

In Search

aat
SRI LANKA

1st Issue - 2019 (Volume 10) ISSN 2279-2260

අහස එලා අන
පියාසරන්නට
We conquer the universe

CREATING OPPORTUNITIES TO
FOSTER LEADERSHIP &
ENTREPRENEURSHIP

VISION

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

MISSION

To provide our students a route to success in life by helping them become competent middle level accountants who add value to their employers.

We provide our members an opportunity for career progression and networking, our staff an empowered and enjoyable working environment, and education service providers an opportunity to develop their delivery competency while co-operating for mutual gain with accounting & academic institutions.

VALUES

- Professionalism
- Ready to change
- Customer oriented
- Passion for winning
- Respect for all
- Work together

STRATEGIC OBJECTIVES

- Maintain healthy student and member population
- Generate value addition to the membership
- Create recognition of the qualification
- Foster multi-skilled competent staff
- Enhance relationships with professionals and academic institutions



CONTENT

AAT Governing Council & Senior Management	04
Message from the Chairman of the Membership Committee	04
The Team - InSearch 2019	05

FROM THE INTERVIEWS

06

Deepal Sooriyaarachchi

Invention and Mindfulness

10

Kishu Gomes

Tourism and the Youth

13

Dr. Sarath Buddhadasa

Entrepreneurship

17

Aruni Rajakarier

Women Empowerment

20

Ranjith Hapuarachchi

Insights from IRD

24

TM Balraj

Leadership & communication skills

27

Rajith Perera

IFRS

ARTICLES FROM MEMBERS

CPD - A professional's nightmare at the end of each year. Is it?	30
Categorization of risks in SMEs	32
Be a Toastmaster	34
Considerable accounting changes for Insurers: A brief overview of IFRS 17	35
All about BitCoin	37
Be a smart professional - vital role of your soft skills	39

AAT UPDATES

(DEVELOPMENT AND NETWORKING OPPORTUNITIES FOR THE FRATERNITY)

Growing international recognition for AAT- AAT signs MOU with IPA Australia	41
The visit of IFAC representative	41
AAT wins gold at Integrated Reporting Awards	41
AAT Sri Lanka Members in Practice	42
AAT technological fronts - New look of AAT website and a dedicated Facebook Group for members	43
Conference 2019	44
Seminar series	45
AAT Business School	48
AAT Toastmasters club	51
Job Bank	52
CSR projects - "AAT Samaja mehewara"	52
Cricket Tournament	54
Members Get-Together	54
Feedback form	55

Governing Council 2018 - 2019

President	- Jazri Magdon Ismail
Vice President	- Sarathchandra Ilayperuma
Secretary	- Sunil Wanigabadu
Immediate Past President	- J.M.U.B. Jayasekera

Members of the Governing Council

Lakshman Abeysekera	- F.S. Naayila Marikkar
H.L.P. Dayal Abhayasinghe	- S. Munaweera
J.A. Choliya De Silva	- K.L. Jagath Nandana Perera
A. Naleen Dhammika De Silva	- Rajesh Harsha Rajan
P. Jayasekera	- W.M.N.J. Pushpakumara
Indraka P. Liyanage	- J.K.N. Samanmalee

Senior Management

Chief Executive Officer	- Tishanga Kumarasinghe
Chief Financial Officer	- Monika Ranasinghe
Chief Academic Officer	- Nimali Ekanayake
Director - Business School	- Siyamala Sumanthiran
Head of Student Registration & Membership	- Nadee Perera
Head of Education & Training	- Lilani Thanuja
Dy. Head of Examinations	- Amendra Jayawardene
Manager - Marketing	- Dinuka Subapanditha
Manager - Information Technology	- Manoj Niroshan
Manager - HR and Administration	- Saluja Herath

As the Chairman of the Membership Committee of 2018/2019, can you brief about the initiatives taken by the Membership Committee during this tenure?



With pleasure I would like to discuss new initiatives taken up by the Membership Committee guided by its theme "Creating opportunities to foster Leadership & Entrepreneurship". Challenging the traditional wisdom, embracing widespread digital landscape, exploring opportunities and inculcating entrepreneurial mindset among the members are the ingredients of utmost importance to succeed in today's context on

which direction the Committee worked throughout.

Launching of the scheme of Members in Practice (MIP) is a milestone of AAT during this period. Committee initiated a program to link MIPs with the Banking Sector, Cooperative Sector and Government Agencies such as Export Development Board and created opportunities to our members to grow and sustain their businesses especially by catering to the SME sector.

Our committee re- focused AAT's signature magazine "InSearch" to incorporate enormous influx of opinions from the business and academic leaders and more importantly to build a closer relationship and network with them.

Sri Lanka needs more Entrepreneurs in all sectors and hence the Committee initiated an Entrepreneurship and leadership development program. CA Sri Lanka has agreed to offer AAT fraternity the services of CA Virtual Incubator that is being developed.

Currently our committee is exploring IT BPO sector opportunities for members, especially for female members to work from home and earn foreign exchange. With the development of technology, we believe our members should be exposed to the world. Proposal by the committee to have a member exchange program with other bodies of International Federation of Accountants (IFAC), especially, AAT UK and AAT Australia was approved and we are hopeful of implementing it from 2020.

Extensive collaboration with AAT Business School in arranging many programmes for the development of members, MIPs, AAT Entrepreneurs, Passed Finalists (AAT Achievers) has shown positive results while an aggressive approach to attract AAT fraternity is being implemented with a strategic marketing plan. We have promoted Members to actively engage using Digital Platforms like FB, Whatsapp and other social media to share knowledge and opportunities, in relation to both jobs and businesses. AAT official digital platforms such as AAT FB, InSearch- YouTube channel, blogs to updating changes in Tax, Accounting & Auditing Standards, Company & Labour Laws are being developed to have focused communication and development by linking industry experts within and outside.

Opening up access to AAT members who are abroad via technology, introduction of the requirement to deliver presentations by the new and upgrading members which eventually enhanced their skills were some of the salient changes and improvements taken

place during the tenure of the Committee.

You are always passionate about uplifting the member profile of AAT Sri Lanka and focused much on the development of the fraternity? What should be the profile of AAT members?

Backed by the opinions of the top leaders in the industry and academia, as published in the InSearch 2018, and with my interactions with AAT for many years, the profile of the AAT Member should ideally match with the future demands of the economy. Very soon, traditional book keeping and related work will be taken over by the machines. An Inquisitive mind, disciplined, up to date, passionate and committed for learning attributes and ability to see beyond blended with highly demanded tech-savviness are few traits for the AAT member.

What is your final message and recommendation to AAT Members on their way forward?

With an ever increasing recognition received locally and globally to the AAT brand along with the full membership of the IFAC, AAT Members should be benchmarked to stay on par with those who are the members of other IFAC Member bodies.

With this objective in mind, the Institute will create avenues to develop the members and enroll the Passed Finalists in to the member fraternity after grooming them to fit in to the expected member profile to demonstrate up-to-date knowledge, skills, ethics and superior quality to stand striking among all the other professionals.

Members are requested to avail of all opportunities available through AAT Business School, Conference and Seminars Committee, AAT Toastmasters Club and Members Welfare Committee and make continued efforts in developing themselves without lagging behind.

We promote our Passed Finalists and Members to obtain full professional qualification of CA which is equivalent to a Master's degree and also to follow BSc Degree offered by CA Sri Lanka. For others who pursue the technical stream, the AAT Business School is currently offering Higher Diploma in Accounting and Finance which is equivalent to NVQ 6. We wish to see our Members possessing higher qualifications to benchmark with other members in the IFAC .

Finally, our aim is to uplift AAT fraternity- by enhancing their competencies, improving their income levels and social standing, developing their leadership and entrepreneurship skills so that they will be respected and recognized by the industry and the society.

Lakshman Abeysekera

The Team InSearch 2019

From Membership Committee

Lakshman Abeysekera – Chairman, Membership Committee
 Sunil Wanigabadu – Secretary, AAT Sri Lanka
 Nadee Perera – Secretary, Membership Committee,
 Head of Student Registration & Membership
 Thisum Wijethunga
 Gimhani Wijesinghe
 Nishanthi Balasooriya
 Thilak Dharmarathne

Selection Panel of Member Articles

Choliya De Silva – Member of the Governing Council
 Indraka Liyanage – Member of the Governing Council
 Nishamani De Silva – Fellow Member of AAT
 P Babu Kumar – Fellow Member of AAT
 R M Gunasekera – Fellow Member of AAT
 Roshantha Munasinghe – Fellow Member of AAT

From AAT Staff

Tishanga Kumarasinghe – Chief Executive Officer
 Siyamala Sumanthiran – Director, Business School
 Palitha Bandara



LET'S START WITH INVENTION.

You have been the Commissioner of the Sri Lanka Inventors' Commission. How significant is invention to a country's development, and what would you prescribe to promote invention in Sri Lanka?

When you say 'innovation', people only think of products. But innovation is applicable across the board, you can innovate processes, you can innovate business models, you can innovate services, and you can innovate product offerings. You asked about the importance of innovation - only through innovation can you go up in value. For the economy to be successful, we should create more value. If you look at the successful economies, the biggest factor is that they have been able to innovate. In order to innovate, there are several requirements. (I have dealt on this subject extensively during the Dr Ray Wijewardena Oration at IESL and it is available on YouTube). To innovate, there are a few attributes that is needed. **You should be a good observer:** every time you look at a new product or a solution you begin to think, 'How come I haven't thought about it? How can I live without it? I have been doing it but somebody else has observed and filled that gap'. Having observed, you should be able to question. Questioning is a very rare commodity. People don't ask questions. Take, for example, the Velcro. Velcro was innovated by an engineer called George de Mestral. He went on a morning walk and came back with some grass seeds like "Thuththiri" attached to his trouser. How many times that has happened to us, but we didn't observe and question. He asked the question 'why is this happening?' and then he noticed that the trouser had loops and the seed had hooks. That gave him an idea to experiment and eventually came up with what we see today as Velcro. **You must observe, question and experiment.**

The other area is networking. **Networking means you should be able to partner with people from different disciplines.** Only then would you get new ideas. For example, if you are an accountant, and if you only talk to accountants, you will only see the finance side of your business. But if you talk to a doctor, engineer, an artist, they will ask different questions. Another thing is Associational Thinking. This means you try to associate things that are not normally connected. These are the five ingredients of an innovative mind. And when converted to organizational processes, they become

innovative organizations as well. This is known as innovator's DNA. We develop these things in our minds as children. Unfortunately, when the children grow up, their ability to innovate comes down. This is because our education system stops us observing and they are all in a download mood. We seem to think that education is cut and paste. Our education system tries to download stuff so there is no time to observe. So, the ecosystem, the education system creates a machine. Is it allowing children to observe? Does it allow them to ask questions?

Even if there is an eco-system, there is a difference between innovation and invention. **Invention is introducing something new for the first time to the world. Innovation is converting that into an applicable application which can have a market.** Japan didn't invent the motor car but they innovated on motor cars. For example, power steering was there from a long time ago but only for heavy vehicles. Today you drive a very small car with power steering. When you get an idea for it to be commercialized, there should be a supporting ecosystem. For example, debt is still the only source of money for most. Only 10% of innovative ideas become successful, therefore debt is not the best way, as the one who gives debt takes huge risk because there is only a 10% chance of success. Therefore, the innovators should be given capital. To give capital, there should be an environment where people value ideas. We don't have that very much. When Larry Page came up with idea of Google, he went to that investor, and he described it as putting all the information of the world to a large computer so you can find out things easily. The investor said it was a good idea and gave him USD 1,000. Using that cheque, they opened their first bank account. Here, we don't have that culture that says, 'if you have a good idea why don't you go and try it out?'. Ours is a trading mind set. We can make money by trading much easier.

Risk in the environment where support for innovation is limited inhibits a creative mind. A creative mind is the key ingredient for innovation. It is also the strength of subjects like, Engineering, Technology

and Mathematics that they cultivate the mind. Unfortunately, those subjects are not being taught in a manner that encourages students to explore them further. Countries like Singapore now teach creative thinking as a subject because they have accepted that **creative thinking is a skill.** We don't do that. There is an interesting research done by an educational institute in USA which reveals that most successful businessmen inventors had childhoods with limited screen time. They have tried on exploratory games such as map reading, walking in nature etc. They have done collaborative, cross-discipline assignments and not just vertical assignments. A lot of those things do not happen in Sri Lanka, but they are needed to create opportunities for sufficient innovation to happen. For example, if you are in the science field, you don't have any focus other than science and rarely do you know about art and culture. We do have various people who are creative thinkers but that is not good enough; we should be creative enough to be at global levels. Even if we need to compete at lower levels, how many patents, how many PhDs are in the country? So, there is a big crisis when it comes to innovation.

While we were trying to create the Inventor's Commission in the 1980s, Japan had a similar organization to promote inventors, I think in 1900. So, it shows the difficulty in moving forward in this direction. There are so many restrictions and people don't support new ideas. During the 3 years of my tenure, I did a lot of work to create the necessary environment. On the other hand, people have a very narrow view of the commercial aspects involved.

During my time, we got 80-100 people who had innovations with commercial potential to go through a full day programme with Lanka Angels Network speakers and we asked them to do self-assessments to see whether they have what it takes to be entrepreneurs. The result was only 30 people realized that they were not interested in business. We then got them trained on how to pitch their ideas to an investor. Of them, 25 pitched their ideas to investors and only one person convinced the investors. That was a boy

**DEEPAL
SOORIYAARACHCHI,**
Management Consultant, Author,
Trainer, Speaker, Accredited Master Coach,
Accredited Master Mentor



from Kurunegala who had dropped out at A/Level. He got USD 60,000 worth of investment to his business and came up with a cream to treat many skin diseases. The product was displayed at an exhibition in Colombo, and he got in touch with me on WhatsApp to say that he is now in business. A lot of people helped him: there were lot of investors who gave money but some provided technical support too. Academy of Design said they would help with design and the scientific institute CISIR provided certificates and research confirmation.

A few companies now have identified that innovation is the thing to do, John Keells has major investments in innovation, Hayleys has a powerful innovation focus, Hemas is in to innovation and some of the people in the government are as well. MAS, Brandix and Hirdramani - they are all into innovation. At Ceylon Biscuits, they have a lot of things happening, but believe it is not enough and so much more can be done.

I think there are lot of things happening on the product innovation side, but not in process innovation. The government has

to be completely using change process innovation. How many times do we go through same processes over and over again? For example, at the end of the year when everybody has to pay their rates and taxes, you will see the queue to pay. They haven't modernized things so that people can pay on time.

You mentioned that our education system was generating cut and paste children. Is it improved now?

During President Premadasa's time they appointed Samurdhi beneficiaries as teachers and I think that is the biggest disservice done to this education system. Every government comes and experiments with something saying children should have access to good schools. But today it is a branding issue and not education issue. If it were an education issue, then if you send your children to international schools that child would not be going to extra tuition classes. So why do you want to go

to Ananda, Nalanda, and Royal? Because of the brand. So why don't they franchise the brand to different schools? Then we would have many places maintaining the same value - that should be the type of innovation we have, so that you don't have to come to Ananda College in Colombo, but have a branch in some other place. That kind of thing is something we have to do. There is no consensus for change. We should have been experimenting on our education system all along as there seems to be something fundamentally wrong because for 30 years we have been killing each other just because we couldn't discuss things and come to an agreement. Since independence, how many times there we have had violence in this society? Isn't education a part of upbringing? Every 10, 15 years we go and destroy our neighbours. We are an island; where else we can go? I was born in 1960. In my childhood in 1971, we saw the youth crisis, then we saw the communal riots then again youth crises. A good part of my life I lived in a state of emergency. At the same time, we have produced brilliant scientists who are not in the country. We produced some of the best

accountants in the world and they are not here. You should question. We haven't been taught how to agree to disagree and not to kill.

There is a far deeper issue. Universities are being told to produce people who can be employees. Is the employment the only goal? Then what can be handled by professionals except a few other things like engineering or medicine? If you go through an accounting course, you should be able to sit and operate as an accountant - that is what is expected. But if you pass a general degree, it doesn't mean you should be an employee tomorrow. So, because of the focus on employment, things are taken away.

We also tend to have such a negative outlook about our own heritage. For example, we have in this country two languages that are among the oldest in the world: Tamil and Sinhala. Tamil is probably one of the oldest languages. Recently I was watching a programme on Mohenjo-daro and Harappa. People are deciphering the symbols there and finding links to the roots of the Tamil language. We do not appreciate it enough. I wish I was taught Tamil when I was a child. Sinhala is also such a powerful language. How many languages have an alphabet like we have? It is so rich. We think everything has to come from the West, and that way, we have lost a lot of things. I have been contributing a lot to the education system debate. On top of this, there is a crisis at national level, that is people leaving the country. The Prime Minister said he would deliver one million jobs but when we talk to business owners and companies, they say we have jobs but no people. In the construction industry, there is a skill shortage, and in the garment industry, no people. For one million jobs, there are no takers. We have to bring people to take up one million jobs. I think we need to look at our educational system from a far broader perspective. I think we are technically teaching people to perfect subjects. It is like our drivers: we teach driving, but we don't produce drivers. **Accounting institutes teach Accounting but that is not as important since most of what you do can soon be automated with artificial intelligence. What we need is accountants who have integrity, who can stand for corporates and say what is right and wrong.**

Mindfulness has become a buzzword

these days which originally comes from Buddhism. You talk a lot about mindfulness. What is this and how important is it?

I was introduced to the practice of mindfulness in the 1980s - I was in my 20s at that time. At that time when you were in the corporate field, you didn't say that you went for meditation because they would think there was something wrong with you. There again we haven't valued what we have, and we haven't questioned the status quo. Jon Kabat-Zinn felt that you can alter man's thinking paradigms in a permanent way and thought meditation would do that. He and his colleague sat through a 10-day Vipassana program by GOVENKA gomega, and that was the beginning of the modern discovery of mindfulness. One of the things they do is they stay seated. When you stay seated in meditation posture for some time, you get

unbearable pain, but you are expected not to move but to observe the pain. When you observe the pain, then the pain changes. This is quantum physics - it says you can't observe without impacting the observed. They discovered this was a fantastic thing that could be used in pain management. They developed mindfulness-based pain management therapy in USA. When people have pain that cannot be cured like with cancer, they are taught to handle their pain through mindfulness. One example is when you get a headache and are angry with yourself, then you have two problems. One is that you have the headache and also that you dislike the headache. So, if you can be free from the dislike, you have only the headache to deal with. Then when you observe it further, you will realize why you have this unbearable headache. When you realize this, the pain changes and you develop a different relationship with the pain.

They also discovered stress, one of the

biggest problems in the modern world, also significantly related to the mind. If you can learn how to manage it, it's good for you.

The Dalai Lama also suggested conducting scientific experiments to understand what happens when one meditates. Western or modern science thinks that the mind is a function of the brain. But the Eastern philosophies of Hinduism and Buddhism don't say the mind is the brain, but much more. When they started experimenting and figuring out what happened to the brain when practicing meditation, they realized it increased the volume of the frontal lobe and with it your ability to command reasoning and planning.

But mindfulness is a key technique from Buddhist teaching and it has been taken out of context. Mindfulness is only one part, because in Buddhism we talk about sati and sampajanna. Sati is mindfulness and sampajanna is the ability to decide whether an action is harmful, good or



bad, and kindness. Without kindness, mindfulness can even be very destructive. For instance, those who commit frauds and crimes etc, are very mindful.

