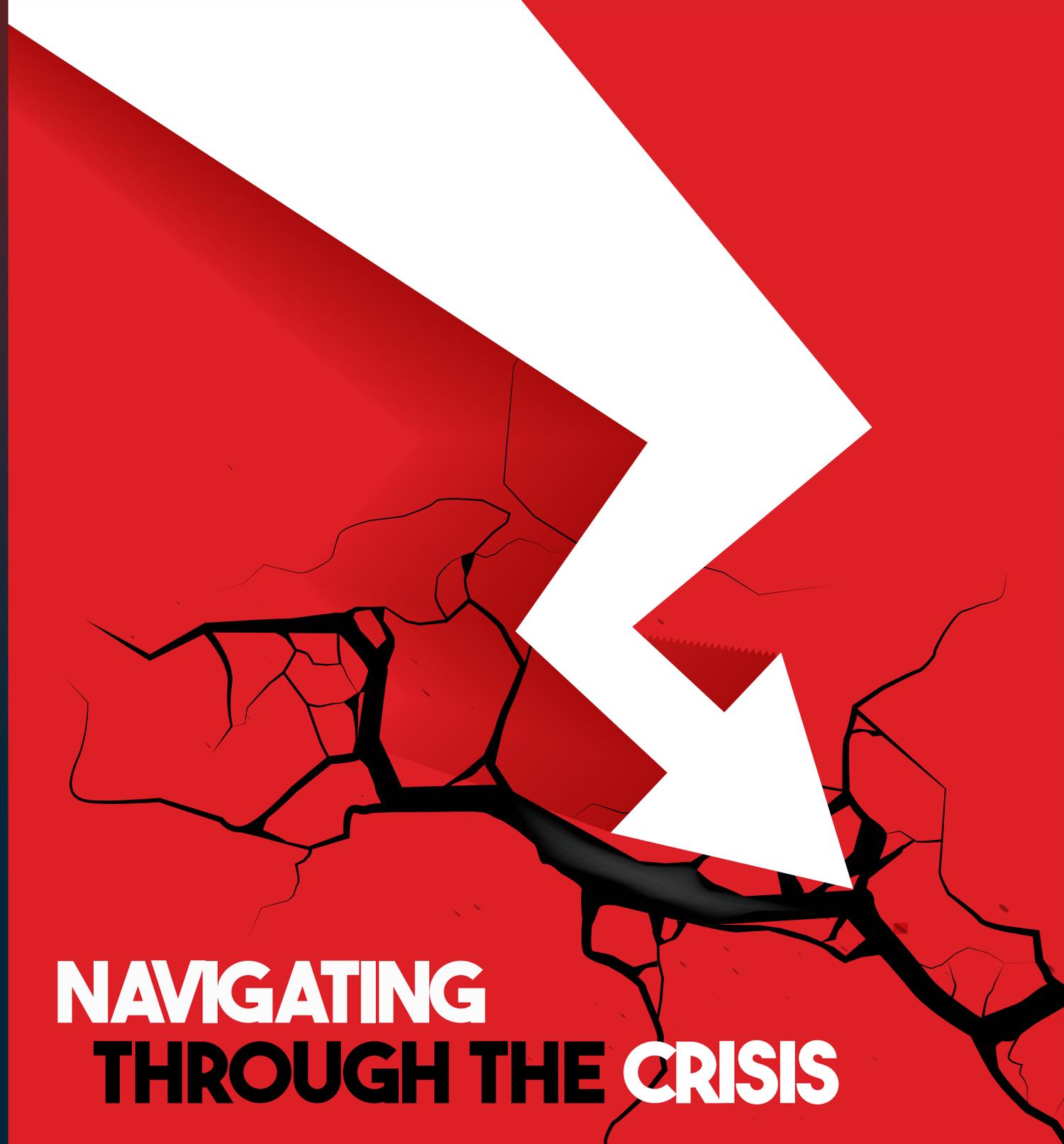


In Search

aat
SRI LANKA

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**NAVIGATING
THROUGH THE CRISIS**

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.

