire quarter on or before 20th of the month following each quarter.

Tax Credit

Under Section 6 of the principal enactment the manufacturers were entitled to take full tax credit on the NBT paid during that quarter against the NBT payable for that particular quarter and when NBT paid was in excess of NBT payable the excess was considered as an advance payment for the quarter immediately succeeding the relevant quarter.

This section was repealed by amendment Act No. 10 of 2011 to the effect that those manufacturers who are entitled to tax credit in respect of such tax paid on such goods in proportion to the Value of goods manufactured by them. This means the NBT credit relevant to the raw material not yet used should be brought forward so long as they are not used to manufacture goods. However, this amendment made NBT computation more complicated, since the value of closing raw material stock had a big impact on tax credit. It was necessary to take into account the value of closing raw material stock in order to calculate the proportion of tax credit available for that particular quarter. Having understood this difficulty, the legislators amended the Act by amendment Act No. 9 of 2012 in order to bring the arrangements in the principal enactment into effect. Accordingly, the excess input NBT of particular quarter is treated as an advance payment of the quarter immediately succeeding the relevant quarter.

NBT Calculation- Practical Aspect

Importers, manufacturers, service providers and Retail & Wholesale Traders are subject to NBT on their liable turnover arrived at after deducting excepted articles and excepted services contained in Part 1 and Part 2 of the First schedule to the Act.

Irrespective of the nature of business all are liable to pay at a uniform rate of 2% on turnover as NBT.

Is NBT a Consumer Tax?

Nowhere in the NBT Act has it been said that NBT payable can be charged to the consumer like in VAT. Even though, there is no legal provision to load NBT on the consumer some suppliers charge it to the consumer. If NBT is not recovered from the consumer the NBT should be calculated straight away on total turnover at the rate of 2% of invoice. If value is Rs. 100 then 2% thereon should be paid as NBT. i.e. Rs. 2/- and if he is a VAT registered person VAT should be recovered at 12% on Rs. 100/-.

If NBT is recovered from the consumer, this calculation becomes a bit complicated in charging and payment of NBT & VAT both.

For example we will assume that the actual value of goods or services provided is Rs. 1000/-

Value of Service per goods	1000.00
+ NBT $(\frac{100}{98} \times 2)$	<u>20.41</u>
	1020.41
+ VAT $(1020.41 \times \frac{12}{100})$	122.45
	<u>1142.86</u>
Total	1142.86

Accordingly, the customer has to pay Rs. 1,142.86 as the value of the invoice. An important aspect which should be borne in mind is, if NBT is charged to the consumer the NBT charged also should be treated as turnover liable to NBT. Therefore, in the above example Rs. 1020.41 should be treated as turnover and NBT should be at 2% thereon. Accordingly NBT payable is $1020.41 \times 2\%$ Rs. 20.41. Since the NBT inclusive value is treated as turnover the VAT should be recovered from the consumer on NBT inclusive value and output tax should be calculated on NBT inclusive value of the invoice. When output tax is computed the out put tax is $(1020.41 \times 12\%)$ Rs. 122.45 which should be collected from the consumer. In the final analysis if we apply this formula we recover NBT & VAT in full from the consumer and pay it to the revenue and the remainder is actual value of service or goods provided to the consumer without any loss or gain.

If NBT is not the charged to the consumer then calculation of NBT becomes very simple. On Rs. 1000/- worth invoice 2% or Rs. 20/- should be paid as NBT from own funds to the revenue and this can be written off to the P & L account and treated as admissible expense for the computation of taxable income.

Under this situation VAT chargeable to consumer is Rs. 120/- i.e. 12% on Rs. 1000/- and output tax is also Rs. 120/-

Note: However, the VAT Rate has changed to 11% with effect from 1st January 2015.

Acts relating to NBT

- Nation Building Tax Act, No. 09 of 2009
[Certified on 11th March, 2009]
- Nation Building Tax (NBT) (Amendment) Act, No.32 of 2009
[Certified on 18th May, 2009]
- Nation Building Tax (NBT) (Amendment) Act, No.10 of 2011
[Certified on 31st March, 2011]
- Nation Building Tax (NBT) (Amendment) Act, No.09 of 2012
[Certified on 30th March, 2012]
- Nation Building Tax (NBT) (Amendment) Act, No.11 of 2013
[Certified on 23rd April, 2013]
- Nation Building Tax (NBT) (Amendment) Act, No.10 of 2014
[Certified on 24th April, 2014]

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Cost Benefit Analysis



Introduction

This article provides an overview of the Cost Benefit Analysis (CBA). It discusses various methods of calculating costs and benefits under different circumstances, as well as the standard methods of calculating non financial costs and benefits. Furthermore it provides the valuing and discounting methods for future benefits or costs. It explains the methods of selecting the most suitable alternative when there are many alternative projects which provide positive Net Present Values. Finally it explains the importance of CBA for a country.

There are two main features of CBA. First is the discount rate. It is 'used to equate the value of present and future costs and benefits to permit their comparison' (Anderson, 1994). The second refers to the comparison of cost and benefit after calculations.

Benefit cost analysis involves measuring and weighing the benefit and costs of any public policy, and recommending that policy if its benefits minus costs are greater than those other alternatives (Bellinger, 2007).

Cost Benefit Analysis

'Cost Benefit Analysis includes systematic categorization of impacts as benefits (pros) and costs (cons), valuing in dollars (assigning weights), and then determining the net benefits of the proposal relative to the status quo' (Franklin B cited in Broadman and et.al). CBA is useful for the efficient allocation of resources. It provides 'super efficiency of a particular intervention relative to the alternatives, including the status quo (Boradman et.al).

CBA in the public sector involves cost and benefits to the society as a whole. Therefore some people refer to it as 'social cost benefit analysis' (Broadman et.al). CBA in the public sector can be done in two ways, namely Exante CBA or Expost CBA. Exante projects are much more helpful and beneficial to the country since they analyse costs and benefits before implementing a project. Expost CBA is the analysis or evaluation of policy after the implementation of a project. Therefore it provides less benefit and it provides the economic viability of the project.



Discount Rate

Discount rate in the cost benefit analysis can be based on criteria such as rate of inflation or the opportunity cost of capital under normal circumstances. It is necessary to accumulate all costs and benefits from a project at different time periods. The concept of present value of money is helpful in deciding the future benefits. The anticipated future benefits or costs and computing their present value is helpful for decision making. The type of discount rate depends on the project it is used for. The inflation rate, interest rate for savings or sometimes social discount rates is used as the discount rate for the calculation of real value.

Cost and Benefit

In a CBA, both cost and benefit should be measured in the same units (eg. Sri Lankan Rupee). Benefit and cost can be divided into two namely; financial cost or benefit and non financial cost or benefit. Calculating financial cost/ benefit is easy compared to non financial cost/benefit since it has a monetary value. After calculating the cost and benefit it must be discounted using the appropriate discount rate.