The mind is the most important thing that makes us human beings, otherwise we are just animals, and mindfulness develops you. All your worries are from the past and all your fears are from the future and you live here in this moment. Right now, this is the only thing I have to do, so I give my 100%. It comes naturally so you will not feel that I'm thinking about it. When living this moment mindfully, this is the most important time, you are the most important person and what you have to do is the most important thing. Take every moment that way. This doesn't mean you have no plan. You plan, but you know all the plans have tentative values. But planning and dreaming are two different things - dreaming creates hopelessness when things don't go right.

Mindfulness is very important to people in the corporate world because the demands of their lives are so huge. In the corporate world, we talk about disengagement. They are not present, so how can they be engaged? I think one important factor is when different technologies come, you need to learn to deal with them, like accountants change their standards. When we were children, living in a village, knowing how to tie a bull to the cart is a kind of technology. How to tie the knot is the technology we have to learn. When a lot of new technology suddenly comes in, we don't know how to manage it, so mindfulness is important as we will learn how to manage our life. People think life can be compartmentalized: 'this is my professional life', 'this is my personal life', and 'this is my social life'. There is no such thing. We play different roles in life and mindfulness helps you to play your role fully and well at each moment. That's why it is important. Mindfulness is not something that you can have when you feel like it, like when eat junk food and suddenly go to the gym. It won't work, since it should be integrated naturally.

Do you think the younger generation will believe this? They usually multi-task and while they do one activity, they would also be concentrating on other activities?

They will discover that multi-tasking is not speeding themselves up. You cannot do

two things at once because the mind at any given moment can have only one thought. It can't have two at the same time. While I'm talking to you, if I'm checking on other things, during that nanosecond, my mind is not with you, but with something else. What multi-tasking actually does is being researched now: it reduces your ability to do things. I think generation Z are the most interested people in mindfulness. When you go to some medication centres in Sri Lanka, it is young people who you find there, because they realized the benefit of it. Globally, this is being taught in schools because they discovered that children's behaviour will be different, as they will study and focus better. I think you will see a generation who will think of mindfulness as wealth.

We have seen that the balance in life is now stolen by many factors. Can mindfulness provide a solution to that and bring back the balance to life?

When you have to do too many things, there is no such thing as work-life balance. If you try to balance work and life, then you have to give up one of them. If you are an accountant, 31 March cannot be pushed back. So, at final accounts time, you can't think of your family. When you go home, you have only half an hour of waking life with your son. Can you give 100% of your attention to your son when you are there? That is enough. It means 'I can feel you, I can see you, and I can hear you completely beyond any distraction'. So you will have a full life. In one programme, there were 4 days of practice and I was doing a session for different batches in a large organization. On the third day, one senior manager said, "this morning my wife said that I have changed". And when he asked what she meant by changed, then she had said 'You have been listening to us'. He said, when somebody in his staff came, he stopped other things and listened. Then the problem is solved then and there. This is a real-life example. You can ask anybody who works with me, "When you went to Deepal, did he give you his undivided attention?", and they will say yes.

In today's environment, everybody has to market themselves. You are also

a professional marketer. What do you feel we should do to market ourselves better?

If I tell you, 'I have a heart problem, who is the doctor that you would recommend?', Why do people recommend such doctors? It is because of their good work. A simple way to market yourself is to go for excellence. I think the excellence narrative is not strong enough in our society. Because we are a small nation, the only way we can survive in the the competitive world market is by reaching that level of excellence in everything we do. I think we have it in our genes. Go to Anuradhapura and Polonnaruwa and see stone carvings and constructions. Those are excellent pieces of work. Go and check Aukana and see whether there is single crooked line! We need to really drive excellence; that is the only strategy. At the end of the day, if you are providing a service, unless you are excellent, you wouldn't get repeat business. Referral is the best way. How do you get referrals then?

In marketing we have this concept called: Net Promoter Score. The Net Promoter Score is different to asking if you are satisfied with a product or a service. Recommending is different to saying something is good. In that we ask you what the probability of you recommending my product or service to somebody else is, on a scale of 1 to 10. If the score is 10 or 9 then you are considered a promoter, and 1 or 3 means you are a detractor. In the middle, you don't count. You deduct the number of detractors from number of promoters to get the Net Promoter Score. If you provide that service to somebody and if that customer recommends you, that's what you need. In the workplace, you should get the reputation that if you have done the accounts then they don't need to be double checked: there are no spelling mistakes and no wrong entries. At higher levels, if you give opinions, it should be as good as the President's Counsel's opinion. You have to build your brand image in that way. In the past, the accountant was the one that made calculations and now that magic is already gone. Today software handles a lot of things, almost everything. So, how do you compete? You compete by contributing to taking things to the next level of excellence. **What is excellence today may not be excellence tomorrow; you need to constantly advance yourself in terms of the relevance and quality of what you do.**

As Chairman of the Sri Lanka Tourism Promotion Bureau, what do you feel are the major issues in promoting tourism in Sri Lanka currently, especially after the Easter Sunday terrorist attack?

WHAT IS THE WAY FORWARD?

KISHU GOMES

Chairman,
Sri Lanka Tourism Promotion Bureau
Former Chevron Lubricants Lanka PLC CEO/
Managing Director



The April 21st incident actually put us back in reverse gear. This is quite understandable: as some of the targets were tourist hotels and 42 tourists were killed, the message to the rest of the world is that Sri Lanka is not safe for tourists. As a result of that, numbers went down to 1200 per day in May, but in just over two months, we have been able to recover up to 4000 tourists a day. The recovery

has been exponential. If you look at other countries who have had similar issues, even some with issues which are not of the same magnitude, they have taken much longer to recover to this extent. Our rate of recovery from May to June was 66% and from June and July to-date the rate is again over 55%, so our rate of recovery is extremely good. That is with the work we have been able to do so far. What was

threatened was security, so obviously we had to go out to the rest of the world and say Sri Lanka is now safe. To do this we have been communicating this message using all our missions in other countries and using military intelligence officers. We went to the mission leaders of other countries who are based here. We went to certain countries. Just five days after the attack, I went to Dubai for a global tourism

exhibition and I spoke to CNN & that interview gained attention. In addition to that, I spoke to 60 other global media organizations. My story was 'yes, there was an attack which we never anticipated, but since then there have been no attacks and all the culprits have been apprehended'. With that we managed to represent Sri Lanka as a safe country again and regain the tourists' confidence. Given the trend, we have seen in the past, we will be able to recover to a desirable level over the next two to three months.

What is the role of the citizens towards tourism?

Currently, tourism is the third largest revenue generator in the country at 4.5bn. The first and second are the severely threatened remittances and apparel sector. You can look at the trends. Due to many factors they are declining. So if we do not grow tourism sector to an extent where we are able to earn maybe USD8bn to 10bn over the next 5 years, we will not be able to create the right economic environment for the country. Without tourism there is no future.



This is what we know today: tourism has to be everyone's business. Everyone's quality of life depends on tourists. So people need to understand that and every single Sri Lankan citizen can play a role in supporting the growth of tourism in Sri Lanka. If you see a foreigner in the street, you know that you have an obligation and accountability to at least respond positively with body language

so that tourists who come over perceive us as a tourism-friendly country. We say we are a great country where hospitality is concerned, but that is true only in certain areas and in others it is not true. By and large, other than for the people who directly depend on tourism, tourism is not something seen as important. Now we know what happened to our economy and what happened to the livelihoods of so many people when this incident struck us. That goes to show that tourism has penetrated all segments of our society. We need to create that tourism culture so everyone understands and is doing something about it. Everyone can be a part of that growth journey, and that's my message. You can use your social platforms to reach people- you have friends and relatives, and colleagues working in other countries. You could bring one tourist per year in to the country, and if 4 or 5 million people can do that, it will make a difference.

We are planning to invite international member bodies in the UK, Hong Kong and Australia to send their members to Sri Lanka for our events at AAT. How do you see this?

That's good because when they go back, they will talk about Sri Lanka and share their voice. Tourism is about feelings, it is not a product. How happy you are when you return means a lot. We need to create that, but feelings cannot be created with buildings or physical things, they can be created through human interactions.

You have led large private sector organizations. What is the difference you feel working in the government sector?

Yes, this is not a job to me but a social responsibility. I'm sacrificing my time and my money to help the poor. To work in the public sector is extremely difficult. In terms of the systems, processes, culture it all contributes to not allowing you to work. The biggest challenge is not external but internal. The time taken to make a small decision is very very frustrating. But as an

individual I can't change it. So I need to operate within it and I need to navigate all these issues. Sometimes I have to compromise on my personality and to bow down to some not-so-educated people also to get things done. I don't have an issue with it and no ego because I took this job up to serve the poor. In our country, 40% of our population can't have 3 decent meals a day. 20% of the population can have only one proper meal a day. That is the extent of the poverty of this country. People die from starvation because there is no way to sustain their life. We have seen two recent incidents where a 13-year-old child died of starvation and a mother with two kids took their lives near Kollupitiya. Preventing that is the main motivation I have. The other motive is that when people see me doing the right thing, people appreciate it. You know money can't buy that. Everything else is completely negative.

We have 5,500 Members and some Members in Practice too. Is there any way to collaborate with the Tourism Development Bureau to support this vital industry?

We are the facilitator, regulator and the promoter of tourism. While Central Bank says we have 2000 in both direct & indirect employment in the industry, my numbers show about 2Mn. These are the people who need support; they are SMEs, and individuals who have made investments. They need support in making the right investment decisions, managing their cash flows, when it comes to expansion, how to prioritize, what can they do to promote their business, and how to spread their risk. One good lesson out of this whole thing is that the hotels and the industry need to have a good balance between local and foreign tourists. Obviously, the majority has to be foreigners as that's where the real benefit is. But for the industry to be able to manage risk, it is always good to have a portion of business catering to locals. Now if you look at Mirissa, they were not entertaining locals at all. They chased away locals. We need to make sure that you have a balance because that will keep your cash flow going, otherwise the issue is that we cannot build a sustainable industry. A terrorist attack is a unique issue, but other than that, there are off-peak seasons and



peak seasons. What has been happening over the years was that the businesses hire people during the season and in the off-season, they are required to go & find other job opportunities. People are expected to work 6 months and for the balance 6 months, they go to do something else. So in terms of building that capacity, the pool of talent with the right skills, right talents, right body language, and right personality are required to be successful in the tourism industry. How do you elevate the quality standards? You can't. That's where you all can come and help the industry. There are so many associations, from Hoteliers' Association, Tour Guides' Association, Lecturers' Association - so many groups of people operating, and if you all can connect with them then you can contribute and do some workshops, mentoring and coaching.

Most of our students are still schooling and doing their A/Ls. Some are still deciding on their way forward. What do you think should be the direction of the youth in Sri Lanka?

They need to be guided by those who have excelled in different disciplines. The issue we have in the country is teachers who don't understand the world telling

kids what to do. Sixty to seventy percent of parents don't know where the world is heading, and don't have the capacity to be able to guide their children. So that's a disaster. We have to find a mechanism where professionals (when I say professionals they are not only those who are educated but those who understand the challenges of the world, understand the trends, and understand what skills are actually required), people who have actually done it in different disciplines could mentor them. In that sense, I would say you have to leave aside professors if professors don't understand the world. You may be better off going to a businessman in a town for guidance who has built up his business from nowhere, is doing well today and has the capacity to advise somebody. They are the ones who should guide and coach the younger generation.

We know technology plays a major role in changing the accounting landscape. Is tourism also impacted by technology?

Obviously. If you look at our tourism industry today, most of it is on digital platforms. Communications and booking transactions are done via digital platforms. The younger generation is highly tech-savvy and they are the ones who explore Sri Lanka, the places where most of

Sri Lankans haven't seen. In terms of IT penetration in the industry, we are there and not lagging behind.

How is media supporting your direction?

Media is supporting us, but our media has a culture of highlighting more negatives than positives. They are politically affiliated as well. For example, one channel publicizes negative comments somebody from one area saying 'I had to close down my restaurant because there are no foreigners'. Saying that is fine, but there are those who are saying 'now we are getting something' and so on, which should also be publicized. I guess this is also because our people prefer negative messages. This culture should also be changed. Politicians will come and go but as human beings, as Sri Lankans what can we do? I hate politicians but I've taken a public sector job because of the people. My theory on that is, have your political affiliations if you want to. As professionals or intellectuals, we are the minority of the country, and we will never be able to have the candidate that we want. So, we have to select the least bad person out of the worst. But once the people select somebody, don't work for the politician but work for the government and support the government. Otherwise we are not helping ourselves. So, to help ourselves, we need to help the government that is running the country, whatever their colour is.

DR. SARATH BUDDHADASA

CEO, Business Consultancy Services (Private)
Limited



HOW DOES A BUSINESSMAN

differ from an entrepreneur, or are they one and the same?

A businessman is different from an entrepreneur. Traditionally, we looked at people who started a business as those who looked around and scanned the environment, and tried to find opportunities and then devised certain methods and techniques to convert these opportunities into products and services. They then delivered those to the market. This is a business.

You see people who are enthusiastic and have an interest, but won't start. Also, there are people who start something because they don't have any other choice. But that is for their survival - they are different because they are self-motivated and do it to maintain their livelihood, feed their family and for their survival. They are self-employed.

Then, who is a businessman? Somebody who goes beyond self-employment and recruits new labour, expecting the business to grow to some level, and tries to capture a local partner. For example, a brick manufacturer in Maharagama supplying the local market using local raw material would not be ready to increase their production even if there was an increased demand in the market so he could go national. That is a businessperson's attitude. They

stagnate at one point. There is no linear growth.

The word 'entrepreneur' was first introduced by Franco-Irish economist Richard Cantillon. He said an entrepreneur is somebody who goes in search of new business ventures. The person is eager and looks for opportunities and devises, methods and strategies to move forward. That is the gist of entrepreneurship.

An entrepreneur always aims for a high level of growth within a short period (5-10 years). He has gone up the ladder and is marking his achievement at a higher level. His turnover is in billions, and there is employment, creation of wealth, business expansion and business diversification. He drives a strategic plan and has professional staff. He is also constantly changing and adding new value and going national. They go off-shore too. We would call that person an entrepreneur, a person who is innovative and creating new markets and coming up with new products who also has an influence on the larger market. The purely local person has no influence on the market. So, this is the difference. An entrepreneur contributes to the country's GDP. It is now 3.7% with this contribution, so if we have

five or six such entrepreneurial people then they will increase GDP by 10%. They have national level influence and they can transform society. They can transform the economy. This is entrepreneurship.

Are we lacking such entrepreneurs?

Yes. Definitely. Now if you go back to theories mainly by Max Weber (the father of Sociology), and Aristotle's (the father of philosophy), what they say is that capitalism is synonymous with entrepreneurship. Entrepreneurs are those who create wealth and capital is their objective.

What is the primary influence or attribute of a person who will contribute at a national level?

According to research, it is an achievement motivation. Need for Achievement (N-Ach) is correlated with economic development. So N.Ach is a major attribute of an entrepreneur. Research, whether done in the West, East or in Africa and Asia, suggests it is a universal concept. N-Ach oriented people are high achievers and there are some countries in which the majority of people are high achievers. So in such places, like Hong Kong, Singapore, Japan and Israel, the country develops even without adequate resources. This is accomplished through human nature that achieves entrepreneurship.

The other factor is affiliation. If a person is affiliation oriented, he tends to establish relationships. The people's culture, predilections, the past and all threats matter. As a result, the person may not be able to contribute productively to the national growth. He may not be able to convert the existing resource base into a product and service leading to GDP. N-Ach oriented people, on the other hand, are planning-oriented, innovative, and creative and they tend to set very high goals. So, to achieve their goals, they create wealth using resources.

If you go by this theory, what is the Sri Lankan culture? Sri Lankan people are basically affiliation oriented (80-85%). Our percentage of the N-Ach oriented individuals is 5-6%. So our people are not ready to utilize the resource base of this country and convert it into products and services that contribute to the GDP. We are mostly non-business-oriented, non-

entrepreneurial people. So the number of N-Ach oriented people is inadequate for the sustainable growth of the country, let alone to accelerate it. There is a study done by Global Entrepreneurship Monitor based in Sweden which says that national growth and GDP growth are affected by the socio-cultural and economic conditions of the country. If the socio-culture is conducive, the people create national framework conditions and entrepreneurial framework conditions. This leads to utilization of resources. Countries which are very risk-oriented and innovative are also planning-oriented in terms of their culture, their thinking and their value system. They promote national framework conditions. For example, if the whole population appreciates risk-taking, first mothers and fathers, and then children become entrepreneurs. But in Sri Lanka, parents motivate children for traditional education which is not marketable and not productive as it creates no skills and no competencies. They seek government jobs and expect everything from the government. Therefore, we are a highly dependence-oriented nation. So where is the independence-orientation? Where is the innovativeness? Where is the creativity? Where is the risk-taking? It is lacking. You can't expect, in such a society, to perform entrepreneurial tasks. That is an issue. But you can change the situation, so you don't have to have gloomy negative attitudes but face reality. You must understand and intervene to convert the negative reality into positive trends.

At present, many universities offer MBAs in Entrepreneurship. Can teaching Entrepreneurship at that level effect change?

You can, but teaching is about transferring knowledge rather than competencies. However, for entrepreneurship, you need competencies and skills which are not transmitted this way. Knowledge is usually transferred to sit and pass exams. Afterwards, people go back and work in the corporate sector. The goal is not to take entrepreneurship lessons but to make entrepreneurs. The training will give them an idea of what makes entrepreneurs, and help them to know what entrepreneurship is. They can then share that knowledge with businesses, but they would not have enough skills to enhance their competencies and become entrepreneurs.

So, paper qualifications are insufficient for creating entrepreneurs. Is it an ability that should come from within?

This involves nurture and psychology. The psychological factor means it is something from within your personality. This means that if you want to create entrepreneurs, you must make or adjust the personality. It is intrinsic, not extrinsic. External things have very little influence. If you have good markets, products, technology, a very good resource base and good policies, but if there are no people to take up those challenges, what will happen? Then there would be no entrepreneurship. So, a better environment is not all that we need to have good entrepreneurs. Entrepreneurship is basically psychological. That is, when people are psychologically prepared to be entrepreneurs, no matter what environment they enter, they will go ahead.

What are the present issues in Sri Lanka and can they be overcome?

Sri Lanka is mostly an employment-oriented country, not employer-oriented. Only 2.6% are employers. That is very low. We have a 15 to 16 thousand strong manufacturing industries in the country. What can we do with that? Our SME sector is 90%, with 10% large enterprises. The SME sector too is suffering from a lot of ills and stagnating. There is no technological innovation in the system. Lack of competence, managerial blunders, and entrepreneurs themselves not being ready to expand their business are other issues. Family conflicts can break businesses. These problems could be sort out and solved. Look at other countries' projects, action policies, strategies and support systems to change the situation. Unfortunately, in our country very little is done. At AAT, you started a few years ago and are doing something to help the target market. If you can expand into other geographical areas and other sectors and create a fully-fledged strategy, then you can develop more positive practices in society.

At AAT, if we were to develop entrepreneurs where and how should we start?

they have not discovered yet. It is AAT, as an external facilitator, that can discover this within them and tell them 'you have talent, skills, and mind-set and only lack this'. So, you could convert them into entrepreneurs.