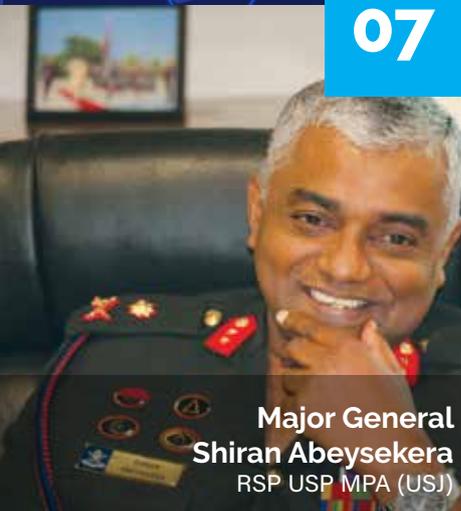
Values

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





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RSP USP MPA (USJ)

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Message from the President of AAT Sri Lanka

Sailing through troubled waters is what all of us are currently confronted with. From top corporates to SMEs to individuals, the prevailing chaotic state of the country has become the most overwhelming concern ever which has topped the list of uncertainties one could ever imagine. As responsible accounting professionals, we at AAT Sri Lanka should be focused as to how best we could comprehend and pave a way of navigating through this crisis.

I'm indeed pleased that the Membership Committee of AAT Sri Lanka has initiated the first issue of its signature magazine – InSearch for the year 2022 with the timeliest theme “ Navigating through the crisis”. At the very outset, let me invite you to open your eyes afresh at this resourceful compilation full of myriad of insights on the crisis presented by industry experts and your peers.

While thanking the Authors of the articles of the InSearch, I would be remiss if I did not recognize the commendable efforts of the Membership Committee of AAT Sri Lanka in arranging this strong platform for the benefit of our valued member fraternity. Let me also thank my colleagues at the Governing Council, the CEO and the staff of AAT for their wonderful work which lead AAT in achieving excellence despite many challenges at any crisis.

No matter how daunting the situation is, you as distinguished professionals of an internationally recognized professional body need greater resilience to explore innovative possibilities to navigate through the crisis. In a different note, you could be of great inspiration to those SMEs who are badly hit by the prevailing crisis. Your role as conventional Accountants has been drastically evolving specially affected by the COVID outbreak demanding to go beyond mere number crunching. Today at this devastating moment where there is an economic and financial crisis, your expertise could be of greater demand owing to your ability to penetrate most viable options to bring about financial health and sustainability. Be the change makers that you could become at this unprecedented time for the betterment of the organizations you serve and as an integral part of our mother Lanka.

Enjoy reading and enrich yourself!

Naleen De Silva



Message from the Chairman of the Membership Committee

Surviving and thriving through economic crisis has become the paramount priority and the need of the hour for all of us Sri Lankans today. We all are surrounded by an unprecedented economic turmoil in the country with soaring food prices to shortages of fuel to threats on the value of the currency to depriving of essential comforts of life to unending ques and yes, the list gets almost unlimited. This critical situation calls for us to be seriously prudent and proactive. Whether the mismanagement by the government to be blamed or something else, while going through the chaos with great deal of uncertainty, we as accounting professionals should also see the opportunity in this scenario which is the invaluable lessons to learn from the said mistakes.

With that opening remark, I'm delighted to pen my thoughts for you, the valued members of AAT through the first issue of the InSearch 2022. I believe that the Membership Committee has been vigilant enough to dedicate this worthy resource on the most appropriate and current theme "Navigating through the crisis".

Let me extend my sincere gratitude to the distinguished resource personnel who shed light with their valued insights

in to this magazine and some of AAT members who came forward to share their expertise. I also wish to extend a special thanks to the Membership Committee, the Governing Council, CEO and the staff of AAT for their bounteous support in facilitating the preparation and presentation of this publication for you.

Our primitive objective in presenting the InSearch is to update and enhance the knowledge of the Membership and to use it as one of the key tools in AAT's communication. While striving to provide CPD and networking opportunities for our member fraternity, you are urged to avail of all such opportunities facilitated through AAT Business School, Conference Committee, Public Seminars and Professional Development Committee, AAT Toastmasters Club and Members Welfare Committee. It's my belief that this issue of the InSearch would undoubtedly be a good supplement to update you and enrich your knowledge.

May this difficult chapter of time be its best ever version to bring about novel vibes to navigate the crisis successfully!

Indraka Liyanage



Message from the Chief Executive Officer of AAT Sri Lanka

In order to survive in a crisis which catalyses unprecedented changes, it is imperative to be equipped with relevant expertise. The extreme VUCA situation we are currently going through alarms you to make yourself prepared to be recession-proof. I believe that the first issue of the InSearch 2022 is all set to share significant insights of experts and your colleagues in elevating your knowledge and skills in navigating through the crisis.