Calculation of Cost and Benefit on Non Financial Factors

Factors refer to impact depending on the analysis. Some factors may be a cost or opportunity cost of the study. In some instances these may be sunk costs and may not be taken into consideration. However, these factors may be beneficial in analysis of another CBA. Thus, the calculations of cost and benefit for non financial factors may vary depending upon the alternative project and the way of being cost or benefit. Many projects have a lifetime and the benefits yielded by any project would vary depending on its life time.

There are various non financial costs and benefits such as environment pollution, value of life, nice environment, and traffic congestion that cannot be valued in the market system. But there are various measures that can be used to value the cost and benefit of these factors. 'The tradeoffs between the monetary and non-monetary aspects of work are referred to as compensating differentials' (Bellinger, 2007).

- **Calculation of Human Capital**

Calculation of human capital for benefit or cost can be done in many ways. The **human capital methodology approach** is mainly used for the valuation of life. It is difficult to quantify the harm or loss to a person. Secondary statistics data is helpful to quantifying the human capital.

Examples: How to calculate the cost of risk to a worker who accepts a dangerous job.

It can be done by taking the differencing in the extra amount of money/salary received by the worker for accepting the risky job than doing another job in his/her capacity. This extra salary will be taken as the cost of risk borne by him for the dangerous job.

Consumers willingness to pay for non monetary cost or benefit (eg: recreation) through wages, property values, travel cost or other market actions can be taken as a proxy measure for calculating cost and benefits. This type of studies is called '**Revealed Preference Studies**' (Bellinger, 2007).

'**Contingent Valuation Method**' (Bellinger,2007) is another way of calculating the non financial cost. By using a survey it assesses people's willingness to pay for a benefit or willingness to receive compensation for the cost. Based on the amount it can be used as a cost or a benefit for the analysis.

The valuation of life can be done using '**Statistical Life**'. It calculates the 'lost or saved value in the future due to the impact of public or private decisions' (Bellinger, 2007). Risk of death can be calculated due to fire, war and natural disasters by using this method. Furthermore, value of life depends on the value to family, value to employer or to the community under the statistical calculation of life.

Under the **Human Capital Methodology** approach, it calculates the opportunity cost of lost income due to premature death or permanent illness. According to Bellinger (2007), the value of life measurements can be divided into two; **Discounted Future Earning (DFE)** and **Required Compensation (RC)** approach. DFE method estimates the individual's expected future income discounted to present value. But DFE method ignores the value of leisure, impact to the family etc. RC approach also refers to the wage risk studies since it estimates the workers' wages and the risk of their jobs.

$$\text{Value of a Statistical life} = \text{Change in income} / \text{Change in death risk}$$

(Bellinger, 2007)

- **Calculation of Environmental Issues**

Calculation of depletion of the ozone layer, emission of greenhouse gases and other environmental issues must be taken as the cost to the society. However, these factors are very difficult to quantify. There are various ways of calculating these costs. In public sector projects in particular there is a necessity to calculate the environmental cost. One method is the cost of repair. Cost of repairing the environment can be taken as the cost of public sector projects. Mostly private sector projects have been made to pay for the environmental damages. Therefore for private sector **cost of the permit, pollution taxes** can be considered as costs.



- **Calculation of Other Non Financial Resources.**

Further there are other non marketed goods such as wasted time; queuing time and traffic congestions which are also valued using different measures in the CBA. **Valuing Time** can be calculated based on the hourly wage rate and it can be used as an opportunity cost of time for productive work.

Value of recreational resources is one of the major challenging tasks in calculating the CBA in public sector projects. Mostly different researches use **'Travel Cost Method'** (Bellinger, 2007) as a measure of valuing a park or any other recreational place.

Existence Value is another method of calculating the unique natural resources. 'Existence value refers to the value of a resource to individuals who are not actively consuming or experiencing that resource.' (Bellinger, 2007)

Selection Criteria for an Alternative Project or for Decisions

After calculating the cost and benefit for the alternative, its total cost must be deducted from the total benefit. If the benefits exceed the costs then alternative is accepted for implementation. But on the other hand, if the costs exceed the benefits the alternative is not feasible to implement and the status quo must be maintained.

Net Present Value (NPV) ~ $B - C > 0$
(Boardman. Et.al,1996)

When there are multiple projects, alternative is selected on the basis of highest NPV. Even if the highest alternative is lesser than zero, alternatives will not be selected for the implementation. 'Maximizing the well being of society through policy involves approving all projects with positive net benefits for society as a whole'(Bellinger, 2007).

'Kaldor- Hicks criterion or fundamental rule for policy analysis' (Bellinger, 2007) is a common rule for analyzing public policy alternatives. It ranks projects according to the total net benefits.

'The Kaldor Hicks principle states that a policy should be adopted if the winners could in principle compensate the losers, which requires that the total benefits outweigh the total costs' (Bellinger,2007).

Furthermore, there is another method of criteria for CBA which is called **'pareto efficiency'** (Boardman, et.al). They

have defined it as

'an allocation of goods is pareto efficient if no alternative allocation can make at least one person better off without making anyone else worse off'. 'If a policy has positive net benefits, then it is possible to find a set of transfers, or "side payments" that makes at least one person better off without making anyone else worse off' (Boardman, et.al).

In order to compare the cost and benefit of an alternative there are some other methods such as **'Benefit/Cost Ratio'** and **'Rate of Return'** also can be used. Benefit cost ratio provides a percentage comparing of the total benefit and total cost. But it is not much suitable compared to the NPV. Furthermore **'Internal Rate of Return (IRR)'** is another better method of comparing NPV of more than two projects. It is a rate of discount at which the project breaks-even.

Importance of Cost Benefit Analysis

Properly used CBA is helpful in identifying and rationalizing the decision making process and provides the basis for selecting the best alternative. Further, calculating non financial cost and benefit reduce free riders in the market economy system. Government can introduce new regulatory policies, safety policies, pollution policies and use these policies to impose penalties on the wrong doer. Different tax systems, permit systems can provide a provision to convert the situation from the previous situation. Calculation of CBA is helpful for both private and public sectors as well as for individuals in decision making.

In daylights, in sunsets, in midnights, in cups of coffee, in inches, in miles, in laughter and strife.... How do you measure a year in the life? (Jonathan Larson, Rent cited on Bellinger, 2007)