This is why in the USA, people don't have permanent jobs. Always, when the environment is secure and stable, you become a secure, safety-loving person. It is different for entrepreneurs. When you enter a situation like that, you are happy. You think 'Now I have a permanent job. I have EPF, ETF, pension, and bonuses. So why should I do something else?' Due to cultural conditions in Sri Lanka, though people might aspire to become entrepreneurs, they settle for a lower level of achievement because they don't want to put extra effort into going beyond. In that sense, they are selfish. You have to always ask 'what is my contribution to society?'. Do we think that way? You go to Japan and you will find they always think about their contribution to society. When Japan was bombed in 1945, the Japanese of that generation were told, 'You work hard and build the country, but you will not gain anything. This is for your next generation.' And they did it! So, there is kind of a parental attitude to be reached.

What people here say instead is, 'You get the qualification and you go to New Zealand, UK, USA and live there, and go to Australia and get your PR and citizenship'. That is anti-national and not patriotic. I believe that they are getting second-class citizenship. They are leaving behind their first class citizenship in this country. Is that an achievement? This is the kind of mind-set that we need to change.

I feel AAT is a good institution because I see you have no red tape here, so it's efficient and very easy to work with. Such an institution can do a lot of work easily by getting hold of a few people and then expanding.

While changing their mind-set, you have to support them. Entrepreneurship development and training are two different things. With training, you teach them and ask them to perform. But entrepreneurship development is different. Observe, correct, and change again, then further support, and see if they perform and then do things independently. So, the Business School needs a follow up strategy to monitor and to sustain the momentum created.



Don't start big. Start with a target audience and get to grips with the profile. Your target is accountants. I think accountants are intelligent people: they are technical, they are number-savvy, they can do their balance sheets, they know how to cost and to calculate profits. So that is their competence and those are the skills they have. They are people who could be a very good resource base to develop entrepreneurship. They understand profit, break-even, ROI, and investment, and have those key attributes and competencies. So, what would the challenges be? I have seen in my experience that accountants are a little bit risk averse. They do not take risks. They don't want to think beyond numbers. But if you really change that mind-set, you will have a channel, rather than developing somebody fresh who does not know how to keep accounts or balance sheets. Then there would be a lot of work to be done and there wouldn't be an appreciation of numbers. Here, you have a good basis for entrepreneurs, but your risk-taking ability - that can be enhanced.

Most AAT members, while they are employed, have good training which they are applying at their workplace, although not as entrepreneurs. Do they need to get out of that and become entrepreneurs?

They can become part-time entrepreneurs. Unlike uneducated people, when you become an accountant or financial controller, you belong to an elite society. You are well looked after, given a lot of facilities and lead a good life. So you are in a comfort zone. Beyond that, people think 'why should we suffer?' The compulsion to do more is not there. If the accountants went out and there were no jobs, then I think the majority of them would become entrepreneurs, compared to non-accountants. They have the potential of entrepreneurs. That is the opportunity that AAT has. They have assets within that

Can Members in Accounting Practice be entrepreneurs

If they do the same thing for years and years with no development, then it is a business. You come to a stable position and go horizontally. As an entrepreneur, there are no limitations. You may start as an accountant and own an accounting firm. Then after two years you have your own hospital, in five years, you have your hotel chain, after ten years, you have your food distribution company, and after 15 years you will own an airline. That is diversification, not being in the same business.

What is the present contribution by entrepreneurs to Sri Lanka's GDP? How are our entrepreneurs distributed regionally?

There is internal migration just to grab opportunities which are centred in the Western Province. So, 40% of GDP comes from there. It will continue unless we establish economic centres in other areas to stop this internal migration and get people to do business around the country. An example is the highway from Hambantota to Colombo. It was built 5 years ago, but things are still the same. Why not take this integrated development to other districts? Why not have economic centres and production centres? Production centres are satellite centres that go to villages. Then we will gain a good supply chain. We don't have such plans and that is why in Sri Lanka, the growth rate is low, and the GDP is not very good. The economy, sized around Rs 80 billion, is not expanding and per capita income is about USD 3800, with no substantial change. There are no incentives for production. Local business utilises local resources. There is no proper infrastructure and policy support. Political peace doesn't exist. As a result, our economy is not good today. I would say that people have got potential, but you have to harness their potential.

There is regional dispersion, yes. Rural areas focus farming. But it is important to promote agribusiness. We are all exporting products with no value addition so that

the sector is not very productive. There are problems with competencies and skills. Businessmen and entrepreneurs, they have their own problems, as market linkage is not there. The support system is weak. In theory, we have a very rich resource base - we have dolomite, zircon, water, a good climate, vegetation. We have the sea around us and we have fish. These are the opportunities we have. There are a lot of things to be done so the country can be developed within a short five to six year period. Provided we have a good SME development strategy formulated, implemented, followed up, monitored, controlled and supported, it can transform the entire system and make Sri Lanka a prosperous country.

Do you think this should be initiated by the government?

Two things - government and entrepreneurs. You must create entrepreneurship as you are planning to do, and also support them.

So, can anybody become an entrepreneur?

Not exactly. You must have this intrinsic motivation which is about 20-30% based on your genes. You can make entrepreneurs, but the basic DNA must be there. If that is not in place, then you cannot create entrepreneurs. That is where the selection comes in. When you conduct training programmes or whatever you do, if the total population is made up of accountants, you look for and select the people who have entrepreneurial viability - the potential, like in the seed. You cannot artificially create them. So not everybody can become entrepreneurs.

Is money a pre-requisite?

No. You can start without a single cent. Why? To create money, you don't have to have money. You need the right mind-set. Just that can create wealth. Look at how the Japanese started in 1945. They didn't have anything after the bomb blast. But they were determined and motivated, and it created wealth.

I would say Japan and India are good examples. China today is driven by

political agendas. You can also take our own history as an example. RIO ice cream in the North, Harischandra in the South, and even in the East there are so many entrepreneurs. Take some examples of ours who feel it can be done. We have Gnanam, Nawaloka, Dhammika Perera, Maharajah, Damro, DSI, P&S, Maliban etc. Take them as role models. It can be done.

There are many on the path in their entrepreneurship journey who breaks down in the middle. Why?

That is because of their power motivation. Power helps develop the business and bring it to a certain level. An entrepreneur's control mechanism can become power orientation. He has to share the power with other professionals in order to increase or expand the business. When you recruit others you have to distribute the power without keeping it only with you. If not, the business stagnates. The high-power orientation kills the business.

Sometimes the business disappears because, if you are not changing, you cannot survive. As you navigate in the sea, you must know the North Pole and South Pole and all added areas. Then only navigate. But if you go to North Pole or South Pole with your own traditional yacht then how can you survive? You cannot. The captain must do something.

We have to expect all the uncertainty. That involves taking risks. So, when the power orientation becomes higher and higher, that kills achievement, as people want to keep their power with them. Then the businesses collapse in the market.

Are there opportunities for women entrepreneurs in Sri Lanka?

Yes. They are the most empowered people. If you go to the Northern Province today, you will see that the females are the ones running the show, not the men. Females naturally have the ability for tolerance and resilience and they keep going forward.

**ARUNI
RAJAKARIER**
Founder/Director,
SheConsults (Pvt) Ltd.



One of your recent assignments, your role as the Chairperson of the CA Sri Lanka Women Empowerment and Leadership Development Committee speaks for itself.

WHY, HOW & WHEN WOMEN SHOULD BE EMPOWERED AND DEVELOPED?

While I knew that there was a need to champion women's empowerment, I didn't realise how big the gap was and how much we stand to gain from a gender parity agenda. I also represent CA Sri Lanka on the SAFA Committee, and this provides a forum for exchanging ideas, experiences and tools which has supported our work. Also, it provided me an opportunity to work with other organizations such as IFC, Sri Lanka Institute of Directors, Securities & Exchange Commission, and Women in Management, which has been great.

Why: Today, the participation of females in the labour force is only 36%, which means the majority are at home. Let's connect that with the fact that over 60% of university admissions are secured by women. The McKinsey report titled 'The Power of Parity: Advancing Women's Equality in

Asia Pacific' estimates that Sri Lanka could add 14.4% to our GDP by 2025. In percentage terms, this is the second highest of the countries included in the report, just behind India which can add 17.6%. This makes a compelling business case for Sri Lanka to take action to attract and retain women in the workforce.

From a family perspective, if both parents are working, the family will be more financially stable. However, there are many more issues that need to be factored in when making this decision and that's the reason we need to address at least the key issues that prevent women from pursuing careers.

How: There are many ways in which women can be retained in the workforce and have fulfilling careers. We need to

understand that the biological clock and the career clock are always in conflict and there are strong cultural factors that compel women to stay at home. Some think it is their duty to leave their jobs and look after children or ageing parents and there are many husbands and extended family members who expect and reinforce that idea. There is an obvious lack of working female role models and this exacerbates the issue. When I hear men thanking their wives for staying at home (although they deserve the thanks and more!) I also reflect on what happened to the women at their workplaces. Chances are that they have strengthened poor work practices, institutionalizing "anytime, anywhere" performance cultures.

The McKinsey report estimates that women do four times the amount of

unpaid work in comparison to men, which deters them from seeking employment. It also draws attention to solutions needed, which include affordable childcare, a more equitable sharing of household work and policies that promote this, like parental leave. I believe strongly that both men and women will benefit from gender parity initiatives and this won't only be about the women.

We need to find a way for women to stay in work so they remain part of the economically active population. The plantation sector is dependent on women to pluck the tea leaves and because of this, they operate child-care development centres to enable women to work. F. J. & G. De Saram, a leading legal firm, also operates a child-care facility successfully which has enabled them to build a strong female talent pipeline. Employers are beginning to experiment with different models, and I think there can be a range of possibilities. We need more corporates to take the initiative to make similar arrangements. Perhaps they could collaborate to find solutions that may not be viable for a single corporate but collectively, become viable.

When & Where: Empowerment of women must start at home. The process of empowering women starts at home with parents empowering both their sons and daughters. Both girls and boys must be skilled at managing themselves and sharing household duties. One school in Spain has started to teach these skills to boys, and their fathers were also given the opportunity to join the classes, which were well attended.

What do you think of the potential damage to the society which may occur when women work whose children are at an age when should be taken care of by their mother? This has been highlighted by the sociologists specialising in child development.

If parents neglect their children, the consequences are damaging to society for sure. I think mothers are natural carers and are more skilled in this aspect, but there are many fathers who are also good at caring for their children. When both are involved in bringing up the child, I think they get the best of both and it makes for a more

loving and nurturing home environment. Unfortunately, the responsibility for caring for children is often borne mostly by the woman. I think the movie Mary Poppins which came out in 1964 and was redone in 2018 underscores this point.

I had a great role model. My mother was a doctor who was always busy with work even when she got back home. She showed me a way, by shifting her career from curative to preventive, which gave her the flexibility to be home when we finished our tasks and to spend time with us. She would resume her work after we went to sleep. You can find your balance. My father was a lawyer and he managed his schedule, so we had the benefit of both. While my mother showed me the way and made sure I had a voice, it was my father who inspired me to dream of a different world. I think a gender parity agenda will also help fathers have better relationships with their children.

Employers, the Board and the CEO all have a role in maintaining this balance. If corporates want the best talent, they will have to change to attract and retain their female talent. Parental leave, flexi working hours, better organizational cultures and work practices that allow people to spend time with their families must be considered. Parents need time to spend with their kids to impart values to them. Today, through technology and digital platforms, so many things can be done. Employees can work remotely, saving office space and easing traffic congestion. If you want to change, there are many excellent examples out there.

Can you speak of your engagement with women directors & the objective of the women empowerment project?

If we look at women in leadership, IFC's second edition of the Women on Boards of Companies Listed at the Colombo Stock Exchange shows that only 8.5% of directors are women and also that the number increased by only 0.36% from the previous year's percentage of 8.14%. This is a marginal change and reflects the amount of work that needs to be done to achieve gender parity in the corporate sector. We are behind so many of our neighbouring countries and well behind more progressive countries.

Our committee, which represents all age groups and ethnicities and industries, came up with these 4 areas to focus on:

Capacity Building

Directory of "Board Ready" female CA's

Development of a Gender Parity Framework

Leadership Development & Mentoring

South Asia

India 1	16.8%
Bangladesh	17.7%
Pakistan	11%
Sri Lanka	8.5%

ASEAN & China 2

Indonesia	14.9%
Malaysia	13.5%
Philippines	13.2%
Singapore	11.9%
Thailand	20.4%
Vietnam	15.4%
China	12.7%

Other Selected OECD Countries 3

France	43.4%
Iceland	43.0%
Norway	42.1%
Sweden	36.3%
Italy	33.6%
Finland	33.0%
Germany	31.9%
Belgium	30.7%
Netherlands	29.5%
Australia	28.7%
Canada	25.8%
UK	24.5%
US	21.7%
New Zealand	20.0%

1. NSE website as at 1st August 2019
2. Board Gender Diversity in ASEAN, IFC
3. OECD Corporate Governance Factbook 2019



We have already launched the Directory and launched a women's forum which is focused on finding solutions for women at different stages of their careers. We are working together with the Securities & Exchange Commission and SLID to develop a gender parity framework. However, during this time, it became evident that we also need women to step up!

Why are women not stepping up? Many of them don't want to take on more responsibility because they are already overloaded. They are really running two full-time jobs, especially if their partner is not supporting. We need women to have the conversations with their spouses and step up to the opportunities that are presented to them.

What sort of opportunities women have in the work from home model? Are there any specific categories of work that fit this model?

While I was at ACCA, the UK office had arrangements for parents to work remotely on agreed days and we would connect on

conference calls with them and the work would get done as if they were in office. This enabled parents (mums and dads) to save time on long commutes a couple of days a week. A friend at a bank in Australia was encouraged to work from home at least one day a week because she wasn't doing so. Another friend works in a team that have limited desks so you have to book a desk to go in to work. There are some great examples overseas and we just need to experiment for ourselves. Employers can analyse their organizational structures/ job descriptions to identify roles that can have some element of remote working and provide the flexibility required.

Technology can be used to facilitate agile working where you can work from home. SheConsults has 10 women professionals working remotely and I can monitor their progress online. Some employers are brilliantly facilitating women employees' ability to work from home or to enjoy flexibility at work. Women also must do their fair share, maintaining a good work ethic and ensuring that the work is done to the highest standards.

Women have opportunities but they do not seize some of

these. What do you feel about that?

This is a big issue. There are many women who want to seize opportunities but don't for fear of the impact on their families. Couples and siblings need to have conversations around sharing of duties. Our sons and daughters will carry forward many of the lifestyle patterns practiced in their homes. I think a simple question is enough to start the conversation. What kind of life do we want for our sons and daughters? We can show them the way to a better balance. I want my sons and daughter to be self-sufficient, capable of managing themselves, and to have happy marriages with equal partners with whom they can share their ideas and responsibilities. I want my daughter to experience the fulfilment that comes with a rewarding career as well as the joy of being a mother, but definitely do not want her to be an unpaid housekeeper or nanny. Mothers must ask themselves, "Is this what I want for my daughter?" as they let their husbands and sons off the hook on housework. I want to empower both genders, in the home and in the office; that would be true gender parity.

WHAT ARE THE OBJECTIVES OF INTRODUCING

the new Inland Revenue Act and have they been achieved?

Well, the Inland Revenue Act has existed for over 7 decades, but now there has been a major reform of the IR Act. If you consider the previous Acts, all of them went in the same direction, whereas with the new Act there is a wholly new direction. Therefore, it's a replacement rather than a reform. New law opens the gates for a new income tax system mainly based on rules that deviate drastically from the principles currently used in the law and the system. We can't say that the law in the existing Act is obsolete because it is still applicable and it will be applicable in future too with regard to all matters related to the years of assessment up to 2017/2018. After every budget, there have been certain amendments included in the Act. So the extant IR Act No. 10 of 2006 was becoming complex and might have led to complications and application issues arising from those amendments, leading to difficulties in use and reaching its objectives. In addition, some beneficial provisions for taxpayers couldn't be used properly or were used not by the way that the legislature intended. Therefore, I think the policy makers may have considered it better to have an Act without numerous ad hoc amendments and complexity, and certain gray areas and legislative gaps.

For example, there were some issues with the existing IR Act due to it having a number of tax concessions by way of exemptions. If you just pay attention from section 7 to the different arrangements of section 24, there are exemptions. Then again, there are sets of concessionary tax rates and deductions. All of these are considered tax expenditures because if everyone is paying taxes according to the Act without deviation, then the Government can expect a particular amount of revenue. Certainly, objectives do exist to provide such taxation incentives. However, with such provisions to reduce tax amounts, a considerable amount of revenue does not come to the Exchequer. That foregone revenue is tax expenditure. Tax expenditure under the existing Act was very high. Remedying that was another objective for the new IR Act No. 24 of 2017,



as I understand it. The other one is the complexity as I just explained. There is a need for an Act to be understandable to an ordinary person who is not a tax expert, at least to a certain extent. So I think the new Act also addresses that issue to a certain degree.

Another important objective is the need for a good cash flow and increased revenue. For that, the reintroduction of some withholding taxes which were abolished in the year of assessment 2011/2012 has been attempted. Examples are the withholding taxes

on service fees and rent income. Some additional investment activities now fall within withholding taxes under the new IR Act. In a nutshell, this objective of creating a revenue stream has been tried with a strongly-ruled withholding tax system including several final and non-final payments and a robust self-assessed installment payment mechanism. The

**RANJITH
HAPUARACHCHI**
Deputy Commissioner General
ICT Administration & Tax Operations
Support

time has passed to verify whether those objectives have been achieved by IRD and the government, but we feel that the objectives are being achieved. In the future we can conduct a proper analysis of the figures to confirm this.

SMEs make up more than 60% of the Sri Lankan business community. However, certain elements of this Act are unfavorable to SMEs. Those need to be highlighted and minimized. For example, the calculation of “allowable interest” according to the SME’s capital. In the previous Act, the total interest could be considered expenses, but in the new Act there are allowable and disallowable portions. This means major parts of the interest may be disallowed and the SME sector would have to pay a heavy tax. In addition, the expenditure of a capital nature means that earlier all expenditure could be added as expenses, but now capital expenses are not allowed. What impact can this complexity bring?

As this is a completely new IR Act, there could be provisions that affect some persons and sectors in a way they don't expect. We need to assess the probable consequences of implementation of that type of provisions and introduce appropriate provisions to solve such issues. I also work closely with SMEs and agree that they are the backbone of the country. SMEs in Sri Lanka's economy make up more than 70% as all businesses that are not large-scale, including micro businesses, fall within this sector if we also consider MSMEs. I agree that most SMEs run on bank loans. SME financing or micro financing is very important for our country in this respect. Of course there is a restriction for deduction of interest expenses on debt obligations in the Act. These provisions are similar to thin capitalization rules used for taxation of associated enterprises at cross-border level on reduced profits through high interest expenses without acceptable leverage compared to the equity. Interest being shown as expense in the profit and loss account reduces the profit of the entity and

thus the tax payable through corporate tax or dividend tax. Partnerships are also entities included under the definition. However, the limit of three times or four times the equity is still a considerable amount for some entities covering their total interest expenses, and such undeducted financial costs can be carried forward for six years. Your concern is the applicability of this common provision to any entity and that even SMEs fall under this restriction. It's not applicable to SMEs which are proprietorships. In tax statutes, most provisions are legislated as common provisions. As this provision deals with interest costs beyond interest payments between associates, a request can be made by relevant parties in the future to have a policy that does not affect the SMEs, as you mentioned.