As always and most importantly in challenging situations like these, AAT Sri Lanka strives to be most relevant in bringing the best for its valued member fraternity. We facilitate you to explore continuous professional development opportunities through the monthly webinars conducted, Business School programmes as well as through the InSearch amidst other sources. We are always passionate to provide you with opportunities to revitalize you and set yourself on a balanced mind in the mid of these difficult days passed through a

stressful journey. I invite you to read through the content filled with knowledge and updates lined up in this InSearch and enrich yourself.

I would be remiss if I do not commend the wonderful efforts of the Chairman, Secretary and the Members of the Membership Committee of AAT Sri Lanka in presenting the first release of InSearch for 2022. I also wish to thank the President and the Governing Council and the staff of AAT Sri Lanka for their efforts in this endeavour while paying a special gratitude to the authors of the articles structured around the theme "navigating through the crisis"

This may be the best time of your life to bring out the most creative and resilient person within yourself. Explore your ideal self and succeed!

Tishanga Kumarasinghe

How to get prepared for a food crisis and what Sri Lanka Army is having under its “**PROSPERITY TO THE MOTHER LAND**” initiative ?

Major General Shiran Abeysekera RSP USP MPA (USJ)
Director General Financial Management and
Colonel Commandant of Sri Lanka Army Corps of Agriculture and Livestock



How do you perceive the current economic crisis in Sri Lanka in a holistic view and where are we standing right now?

In my opinion, there are so many factors that affect the current situation which really didn't happen overnight. Various setbacks, procedures and formalities have also been responsible for this. I believe we need to identify the factors in different angles from the negative impact by COVID, export constraints and other economic issues. Many returned to Sri Lanka during COVID from foreign employment who contributed to a significant portion of

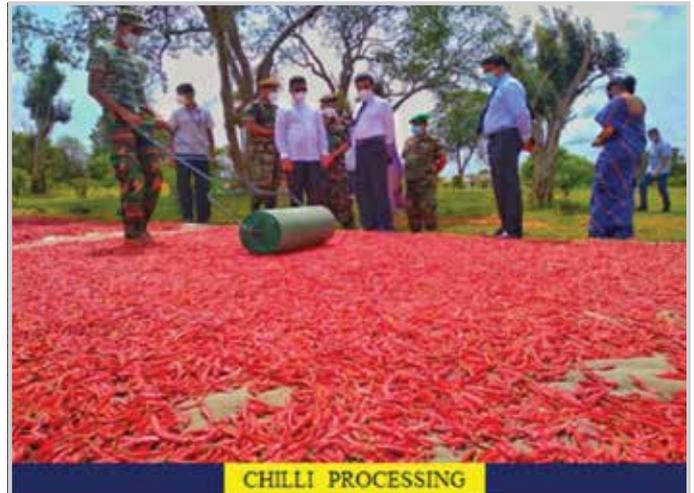
foreign currency inflow. While witnessing the crisis, we should focus on how we can overcome it.

We still feel that there is lack of infrastructure for agriculture even though we had a proud history of having an agriculture based economy for so long. What we are producing currently is a major concern that undoubtedly we will be facing a food shortage in the near future. You see how the price escalation of essential foods impacts the people currently which will be overwhelming in the future. We have sufficed with our production in the past and we should try to do it firstly for our people's survival now.

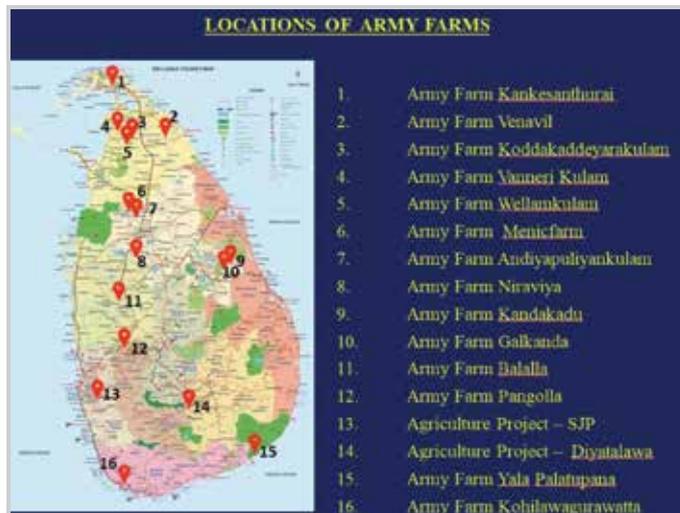
What is the background of SL Army Corps Agriculture and Live Stocks and its key objectives?