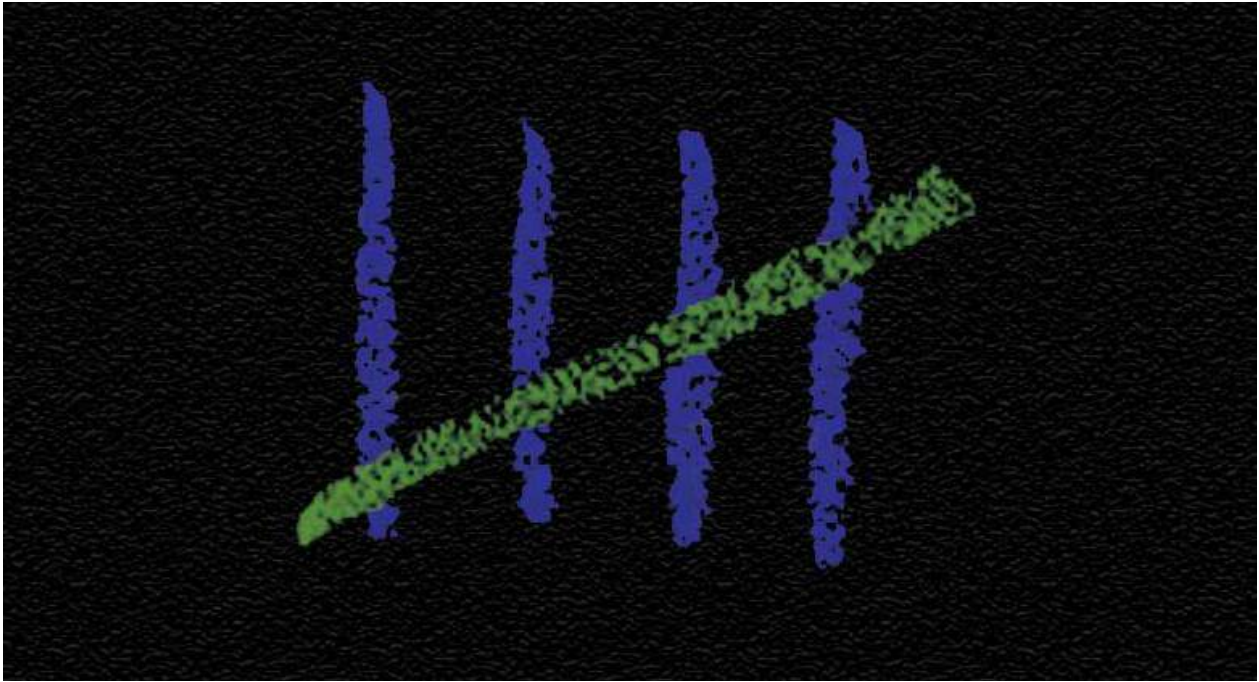
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J Vijendran
FMAAT, FIAB, ATII (SL), MCPM, CBA
President
AAT Sri Lanka Toastmasters Club

Be a Toastmaster, To Be a Leader



What are your interests? That common question was raised one day by one of my friends. My impromptu answer was attending Toastmasters club meetings. That automatic answer was at the tip of my tongue perhaps because I am anxiously awaiting the next meeting after concluding the previous one. The time gap between two meetings is felt as a long period of time.

I started my Toastmasters journey in 2009. Since then I have missed only two club meetings that too due to dire needs to attend some urgent family matters for which I had no excuses. I am so committed to Toastmasters. As we normally say we are addicted to Toastmasters. How has that saying come in to being? Toastmasters concept has remoulded our thinking process to be fresh, to act vigorously, to look at others with an open heart and much more. There are many explicit and tacit benefits you yourself will conceive by becoming a Toastmaster, in addition to obvious benefits well known and apparent.

Be a Competent Communicator

Why is that you cannot become a leader in society in which you live or in the place you work? Reason number one is lack of confidence to come forward and express your views clearly and effectively to an audience. It is common to all of us. That inherent reason gave birth to Toastmasters. Having seen this common problem, **Ralf Smedly** the pioneer of Toastmasters started a Toastmasters club in USA in 1924 to remedy the situation. Remember, that it is not to teach English to Americans because they spoke “bad” English.

Toastmasters consist of large number of projects and activities to enhance your confidence in public speaking, by making you a good communicator who can convey a message very effectively to society or to your bosses or to your subordinates or to your co-workers in your place of work.

Be a Competent Leader

If you become a competent communicator, the leadership is on your path. That is a common experience. Society will recognize you and will take confidence and you will be in the forefront. Even if you have many talents, but remain silent due to lack of confidence that talent will be in vain with no benefit to any one like a flower that withers in the desert sand. On the contrary if you develop leadership you can do much more to society using those talents.

What other benefits will it bring to you?

Language Proficiency

How is it achieved? Toastmasters do not allow you to remain idle. You have to undertake projects, one after another. What are these projects? Now don't get excited. Those are simply speeches you have to make in your club meetings to master various aspects of the art of speaking. To do that you need rigorous preparation. What else do you need? You have to undertake reference studies to gather material required to decorate your speech. You have also

to read books or surf in the cyber space. Thereafter you may have to write your speech on paper. Is that all? No, you must get the assistance of your mentor to edit it. He will assist you in the usage of correct Grammar and style of presentation. That is not all. You have to practice your speech either in front of the mirror or in your wash room as you may please. What does this whole exercise bring to you? It will improve the skills required for you to master the Language. In short what are those? Reading, writing, listening, comprehension, speaking. Would that not improve proficiency in the language?

Social Networking

Toastmasters are a worldwide organization spread in 126 countries with 300,000 members at present. Toastmasters meet at club level, area level, Division level, district level and finally at International level. Such meetings bring you opportunities to meet local and international people of different walks of life. Having a wide social network is a catalyst for your career development as well as for progress in your personal life. When you are facing an interview if you can genuinely say that you have good connections with the “big shots” of the society it will add more colour and marks to you. Toastmasters are therefore a cradle for you to build up a good favourable social network.

Become a Man with Dignity

Toastmasters teach us so many things. To respect each other, not to letdown or criticize others, appreciate and applaud even minor achievement of a person, to come forefront to help others with an open heart, to extend friendship irrespective of race, language, country, colour of skin or whatever and live in society with honour and dignity. A toastmaster means a person who has taken oath to live according to the principles of toastmasters. The whole program paves the way for inner peace of a man as well as world peace which is the need of the hour under the current scenario. Be a Toastmaster. That will perhaps be the greatest achievement of your life.



W A B J Premathilake
FMAAT, B.Com - Special, HNDA
Assistant Accountant
Sri Lanka Ports Authority

Current Taxes in Sri Lanka

Income Tax (IT)

Introduction

Income Tax is charged on the basis of the provisions of the Inland Revenue Act No. 10 of 2006 as amended by Inland Revenue Amendment Acts No. 10 of 2007, 9 of 2008, 19 of 2009, 22 of 2011, 08 of 2012, 18 of 2013 and 08 of 2014.

According to charging section (section 2), Income Tax shall be charged at the appropriate rates specified in the schedules to the Act, for every year of assessment, in respect of the profits and income of every person for that year of assessment commencing on or after 1st of April, 2006.



Payment of Tax

IT is payable on self assessment basis in five instalments.

1st Instalment

On or before the 15th day of the month of August of the relevant year

2nd Instalment

On or before the 15th day of the month of November of the relevant year

3rd Instalment

On or before the 15th day of the month of February of the next year

4th Instalment

On or before the 15th day of the month of May of the next year

Final Instalment

On or before the 30th day of the month of September of the next year

Furnishing Income Tax (IT) Returns

Due date :

Return of Income Tax (IT) should be furnished on or before 30th day of the month of November of the relevant assessment year.

Submitted to :

Relevant Branch.

The following persons are chargeable with income tax

- an individual
- a company
- a trust
- an executor or administrator
- an association, club or society of persons Whether corporate or unincorporated
- a charitable institution
- a Hindu undivided family
- any local or public authority
- a government.