AAT MIPs are focused on Tax Advisory and Consultancy for small enterprises which do not maintain proper records, which means MIPs have to visit the IRD frequently, especially for appeals. What point of contact can help them get effective service?

First, it is true that under the provisions of the IR Act there are restrictions on practice. Those served must be taxpayers with turnover up to Rupees 100 million that are not companies. Take the Chartered Accountants who can practice for any type of taxpayer under any circumstances - they can't cover all the taxpayers in Sri Lanka. This vacuum can be filled by AAT MIPs targeting and providing their service to SMEs, the most important sector in our economy. There are a large number of SMEs that AAT MIPs can work for. Therefore, AAT MIPs need not work only on SMEs that do not maintain proper records. Some of them may keep proper records. In addition to appeals there are other matters that MIPs can get involved in to serve this important sector of our economy.

The IRD has a function-based computer system. The same type of issue for the same taxpayer may have to be dealt with by different officers in such a system. In most cases it is difficult to find out where a particular file is being dealt with. Some tax authorities in the world administer on a functional basis and have fully computerized tax systems. But they still maintain a single point of contact at

ratio of revenue from indirect and direct taxes has been 80% to 20% for the last few decades. The government has a target to bring it to 60% to 40% by the end of 2020. This Act contributes to that. Those are the objectives. I believe that not enough



amount of time on that. As the IRD is aware of and understands this issue, files may be reallocated to designated units for compliance and audit functions in near future for certain period of time to deal. This measure is initiated considering the tax payers' comfort and lower compliance costs and also to reduce the unnecessary workload for IR officers. The officers of the unit may deal with those matters on a functional basis. Therefore, most issues would be settled in the particular unit for a particular taxpayer under this arrangement.

Let me also deviate a bit from the above issues to introduce the concept of taxation as a game of three players, namely, the taxpayer, the tax official and the tax consultant (including AAT MIPs). This game of taxation for reaching or achieving tax compliance has two sides, the taxpayer and tax consultant playing together and the tax officer playing alone. The tax officer is playing for the government, trying to get maximum revenue for the government, whereas the other two players are trying to have the minimum tax liability. However, the objective of all of these players should be the same, i.e., to pay or collect the correct tax amount according to the law. To play the game, the role of the tax consultant, including the AAT MIPs, is very important. Thinking a bit differently from tradition, tax consultants are supposed to play a vital role to both of the other two players by facilitating the correct and timely tax revenue flow for the government represented by the tax officer, whilst obtaining maximum benefit allowed by law for the taxpayer. They can plan the taxes by organizing the business using beneficial provisions of the law to have a lesser but still correct tax liability. Such tax planning is within the law and hence legal. Such a service by tax consultants including AAT MIPs contributes to a smooth functioning tax system with all the players reaching their objectives.

Computer-generated assessments are checked manually as well. This process to post them causes further delays and they are received by the taxpayer one month later. Is it possible to send them in PDF format to email, because most tax payers have emails?

According to the law, assessments should be conveyed to the taxpayer in writing.

which a particular taxpayer's issues are first dealt with, especially concerning similar types of issues. In Japan, around two decades ago, even with an automated system in most of the cases, there was a contact point to deal with a person's tax

issues. I think our problem is that as you very correctly pointed out, a taxpayer or his agent may have to go to several places to get some issues of the same file sorted, sometimes even for same types of issues settled making them spend a considerable

The present scenario could lead to the delays mentioned. Therefore, it's better to inform the taxpayer by means of alerts sent via email about any assessment so that the taxpayer is aware that the assessment would come later, paving the way for him to be prepared and work on it. This will lead to making a timely appeal where necessary or completing other actions on the part of the taxpayer. Once the assessments are received, they can make appeals explaining and proving the delay so that the unit of the IRD dealing with such cases, namely the Central Document Management Unit or CDMU can accept these appeals. CDMU considers the unavoidable delays from the taxpayer due to delays in receiving notices of assessment and registers appeals, opening the doors for the hearing and settlement process.

Can the IRD be requested to reduce the 10 year post-qualifying work experience period and for the approved accountant, turnover limit to be increased from Rs. 100 million to Rs. 500 million since under the IR Act SMEs are defined as having turnover of Rs. 500 million?

I think you refer to the previous gazette on the same authorization. Most other countries including Japan and Australia have such requirements for practicing accountants, including sometimes a longer period of experience. Experience tends to make a better practitioner, who performs the job well with fewer mistakes. In this interview, we discussed the importance of all kinds of tax consultants including AAT MIPs. That requirement of 10-year post-qualifying experience to practice freelance has been there for decades in our country. The same thing has been kept in the regulations under the new IR Act too. I understand your concerns. There may be MIPs who do not have the required criteria. This also applies to certain other types of accountants. Together, they can make requests and submissions about the practical circumstances involved in this to the relevant parties making the policy decisions.

Regarding your second issue which relates to SMEs, you may already understand that SMEs are differently defined for different purposes in our country, and are even defined differently in the IR Act for different purposes. Under the existing IR Act, for one purpose, the turnover criteria

was Rupees 100 million and 500 or 750 million for another i.e., for the application of concessionary tax rates. Some purposes also included a criterion of the number of employees for. But in the new IR Act, it is Rupees 500 million. When approved accountants were defined, a criterion of 100 million was used for AAT Fellow Members. Here, it is not referring to SMEs, but is a mere criterion for the purpose of deciding the possible level of practice for them. Ironically, it falls below the level of SMEs. As a body, it's possible for AAT to make a request and related submissions to the relevant parties to raise the limit, considering the present circumstances or any other reasons.

The approved accountant gazette is in the previous Act, as mentioned. It has not been issued for the new Act. What do you think on this?

There are a number of requirements and regulations to be made under the new Act. Most of these regulations must be made by the Commissioner General. Implementation of the Act was just started in 2018/ 2019. The subordinate law necessary for this will be stipulated as all such requirements under the Act should be made available, with the Act being implemented step by step. The Secretariat of the IRD has the authority to do this and will complete these requirements one by one. In the future, regulations on matters that you mentioned would also definitely be completed and be ready to be followed and used.

There are 3 players in the tax game as you mentioned and one is internal to IRD and the other two parties are external to IRD (taxpayer and tax consultant). What is your final message to the general public who are taxpayers and as well as to tax consultants?

My message is not only to the taxpayer and the consultant, but also to the tax official even though they know this as they are already working on it. They are also a part of the general public of the country and therefore it is better to convey this to them too. As I analyzed earlier, all three players playing the game is of paramount importance for a dynamic tax system that is successful and performing well. Reaching

the objectives of the government, such as raising revenue, is only one such objective of taxation. If all three players are playing for the objective of correct tax liability, provided also that the laws and regulations have been made in an appropriate manner, it should lead to a vibrant and flourishing tax system. Where the three players are playing differently, i.e. not playing together for the objective of correct tax liability or playing together but deviating from the aforesaid objective, a tax system may not perform well for the raising of government revenue and other connected purposes.

On the other hand, compliance cost plays a major role in the game of taxation. Where the compliance cost is high, the compliance is low. Therefore compliance cost must be reduced for the taxpayer. This can be done through proper guidance by the tax consultant for appropriate monetary conditions. As we have opened the topic of compliance cost of taxation, let me add a bit more to that. Compliance cost has three aspects, namely monetary, time and psychological. For example, monetary cost is getting expert consultations and preparations to finalize one's tax liability from a consultant, including AAT MIPs, for a fee. The cost of time is the time that taxpayer has to spend complying with all his taxation responsibilities. Keeping accounts and preparing final accounts, filling the forms, making the payments, attending interviews etc. are involved in this. It is possible for a taxpayer to get these tasks too done by tax consultants, converting the time cost to monetary cost. The third aspect which is the psychological cost is the mental effort, including stress that a taxpayer will have when there are pending taxation obligations. Where someone has such a cost frequently, it could affect his whole life, but at a monetary cost it is possible for such taxpayer to get it done through a tax consultant in a timely manner so that he can be relieved of the psychological cost.

Therefore, we can understand the importance and vital role of the tax consultant and how he can contribute to the objective as a game player. My message for both the taxpayer and the tax consultant is to engage and develop their businesses and professions contributing to the development of the country, to understand the importance and their value to the country and to fulfill their taxation responsibilities together with the tax officials who work for the government.

TO BECOME A GREAT SPEAKER AND COMMUNICATOR

is it necessary to be born with talent?



**TM ARUNASALAM
BALRAJ**

Toastmasters' 2017–2018
International President

We don't need to be born with the talent to be a speaker, but going through formal training in speaking will help. It is important to be able to speak to convey your message to an audience in a concise manner. There are people who try to speak without knowing the norms of speaking. This is evident when some political leaders who haven't gone through formal training try to speak.

It is not important how long of duration will make a good speaker. It is the skill that one needs to hone to speak with gravity and clarity.

At which stage should a speaker begin speaking? Can you give us an idea about this?

Nonverbal communication at the start of a speech plays a vital role when you start speaking to an audience. Because, that audience judges your personality

before you start speaking. When you have established rapport with the audience, you must be able to make the first impression within the first 11 seconds. That is when you will really start speaking.

Were you born with the talent or were you trained to become a good speaker?

I was not able to speak comfortably to a public audience when I joined the programme. Moving on with the programme, I learnt the skills of public speaking and effective communication. This led me to face a public audience or a corporate audience at any given time. In my leadership journey, it is common that I have spoken more than 10 times in a single day.

You can imagine the number of different environments and situations that I had to face. I can't be over prepared in a situation like above because of the fear of giving the

wrong speech at the wrong place. In order to overcome this situation, I learnt the skills of mind mapping through which I was able to tailor make my presentations.

What really blocks us from being good communicators?

What blocks us from being a good communicator is the fear of failure and the inhibition we form around ourselves. It is best that we start the formal training in a very supportive and positive learning environment to overcome all these self-limiting beliefs. Having done a proper audience profile, preparation of a good message, knowing the allotted time to speak etc. are some points to consider to be a good communicator.

We see in practice that there are so many bright students and competent employees who

become shy or step back when they have to speak out in public. So, with your experience and exposure what is the best way to help them to come out of their shells?

I have seen not hundreds, but thousands of people during my visits around the world, highly qualified in the corporate are very often hidden behind their desks for the lack of effective communication skills. They don't have the courage to break the ice. They are comfortable in doing presentations on their subject matter and will not interact further than that. They prefer to avoid interaction with people. By having a dialogue for about 30 minutes I can find out a person's life interest and what they want to achieve in life as well. By doing that one can help people to discover themselves first, then to determine their gap that exists in their communication and leadership journey, as well as the gap that exists to fulfill their professional career and positions. Always I would look at the strengths that is inbuilt in a person and help them to capitalize on their strengths and work on a structured program to tackle their weaknesses. As you are aware, an Accountant usually is very dominant in their subject matter and probably weak in their presentation skills. What I mean by weak is to keep the audience interested while listening to the speaker. So it is important to learn the art of presenting the number through a story telling format which will keep the audience interested.

The vision of Toastmasters International is to make effective oral communicators worldwide and their mission is to empower people to achieve their full potential in realizing their dreams. You being the first Sri Lankan and the first South Asian to become the President of Toastmasters International, what were the obstacles you encountered in reaching this excellence?

I was dedicated to the organization's vision because I had the passion to make a difference in people's lives. In my experience, you can be "THE" president or be "A" president. If I had been just a president, I would have joined the queue of 94 past presidents. If I had been the president, one can feel the difference and say 'Balraj was the President who made a difference in peoples' lives through the organizational structure'.

What I discovered after being appointed to the presidency of the Toastmasters International was that like for most organizations, it was also in need of financial discipline worldwide. When I got into the organization, it was an international office with an international Director, international Officer, and an international President. In my acceptance speech, bringing together 206 countries was the key highlight which sounded a bold statement. In order to succeed, the secret I discovered was by leveraging organizations that has out reached in all the countries to see how best we could work together to succeed despite it being so challenging. In this light, I initiated partnerships between us and organizations.

There are 3 billion foundations and 3 billion-dollar organizations in which background we are very small in comparison. In my pursuit of personal value to achieve, I worked hard to overcome the hurdles. Trying to envision the organization with a larger number of international memberships, I went on to enlist members, reaching out to regions 14, 15, 16, and 17, and always sticking through hard times to reach the target of 19 countries. We succeeded and the world has never seen such a gathering of service organizations. I am proud to have achieved what I set out to do.

I see all organizations in the world including countries going through difficult times which is no exception for Toastmasters International and my job as President was full of challenges. I am always passionate in taking up challenges, overcoming them by going deep down to the root causes and arriving at bold decisions which could improve the situations.

Due to lack of vision, we were challenged with a poor performance during the last 7 years. In analyzing the situation, we could realize that we had a shortage of clubs and therefore we focused on growing the number of clubs and as a result, reached the 100 mark. We started working on this mission early last year when we had just 20 to 38 clubs. The growth is a huge reflection of what we can achieve when we are committed and are ready to deal with the obstacles in our path.

We have more than 5,500 active members of AAT Sri Lanka and have an outstanding Toastmasters club. We are very keen on

creating platforms that provide exposure, to our members not only in their technical knowhow but also in contributing to their personal growth and development. We are also in search of a development tool. How would you summarize the benefits of becoming a member of the Toastmasters club?

If you are talking about AAT members and why they should become Toastmasters, ; It is a fact that accountants are now required to communicate in their jobs than before. Why communication? It is the role of an accountant to present budgets and provide financial information. If accountants are not good speakers, they lack communication skills that could better their performance. Knowing the art of storytelling, to make numbers interesting will be well received by the listener. To be recognized as a good accountant, it is important to enhance their communication skills to better interpret the numbers they have to present. Learning the art of effective communication and public speaking will help them to face any situation or any forum they have to address. In order to do all of the above, the best tool that I know in the world is the Toastmasters educational programme. And this learnt by doing programme has been tried and tested for the past 95 years in the world. I urge all AAT students and members to make use of this opportunity that we have with us.

Would you think, the aim of Toastmasters is to develop communicators or leaders?

The aim of Toastmasters international is to develop leaders who are good in their communication and public speaking skills. It is necessary for good leaders to be good communicators and public speakers. I would also like to mention that effective communicators and effective public speakers are two different areas of focus.

I have heard that most of the materials for developing Toastmasters are now available online. Do you think that self-help using the material will be effective or do members still require face to face training at the club?

Face to face communication cannot be replaced by technology. When members are faced with time pressures, geographical challenges to go to meetings, they can go online to participate in the programme provided the technology works well.

But to leverage the game of face to face interactions, it is very important to attend meetings where members assemble together to learn from one another, to help one another by providing positive feedback before they leave the meeting. Although, all educational materials of the Toastmasters programme are now available online, it is best to go to an onsite meeting to enhance our skill development.

As the Toastmasters club motivates members by promising leadership, what role should be played by the parents, schools and universities to facilitate opportunities for leadership? At which stage should members start practicing leadership skills?

In Sri Lanka context, when people get into the industry, they realize that they need to express themselves better with effective communication skills. The reality today in our country is when we interview 100 people, only a mere number of people are able to speak clearly and concisely and are employable. I feel we must build a Sri Lanka where we can take all the 100 people whom we interview in to their jobs instead of shortlisting and compromising which leads to choosing the best of the lot. Our education system should support the above so that we can recruit enough and more to the corporate world.

A small organization like ours (Toastmasters International), is able to empower, enhance efficiencies and capabilities of more than 3000 corporate executives a year. If this training can be given before they enter the corporate world, during their university days, it will strengthen our workforce at the workplace. Having said this, I must also say that we are not alone in this struggle where there are many other countries also faced with the same issue.

Can you explain the growth of Toastmasters in Sri Lanka and need for more university clubs?

The first club of Toastmasters was formed in 1983 in Sri Lanka. We had one club in the country in the year 2000. Today we have 158 clubs out of which approximately more than 85 are in the corporate and public sector institutions. The rest are community clubs. In my opinion no other service organization in this country has grown so fast in a span of 18 years. Service organizations like Rotary and Lions have been in this country for almost 100 years. We are a unique organization that focuses

on self development method. There is no organization in the world that can claim to do what we are doing. In fact, I just met the District Officers yesterday. My advice is not to start a club for the sake of starting one. If we start a club, it must be forever, not for the short term. When we go to London, universities in that country have 800 year old clubs focused on communication and leadership. If they can have such old clubs which develop people all the time, we are also worthy of having our clubs to last 800 years for what we have to offer in the form of continuous learning.

Can we very confidently say that Toastmasters is better than many colleges?

Toastmasters programme is equivalent to a college degree offered in communication and leadership. Colleges will teach you and then release you while Toastmasters will teach you and keep you for life.

extremely crucial in achieving professional and personal growth and success. Whether you are employed under someone or whether you are your own boss as an entrepreneur, communication powers your success. While the technical knowhow plays the foundation for a job role, it is the communication skills that can extend your horizon which could definitely be sharpened through the seamless exposure and opportunity offered by the Toastmasters. Being an entrepreneur is totally different and that is something the Toastmasters do. While nothing is impossible if you have the passion and commitment towards achieving a target, if you still feel that the extreme time constraints you have prohibits you from attending Toastmasters, I urge you to affiliate with a similar organization or forum which could enhance your communication skills. Employment and



Will this be a journey of life time for you?

Why should I leave the organization? When I speak at forums like these, people benefit through the awareness that I can create. If you become a doctor and don't practice for 10 years, the learnt knowledge is eroded. It is imperative therefore to keep on sharpening our learnt skills which will also help to keep our mental capacity and physical ability intact.

In a nutshell, what would you wish to present to the readers as your closing remarks?

The power and gravity of effective communication and leadership are

entrepreneurship are rapidly evolving impacted by the exponential growth of technology, demanding a new landscape of skills and practices. In this context, a typical accountant who only records transactions and perform routine functions which a machine could do way faster and accurate than humans will face enormous challenge and stagnation in years to come. You as accounting professionals are required to enter in to a world of online and real time interactions where understanding global connections and situations would be of paramount requirement. Being a constant effective communicator will help you stay ahead of competition without lagging behind.

WHICH CRITERIA SHOULD BE MET BY A COMPANY FOR IT TO BE CONSIDERED AN SME?

RAJITH PERERA

Partner/Principal -
Financial Accounting Advisory Services
Ernst & Young



Small & Medium sized Entities mainly comprise of companies that do not have the public accountability and publish general purpose financial statements. Companies that do not have public accountability include the companies which have not issued their debt or equity to the general public; their instruments are not publicly traded in the market. Companies predominantly belong to the SME category are those that publish general purpose financial statements.

As per the Sri Lanka Accounting Standards, the criteria to define an SME excludes the companies licensed under the Banking Act No:30 of 1988, the companies which are authorised under the control of Insurance

Act, companies which are in the Leasing business, factoring companies, companies registered under Finance Act No 78 of 1988, companies under the Securities and Exchange Commission, Fund Management companies, companies that are acting as Stock Brokers, Stock Dealers, and Public Corporations engaged in the sale of goods or other provisions.