The Commander of the Army is having a good concept to boost SL economy and we came up with agriculture to achieve that target. We Established SL Army Corps Agriculture and Livestock on 4th January 2021 to cultivate and boost the national economy. We have 6 battalions over the island from North to South starting from Jaffna. Jaffna is the most fruitful region out of the areas where we have 600 acres. Then we are covering districts like Kilinochchi, Mullaitivu and Mannar. In Vavuniya, we have around 400+ acres that we cultivate. Then we have the North Central area. Then in the East, we have the largest farm with 3,000 acres which is in Kandakadu. We have some in Central and North Central and in the hill country as well. We have another unit in Down South Ambalangoda where the Headquarters is also located. We focus on cinnamon and vegetables. Over 10,000 acres are being cultivated in overall.

We liaise with Government and Private Agencies and even proceed under joint ventures when it comes to taking bigger lands and cultivating. We are using former abandoned lands under Commander's directive and cultivate. Other than the Agri corp/regiment, with coordination of Government institutions, we have enforced a Green Task Force within the Army where we monitor the projects through which we try to support the national economy. Core of Agriculture manages about 16 farms.

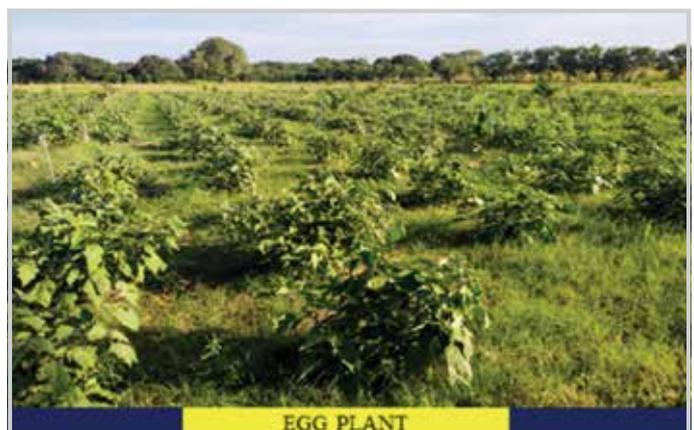


CHILLI PROCESSING

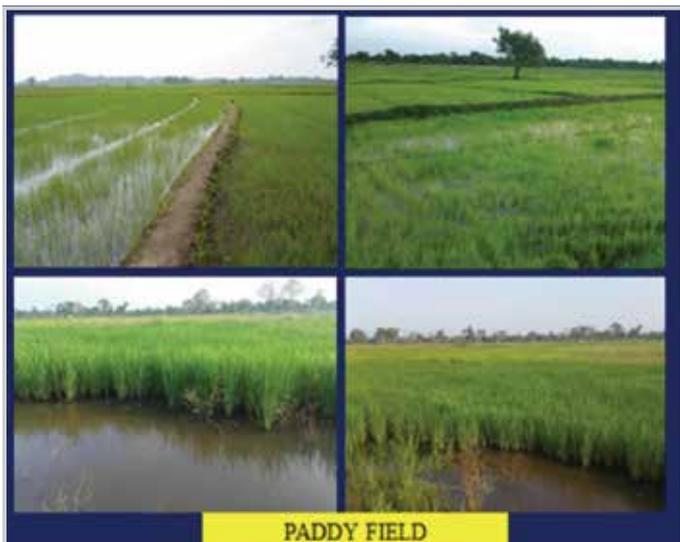


This is a permanent regiment/unit of Army. Army has 25 regiments and this is a regiment dedicated to Agriculture among other regiments like engineers, services, logistic. Our primary objective is to cater to the requirements of the SL Army. At the moment, we cannot suffice the 100% daily ration requirement of the Army and we purchase from local agencies. When talking about our cultivation / products, under poultry - layer farm, we are in the process of having 30,000 eggs per day and heading towards 50,000 per day as the cages are being set up. We have a maze project in collaboration with the Govt which product is also used for animal food. We also have other vegetables and paddy under our cultivation. In the areas we have farms, we have welfare shops and we sell any excess harvest at a subsidized price to the public.