Income Chargeable with Tax (Sec. 03) :

Following sources of income are liable for charging income tax.

- Income from Employment
- Income from Property
- Net annual value (NAV)
- Rent Income
- Occupier's Income
- Income from Interest
- Income from Dividend
- Profits from trade, business, profession or vocation
- Charges or annuities
- Royalty Income
- Discount
- Premiums
- Winning from a lottery, betting or gambling
- Income from any other source whatsoever, not including profits of a casual non recurring nature.

Rates of Tax

There are two types of rates available under the Inland Revenue Act as follows:

- Normal tax rates (Under 1st, 2nd & 3rd Schedules)
- Special tax rates (Under 5th Schedule)

1) Tax rates applicable for an individual

Personal	Allowance	Rs. 500,000.00
First	Rs. 500,000.00	4%
Next	Rs. 500,000.00	8%
Next	Rs. 500,000.00	12%
Next	Rs. 500,000.00	16%
Next	Rs. 1,000,000.00	20%
Any balance		24%

According to the Budget Proposals of 2015 Employment income accruing to a person is to be taxed at a maximum rate of 16%. This will be effective from 01st April 2015 onwards.

2) Any Company, for any year of assessment on the taxable income of that company for that year of assessment

- (a) Commencing prior to April. 1. 2011 35%
- (b) Commencing on or after April. 1. 2011 28%

3) Partnerships (On any assessment made)

- (a) For any year of assessment commencing prior to April. 1. 2011 30%
- (b) For any year of assessment commencing on or after April. 1. 2011 24%

Payment of Tax

Every employer has obligation to deduct PAYE tax from the Employee as per PAYE tax tables and the total deducted amount should be remitted to the department on or before 15th of the following month.

Pay As You Earn Tax (PAYE)

PAYE system is the withholding tax system under employment income. That means when an employer makes the payment of employment income, he will deduct the taxes payable by the employee in respect of employment income & remit to the Department of Inland Revenue.

For this purpose the Commissioner General of Inland Revenue specifies Tax Tables which are to be used in making such tax deductions.

Furnishing PAYE Returns.

Due date :

Return of PAYE Tax (PAYE) for a relevant Assessment Year, should be furnished on or before 30th day of the month of April, of the following Assessment Year.

Tax table No.01 : Monthly Tax Deductions from Regular Profits from Employment

Summarized Tax Table – Regular Profits from Employment

Monthly Remuneration(Taxable)	Tax
1. Monthly remuneration up to Rs. 50,000/-	Exempt
2. Monthly remuneration exceeding Rs. 50,000/- but not exceeding Rs. 91,667/-	4% of monthly remuneration less Rs. 2,000/-
3. Monthly remuneration exceeding Rs. 91,667/- but not exceeding Rs. 133,337/-	8% of monthly remuneration less Rs. 5,667/-
4. Monthly remuneration exceeding Rs. 133,337/- but not exceeding Rs. 175,000/-	12% of monthly remuneration less Rs. 11,000/-
5. Monthly remuneration exceeding Rs. 175,000/- but not exceeding Rs. 216,667/-	16% of monthly remuneration less Rs. 18,000/-
6. Monthly remuneration exceeding Rs. 216,667 /- but not exceeding Rs. 300,000/-	20% of monthly remuneration less Rs. 26,667/-
7. Monthly remuneration exceeding Rs. 300,000/-	24% of monthly remuneration less Rs. 38,667/-

Tax Table No. 2 : Rates for the Deduction of Tax from Lump sum Payments

How to use this table can be explained by the following example.

Mr. Perera receives a bonus of Rs. 58,00.00 in April 2014. His regular profits from employment for that month are Rs. 54,000.00. His basic monthly salary is Rs. 52,000.00 and the monthly average of allowances and the other benefits (liable to tax) is Rs. 3,000.00 (approximately)

(i.e. 52,000 +3,000)

The amount of Bonus is 1.05 times of average regular profits (i.e. approximately 1 times the average monthly profits from employment)

$$\frac{\text{Bonus}}{\text{Gross Monthly Salary}} = \frac{58,000}{55,000} = 1.05$$

Therefore M1 part of the table is applicable in this instance According to M1 part of the table the corresponding rate to average profits from employment excluding lump sum payments (Rs.55,000) is 4%

The tax deduction in April in respect of Rs. 54,000.00 (according to Table No.) 160
Average regular profits from employment (Gross monthly salary) is Rs. 55,000.00

Continue:

Accordingly applicable rate on lump sum payment is 4%	
Tax on Bonus = Bonus x the applicable rate = 58,000 x 4%	2,320
Total Tax deductible in April 2014	2,480

Tax Table No.3 :

Rates for the Deduction of Tax from Once – and – for - All Payments (Terminal Benefits)

Tax Table No.4 :

Tax deduction from the remuneration of employees who are non citizens in Sri Lanka.

Tax Table No.5 :

Deduction of tax on Cumulative Profits from employment

Tax Table No.6 :

Tax on Tax Rates Instances where tax on tax arise.

- (i) When an employer or any other person settles income tax of an employee, without it being deducted from his salary.
- (ii) Reimbursement by the employer of Income Tax already deducted and paid from employees salary.

Tax Table No.7 :

Rates for the deduction of tax from the remuneration of a Chairman or a Director or a non-Executive Director of a Company, not included in the Payroll for PAYE purpose.

For Non- Public Sector Employees	
10% where the remuneration does not exceed	- Rs. 25,000/-
and	
16% where the remuneration exceeds	- Rs. 25,000/-

For Public Sector Employees	
10% where the remuneration does not exceed	- Rs. 50,000/-
and	
16% where the remuneration exceeds	- Rs. 50,000/-

Value Added Tax

Introduction

Value Added Tax (VAT) is a tax on consumption or spending in Sri Lanka. The tax is borne by the final consumer of goods or services, because it is included in the price paid. In fact, it is not a tax on the seller of the goods or provider of services who simply collects VAT on behalf of the Government.

Chargeability for Value Added tax

- Manufacturers
- Importers
- Services Providers
- Suppliers who supply goods under tender agreement
- Suppliers whose supplies are more than Rs. 500 million per quarter (including exempt and excluded supplies)

Who are Liable for Registration

Every person who carries on a taxable activity.

- If his taxable supply of goods or services or supply of goods and services, has exceeded Rs.3,750,000 per quarter, or
- has exceeded Rs. 15,000,000 per annum, or
- likely to exceed Rs.3,750,000 in the succeeding quarter of Rs. 15 million in the succeeding twelve months period.