These companies are generally not considered under IFRS for SMEs, so, any company falling into these categories has to prepare the Financial Statements under the full Sri Lanka Accounting standards (SLFRSs & LKASs). If it is not included in this list, it is allowed to prepare IFRS for SMEs.

Who are the users of SME financial information?

One main feature of SMEs, as mentioned earlier, is that the instruments are not publicly traded. Generally, users of the financial statements would be either the owners of the SME or debt providers. Sometimes, customers could refer to them. For example, if you have transactions with overseas customers / suppliers, they may want to assess the credibility of the business – so they would commonly be users of the financial statements. The difference between an SME & any other company is that while the general public would not be that concerned, customers, owners, debt providers & tax authorities would be interested in the financial statements.

What are the costs & benefits that SMEs may accrue by adopting separate version of standards?

Compared to the full Sri Lanka Accounting Standards, SME standards do not include complicated requirements, so the relative cost would be lower. For example: Fair valuation and complex transaction reporting are not required. However, it is important to have a team of people who understands basic accounting (Fundamentals of Accounting covers the basic principles).

Among the benefits of complying with the standard is the fact that reporting under SLFRS for SME is equivalent to IFRS for SME and is indication that the financial statements are transparent and comparable. This is an advantage even when dealing with your overseas counterparts, as they always require you to be transparent. The benefit is the transparency of the Financial Statements. What happens is, each time you enter into a transaction, you ensure consistency, comparability & transparency. For example, if you account for the same transaction using the same principles, then your recognition and measurement of the transaction from this year to next year will be consistent. Then you have transparency & comparability. If you don't have that, this year you could have accounted for a transaction differently compared to another year or compared to your peers which can make your financial statements less reliable and comparable.

What are the main standards applicable to SMEs?

Commonly, if you consider SME businesses, which are very simple organisations, You don't have lot of structured, complex financial instruments. So, the common standards applicable for SMEs are mainly PPE, Inventories, Intangible Assets, Financial Instruments (Basic Financial Instruments - Trade Receivables, Trade Payables, Investments in Fixed Deposits), Revenue Recognition, Investment Properties, Employment Benefits and Presentation of Financial Statements.

How do Sri Lankan users and their financial information



needs differ in terms of the size of SMEs?

Do we compare an SME with another large organisation applying normal SLFRSs/LKASS? Let's say you are looking at a company which applies full SLFRSs, which is a company listed in the stock exchange. Their debt/equity instruments are publicly traded, and what happens is they have a requirement to publish their financial information to the investors. Because what they have done is they have borrowed the public money and sustained their business using public money. So they have an obligation towards the investors to support them to understand what they have done with their money. If you have invested in a company, you have the right to get information as to what the company is doing with your funds. If you look at the financial statements of

a listed company which applies the full Accounting Standards, there will be larger amount of disclosures and there will be larger amount of qualitative or quantitative information presented. If you look at an SME's financial statements, you will not see the same level of detail, the reason being they do not have the same public liability as a listed entity; basically, your business is not of public interest except as concerns a few stakeholders. So what information you publish then is what is relevant to your owners and perhaps your debt providers, which they use to understand the status of the business. If you look at the information requirement, it is scaled down in SME Financial Statements in terms of the information that you are publishing, compared to another company which publishes financial statements under the full requirements of Sri Lanka Accounting Standards.



Do Sri Lankan SMEs need internationally comparable financial information?

I think it is very important that Sri Lankan SMEs have internationally comparable reporting standards. There is a large population of SMEs engaged in cross-border transactions in various forms, so you will have lots of companies which apply IFRS for SMEs, who have business relationships with foreign enterprises - or may be their customers are overseas, may be their suppliers are overseas. In that context, when you make transactions, they may need to look at your financial information to understand the entity's financial stability.

This highlights the importance of reporting under a set of standards which are comparable and consistent. You will be required to have a reliable framework

which is internationally recognized. Otherwise what will happen is your counterpart (who can be your customer, supplier or financial provider) located overseas will find the set of financials of your company less reliable. This can impact the execution of the transaction. Moreover, if you are looking at cross-border financing (Debt or Equity) to fund your business, it will impact your entity if you do not report your financials using an acceptable framework, which can result in higher cost of funding.

In my view, even the companies which are reporting under SLFRS for SMEs need to have a consistent framework which is comparable.

The regulatory framework (Act No. 15 of 1995 and SLAASMB) on adoption of Standards state the consequences for noncompliance or incorrect compliance. Some people still believe SLFRS/LKAS is not law. So what are the consequences? It is the law of the country. According to SLAASMB requirements, all entities which are classified as specialised business enterprises are by law required to prepare financial statements.

Do you think that SMEs have enough employees with the required knowledge to apply the Standards for SME?

There are a large number of companies in Sri Lanka which actually qualify under the category of SLFRS for SMEs. There are also a large number of companies that are audited by Ernst & Young, which provides the exposure to work with such entities and their teams.

In my opinion, we have the required skills - especially in the financial reporting teams of most of these entities, mainly because of the financial reporting background/culture.

If you look at the professional bodies, and the number of Accountants universities produce for the Accounting profession, what I have seen in the country is that we have a very strong, skilled set of Accountants produced by an array of professional bodies such as AAT, CA Sri Lanka, CIMA, ACCA, CMA. The universities also produce candidates with specialized Accounting knowledge.

However, sometimes the Standards may change or upgrade, including the issuance of new accounting standards. The financial reporting team members and businesspersons are required to understand the implication of these changes and how such changes impact the business. The only way that these stakeholders stay relevant is by constantly focusing on building that capacity.

Did you see any improvement in financial reporting by SMEs after the adoption of the accounting standard IFRS for SMEs?

Yes. IFRS for SMEs is generally a framework revised at least one to three years. Initially, it was published in 2009 globally. Thereafter in 2012 and 2015 there were certain minor revisions. Such revisions are released based on the full IFRS/SLFRS. Moderations once in three years keep the standards up to date. The last moderation happened in 2015, with an effective date of 1st January 2017. The purpose of these moderations is to ensure that framework is relevant and timely.

Is there anything else you would like to add?

The SME business is one of the key contributors to our economy. If you look at the current economic context, the SME sector is one of the sectors which fuels the economy of the country because a larger proportion of Sri Lankan entities are in the SME category. Also, some of the SMEs are next-generation entities carrying an enormous potential to contribute to the economic growth of the country. Thus, it is very important for such companies to have a consistent framework which enables them to report their performance consistently - a framework which is acceptable and comparable and which plays a pivotal role in their business success.

CPD

A PROFESSIONAL'S NIGHTMARE AT THE END OF EACH YEAR – IS IT?



INTRODUCTION

Continuous Professional Development (CPD) was not a requirement by any professional body a few decades ago. Individuals always believed in continuous success, they wanted to conquer the world and strove tirelessly to achieve this target. For any person, continuous learning is about the constant expansion of skills and skill-sets through learning and increasing knowledge. As life evolves the requirement to adapt both professionally and personally is as real as the changes themselves.

Also, on a professional level, continuous learning relates to enhancing ones skill-set in response to a changing environment and new developments, specifically pertaining to the persons chosen career.

The Continuing Professional Development (CPD) Scheme of AAT Sri Lanka has been established with a view of enhancing the professional skills of the members and to maintain a better relationship between the Association and its members. This CPD Scheme also makes a bridge between the Association and the members in order to retain them in the membership for a long period of time. This scheme is a self-regulatory continuing professional development system and will be monitored by the Association. With the implementation of this scheme the automatic 5 year post qualification system to qualify for SAT and FMAAT titles ceased to operate.

(<https://www.aatsl.lk/membership/cpd-information.html>)

The CPD Scheme of AAT became effective on the 01st of January, 2009. It was revised in January, 2015.

[Revised CPD Booklet of AAT – 2015]

OBJECTIVES OF A CPD SCHEME

- Maintain technical knowledge gained & skills developed during professional education
- Ensure members are competent to handle latest developments in the Regulations, Legislations, Rules, etc., affecting the field of work
- Improve technical knowledge of members
- Enhance skills of members
- Assist career progression of members
- Build confidence of the employers about the quality of work of the members of the particular professional body.
- Instill confidence in the business community about the members.

CPD supports a person's career by providing knowledge and skills which are required to competently perform the assigned tasks at employment. It also enhances employability for the future.

Each year, all professionals should identify areas for development and engage in such areas to ensure development of ones skills and knowledge.

Presently, CPD is being introduced by various professional bodies simply because of the continuous changes in the environment we live and work in as well as the poor initiative by majority of individuals to develop themselves.

HOW CAN CPD RESHAPE YOUR CAREER?

1. Provides a clear objective for the short term

Ideally, an individual will have an area requiring development.

Eg: A finance expert would like to learn about the regulations pertaining to Human Resources/ Staff. This would be triggered by the need to review the calculations performed by the Human Resource Team.

When there is a clear focus in the short term, the individual will gain a wealth of valuable knowledge and skills which are relevant and useful.

2. Enables achievement of the long term goal

Through focus on several short term objectives, the professional will be able to achieve his/her long term goal.

Eg: Handle Key Management Personnel (KMP) salaries without outsourcing the work as it cannot be handled by the Human Resource Department.

3. Self-satisfaction which enhances the moral

Any person who achieves the short term objectives and is able to work towards achieving the long term goal will be satisfied with himself/herself.

You are your best critique and if you begin to feel you have not succeeded professionally or personally, there will be a negative outlook on life. As a result, one would feel unworthy and not focus on developing himself/herself in any way.

This ultimately would lead to loss of employment, severe stress, loss of family and even your own life. None of the motivational video clips or therapy can be compared to working hard to actually develop one's self and savour the difference.

4. Development of professional skills enhances the value to the employer

The employer will also be satisfied with any employee who aims at developing his/her skills. This is purely to benefit for the employer, yet, there will also be recognition of the employee who continues to learn.

It will also be an indication to the employer that such person values competence as well as has a clear purpose of the career.

This would be a cutting-edge advantage, especially at times

where many countries offer no job security at various levels of employment. (Based on the volatile environment in which we live.)

5. Develop a “irreplaceable” personal space with the employer

A finance Manager who is competent to handle the Income Tax Return of the company will be favoured over another who requires the services of a Tax Consultant.

In the event that one is able to develop related skills, which enhance the performance of your employment role, such an employee will be difficult to replace.

This is partly instigated by the requirement to hire two individuals instead of one.

6. Creates a unique professional profile

In the modern world, there are Finance Professionals who have also studied Law and become Lawyers. There are also Marketers who educate themselves relating to visual arts in order to be able to develop their own videos.

The CPD each person hopes to complete is unique. As a result, two employees under the same designation, equal qualifications and experience may be different based on the skills obtained through continuous professional development

WHAT'S IN IT FOR YOU?

Each person is responsible for one's self. The market is open to various employment opportunities as well as methods of self-improvement.

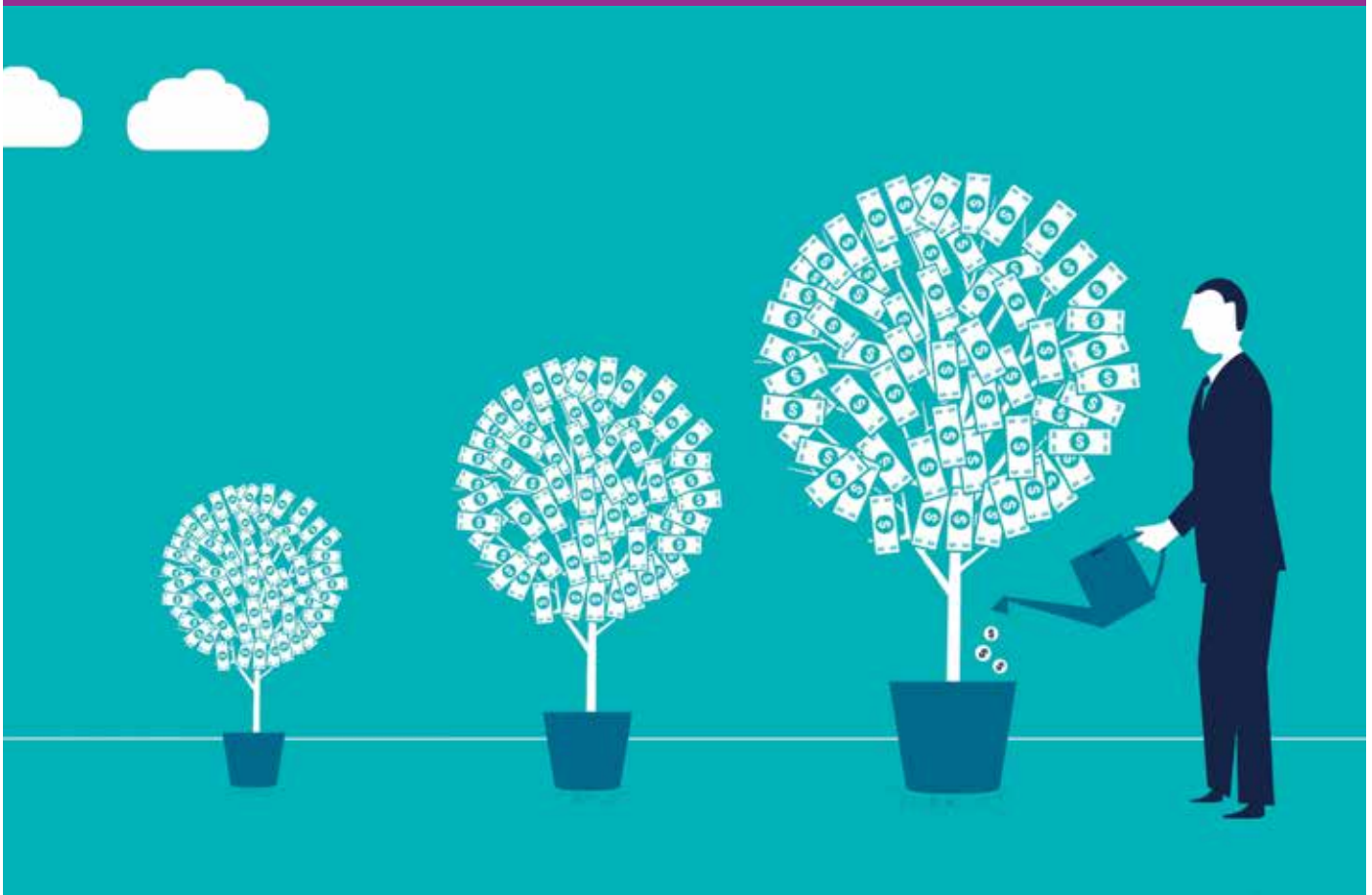
In the event one is not satisfied with his employer, he will be able to seek employment elsewhere, if he had built a unique personal profile.

CPD should not be a requirement by any professional body – it must be an individual's personal thirst to succeed. Personal development affects career growth as well as improves the personal relationship with others. Creating a unique personal profile should be the aim of all AAT members. Career growth enhanced by CPD should be coupled with personal development.

Buddhi Pathiraja

Senior Manager - Corporate Finance and Advisory Services at BDO Consulting (Pvt.) Ltd.
FMAAT, FCCA, MABE

CATEGORIZATION OF RISKS IN SMALL AND MEDIUM SCALE ENTERPRISES



Small and Medium Enterprises (SMEs) sector has been recognized an important section of private sector in developing countries and they have gained wide recognition as a major source of employment, income generation, poverty alleviation and regional development. Even though these potential roles of SMEs are substantial to economic development of Sri Lanka, most of the enterprises suffer from risk management issues and it results to poor business performance and going concern issues. Therefore it is meaningful to identify a suitable categorization of risk pertaining to SMEs towards the effective risk management.

It is important to reveal how different types of risks are categorized of SMEs in meaningful way according to previous studies. Henschel (2009), risk of SMEs are divided into two categories namely, internal and external risk. Internal risks include operational risks, financial risks and organizational risks while external risks include economical, technological, political, legal or cultural changes. Further, author states that most relevant risk categories for SMEs are internal, strategic and business process risk. Further, Alquier and

Lagasse (2006) classified risks as endogenous risks and exogenous risks. Here, endogenous risks are originating from the situation itself and exogenous risks are coming from out of the firm. These studies divide risks of SMEs in to two main categories as external and internal risk. Here, authors commonly agree for external risk factors namely economical, political, and technological as well as internal risk factors operational, financial and organizational risk. Therefore, it is evident that SMEs are influenced by both internal and external risk factors. In reviewing previous studies, internal risk is named as controllable risk and external as uncontrollable risk. Kagawathi, et al. (2014) broadly classified risks of SMEs into two categories such as controllable and uncontrollable risks. Controllable risks are mitigated when suitable actions are taken while others are largely unpredictable risks such as fire, floods, earthquakes, political crises and war among many others. It can be seen that these studies tend to categorize risks imposed on SMEs in broad way and not providing detail categorizations.

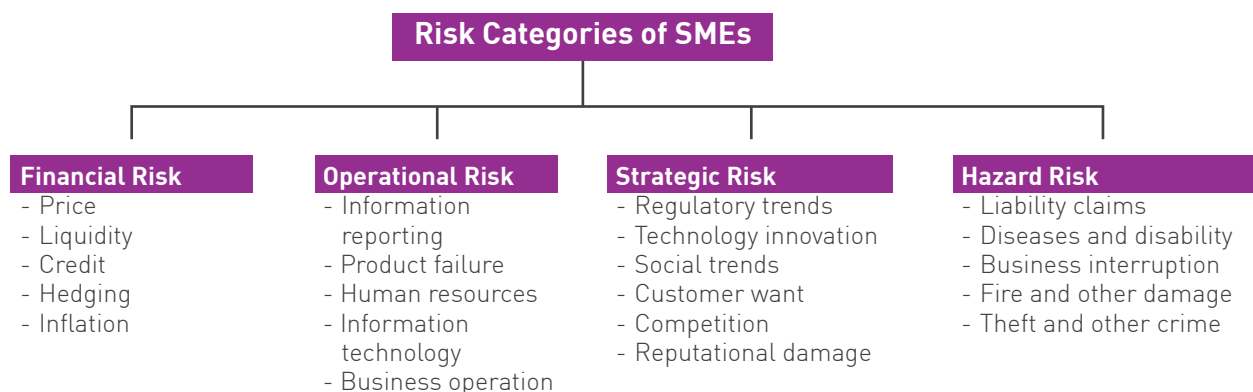
But in reviewing past literature further, it is able to recognize in depth categorization of risks imposed on SMEs. Keizera, et al. (2002) identified four main domains of risks, namely technology, market, finance and operational risks. Similarly Kim and Vonortas (2014) adapted same risk categories usually technology, operational, financial and market. These two studies emphasize four types of risks categories are namely technological risks, Market risks, Finance risks and Operational risks.