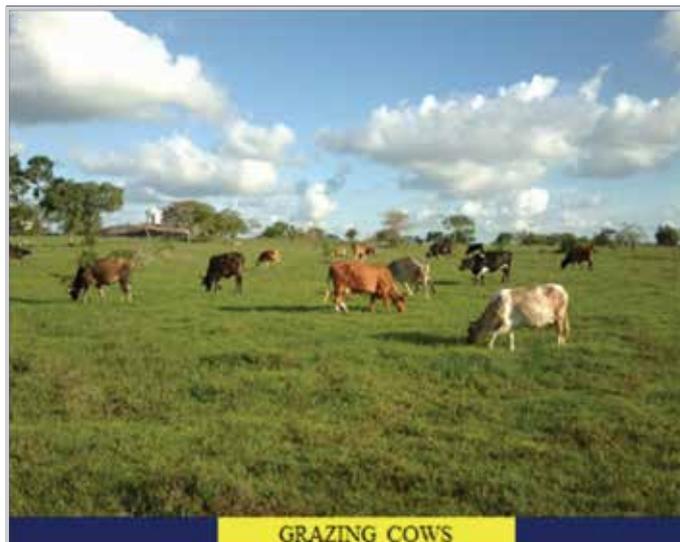
Not only SL Army, other two forces and the Civil Defence Force have also taken the initiative and are doing this.



EGG PLANT



PADDY FIELD



GRAZING COWS



FARM PRODUCTS



What is your view on the current argument on Organic & Chemical fertilizer & how can we manage this with the prevailing crisis?

We had challenges when the chemical fertilizer ban was imposed where the whole country was affected especially in the period of transition to organic. But I think for good nutrition and healthy food, organic is the best. However, you need to understand where you want to stand in terms of whether you want the quantity or the quality. You need to have the optimum balance. With chemical fertilizers, you can get harvest quickly whereas with organic, the result will not be that quick. About 75% we are successful on organic but it takes time. End of the day, there is a harm using chemical fertilizers and I'm personally for organic. For the weeds we have a concern but we use mechanical and physical weed control methods. We have well managed and manufactured around 25,000 metric tons through organic. Some raw materials are hard to find in organic agriculture currently. There are always pros and cons for organic and chemical. We are playing with this soil and it takes time to adhere to the new concept where we have been using chemicals and overnight transition may not be tolerated. The Army has taken the challenge and is doing well with a satisfactory harvest. SL army produces fertilizers through all 16 farms in-house which are organic. Other than the Agri sector, all these HQs have been asked to make organic fertilizer and to hand over to the national agencies like Lakphora for quality assurance and through the National Task Force, Secretary Fertilizer handles the distribution.

Do you have adequate staff strength to drive this food cultivating project on barren or abandoned state land or any strategies to get local farmers, volunteers, and other government agencies involved?

We do have more than 40 Agri Officers recruited as Lieutenants and Captains who are graduates in the field of Agriculture. We also have specialists with PhD serving as veterinary surgeons, food specialists etc and another set of qualified officers engaged in animal husbandry, basic agriculture and landscaping. We have an Agriculture School at Aralaganwila to give basic training for the troops where we train on the job. Other than the agri sector, we conduct awareness within the Army considering the situation as well as for civilian organizations. We have about 2,000 people mainly for this agricultural purpose and we provide profit sharing to the National Consolidated Fund also from our earnings. We have a lot of collaborations with other institutions. People from the vicinity get support from us through guidance and assistance by distributing plants and seeds etc. Facilitating people with machinery is the responsibility of the Govt and other Govt agencies that are the ground forces. National Task Force is linked with these Govt agencies spc for the fertilizer matter who are liaising with GS levels.

We have Real Estate, the department of small industries which has invested where we cultivate in 100 acres of chillie product.



We cultivate and they buy back. With Hayleys also we have some arrangements where they buy back from us. So in that, we invite the Private Sector too to engage but it should preferably be on some large scale cultivation. I think people and the Pvt Organizations should come forward and work with us so that we can increase and develop. I'm happy that the Minister of Agriculture has identified the capacity of the tri forces in this agriculture task and given us lands to cultivate.

I hope around 80% of the land is owned by the Govt and that a large number of them are abandoned. How do you take over and manage these to take maximum benefit?

About the abandoned lands, we liaise with the Minister of Agriculture through which we get many abandoned lands like NLDB lands to cultivate. Apart from that, there are many abandoned lands that have been cultivated. For example, we have taken 200 acres from Nirawiya abandoned lands under Mahaweli Development projects where many fruits & vegetables were cultivated in the 1970s and 80s. The challenge connected with abandoned lands is that some agencies don't give it to us that they just keep without having the maximum benefit. Their attitude should be changed as we target to cultivate and not to take ownership or earn high market profit. We educate everybody to cultivate something in the available limited space but when it comes to large scale, you need to support them with machinery which is the main challenge as I mentioned earlier. Our key is to encourage people to cultivate with the aid of the Govt Agencies who have all the resources. On the top level, people should be supported with machinery. That's why we are liaising with the Green Task force.