Any person or partnership liable to pay VAT for any quarter commencing on or after January.1. 2013, being a person or partnership engaged in the business of wholesale or retail trade, whose quarterly turnover / supplies exceeds Rs. 500 Million (including exempt or excluded supplies)

VAT Rates

Zero Rate	0 %
Standard Rate	12%
	(11% with effect from 01.01.2015)

VAT Payments

1. Any person or partnership

- Who supplies services other than financial services
- Who imports and supplies goods
- Who engaged in the business of wholesale or retail sale, whose quarterly turnover / supply exceeds Rs. 500 Million (including exempt or excluded supplies) is required to make the payment as follows.
- For the period 1st day – 15th day of a month - on or before the end of the month
- For the period 16th day – end of a month - on or before 15th day of the following month

2. Any other person or partnership (other than those who referred in 1)

- Who supplies goods manufactured by such person or partnership

- Who is engaged in supply of financial service is required to make the payment for the particular month on or before 20th day of the following month

Furnishing VAT Returns

Due Date :

On or before the last day of the month after the expiry of each taxable period (may be monthly or quarterly)

Simplified Value Added Tax (SVAT) Scheme

SVAT Scheme is administered by the Department of Inland Revenue and is implemented effective from 01.04.2011 in terms of section 2(2) of the VAT Act No. 14 of 2002.

Persons eligible to be registered under SVAT

The following VAT Registered Persons as well as the suppliers of any goods or services to such registered persons are entitled to be registered under this SVAT scheme.

- (1) Any exporter or provider of zero rated service under section 7 of the VAT Act, having zero rated supplies more than 50% of his total taxable supplies
- (2) Registered person engaged in any strategic Development Project referred to in paragraph (f) (i) of PART II, or Registered persons engaged in any Specific Project referred to in Paragraph (f) (ii) of PART II of First Schedule to the VAT Act.
- (3) Persons registered under Section 22(7), and who are entitled to claim input tax under the Act.
- (4) Manufacturers who Supply goods manufactured in Sri Lanka to exporters to be utilized for manufacture of goods for export, where the value of such supplies and Zero rated supplies are more than 50% of his total taxable supplies.
- (5) Providers of value added services to exporters which results in the improvement of the quality, character or value of any goods manufactured for export where such supply of services more than 50% of his total taxable supply.
- (6) Suppliers of goods or services to the above persons where the total of such supply is more than 50% of his total taxable supply.

The forms specified for the purposes of this scheme are as follows:

- SVAT 01- Application for Registration under Simplified VAT Scheme
- SVAT 02- Suspended VAT invoice under supplies without charging VAT
- SVAT 03- Total output declaration is regained to be submitted by purchasers and suppliers
- SVAT 04- Confirmation of the supply from both parties. This is to be submitted by Suppliers -both party document.
- SVAT 05 – Monthly supplementary declaration form. This is a summary of supplies. The suppliers are required to submit this form with
- SVAT 04 – both party document.
- SVAT 05 (a) – Suspended debit notes declaration form. This documentation is required to be submitted by the supplier – both party document.
- SVAT 05 (b) – Suspended credit notes declaration form. This documentation is required to be submitted by the supplier – both party document.
- SVAT 06 – Summary of the suspended purchase. This documentation is required to be submitted by the purchaser.
- SVAT 07 – Summary of the suspended supplies. This documentation is required to be submitted by the supplier.
- SVAT 07(a) – Summary of the suspended debit notes issued. - This documentation is required to be submitted by the supplier.
- SVAT 07(b) – Summary of the suspended credit notes issued. This documentation is required to be submitted by the supplier.
- SVAT 07(c) – Summary of the suspended supplies made to NFE manufacturers. This documentation is required to be submitted by supplier.
- SVAT 07(d) – Summary of the foreign remittance received on account of supplies made to NFE manufacturers. This documentation is required to be submitted by the supplier.
- SVAT 08 – Specimen of the acknowledgement.
- SVAT 09 – Application for credit vouchers.

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Members' Get-together 2014



One of the colourful events in the AAT Sri Lanka calendar, Members' Get-together – 2014 was held on 21st June 2014 at Laya Leisure, Kukuleganga, Mathugama.

Many AAT members and their family members participated in this one day outing. Irrespective of age, gender and status barriers, the event turned out to be a fun-filled experience

to all the participants. Lots of activities had been organized for this Annual Members' Get-together by the Members' welfare committee chaired by Mr. Sunil Wanigabadu with the intention of networking goodwill and fellowship among AAT members leading the image of the organization to greater heights.





GAP CONFERENCE
2014
Governance | Accounting | Performance

The 12th Annual Conference of AAT Sri Lanka was successfully held on 1st and 2nd October, 2014 at Hotel Galadari, Colombo with “GAP-Governance, Accounting, Performance”, as the theme. The conference was ceremonially inaugurated on 1st October 2014 with Hon. Susil Premajayantha, Minister of Environment and Renewable Energy as the Chief Guest and Mr. Sujeewa Mudalige, President, Confederation of Asian & Pacific Accountants as the Guest of Honour. Prof. Dr. Abdol Ali khatibi, Dean, Faculty of Business Management & Professional Studies, Management & Science University, Malaysia delivered the Keynote address.



Technical sessions held on 2nd October comprised of four interrelated and timely topics, namely, Tech-Savvy Accountants, Beyond Conventional Accounting, Leadership Renewal and Developing a High Performance Culture followed by fruitful interactive deliberations by the eminent panelists. This year’s conference succeeded the 11th Annual Conference that coincided with the Silver Jubilee Celebrations of AAT Sri Lanka, held on 9th and 10th October 2013 at the Waters Edge, Battaramulla.



Members' Annual Cricket Encounter 2014

Members' Annual Cricket Encounter 2014 organized by Members' Welfare Committee, was held on 1st November 2014 at Shalika Grounds, Colombo 05. Twelve teams participated in what is considered to be the biggest cricketing encounter in the AAT Event Calendar showing sportsmanship at the highest level. AAT staff team led by Mr. Wasantha Gunawardana won the championship, while BDO Sixes led by Saman Siri Lal (AAT Council Member), became runners up at the tournament.



Man of the Series:

Dulan – BDO Six Team

Best Batsman:

Sahan (AAT Staff Member) – AAT Challengers Team

Best Bowler:

Sidath – Members' Welfare A Team

Man of the final:

Dhanushka (AAT Staff Member) – AAT Challengers Team

Final Score

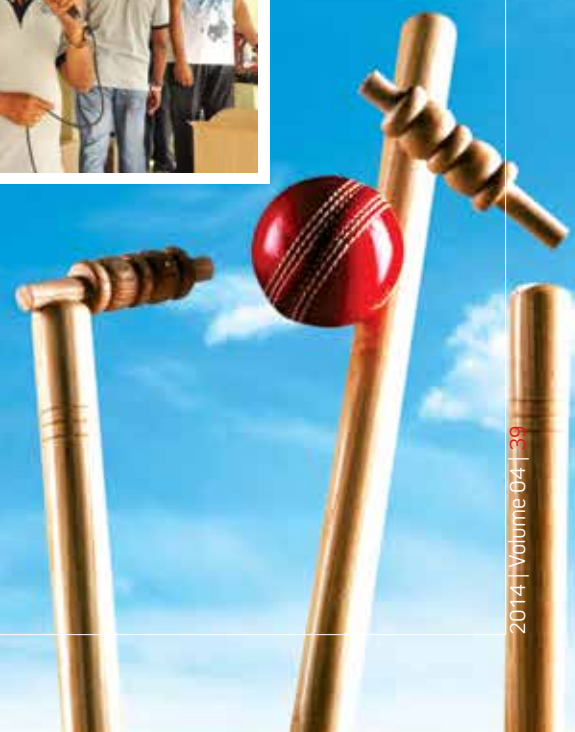
BDO Six : 49 (5 Overs) (Dulan 30*, Danushka 4/I)
 AAT Challengers : 51 (4.2 overs) (Dhanushka 31*, Harsha 8/I)



Winner - AAT Challengers Team



Runners up - BDO Six Team



Orientation Seminar for New Members – 2014



Orientation for New Members-2014 was held on 23rd November 2014 at the Lakshman R. Watawala Auditorium with Dr. Prathiba Mahanamahewa, Commissioner, Human Rights Commission of Sri Lanka as the Chief Guest and Mr. Mahesh Jayasinghe, Executive Coach & Consultant, MPower Softskills (Pvt) Ltd as the resource person.