Further, researchers have identified risk categories which are coming under above four main categories. Falkner and Hiebl (2015) identified most frequently mentioned risks types as interest rate risk, raw material price risk, e-business and technological risk, supply chain risk, growth risk and employee risks. Luper and Isaac (2012) identified four categories as hazard risk (fire or property damages, windstorm and other natural perils, crime, personal injuries, diseases and disability), financial risk (price of commodity, interest rate, foreign exchange, asset value, liquidity, credit default, inflation, purchasing power), operational risk (human resources, product developments, efficiency, products/service failure, supply chain management, information relevance and availability, information/ business reporting- budgeting and

planning, accounting information, pension fund, investment evaluation, taxation) and strategic risk (reputation damage in form of trademark/brand erosion, fraud and unfavorable publicity, competition, capital availability, regulatory and political trend)

Further, Verbano and Venturini (2013) identified nine different streams of risks as strategic risk management, financial risk management, enterprise risk management and insurance risk management, project risk management, engineering risk management, supply chain risk management, disaster risk management and clinical risk management. CAS (2003) mention the four risks imposed on SMEs including Hazard risk, financial risk, Operational risk and Strategic risk. These risk categories are developed with the emergence of enterprise risk management and also each of these four main categories are further broken down into specific risks (Yusuf and Dansu, 2013). Table 1 show specific risk areas which are coming under main risk categories and those covers all types of risks attributed to a SME. Therefore, identification of following four categories of risk will help to develop sound risk management practices to achieve desired business performance of SMEs

Figure 1: Risk Categories of SMEs



Source: Literature Survey, 2019

References

Alquier, B., & Lagasse, T. (2006). Risk management in small-medium sized enterprises. *African Journal of Business Management*,17, 273-282.

Casualty Actuarial Society. (2003). *Overview of Enterprise Risk Management*. CAS.

Falkner, E., & Hiebl, M. R. (2015). Risk management in SMEs: a systematic review of available evidence. *The Journal of Risk Finance*, 16(2), 122-144.

Henschel, T. (2009). *Risk Management Practices of SMEs: Evaluating and Implementing Effective Risk Management Systems*. Berlin: Enrich Schmit Verlag GMBH & Co.

Kagawathi, G. S., Kamau, J. N., Njau, M. M., & Kamau, S. M. (2014). Risks faced and mitigation strategies employed by samall and medium enterprises in Nairobi, Kenya. *IOSR Journal of Business Management*,16(4), 01-11.

Keizera, A. J., Halman, J. I., & Song, M. (2002). Applying risk diagnosing methodology. *Journal of Product Innovation Management*,19(3), 213-232.

Kim, Y., & Vonortas, N. S. (2014). Managing risk in the formative years:evidence from young enterprises in Europe. *Technovation*,34(8), 454-465.

Luper, I., & Isaac, K. M. (2012). An assessment of risk management of small and medium scale enterprises in Nigeria. *Research Journal of Finance and Accounting*,3(5), 151-158.

Verbano, C., & Venturini, K. (2013). Managing risks in SMEs: a literature review and research agenda. *Journal of Technology Management & Innovation*,8(3), 186-197.

Yusuf, T. O., & Dansu, F. S. (2013). SMEs, Business risks and sustainability in Nigeria. *European Journal of Business and Social Sciences*,2(9), 76-94.

AADP. Bandara

Senior Lecturer (transitional),
MAAT, .B,Sc Accounting special (USJP), MBA
(RUSL),CBA (ICASL),

BE A TOASTMASTER

You may or may not have heard about this fancy word “Toastmasters” or you may be eager to know what it is, what they do, how I can become a Toastmaster, what are the benefits and so on and so forth. The purpose of this article is to address some of these issues which we believe that many non-Toastmasters have in their mind.

Toastmasters is a non-profit organization born in United States of America in 1924 with a noble objective of improving communication skills of young people of America under the visionary leadership of Dr Ralph Smedley. Now it is a worldwide organization with membership of more than 357,000 and 16,600 clubs in 143 countries.

The birth of Toastmasters movement in America is significant not because America is a super power. It is our experience that many non-Toastmasters in countries like ours believes that the Toastmasters is an organization to teach English to those whose knowledge of English Language is poor. This may be acceptable to countries like ours where the first language is not English. But for Americans? Their native language is English. If so, is it required to teach English to them differently?

Toastmasters do not teach any particular language like in a tuition class. As per the mission statement of Toastmasters International;

“We empower individuals to become more effective communicators and leaders”.

Just think that we have learned our mother tongue from our infancy. If someone is invited to deliver a speech in a social gathering or deliver funeral oration or wedding toast or in a similar situation, how many would volunteer. Sometimes they will prefer to die than the person who is sleeping in the coffin.

It is obvious that just because you know the words of a language you cannot be an effective communicator unless you have mastered the techniques of effective communication. Toastmasters are there for you to learn effective communication through practice. Effective communication paves the way for you to become a good leader. If you can effectively communicate with others, they do not hesitate to recognize you as a leader. Think about some of our Politicians. Think about your work environment. Those who can effectively communicate their views and ideas at board meetings or any other forum reached to the top by overtaking those who have better paper qualifications than them. Those are the wonders what effective communication can do.

The Toastmasters club provides very friendly and conducive environment for you to shun your fear of public speaking. It provides opportunities to see a new world what you have not seen before. It provides additional vigor for you to behave as a rejuvenated person in your day to day life or in your work place. Not only that, it provides opportunities for you to enjoy

a happy family life through the training what you get from the Toastmasters activities you are going to involve as a member of Toastmasters fraternity. It provides verity of knowledge about different subjects through their educational programs. It provides opportunities to enhance your social network nationally and internationally. Finally it gives a value to life. You will become a person who understands the purpose of life.

Be a Toastmaster. Why there should be a second thought?

Do not hesitate to chat with Club President or any other member of executive committee or any other club member of our AATSL Toastmasters club or visit a club meeting as an observer in the first place. They are ready to receive you with an open hand and heart and welcome you.

Finally, **“Leaders are not born but made”**

Janarthanan Vijendran

Past President of AATSL Toastmasters Club
FMAAT, CBA, MCPM, & FTII



**WE EMPOWER
INDIVIDUALS TO BECOME
MORE EFFECTIVE
COMMUNICATORS AND
LEADERS**



CONSIDERABLE ACCOUNTING CHANGES FOR INSURERS ON THE WAY: A BRIEF OVERVIEW OF IFRS 17

IFRS 17 is the new financial reporting standard for insurance contracts which is expected to come into effect worldwide from 1st January 2021 onwards. However, in local context the effective date has been postponed till 2022. This new accounting standard demands the complete overhaul of financial reporting by insurers. In addition to financial reporting, this also will have an extreme impact on overall aspects of insurance companies including their data, processes, actuarial modelling and systems. Therefore, in the short run, insurers shall implement significant technical and practical changes in order to be in line with these improvements. The most suitable way to respond to these challenges is to establish an integrated operating model together with a technology platform for their finance and actuarial.

The Background of IFRS 17

The primary objective of implementation of IFRS 17 is to accommodate unique and complex nature of business model in insurance sector when comparing to other industries. Further, it focuses on providing a comprehensive framework for financial reporting by insurers around the world. The international Accounting Standards Board (IASB) has published International Financial Reporting Standard (IFRS) 17 on 18th May 2017. The reporting entities are required to apply IFRS 17 for financial reporting period beginning on or after 1st January 2022 with early application are permitted. Further, IASB has allowed a temporary exemption for reporting entities to apply IFRS 9 and IFRS 15 until they first apply IFRS 17. IFRS 17 superseded IFRS 4, insurance contracts and related interpretations.



Source: www.pwc.com

Basically the changes proposed by IFRS 17 include combine features of insurance contracts including both financial instruments and a service contracts. In addition, this has considered the variability of cash flows generated by insurance companies over a long period. The significant changes based on these grounds can be summarized as follows.

- i. Combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract;
- ii. Presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
- iii. Requires an entity to make an accounting policy choice of whether to recognize all insurance finance income or expenses in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Potential Impact of IFRS 17

Different parties that will be impacted the most by the deviation of recognition, measurement, presentation and disclosures requirement of IFRS 4 with that of IFRS 17. Apparently, the most impacted actor will be the insurance companies since it is a norm dedicated to them. In addition, the investors and financial analysts will also be impacted by the change in their way of valuating companies since the presentation of the financial statements should change, for a clearer one. Surely other actors such as regulators, auditors will be impacted too, but it is believed to be on a smaller scale.

IFRS 17 will be having a relative impact on actuaries. This is because that IFRS 17 required update reserving models to include the two new liability concepts including risk adjustment and contract service margin. Thus, in arriving at their values there will be a number of methodology decisions to make which also requires significant amount of model development and testing.

Key Changes of IFRS 17: New Look Income Statement

According to IFRS 17 insurers shall clearly classify insurance service result and net investment results as the two major revenue sources. Accordingly, IFRS 17 has aligned the presentation of revenue with other industries. Importantly, Investment components are excluded from total revenue. Under IFRS 17, entities have an accounting policy choice to recognize the impact of changes in discount rates and other assumptions that relate to financial risks either in profit or loss or in Other Comprehensive Income (OCI). An extract of new income statement is given below in table 1.

Table 01: Extract of New Look Income Statement

Insurance Revenue (Revenue from coverage provided in the period+ Revenue for release of risk adjustment in the period)	XXXX
Less: Insurance Service Expenses (expected claims and other insurance service expenses +/- Changes in cash flows and risk adjustment that relate to coverage provided in the period and in the past)	(XXXX)
Less: Net expense from Reinsurance Contracts	(XXXX)
Insurance Service Results	XXXXX
Interest revenue from financial assets	XXXX
Other investment income	XXXX
Insurance finance expenses	(XXXX)
Investment Returns Profit or loss	XXXXX XXXXX

Source: Illustrative Disclosures for Insurers, page 16

Key Changes to the Balance Sheet

As per IFRS 17, insurers shall separately present the groups of insurance contracts & group of reinsurance contracts and insurance contract liabilities & reinsurance contract liabilities as shown in table 2 below. Further, IFRS 17 requires a current measurement model, where estimates are re-measured in each reporting period.

The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment, and a Contractual Service Margin (CSM) representing the unearned profit of the contract.

Table 2: Extract of New Look Balance Sheet (Assets)		As at 31st December 2021
Assets		XXXX
Insurance contract assets		XXXX
Reinsurance contract assets		XXXX
Current tax assets		XXXX
Financial instruments		XXXX
Receivables		XXXX
Cash & cash equivalents		XXXX
Extract of New Look Balance Sheet (Liabilities)		As at 31st December 2021
Liabilities		
Insurance contract liabilities		XXXX
Reinsurance contract liabilities		XXXX
Amounts due to related companies		XXXX
Payables		XXXX
Bank Overdraft		XXXX

Source: Illustrative Disclosures for Insurers, page17

An Overview of Measurement Models

For presentation and measurement, entities are required at initial recognition to disaggregate a portfolio with contracts that are subject to similar risks and managed together as a single pool. Further, these contracts are categorized into three groups of contracts as onerous, no significant risk of becoming onerous and remaining contracts.

Changes in cash flows related to future services should be recognized against the Contractual Service Margin (CSM). The CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss. Interest is accreted on the CSM at rates locked in at initial recognition of a contract. To reflect the service provided, the CSM is released to profit or loss in each period on the basis of passage of time.

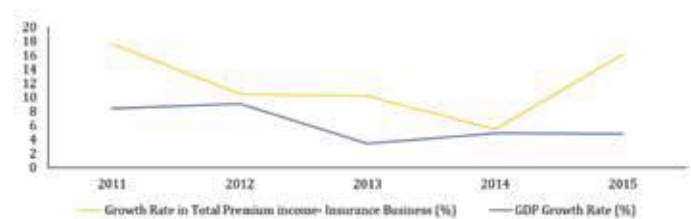
A simplified premium allocation approach is permitted for the liability for remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability-weighted cash flows. The variable-fee approach is required for insurance contracts that specify a link between payments to the policyholder and the returns on underlying items, such as some 'participating', 'with profits' and 'unit linked' contracts. The interest on

the CSM for such contracts is accreted implicitly through adjusting the CSM for the change in the variable fee. The variable fee represents the entity's share of the fair value of the underlying items less amounts payable to policyholders that do not vary based on the underlying items. The CSM is also adjusted for the time value of money and the effect of changes in financial risks not arising from underlying items such as options and guarantees.

Conclusion

In the recent past, the insurance industry in Sri Lanka has shown a growth momentum. This can be further evidenced through the increase in insurance premium income with relation to the GDP growth of the country.

Figure 2: Total Insurance premium income has witnessed a higher growth rate relative to GDP growth of the country



Source: Insurance Industry Sri Lanka Sector report – 2017, LOLC securities

The introduction of Sri Lanka Financial Reporting Standards (SLFRS) 17 replacing SLFRS 4 on insurance contracts and the introduction of SLFRS 9 on financial instruments with effect from 1st January 2018 will increase the transparency in financial reporting by insurance companies. Thus, local insurers are becoming aware of the changes that will be brought forward by the standard. These changes will definitely be affecting to their existing administration, technology and reporting practices. Further, in order to be proactively response to these challenges insurers shall take immediate actions to revamp their existing strategies, giving due consideration to digitalized their processes and provide appropriate training and development programs for their existing work force.

References

- Sri Lanka Insurance Report-2018, KPMG, Issue 01, September 2018
- Deloitte Insights . (2019, May 23). Retrieved from [www2.deloitte.com: https://www2.deloitte.com/ie/en/pages/financial-services/articles/introducing-ifs-17.html](https://www2.deloitte.com/ie/en/pages/financial-services/articles/introducing-ifs-17.html)
- Insurance Industry Sri Lanka, Yet to realize full potential, Sector report March 2017, LOLC Securities

S.D.P.Piyananda

MAAT, MBA, ACA, B.B.Mgt.(Finance) (K'ya.)
Lecturer (Probationary), Department of Finance,
Faculty of Commerce and Management Studies,
University of Kelaniya.

ALL ABOUT BITCOINS

What is Bitcoin?

Bitcoin is an internationally accepted, sophisticated Crypto currency which operates through a common platform referred to as BlockChain. Crypto currency was formed with the technological enhancement over the period as a secured digital asset to use as a medium of exchange with the purpose of fixing the ongoing loopholes of physical currency as a medium of exchange. Physical currency concept been discovered as a solution to identify "value of exchange" in minimum of 3000 years back. But with the industrial revolution in 1780, expansion of mass production has led the requirement of having a stable currency system for performing large scale transactions. Physical currency has been gradually started advancing afterwards. Over the period with open economies the cross countries trading expanded, circulation of physical currency creates practical issues and that is a step forward of digital currency invented to the world. As an advancement of digital currency, crypto currencies have been introduced to the world which is the decentralized version of digital currencies.

History of Bitcoin

Bitcoin was introduced by a Japanese legend called "Satoshi Nakamoto" in 2008. This is considered as the first example of decentralized digital currency in the world. He registered www.bitcoin.org in August 2008. And in 2008 October 31st, a Peer to Peer Electronic Cash System was posted to crypto currency mailing list by Satoshi. Under the bitcoin organization a limited number of bitcoins were issued initially. The first customer of bitcoin is Hal Finney who received 50 bitcoins in 12th January 2009. Also, the first cryptocurrency stock exchange launched for bitcoin market is on 6th February 2010 with initial exchange of 1 BTC= 1 USD. With such initiation bitcoin started rapidly growing around the world whereas one turning point in bitcoin history was Microsoft Company decided to accept bitcoin for their purchases in 2014 December. This has remarkably increased the value for bitcoin and created a stable demand as well. In 2015 March bitcoin organization raised the highest venture funding of any digital currency company has raised in history which is 116 Million USD. Also, in 2017 November bitcoin exchange reached to 1 BTC = 10,000 USD. Today bitcoin is leading as the highest valued cryptocurrency and holding the exchange value of 1 BTC = 10,392.05 USD.

How can Bitcoin be stored?

Bitcoin is a digital virtual currency which is not in physical form which can be stored physically such as money. Bitcoin needs to be purchased and stored in Bitcoin Wallet. And transactions can be performed through private key of both parties involved in the transaction. There are few different types of bitcoin wallets which are available such as Paper wallet, Mobile wallet, Web wallet, Desktop wallet and Hardware wallet which can be chosen on customer convenience and preference.

Why Bitcoin should be used?

There are number of advantages of bitcoins as the most success cryptocurrency. Below are some of the key advantages

- **No formal intervention**

The leading advantage of bitcoin is no interference or control of external parties such as government, tax authorities etc. It is a freehold system which is purely fluctuated based on market demand and supply. Therefore, no external parties can influence, and public can comfortably store their money as bitcoins with no taxation or inflation impact applicable.

- **Free of Additional Charges**

Any bitcoin related purchases, suppliers are not allowed to impose any additional charges. If they impose any additional, it should be on prior agreement with the customer.

- **Convenient Mode of Payment**

Bitcoin transactions can perform at anytime anywhere in the world. There is no cut off time restrictions or holiday restrictions applied such as transactions through banks. Transactions can be comfortably performed at any given time from any part of the world.

- **Security**

Bitcoins cannot be stolen such as physical currency. Once bitcoins are purchased, the only method of stealing is through hacking of bitcoin account. No physical storage space is required as well.

- **Privacy**

Options are available for customer to restrict of publishing personal details in order to protect the privacy.

- **Stability**

Bitcoin is stable under the platform of blockchain. (Blockchain is an advanced technical platform developed to maintain cryptocurrencies which are inter-connected through the network of computers.)

Also Bitcoin has disadvantages as well such as,

- **Risk of currency**

Bitcoin is a highly volatile currency with fluctuated value. During the bitcoin history at one incident, the exchange has been dropped by 50%. The risk of currency fluctuation is very high as exchange depends on market demand and supply.

- **Infrastructure Requirement**

In order to proceed with bitcoin transactions, the related infrastructure requirements are higher (such as computers, internet access, electricity availability etc). As some part of the world may not have all these facilities available bitcoin system is not an equally reachable opportunity to all parts of the world.

- **Lack of Awareness**

It is a mandatory requirement for Bitcoin users to have a proper IT knowledge and practice. Also, if a company opens the facility to their customers to perform bitcoin transactions for their business transactions, proper awareness and system knowledge need to be provided to their staff in prior. This is comparatively high cost option to the company.

- **Cyber Risk**

Cyber-attacks happen frequently with the technological advancements. Therefore, storing currencies as bitcoins are not the safest option. With increasing value, the threat of cyber-attack or hacker risk is very high for bitcoin accounts.

Today, a major part of the world has accepted bitcoin as a secured & convenient mode of transaction. Also, together with rapidly advancing technologies around the world bitcoin holds a branding of highest demanded cryptocurrency in the digital currency history. And this would be further advanced and expanded soon with an indication to the world that it is the right time to get rid of physical currencies!!