What are the most crucial challenges for the farmers?

I'm reiterating that we need sufficient machinery, fertilizer and hydro. When you have bigger scale farming, you need machines on your own. The other issue is the wild elephants. Even we face that though we manage it to some extent. So, these hindrances should be looked at and prompt long term actions should be taken by the government.

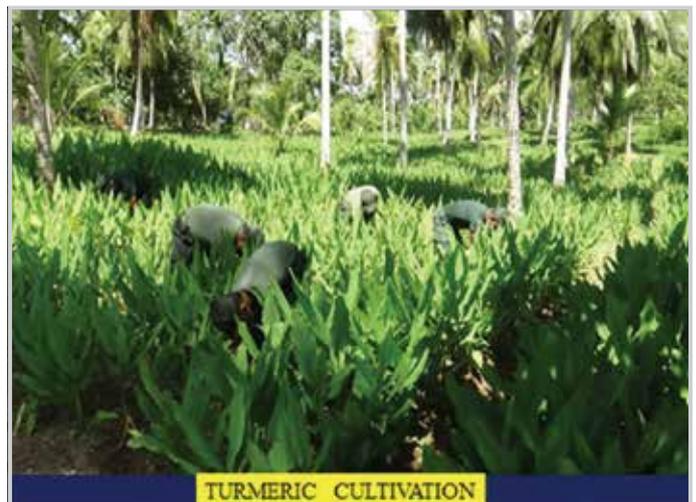
We have been addicted to imported food products and those have become part and parcel of our lifestyle. Can we change our people in this context and initiate a cultivation process from the home garden itself?

Firstly, we should have adequate cultivation. For that, farmers should be facilitated and given proper guidance and motivation. I believe we can do it. Under the coconut trees we have turmeric and ginger, the inter crops. We had turmeric issue previously around 2 years back. You can eliminate it by encouraging people. If the Army can do it, why can't others? Please do not think it's because the Army does have manpower. We are actually cultivating in most difficult lands. But people may have more comfortable areas to cultivate. People in Puttalam, they send fresh food plucked in the morning to Dubai in the evening though it will not be of that mass scale. Some are completely exporting to US and UK for e.g. coconut products and coconut water and other spices including other economical vegetables.



Statistics in SL reveal that an average 40% of our post-harvest crops is wasted due to many reasons. How do you perceive this pathetic situation and what are the solutions available?

I see one good example at Dambulla at the high peak season, where there are so many crops getting wasted. World is far better and its dehydrated foods that's on the trend. Unfortunately we don't have sophisticated machinery or systems. In some countries there is a separate market for the dehydrated food e.g. in UAE for dried fruits and vegetables. This is a way to manage wastage. Many Private Organizations and individuals are currently doing this and even exporting. I believe that dehydrated systems and powders act as a solution which is practiced by many developed countries. Recently for "Japan Jabara", we have started a project to make hats where the Seva Vanitha unit of Corp of Agriculture & Livestock is engaged. Very importantly, we have above 700 persons, who are called the militarized personnel enrolled to the Army from particular areas who have a pensionable job and provide employment. We have even 60 rehabilitated LTTE carders inside that group who support this green agriculture. Thereby we give them employment opportunities.



Can you explain about the operations handled in Karadeniya, Ambalangoda and other areas you are currently working on?

Directorate of Agriculture & Livestock handles all the operations of the farms maintained by Army and Regimental Headquarters which is located at Karadeniya does all the administration of the farms and the troops. Cinnamon is a good business in that area. We have a salt project in Yala and Yala is supported by the National Salt Corporation. We are hoping on the areas of Dayagama and Menik Palama area in the up country as well to boost cultivation. The most fruitful area for cultivation is the central part of the island where the weather is so favorable and can have harvest within a short period whereas in the lands we cultivate, we need to manage a lot as the weather, water, soil everything are different and a lot of effort has to be put, may be double the effort. If we are given good lands, we can have a big harvest and enhance our cultivation. Recently we had a discussion with National Science Foundation on having a pilot project on Mysoor Dhal in Diyathalawa area and hope it will work out well. There is a Sri Lankan Professor who is working in Canada who is also liaising with us. This has been tested sometime back but has not come out successful at that time.