The Orientation Seminar is organized by the Association of Accounting Technicians of Sri Lanka with the intension of educating members who have entered into AAT Membership in the year 2014, on Professional Conduct and Ethics, Continuing Professional Development (CPD) Scheme and the role of AAT members. Every year, such orientation seminars are conducted with eminent resource persons who can inject some insights to those freshers who have just started their professional careers.



Passed Finalist Awards Ceremony 2014

750 Students who have completed all three levels of the AAT examination held in January and June, were awarded certificates on 5th December 2014 at the BMICH, Colombo with Mr. Piyadasa Kudabalage, Managing Director – Sri Lanka Insurance Corporation as the Chief Guest and Mr. Jagath Perera, Council Member of CA Sri Lanka as the Guest of Honour.

Over the past two and half decades, AAT Sri Lanka has produced competent middle level accountants to serve the government and private sector companies which are in need of personnel for financial management of those enterprises.





Annual Convocation 2014

AAT Annual Convocation, the most significant event in the AAT Calendar was held on 25th November 2014 for the 22nd time at the BMICH, Colombo with Hon. Johnston Fernando, Minister of Co-operatives and Internal Trade as the Chief Guest and Mr. Arjuna Herath, President of the Institute of Chartered Accountants of Sri Lanka as the guest of honour.

380 Associate members, 20 Senior members and 16 Fellow members were ceremonially inducted to their respective memberships on this occasion, while 44 AAT students who excelled at AAT examinations held in January and July 2014, were awarded prizes by sponsors of the respective prizes appreciating their excellent performances.



Best Annual Report & Accounts (BAR) Competition - 2014

Awarding of prizes to winners of the Best Annual Reports and Accounts Competition of AAT Sri Lanka -2014 was held on 30th November 2014 for the 7th consecutive year at the BMICH Main Hall, Colombo.

Hon. Bandula Gunawardena, Minister of Education graced the occasion as Chief Guest while Mr. Anura Dissanayake, Secretary to the Ministry of Education was the Guest of Honour. Pushpadana Girls' College, Kandy won the

Platinum Award (all island 1st Place) while Royal College, Colombo and Visakha Vidyalaya, Colombo won the Gold and Silver awards (2nd and 3rd places) respectively. Nine (9) awards for "Best Presented Report" at provincial level, and awards at District level 1st, 2nd and 3rd for each of the 2 categories, i.e. schools having more than 2000 students and less than 2000 students were also presented.

This Corporate Social Responsibility project is organized by AAT Sri Lanka in collaboration with the Ministry of Education to achieve the objective of "Enhancing the quality of Annual Reports and Accounts of all National Schools in Sri Lanka".

This competition was successfully held in the previous year at which the All Island Gold Award was jointly shared by Devi Balika Vidyalaya, Colombo and Royal College, Colombo.



Felicitation of Academic Excellence of AAT Students - 2013

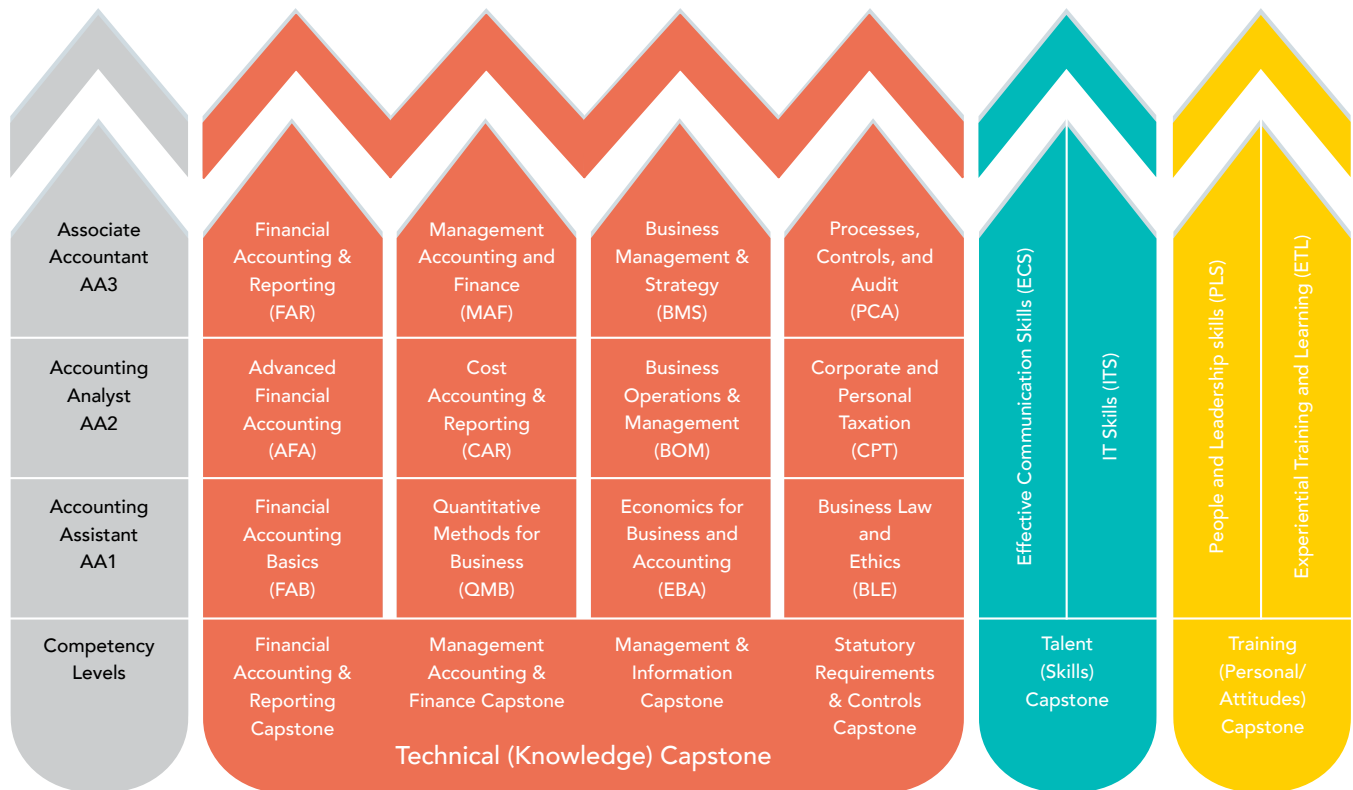
A felicitation ceremony for AAT Students who excelled in performance at the G.C.E (A/L) Examination held in 2013 was held on 6th June 2014 at the Prof. Lakshman R. Watawala Auditorium, AAT Centre, Narahenpita with Hon. Bandula Gunawardena, Minister of Education as the Chief Guest. Incumbent President of AAT Sri Lanka, Lalith T. Fernando, Vice president, J.M.U.B Jayasekera, Chairman of the Student Promotion and Brand Marketing committee, Mr. Saman Siri Lal, Mr. Tishanga Kumarasighe, CEO, principals of participating schools and distinguished invitees were present on this occasion.