Source of References: <https://bitcoin.org/en/>
<https://coinmarketcap.com/>

GIMHANI WIJESINGHE

FMAAT, ACMA, CGMA, CBA, BBA (University of Colombo)
 Asst. Commercial Finance Manager-Operations,
 Ceylon Tobacco Plc

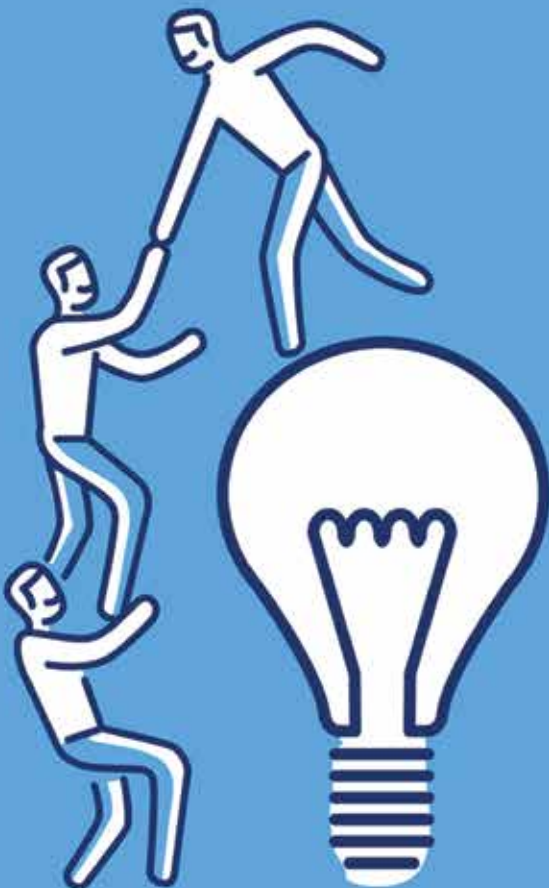


SOFT SKILLS DEMANDED BY PROFESSIONALS TODAY BE A SMART PROFESSIONAL: VITAL SOFT SKILLS

Importance of Soft Skills

In the present context, almost all the professionals are qualified with a list of professional and academic qualifications. This is indeed needed to become a professional in this highly competitive education system that prevails in our country. However, you cannot become a highly regarded smart professional just by having a list of paper qualifications. Your soft skills play a vital role in building your personality as a highly regarded and smart professional. Therefore, we as professionals must give due consideration in developing our soft skills since it is imperative for our own career development as well as building a strong and lasting image in our work place as a smart professional.

Employers too focus on soft skills nowadays to a greater extent since as a professional, your role always goes beyond just technical skills and knowledge. Having only technical knowledge is not sufficient today. That is why you need to develop at least the highly demanded soft skills along with ethics, integrity and professionalism.



You can be the best in the country in terms of technical knowledge and skills in your area of specialization. But it is worthless if you do not have soft skills to practically deal with business and people at work place.

In this short article, I will focus on the most needed soft skills for the current business environment. We need:

1. Communication

Communication is the most important soft skill for all of us to succeed in our work places. Some people mistakenly think that having a sound written communication skill is enough for their career. But that does not have any validity. Verbal communication plays a key role in developing yourself as a smart professional since it has the power to build good inter-personal relationships at your work place. Moreover, good communication can enhance your personality to an outstanding level within your organization as well as in the industry that you are engaged in.

Now you may think that you do not have sufficient communication skills. You can improve it sooner and effectively as a member of this prestigious professional body by joining "AAT Sri Lanka Toastmasters Club", one of the most successful clubs in the city of Colombo.

2. Inter- personal Skills

Good inter-personal relationship skills at work do not mean having more friends at your work place. But friends in office may motivate you to come to office. It really means how successfully you can build work related good relationships with your superiors, colleagues and subordinates. This will immensely help you when leading teams to achieve organizational goals and objectives.

To be a smart professional, you have to have a good set of inter-personal relationships with your senior management, peers and subordinates, with competitor organizations, with suppliers etc . Inter-personal skills can enormously help you in building an ever lasting impression at your work place.

3. Strong Work Ethics

In order to become a smart professional, you need to practice work ethics in everything you do. As a member of this pioneer professional accounting body, you have the access to a highly demanded "Code of Ethics" which is more commonly known as "AAT Sri Lanka – Code of Ethics".

The general application of the Code of Ethics of AAT Sri Lanka can be summarized as follows under fundamental principles.



- (a) Integrity – to be straightforward and honest in all professional and business relationships.
- (b) Objectivity – to not allow bias, conflict of interest or undue influence of others to override professional or business judgments.
- (c) Professional Competence and Due Care – to maintain professional knowledge and skills at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.
- (d) Confidentiality – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.
- (e) Professional Behavior – to comply with relevant laws and regulations and avoid any action that discredits the profession.

Source: Code of Ethics, AAT Sri Lanka

Ethical behavior means “doing what is right”. It is more than “doing what is legal”. Therefore, it is very much important to follow the code of ethics of our professional body.

4. Time Management Skills

Managing your time is simply about managing your life. If you cannot manage your office time properly and complete the tasks assigned to you during the limited time span, there is something wrong. It can mainly happen due to two reasons.

- (i) Lack of time management or
- (ii) Overloaded Work

If you are overloaded with work, you have to discuss it with your reporting line and have to take necessary actions to overcome the situation. But if you are not competent enough to manage your time properly, you have to take appropriate steps to become an efficient and effective professional with the ultimate aim of becoming a smart professional.

Time management can be improved, by adhering to the set deadlines, prioritizing tasks according to its importance, increasing the speed of working and finding short cuts

to perform the tasks to the expected level. For example in Microsoft Excel, a “macro” can be written to minimize the time you normally spend in doing a complex analysis.

5. Team Work

Team work is very important for the success of an organization. An individual cannot achieve organizational goals and objectives alone since the progress of any business organization depends upon cooperation and team work of people within the organization. This soft skill has a high correlation with a professional’s career progression and therefore the emphasis has to be given to develop this skill.

6. Self Confidence

Self confidence on the tasks you perform at work is highly expected by your employer. Professionals with self confidence are regarded as good leaders who can direct a team towards success because they are mostly driven by what they think is correct. Therefore, practicing self confidence is advantageous for you as an individual and also for the organization that you work.

Conclusion

Soft skills are very important to develop an eternal impression in your personality and attract everyone’s attention at your work place and in your industry. Therefore, building and enhancing the required soft skills will help you to become an outstanding & a smart professional in your field.

Wish you all the very best to become a proud member of AAT Sri Lanka, by becoming a smart professional!

List of References

- Barun K. Mitra, Personality Development and Soft Skills , 1st Edition, (Oxford University Press, 2011)
- Code of Ethics of AAT Sri Lanka
- www.aatsl.lk

M HARSHANI MUNDIGALA

MAAT, LL.M in International Studies in Intellectual Property Law (University of West London – UK), PGEDBM (IBSL), AIB (SL), DFSM (IBSL), ACSI (UK), AIPFM (UK), APB (SL)

AAT SRI LANKA SIGNS MOU WITH IPA AUSTRALIA – EXPANDING THE RECOGNITION TO AAT

Marking a remarkable milestone in AAT Sri Lanka’s international recognition, the Institute of Public Accountants of Australia [IPA Australia] has signed MOU with AAT Sri Lanka to offer IPA Membership for AAT Sri Lanka Members. The purposes of the MoU are to,

- Promote the interests of members of both organizations and the accountancy profession in general; and
- Provide pathways for AAT Sri Lanka members to IPA [Australia] and IFA [UK] membership.

The IPA is a full member body of the International Federation of Accountants [IFAC] and the Confederation of Asian and Pacific Accountants [CAPA]. In 2015, the Institute of Financial Accountants [IFA] UK amalgamated into the IPA Group & IPA members now automatically receive complimentary equivalent IFA membership. Full members of the IPA are recognized by the Australian Government as ‘Qualified Accountants’ according to the legislation.

For further details on IPA membership, please visit <https://www.publicaccountants.org.au/about/ipa-group/aatsl>.

Under this mutual benefitting membership recognition pathway, AAT Members are able to apply for following titles of IPA Australia,



AAT Membership category	IPA membership category which can be applied
MAAT	AIPA AAT
SAT	MIPA AAT
FMAAT	MIPA
FMAAT members with Fellow membership of CA Sri Lanka	FIPA

IFAC AFFILIATION



Ms Sylvia Tsen, Executive Director, Knowledge, Operations & Technology of International Federation of Accountants visited AAT Sri Lanka on 23rd August 2019 amidst her visit in favour of SAFA Founders Day Commemoration & a presentation on “ Technology trends: The impact on the Global Accountancy Profession” held at CA Sri Lanka. In her visit, she shared her insights on how the technological advancements which are taking place at an exponential growth can challenge as well as create opportunities for Accounting Technicians. Further elaborating, she stressed that the digital transformations would enable the Accounting Technicians to shift their routine jobs to focus on more value added functions helping the growth and sustainability of the organizations.

AAT WINS TWO AWARDS IN CMA EXCELLENCE

AAT Sri Lanka won the “Best Integrated Report - Educational Institutes, NGOs, NPOs and Chamber of Commerce Sector” Gold award and overall Merit award at the fifth annual CMA Excellence in Integrated Reporting Awards 2019 organized by CMA Sri Lanka.

This competition was about integrated reporting which covers the strategic focus and future orientation, stakeholder relationships, materiality, conciseness, reliability and completeness and comparability. This category was highly competitive and much sought after by the leading educational, NGO, NPO industry in Sri Lanka. The evaluation was carried out as per the framework issued by IIRC with local and international panel of judges.



AAT SRI LANKA MEMBERS IN PRACTICE

In compliance to the AAT Sri Lanka Code of Ethics for Members, AAT introduced the Members in Practice scheme [MIP] by notifying those AAT Members who are currently in accountancy and related consultancy practice to apply for the Practicing Certificate. With the launch of the MIP scheme, AAT Sri Lanka initiated a closer dialogue with the MIPs and initiated to standardize, regularize, recognize, interact and develop this fragment of the AAT fraternity.

A FULL DAY WORKSHOP AND THE CERTIFICATE AWARDING CEREMONY FOR MEMBERS IN PRACTICE (MIPS)

AAT successfully hosted a full day workshop and the certificate awarding ceremony for its Members in Practice [MIP] at the Auditorium of Hector Kobbekaduwa Agrarian & Research Institute on 9th March 2019. Around 150 MIPs who are in the practice of accounting, tax and other business consultancy participated for this event. The main objective of this workshop was to educate the members on the scope of practice, the challenges and opportunities available for practitioners.

The Keynote Speech was delivered by Prof. Rohana Kuruppu, Chief Executive Officer, Brandix College of Clothing Technology on "How to be an Effective Practitioner". Two panel discussions were held on "Exposing the practitioners to industry and exploring opportunities" & "Technical requirements for practitioners". Resource personnel

from Department of Inland Revenue, Export Development Board, Sanasa Development Bank, and Hatton National Bank participated. Additionally, AAT Past President Mr T Dharmaraja & AAT Governing Council Members Mr. Lakshman Abeysekera , Mr. Sunil Wanigabadu, Mr. Jagath Perera also contributed as resource personnel for the technical session on requirements for Practitioners".

The workshop has been very fruitful and interactive, and been well received by all the MIPs. Certificate awarding ceremony for the MIPs was held in the evening with the participation of Mr Nadun Guruge, Commissioner General of the Department of Inland Revenue as the Chief Guest and the president and the members of the governing council of AAT Sri Lanka.



ANOTHER WORKSHOP FOR AAT MEMBERS IN PRACTICE (MIPS)

AAT hosted another workshop for its Members in Practice [MIP] on 22nd June 2019 at AAT. For this workshop also AAT could receive the resource contribution by Department of Inland Revenue, Export Development Board, National Chamber of Commerce, Sanasa Development Bank, and Hatton National Bank. AAT Governing Council Members Mr Lakshman Abeysekera , Mr. Sunil Wanigabadu, Mr. Jagath Perera also contributed as resource personnel for the technical session at this session too.



AAT LAUNCHED ITS REVAMPED WEBSITE

We are excited to announce that the new website of AAT Sri Lanka was launched on 2nd September 2019 at the Annual Conference by the Minister of Economic Reforms and Public Distribution Dr. Harsha de Silva. Our goal with this new designed website is to create a user-friendly browsing experience for our trusted and valued customers and business partners.

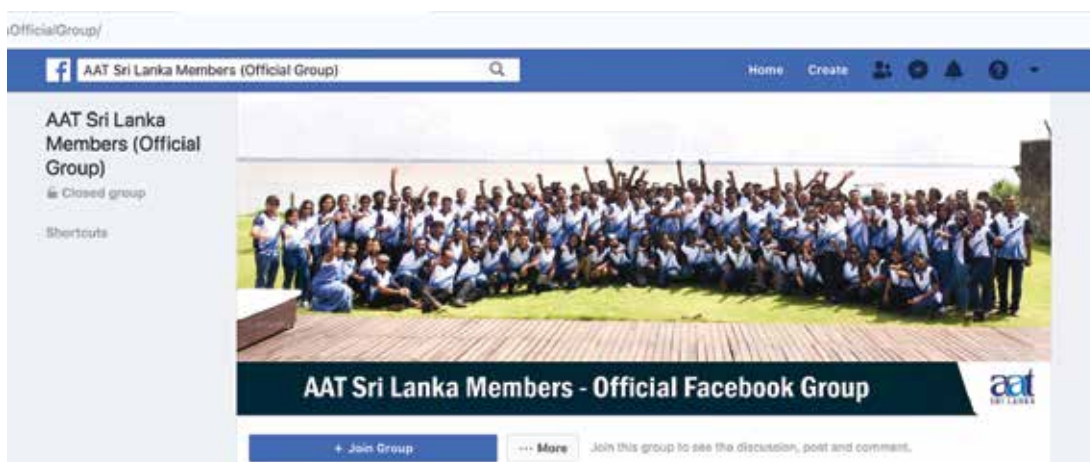
The site contains integrated social media buttons for Facebook, Instagram and all the email addresses and inquiry forms to foster improved communication with the clients. Our current and prospective clients will find useful information about our products and services on the homepage of our website as there are direct links to all major categories of AAT Sri Lanka and the online payment facility was improved. Further, AAT Sri Lanka expects to expand more digitalized facilities in future such as trilingual features, online registrations, students' & members' accounts etc. We hope everyone will enjoy our new uncluttered design that is easy to navigate, and more user-friendly.



AAT SRI LANKA MEMBERS OFFICIAL FACEBOOK GROUP

AAT Sri Lanka created a dedicated Facebook group for its Members which is created and administered by AAT Sri Lanka. This group is meant for professional discussions, announcements, activities, knowledge sharing and exploring development opportunities.

AAT Sri Lanka waits to welcome all the active members who have not yet become a part of this official FB group. Simply send your request to join the group and explore.



AAT SRI LANKA CONFERENCE 2019 ON “SUCCESS = ACCOUNTANT + ENTREPRENEUR * MINDFULNESS”

17th Annual Conference of AAT Sri Lanka was held on 2nd and 3rd September at the Cinnamon Grand, Colombo on the theme “Success = [Accountant’s role + Entrepreneur’s expectations] * Mindfulness”. It was a timely theme as what the country needs at this moment is committed professionals to rebuild our economy with a view to attracts more investments for economic growth in the country.

Conference 2019 was inaugurated under the patronage of Minister of Megapolis & Western Development, Hon. Patali Champika Ranawaka as the chief guest and Minister of Economic Reforms and Public Distribution Hon. [Dr.] Harsha De Silva as the guest of honour. Mr.Arjuna Herath, the Chairman of Professional Accountancy Organization Development Committee - International Federation of Accountants (IFAC) graced the occasion as the Keynote Speaker .

Stimulating Technical Sessions coincided with the substance and the significance of the theme was presented by 16 eminent resource personnel on 3rd September. Topics discussed at the technical sessions were “Start-Up Guardian Angels: The Accountant”, Mindfulness as a Tool for Success and Inner Peace”, “Taxation and Technical Developments: Change for Better”, “From Entrepreneur’s ‘Dream’ to Accounting ‘Reality”.

The conference attracted around 500 participants.



SEMINAR ON “BUILD YOUR BUSINESS LIKE A CEO”



Dr. Maheshika Halbeisen [Client Relationship and Business Development Manager, DLRC Regulatory Consultancy] shared her own insights on how important entrepreneurship was for Sri Lanka and what needed to be done to boost small businesses.

Questions raised during the discussion included problems faced by startups and why startup are falling. Also Dr.Maheshika highlighted the importance of social media marketing and new technology to empower the businesses especially for startups, importance of mentoring, importance of coming up with breakthrough disruptive ideas and idea generation.

SEMINAR ON “WHAT IS BIG DATA?”

Mr. Yaras Gunaratne, Chief Executive Officer/Managing Director at Hash33 presented concept of business analytics with big data technologies. He also explained how these technologies enable the extension of traditional organizations into digital services.

With the rapid development of society, the spread of information has accelerated. Today, data has penetrated every industry and every field of business and has become a major production factor. Big data has been in use for some time in the industries of finance, communication, and logistics. However, their application in education is relatively lacking. Against the background of using big data to develop new businesses and innovating operational modes in all industries, how should the accounting professionals approached Mr.Yaras explained. Also he answered questions raised by participants after his presentation. AAT council members, AAT members and professionals from different industries attended the seminar.



AAT BUDGET PROPOSALS SEMINAR

AAT successfully conducted a seminar on ‘Budget Proposals 2019’, with the participation of over 250 AAT members and other professionals.

The focus of the seminar was to highlight the importance of Budget 2019, which covers the economy and taxation with special emphasis on corporate and personal taxation, VAT and other taxes and the impact of new and revised taxes on business and the economy.

The seminar was inaugurated by Finance State Minister Hon. Eran Wickramaratne as the chief guest.

The initial presentation was on ‘Budget Proposals 2019’ delivered by Fiscal Policy Tax Policy Department Advisor Thanuja Perera. She covered about income tax, VAT, NBT, CESS, PAL, Economic Service charge, Carbon tax, Luxury tax on motor vehicles, Custom duty and other important fees and charges.

The panel discussion was led by Managing Director, Raigam Group of Companies Ganaka Amarasinghe. Gajma & Co. Senior Partner N.R. Gajendran, Finance Ministry Tax Policy Advisor Thanuja Perera and Ernst & Young Tax Services Head Duminda Hulangamuwa also joined the discussion as panelists.





AAT SRI LANKA JOINS FORCE WITH LANKACLEAR TO APPRISE FINANCIAL PROFESSIONALS ON PAYMENT TECHNOLOGY INNOVATIONS

AAT Sri Lanka together with LankaClear Pvt Ltd – the operator of LankaPay jointly organized a seminar titled “Disruptive Technologies at the Heart of Business Process Elimination - Be a catalyst and change your game plan” held at the Galadari Hotel Colombo on 21st March 2019.

The objective of this programme was to shed light into some of the ground breaking payment technology innovations with practical insights that will thrust you to rethink your business models, streamline business processes, drive efficiencies, reduce costs and respond to customers faster, thereby stay ahead of competition. The session was attended by over 200 participants.

The keynote address at the seminar was made by Mr. Channa de Silva, GM/ CEO of LankaClear Pvt Ltd which was followed by a panel discussion with an eminent panel of speakers – Mr. D Kumarathunga, Director – Payments and Settlements of the Central Bank of Sri Lanka; Mr. Thilak Piyadigama, CEO of Sanasa Development Bank PLC and Mr. Arjuna Herath, Senior Partner – Advisory Services of EY - Sri Lanka and the Maldives. The session was moderated by Mr. Conrad Dias, Chief Information Officer – LOLC Group and Chief Executive Officer and Managing Director/CEO of LOLC Technologies Ltd.



SEMINAR ON “CORPORATE GOVERNANCE FOR SMES”

The main objective of the seminar was to educate and identify the important aspects of small and medium entrepreneurs. The key presentation was delivered by Senior General Manager, Group Risk and Controls of Brandix Group, Mr. Suranga Indunil on Emerging trends in Corporate Governance, Risk and Control as a business enabler, creating governance architecture for SME organizations and data analytics in action.

This was followed by a panel discussion. The resource persons were Partner, Ernst & Young, Mr. Manil Jayasinghe and Deputy Chairman, Commercial Bank of Ceylon, Mr. Preethi Jayawardena.