We are also going to have another pilot project and if it works well, it will be one of the best projects in Sri Lanka. It is around a USD 60Mn project on dairy proposed as an American and Israel joint venture. This has been almost finalized but lagging due to the dollar fluctuations. The dairy project is with Israel technology and cattle from the US. There will be 1,000 acres for the grass and 1,000 acres for the cattle allocated in Kandakadu. Govt also has supported a lot on this initiative. If this project will be geared up, a considerable percentage of Sri Lankan fresh milk requirements can be catered through this which will be a real turning point. I firmly believe that we should do this somehow. We may proceed with some milk powder companies to buy from us. I'm really looking forward to the immediate implementation of this project.



As the leader of this agricultural mission, what is the final message you wish to convey to our professionals as well as all Sri Lankans.

I see we have been backward on this, to put it straight. We are blessed with water, land and other facilities. True, that there are some barriers. But we need to identify the need now as cultivating is not an option but a must from whatever the capacity we can. Farmers' requirements should be identified and focused on. We should identify the problem areas such as machinery, fertilizer and modern technology and find creative and immediate solutions. Our key focus other than catering in to Army's requirements is to educate the people to cultivate. If the Army can, why can't you? Even every single house can do with whatever the space available. Proper monitoring mechanism should be in place when national level projects are carried out and should have target oriented operations to see better results and guaranteed market.



Navigating Local Businesses During Pandemic

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Global Background of Covid 19

The outbreak of Covid 19 startled the worldwide economies while losing more than 6 million lives to the world. Considering the acute nature of this disease, the World Health Organization declared a pandemic condition on 11th March 2020. Meanwhile, many economies attempted to control the spread of this disease by maintaining social distancing and enforcing lockdowns internationally and domestically. These decisions brought economic activities to a near standstill that led the whole world to experience a severe economic shock. Therefore, financial analysts predict that the economic cost of COVID-19 may last longer than the health effect.

Moreover, the erosion of human capital through lost work and schooling, fragmentation of global trade and supply linkages, and lower investment would leave a long-lasting impact on many economies. Parallely, the World Bank forecasted a contraction in global Gross Domestic Production (GDP) and the deepest recession in the last few decades of world history. Also, the outbreak caused an unprecedented crash in the oil prices, wreaking havoc on the economies of oil-dependent nations. Thus, the impact of the global recession on emerging and developing economies will be comparatively severe.

Impact on Sri Lankan Economy

Sri Lanka is one of the most vulnerable middle-income countries that suffer the most during this Covid 19 virus outbreak, which is expected to have a significant direct and indirect economic impact. When considering the Sri Lankan economy, loss of international trade and tourism, subdued capital flows, dwindling remittances, and tight financial conditions amid mounting loans have created pressure on the macroeconomic environment. As a result, Sri Lanka experienced a considerable reduction of foreign currency reserves that tightened the economic operations of the country further. The Central Bank of Sri Lanka continued to control the foreign exchange rates and the foreign remittances channeled through the banking system continued to decline.

Although the Sri Lankan government recognizes the Small and Medium Enterprises (SMEs) as the backbone of the economy that provides a considerable proportion of employment and contribution to GDP, the current economic shocks have created a threatening environment for them to sustain. Continuous rupee depreciation leads to an increase in the prices of the imported raw materials causing to increase in the cost of production that has been ultimately shifted to the consumer through the product price.

The deficiency of foreign reserves impacted limiting the imports to the country. Lack of fuel, power, and raw materials increased the production idle time which is a great hit for the supply chain, business revenue, and profitability of most small and medium scale businesses. Meanwhile, the inflationary condition of the country continued to reduce the purchasing power of the common public, making employees demand higher salaries while creating social unrest in the society. With the lack of support, SMEs are currently struggling to sustain themselves within the market.

How to Identify the Current State of Your Business?

The Covid 19 pandemic has been a part of our lives for quite some time. It has drastically altered the business environment, and therefore, business owners around the country are scrambling



to adjust their operations. Despite the fact that the COVID-19 pandemic affects everyone, many small and medium-sized enterprises (SMEs) are particularly vulnerable at the moment. There is no doubt that pandemic shocks have a big impact on SMEs that are already operating in a recessionary economy. During the last few years, the Sri Lankan economy also has been heading towards a recession. As a result, the SMEs need to understand their current business state in this pandemic whether they are surviving, sustaining, and/or scaling. The businesses that have been hardly hit by the pandemic, that are barely continuing their business operations, experiencing severe risks in cashflows can be identified as “**surviving position**”.