Erandi Kanchana, who came the island first at the G.C.E (A/L) Examination held in 2013 (in the Commerce Stream) and a fine example of a student who started following AAT right after the G.C.E (O/L) examination and reached



great heights in her academic career, re-emphasizes the fact that following AAT is the best way to start a professional career. 35 students within the top 100 in the Commerce stream were ceremonially felicitated laying another mile stone in the 25 years of service of AAT powering the way for academic excellence.

Launch of AAT New Curriculum - EMPLOYMENT FAST TRACKED



Launch of the AAT new curriculum effective from 2015 to 2020 took place on 15th December 2014 at the BMICH, Colombo with Dr. Sunil Jayantha Nawaratne, Secretary, Ministry of Higher Education as the Chief Guest and Mr. Lasantha Wickramasinghe, Vice President, Institute of Chartered Accountant of Sri Lanka as the Guest of Honour. AAT President, Lalith Fernando and Council members, Past Presidents, Representatives of other professional bodies and Accredited Education Centres were present on this occasion.

“Employment Fast Tracked” is the theme of the new curriculum which will be effective for 5 years - 2015 to 2020. The new curriculum has been designed in a manner through which, knowledge and skills of AAT students will be improved while, at the same time catering to market requirements adhering to the International Education Standards (IESs) as prescribed by IFAC. The revision is in keeping with AAT policy to revise the syllabus every five years to incorporate contemporary changes in the profession.

In addition, there is an optimal specialization area to be selected which will provide an opportunity for students to initiate the specialization as per his/her preferred field of study. Practical training requirement under the new syllabus is one (01) year.

The AAT Curriculum comprises of three capstones, Technical, Talent and Training as shown above, against competency levels.



AAT Sri Lanka wins **GOLD AWARD** - Best Annual Report Competition 2014



AAT Sri Lanka is the proud winner of the GOLD AWARD at the Best Annual Report Competition 2014 organized by the Institute of Chartered Accountants of Sri Lanka. Over 130 companies including blue chip companies participated for this competition. AAT Sri Lanka won the GOLD AWARD in the small and medium sized Sector announced on 9th December 2014 at the Nelum Pokuna Theater.

The President of AAT Sri Lanka, Mr. Lalith Fernando, Vice President, Mr. J.M.U.B. Jayasekara, Chief Executive Officer, Mr. Tishanga Kumarasinghe and Chief Financial Officer, Mr. Harsha Pathiraja represented the Association on this occasion.

AAT Sri Lanka wins the
National Business Excellence Award 2014
for the Second Consecutive Year

AAT Sri Lanka emerged victorious to receive the prestigious National Business Excellence Award 2014 under the Associations & Societies Sector organized for the 11th consecutive year by the National Chamber of Commerce of Sri Lanka (NCCSL) with the Sri Lanka Institute of Marketing (SLIM) as the RUNNER UP. The most looked forward to annual event by Sri Lankan corporates covering private and state sectors in micro to extra-large categories, the competition is organized with a view to “recognizing business enterprises, which have demonstrated excellence in business, whilst contributing to the economic progress of the country”. The awards ceremony was held on 16th December 2014 at the Colombo Hilton.

AAT Sri Lanka emerged as the winner of National Business Excellence Award 2013 (Associations and Societies Sector) in the very 1st occasion of its participation for this competition marking another remarkable milestone in its silver year in 2013.



Members' Day 2014

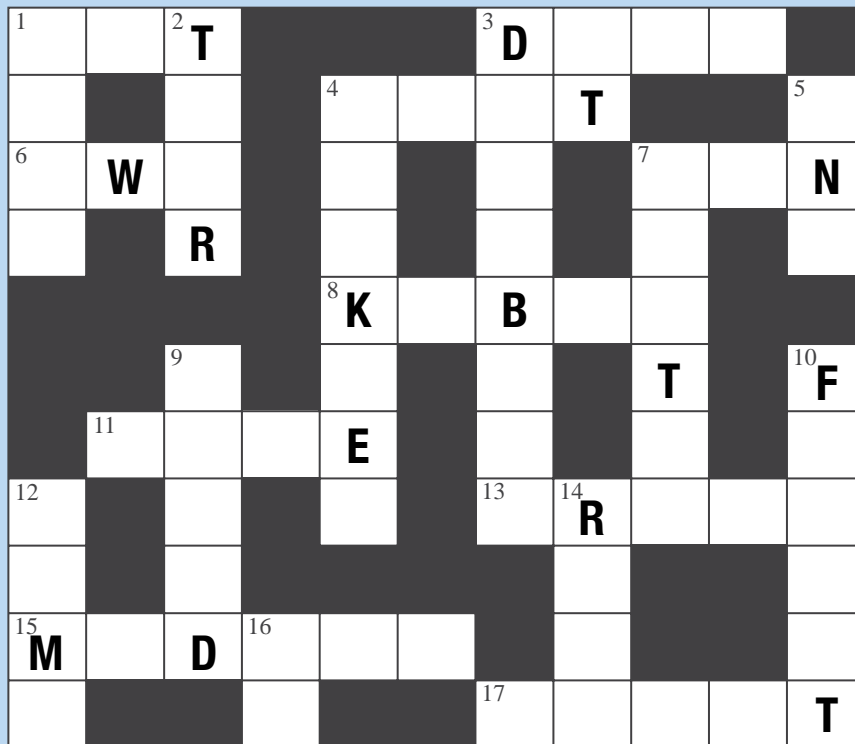
Members' Day, the musical night which is one of the colourful events of the AAT calendar, was held on 19th December 2014 at the AAT Auditorium. Singing, dancing signified the aesthetic skills of AAT members on that day.

Every year this event is organized with a view to sharing and linking brotherhood strongly among AAT members. AAT President, Lalith Fernando, Vice President, J.M.U.B Jayasekera, Chairman, Members' Welfare Committee, Sunil Wanigabadu and other council members were also present for this joyful evening keeping their corporate targets and level barriers aside.