SEMINAR ON LESSONS FROM MILITARY LEADERSHIP

The Association of Accounting Technicians of Sri Lanka (AAT Sri Lanka) recently hosted a seminar on Lessons from Military Leadership for the public and AAT members. The main objective of the seminar was to outline the key attitudes and behavioral aspects of a soldier and how we should get it related to our day today activities.

The keynote was delivered by Dr Ajith Colonne, Management Consultant and Lecturer, Former Deputy Director and Advisor on Intelligence Analysis State Intelligence Service on Military leadership. He mainly discussed the training, specialized skills, team spirit, morale and the attitudes of military people with few experiences. Furthermore, he described that these qualities could improve on the civilians to gain more results from their day today activities and the benefits of following these qualities of a business environment.

After that, the panel discussion has started and it was moderated by Mr Indraka Liyanage, Chairman of AAT Conference and Seminars

Committee and Member of AAT Governing Council. The panelists were Vice Admiral Piyal De Silva, Commander of the Navy, Major General Ruwan Wanigasooriya, General Officer Commanding in Jaffna and Mr Ajith Rohana, Deputy Inspector General - Motor Traffic.

The adaptation of the practice in military to the civil leadership was compared during the panel discussion. The core elements that they were described are about efficiency, integrity, punctuality, practicing, training and use them in an ethical way. They shared their experiences of their departments and explained that how it got successful. Mr Indraka, as the chairman of the session handled the panel discussion smoothly by taking the core values and it was truly delivered to the participants to meet their expectations.



AAT BUSINESS SCHOOL – MEETING THE DEMANDS OF A VOLATILE WORLD

IT Programs

“Accounting technicians need ICT skills in today’s labor market in response to rising demand for computerized packages and communication skills” – Mr. Janaka Jayalath [Deputy Director General]



Microsoft Office Applications	Course in Computerized Accounting for SMEs	Advanced MS Excel for Data Analysis
<p><i>Improve your computer literacy and optimize your job performance with Microsoft office Applications.</i></p> <ul style="list-style-type: none"> ▶ Introduction to Windows ▶ Microsoft Word ▶ Microsoft Excel ▶ Microsoft PowerPoint ▶ Microsoft Access ▶ Internet and Email <p>Weekend Batch Saturday 9.00 am - 12.00 noon / 02nd November 2019</p> <p>Weekday Batch Thursday 9.00 am - 12.00 noon / 31st October 2019</p> <p>Duration-17 Weeks</p>	<p><i>Facilitating the transition of pre-requisite accounting knowledge from manual to computer based. The “hands-on-training” of the most popular Accounting Applications in SMEs.</i></p> <ul style="list-style-type: none"> ▶ MYOB ▶ QuickBooks ▶ Tally <p>Weekend Batch Sunday 9.00 am - 12.00 noon / 3rd November 2019</p> <p>Weekday Batch Tuesday 9.00 am - 12.00 noon / 15th October 2019</p> <p>Duration-12 Weeks</p>	<p><i>Covering 40 topics within MS Excel demonstrating the intrinsic feature and shortcuts the package offers for the analyzing data.</i></p> <p><i>Program outline</i></p> <ul style="list-style-type: none"> ▶ Assign a macro to an object, graphic, or control ▶ Define and solve a problem by using Solver ▶ PivotTable data analysis using a Data Model in Excel ▶ Protect a worksheet ▶ Scenario basics ▶ Sparklines ▶ Goal Seek ▶ Using Common Built-In Functions and many more.. <p>Wednesday 23rd Oct 2019 from 9.00am to 6.00pm</p> <p>Duration – 9 Hours</p>

Paving a Degree Pathway to AAT Passed Finalists

The **Higher Diploma in Accounting and Finance (HDAF)** program was structured with the technical support from University lecturers, professionals and industry experts. **This Qualification is deemed to be Equivalent to the National Vocational Qualification – Level 6.** Since you are a member of AAT, you will be exempted from the 1st year of the HDAF which will facilitate you to pursue a degree qualification on a fast track.

The 1st ,2nd and 3rd batch of students have been directed to the final year of the **BSc. Applied Accounting degree awarded by CA Sri Lanka** with the highest number of subject exemptions (20) considering the HDAF qualification obtained from AAT Sri Lanka. Moreover, students have the option of following the **BA (Hons) International Business & Finance** [Direct entry into the final year] **awarded by the University of West of Scotland.**

“I appreciate the initiatives undertaken by the AAT Business School to formulate higher level courses for the benefit of AAT members and passed finalists to be followed after their AAT qualification and directing them to earn degree qualifications” – Prof Nalin Abeysekera [Professor in Management Studies – OUSL]



"I am grateful to the AAT Business School for all the efforts undertaken to develop our knowledge, personality and skills. The lecture panel who delivered this program was well qualified and dedicated. The knowledge that I gained through this program has contributed immensely to my career development" – Mr. Indika Gunawardana [Student – Higher Diploma in Accounting and Finance]

"There is a significant difference after Ms. Hansani enrolled for the Higher Diploma Program at AAT Business School. She is more confident in her skills and has become a valuable asset to our team. I appreciate AAT Business School for her positive transformation" – Mr. Samantha Madurapperuma [Manager Finance at MAS Fabrics [Pvt] Limited.]

Diploma in Accounting & Finance	Higher Diploma in Accounting & Finance
<ul style="list-style-type: none"> ▶ Principles of Financial Accounting ▶ Principles of Economics ▶ Principles of Management ▶ Business Mathematics ▶ Introduction to Information Technology ▶ Intermediate Financial Accounting ▶ Introductory Management Accounting ▶ Financial Management ▶ Commercial Law ▶ Statistics <p>Saturdays 8.30am-5.00pm / 25th April 2020</p> <p>Duration – 1 Year</p>	<ul style="list-style-type: none"> ▶ Adv. Financial Accounting & Reporting ▶ Management Accounting & Controls ▶ Human Resource Management ▶ Managerial Economics ▶ Marketing Management ▶ Financial Markets & Institutions ▶ Operations & Project Management ▶ Introductory Taxation ▶ Corporate Law ▶ Accounting Information System <p>Sundays 8.30am-5.00pm / 10th November 2019</p> <p>Duration – 1 Year</p>

Grooming Students and Molding Leaders

"I really appreciated the Tax workshop organized by the AAT Business School. It helps us to uphold the quality of our AAT membership" – Mr. T.D Asanka [LM10369]



Tax Programs

Course in Taxation

The programme provides extensive knowledge and practical exposure on 'Personal' and 'Corporate' income tax along with sessions dedicated exclusively for 'Value Added Tax [VAT]'. The course is aimed at equipping participants to confidently fill their tax returns and monitor the same at an organizational level.

- ▶ Income Tax (Individuals & Companies)
- ▶ Computations
- ▶ Tax Administration
- ▶ Tax Planning
- ▶ Tax Holidays
- ▶ Concessionary Tax Rates
- ▶ Introduction to RAMIS
- ▶ V A T & S V A T
- ▶ N B T
- ▶ E S C
- ▶ Stamp Duty
- ▶ Withholding Taxes

8th December 2019 Sunday 9.00am to 1.00pm

Duration-13 Weeks

Diploma in Applied Taxation

The Diploma in Applied Taxation has been designed as a unique program focusing AAT Members, Tax practitioners, Accounting Professionals to enhance the competencies in knowledge and application in their practical working environment, therefore this is not a diploma in taxation program which is similar to such programs which are conducted anywhere in Sri Lanka.

Compliance Assurance

- ▶ Ethical Role of Approved Accountant
- ▶ Taxpayer's right
- ▶ Interpretation of Statutes
- ▶ Return compliance
- ▶ e-commerce and digital Taxation
- ▶ Compliance
- ▶ Assurance
- ▶ Audit

Direct Taxation

- ▶ Gain and profits chargeable with tax
- ▶ Company taxation
- ▶ Transfer Pricing, Tax planning & deferred taxation
- ▶ Taxation of Banking Financial Institution and insurance comp.
- ▶ International double taxation
- ▶ Tax deducted at source (TDS), Tax incentives and tax concessions
- ▶ Taxation of other

Indirect Taxation

- ▶ VAT/SVAT/FVAT
- ▶ NBT & SD
- ▶ Taxes are charged by the Custom
- ▶ Taxes are levied by TRCSL
- ▶ Taxes are levied by Tourist Board
- ▶ Exercise Duties
- ▶ Land Tax &
- ▶ Provincial tax etc.

30th November 2019 Saturdays 2.00pm to 5.00pm
Duration – 36 Weeks

Development

"Development and training are two different things. Business school is in the track of developing entrepreneurs by conducting various awareness sessions and workshops. I hope the business school continues to adopt strategies to monitor and sustain the momentum created till the end" – Dr. Sarath Buddadasa, CEO, Business Consultancy Services [Pvt.] Ltd.



T – Talk

AAT Business School has started its own unique series of discussion for the betterment of AAT members and anyone who has passion about meeting new people and discuss about various topics with a specialized resource panel. This discussion will be held in every two months for free of charge at AAT Business School premises. The purpose of this evening gathering is to enhance the networking and leadership skills of the members.



10TH ANNIVERSARY & 11TH INSTALLATION CEREMONY OF AATSL TOASTMASTERS CLUB

AATSL Toastmasters Club is a brightening star of the toastmasters' galaxy and it has reached to the 10th year in their Toastmasters journey. A colorful event and evening was witnessed on 4th July 2019 at the Auditorium of AAT Sri Lanka in commemoration of 10th anniversary and installation of 11th Executive Committee.

This evening was adorned by the presence of District Director of District 82 Toastmaster Sarma Mahalingam as the Chief Guest, Toastmaster Sunil Wannigabadu the Secretary & Council Member of AATSL as the Guest of Honour, Distinguish Toastmaster Nooral Munawwara, Distinguish Toastmaster Sriyanthi Salgadu, Division E Director Toastmaster Mahesh Abeysekera and many more Leaders of the Toastmasters Fraternity. One of the hearts touching movement was that the recognizing of Past presidents and Charter Members of the Club who were the pillars of this success story. A Toast for the success achieved by the Club during the past decade was proposed by Charter President, Distinguish Toastmaster Lestor Aponso.

The audience was entertained by a song sung by a group of AATSL Toastmasters proving that the Toastmasters talents are not limited to speeches. The installation of Executive committee was conducted by Area E1 Director Toastmaster Jeewana Pradeep and the EXCO was pinned by the Chief Guest District Director TM Sharma Mahalingam and Division Director TM Mahesh Abeysekera.

The 11th EXCO of AATSL Toastmasters Club comprises of;

- President – Toastmaster Dhammika Priyangani
- Vice President Education – Toastmaster Dilrukshi Perera
- Vice President Membership – Toastmaster S. Elangovan
- Vice President Public Relations – Toastmaster Charini Mendis
- Secretary – Toastmaster Thinusha Bamunuarachchi
- Treasurer – Toastmaster Malaka Withana
- Sargent at Arms – Toastmaster P. Hettiarachchi
- Immediate Past President – Toastmaster Kasun Wijethilake

The incumbent President Toastmaster Dhammika Priyangani concluded her acceptance speech by stating that her ambition during her tenure of presidency is to make a quality club which glitters like a diamond. She was surprised by a wonderful Video presentation made by the Club.

The Achievers of the past year were also recognized. Some of the Club Achievements during the past year are as follows

- **Club Awards**
 - ✓ Golden Gavel award
 - ✓ Triple Star award
 - ✓ 8-80 membership award
 - ✓ Early bird award
 - ✓ Excellence in Leadership
- **Some of the Individual Awards**
 - ✓ Distinguish toastmaster title by DTM Gunasekara Rathnayeka
 - ✓ Triple Crown Award by DTM Gunasekara Rathnayeka
 - ✓ Extra mile award by TM Jeewana Pradeep
 - ✓ District directors special award by TM Jeewana Pradeep
 - ✓ Excellence in club building award by TM Jeewana Pradeep
 - ✓ Triple Crown Award winner by TM Dhammika Priyangani

The event reached to its destination with a Dinner and Fellowship.



JOB BANK

The AAT Job Bank plays a dual role and offers mutual benefits to job seekers as well as training organizations/ Companies.

The AAT curriculum requires students to obtain both theoretical and professional aspects of the relevant subjects. A Passed Finalist needs to have one year of Training to be qualified as a member of the Association.

The concept of building of the job bank in AAT emerged thus to cater to these dual needs.

This is an invitation to AAT students, Passed Finalists and Members who are seeking training opportunities, employment or career advancement to register with the AAT Job Bank. If you are interested, send your latest information in the CV format available in the <https://aatsl.lk/index.php/en/training/job-bank> website to jobbank@aatsl.lk.

For inquiries - call : 011-2559 669 [Ext. 211] - Aruni

Your objective is to ;



We give you the solution through

Employers

- Audit Firms
- Private Companies
- Government Institutes
- Departments and Corporates

Job Seekers

- AAT Students
- Passed Finalists
- AAT Members

Free Service

- Free of Charge to job seekers, Training Institutions / Employers

Job Status

- Accounts/Audit Trainees
- Accounts Executives
- Accounts Assistants
- Assistant Accountants
- Accountants

HUMANE HANDS OF AAT SRI LANKA EXTENDED TO A REMOTE SCHOOL IN GALGAMUWA OF THE NWP

Association of Accounting Technicians of Sri Lanka [AAT Sri Lanka] while being engaged in taking accounting education to grass root levels of the country, experienced a pleasant surprise in extending its humane hands to a worthy cause under the auspices of its first CSR project on the theme "AAT Samaja Mehewara [Social Mission]" through the intervention of social media. It happened as a result of responses by a Facebook group in reply to a suggestion published by the AAT Sri Lanka official Facebook page offering support to rural schools. The opportunity of donating books to the school library and sports equipment to Galpitiya Junior School in a hamlet in Galgamuwa division, Maho educational zone Kurunegala district arose in that manner. Coming under the category of most rural schools, with 270 students from grade 1 to 11 and 18 teachers, it is located near Kalankuttiya tank which is the Anuradhapura Kurunegala district border. The main occupation of villagers there is Chena cultivation. The area is not only affected by drought but also by wild elephant attacks. Despite all that, the school had gained recognition winning prizes in aesthetics at inter provincial level competitions.

The donation was made to Mr Nihal Rathnamalala, Principal of the school by a team on behalf of AAT Sri Lanka comprising Mr Tishanga Kumarasinghe, CEO, Mr Dinuka Subapanditha, Marketing Manager and Ms Nadee Perera, Head of Student Registration & Membership who visited the school recently.

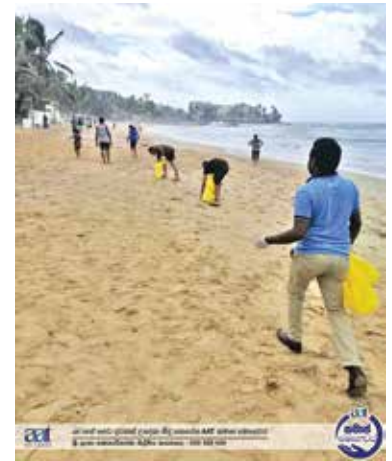
Being a non-profit oriented educational institute, AAT Sri Lanka intends to extend benefits to schools in rural areas through this social mission project to develop knowledge & skills of students. [AAT Official Facebook page-www.facebook.com/AATSriLankaOfficial]



BEACH CLEAN-UP PROJECT – ANOTHER CSR BY AAT

A Beach Clean-up Project was conducted by AAT on 14th August 2019 at the Mount Lavinia-Dehiwala beach. This adds to the array of CSR initiatives conducted by AAT in 2019 which was concluded successfully with the participation of Staff and some Members of AAT.

It has been able to clean about 1.5km along the beach from Hotel Mount Lavinia to Dehiwala Railway Station.



DONATION OF FUNDS TO REBUILD CHURCHES AFFECTED FROM THE EASTER BOMB BLAST



The allocation of funds for the AAT New Year Celebrations 2019 was bestowed to His Eminence Malcolm Cardinal Ranjith with the approval of the Governing Council of AAT Sri Lanka to be used for re-construction work of the churches affected by the Easter Bomb blast.

AAT New Year Celebrations 2019 scheduled for Saturday, 27th April 2019 at APE GAMA, Battaramulla was postponed due to the tragic situation that was prevailing in the country, though almost all the logistic arrangements had been finalized by the time the postponement was announced.

BLOOD DONATION CAMP BY AAT SRI LANKA

A blood donation camp was held by the AAT at AAT Head Office under the AAT CSR program theme of "AAT Samaja Mehewara".

AAT staff and the members of AAT Sri Lanka, residents in the close proximity and many army soldiers from Polhengoda Military Police also participated to this event. 75 donors were able to donate their blood at the camp and AAT Sri Lanka gifted them a special gift by appreciating their participation for the event.



CRICKET TOURNAMENT 2019

AAT Cricket Tournament 2019 was held on Saturday, 13th July 2019 at the Chandra Silva Ground, Obeysekarapura, Rajagiriya. A distinguished crowd including the AAT President, Council Members, Members and Staff of AAT Sri Lanka witnessed the event. 10 Teams battled it out for the Champions Shield. Team – **“RTA Smashes”** emerged Champions of the Cricket Tournament 2019 defeating the Team – **“Victorious”** at the finals, and was awarded the shield.



MEMBERS' GET-TOGETHER 2019

One of the main and most colourful functions in the Members' Welfare Committee Calendar - the Members' Annual Get-together- was held on 5th October 2019 at JIE JIE Beach by Jetwing, Panadura.

A large gathering including Governing Council Members, AAT Members and their family members participated at this wonderful event which was filled with fun, enjoyment and brotherhood strengthening the AAT family.



WE ARE PASSIONATE TO HEAR FROM YOU....



All measures are being taken to make the signature magazine of AAT "InSearch" an interactive, relevant and valuable resource for the Member fraternity. We would be pleased to know the interest and value you place on the InSearch and what your expectations are. Your valued suggestions / comments would undoubtedly assist us serve you and your fraternity better.

Please **forward the completed feedback form** via email to membership@aatsl.lk.

Thank you.

INSEARCH FEEDBACK AND SUGGESTIONS

1. How do you rate this InSearch in terms of attributes set out below?
(you may ✓ the relevant cage)

	Excellent	Good	Average	Poor
Relevance				
Quality of the content				
Knowledge integration				
Updating you with industry and world trends				

2. What areas featured in the InSearch interest you most?

Accounting	<input type="checkbox"/>	Tax	<input type="checkbox"/>
Entrepreneurship	<input type="checkbox"/>	Mindfulness	<input type="checkbox"/>
Leadership & Communication	<input type="checkbox"/>	Women empowerment	<input type="checkbox"/>
Articles by Members	<input type="checkbox"/>	Other	

3. What are your suggestions on the topics / areas of content for the next InSearch?

.....

.....

.....

4. What is your overall comment on this InSearch magazine?

.....

.....

.....

Name with Initials:

Membership No:

Signature:

Date:



CORPORATE SPONSORS 2019-20



Association of Accounting Technicians of Sri Lanka

AAT Centre, No. 540, Ven. Muruththettuwa Ananda Nahimi Mw,

Narahenpita, Colombo 05.

Tel : +94 11 2 559 669 Fax : +94 11 2 559 299

E-mail : membership@aatsl.lk

AATSriLankaOfficial

0777 559 669, 0112 559 669

0777 559 669

AAT_SRI LANKA

AATSriLanka

www.aatsl.lk