AAT SRI LANKA

Crossword Puzzle December 2014



RULES

- Mark as "AAT CROSSWORD PUZZLE 2014" on the Top (Left Side) of the Envelope addressed to Membership Division
- Send before the end of March, 2015
- Entries using original grid detached from "InSearch" only entertained

PRIZE

- A valuable gift for the winner

Contact Details:

Name:

Membership No:

Mobile:

E-mail:



Across:

- 1 A binary digit representing the smallest unit of data
- 3 Raw facts
- 4 Live, interactive conversation over a public network
- 6 Be obliged to pay or repay
- 7 A hiding place
- 8 Cubes of meat marinated and cooked on a skewer usually with vegetables
- 11 A group of records of the same type
- 13 Mistake
- 15 A logical unit of a program that performs one or several functions
- 17 Capture or collection of raw data from within the organization or from its external environment for processing

Down:

- 1 Popular term for weblog
- 2 A relative position or degree of value in a graded group
- 3 A group of related files
- 4 Tiny file deposited on a computer hard drive
- 5 Not two or more
- 7 They appear in your balance sheet
- 9 A grouping of characters into a word, a group of words, or a complete number, such as person's name or age
- 10 Arrangement
- 12 Unit by which a person or thing is known
- 14 Irrevocable state of devastation
- 16 Awake



Be an Author.....

Dear Member,

Here is an excellent opportunity to unleash the journalist within you!

AAT Members' Journal, "In Search", was launched with the objective of creating a platform for AAT members to demonstrate their talent, express views and share knowledge.

We welcome your articles, within the limit of 3000 words, to be published in the journal alongside those produced by your gifted peers.

Please indicate your preferred area of contribution:

Accounting :

Auditing :

Taxation :

Finance :

Other (Please specify):

Name :

Membership No :

Address :

Contact No :

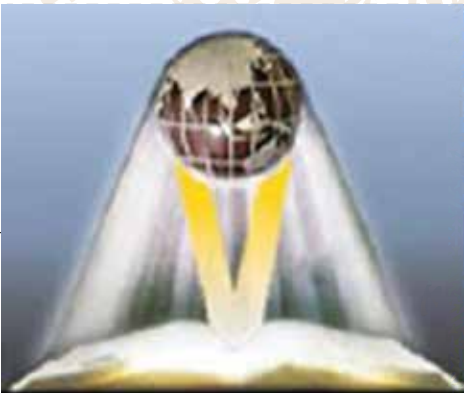


Seminars conducted in the year 2014

The Professional Development Committee of AAT Sri Lanka has successfully conducted a series of Seminars in the year 2014 availing the services of eminent industry experts as resource personnel with a view to enhancing competency levels of AAT members.

Date	Topic
2014.03.25	Seminar on "Significance of Corporate Governance"
2014.04.29	Health Camp and Seminar on "Diabetes Beyond the Traditional Discussion"
2014.05.29	Seminar on "Public Sector Accounting Standards"
2014.06.05	Seminar on "Public Sector Accounting Standards" Continuation
2014.07.10	Seminar on "Practical Application of New Tax Laws"
2014.08.07	Seminar on "Practical Application of New Tax Laws" - At Polgolla-Kandy
2014.08.21	Seminar on "Practical Application of New Tax Laws" - At Galle
2014.09.11	Seminar on "Positive Thinking"
2014.10.28	Seminar on "Budget Proposals 2015"
2014.10.30	Seminar on "ERP Solutions Related to Accounting"
2014.12.22	Seminar on "Introduction to Stock Market and Portfolio Management"

The committee is planning to organize a series of seminars in 2015 as well to enhance the knowledge and skills of AAT members.



**VIJITHA YAPA
BOOKSHOP**

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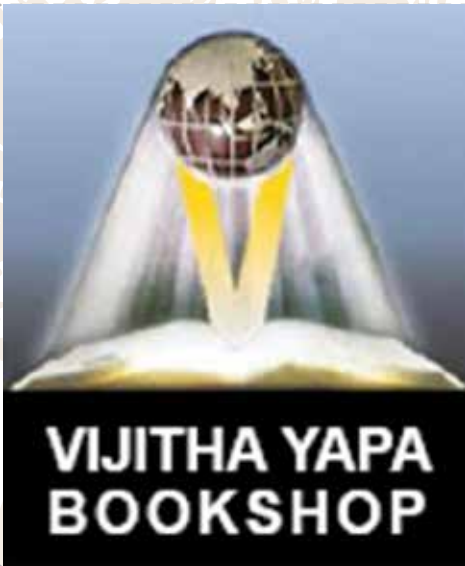
Voucher
5%-10%
Discount
On any Policy

*Conditions Apply



Voucher
10% Discount

*Conditions Apply



- This offer is only on books and not for stationary items & Magazines.
- AAT membership card should produce with the coupon.
- Contact Mr. Nuwan on 0772 328407
E-mail- vybthurstan@gmail.com

"The offer is valid until 30th June 2015"



- This offer can be granted only from Ceylinco Insurance - Nugegoda Branch.
- AAT membership card should produce with the coupon.
- Contact Mr. Ranjith on 0773 863067
E-mail- cicnu@ceyins.lk or
kmrranasinghe@gmail.com

"The offer is valid until 30th June 2015"



- The offer is valid for Spectacles & Sunglasses at Vision Care any branch.
- The offer cannot be coupled with any ongoing promotions/discounts of Vision Care.
- AAT membership card should produce with the coupon.
- The offer valid until 30th June 2015.

"The offer is valid until 30th June 2015"

Success

Start now! Make it happen!



TRAINING CALENDAR 2015

	Fee (LKR)*	March	April	May	June	July	August
Management Development Programme (MDP) (12 Weeks 96 Hours) 15CPD	18,000 15,000 (AAT**)		4			4	
Course in Taxation (TAX) (12 Weeks 48 Hours) 15CPD	14,500 12,500 (AAT**)	15			21		
Computerized Accounting for SME's (SME) (12 Weeks 36 Hours) 10CPD	15,000 12,000 (AAT**)	8, 9	5, 6	17, 18	14, 15	12, 13	9, 10
Course in Window Based Applications (CWA) (17 Weeks 51 Hours) 10CPD	10,000 9,000 (AAT**)	7, 12			6, 11		
Advanced Ms Excel for Data Analysis (ADX) (1 Day 9 Hours) 3CPD	6,000	17	21	19	16	21	18
Effective English Communication for Accounting and Management Professionals with BRITISH COUNCIL (ENG) (12 Weeks 25 Hours) 5CPD	20,000		19, 22			19, 22	
Customized Programmes	Upon Request						

*The fees mentioned above are applicable only until 30th June 2015 and maybe subjected to revision following the mentioned period.

**AAT Students, Members and Passed Finalists only.



AAT Centre, No:540, Ven. Muruththettuwa Ananda Nahimi Mawatha
(Thimbirigasyaya Road), Narahenpita, Colombo 05.



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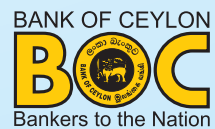
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Enhancing & lighting up
our strenght and power
on your bright flare.



Association of Accounting Technicians of Sri Lanka