The businesses that were in a difficult condition during the pre-COVID period may have struggled deeply during the pandemic. However, the businesses that have struggled during the pandemic and recovered their business condition up to a certain level when the pandemic eased out can be categorized as “**sustaining position**”. Such businesses may have sustained their current business level and attempted to maintain the same trend for a longer period. Such businesses may have financial struggles, yet these will be away from the risk of immediate bankruptcy.

The businesses that are in the “**scaling position**” are the businesses that are booming because of the pandemic. Due to the changes in the market demand for some products and services the relative businesses have buoyed to a profitable state. Mostly, the businesses in the healthcare industry had a great business opportunity to strengthen their financial cashflows during this period.

Saving the Sinking Ship

It will be challenging to continue the business which is in a state of survival. Thus, the entrepreneur should have a proper plan to maintain the business at a breakeven. Thus, it is essential to analyze the expense structure of the business and **introduce cost control strategies** to minimize the cash flow requirements. Businesses can focus on new customers, new markets, and demanding products during this period. The inflationary condition may impact the production cost. Thus, it is essential to foresee the future economic condition and adjust the business to this volatile market. Investing in profitable products and earning higher margins through such a business will be more helpful than struggling with the usual product line.

However, it is essential to look at the financials and cashflows continuously. Businesses can negotiate with suppliers and customers for new payment/credit terms. Continuous mapping out of cashflows and management of credit lines, and overdrafts efficiently would help to strengthen the finance condition of the business. However, reckless borrowing habits may cause trouble for your business since the business environment is turbulent. Thus, borrowing through financial institutions at a fair interest rate would support strengthening the cash cycle of the business. Thus, looking for new earning avenues is essential to step up the business from its current state.

Maintaining good communication with suppliers, and customers is essential during this period. The continuous discussions with suppliers will help you to obtain their business insights, possible pricing decisions, and the availability of raw materials. The information you gather through such discussions will be helpful for you to plan for your next quarter. Meanwhile,

communication with customers will assist you to understand their needs and as a businessman, you shall cater to the most demanding products. The introduction of new credit terms will motivate your customers to continue the business relationship for a longer period. Thus, sustaining the customer is essential at this moment.

Having **insurance for your business** will not be a waste of money. It can be supportive to your business at a state of risk. While considering the future possibilities you can decide the nature of insurance covers that you obtain for your business. Ultimately, if a risky event occurs the insurance will help your business to reach its normal state.

Plan your supply chain. Supply chain management is essential for your business during this period. Plan your raw material requirements for a few months. It is not a wise decision to depend on one supplier. Develop relationships with a few suppliers and maintain balanced connectivity between the parties. Entering vendor contracts will be helpful for you to ensure the continuous raw material supply for a fair rate. Meanwhile, it is essential to plan your production or product availability based on the demand for those goods. Yet, having an alternative plan for power supply will be helpful to reduce the employee idle time during the demand management hours.

It is important to **understand the changing needs of the customer.** Continuous inflation may deteriorate the purchasing power of the customer. Ultimately, it will result in varying their buying behavior. Introducing a product while understanding the nature and capacity of the target market will be helpful for the majority of businesses. Yet, the businesses that are targeting a niche market shall focus on the buying patterns of their market segment than attempting to deviate from their business segment. However, market diversification will always help to reach a greater market share. Parallely, with the experience of social distancing, many consumers find it convenient to purchase their consumables online. Thereby, introducing an online purchasing system and/ or home delivery system will be further beneficial to sustain customers with your business for a longer period.

Be attentive to your employees. Employees are the heart and soul of your business. Creating a better working environment will be a motivation for them. Sustaining skilled and experienced workers will be more helpful for your business to continue smoothly than spending on new recruitments. Meantime, cross-training your workers will be helpful to cope with absenteeism due to health issues. Also, providing proper health care facilities, and reasonable salary increments will motivate them to retain in your business than seeking new opportunities.

Businesses can't afford to stagnate their performance. However, worsening the economic condition may hit the businesses adversely. Therefore, **diversifying the business** with affordable investment will strengthen the business further. However, the decisions on reaching out to new markets have to be evaluated properly with a proper SWOT analysis.

Finally, any crisis also can be a business opportunity. Reducing expenses, developing long-term projects, and diversifying your customer base are all worthwhile things to do in both good times and bad. Companies that take steps like these are not only more likely to survive the pandemic, but they also can become stronger because of it.

HOW HYPERINFLATION AFFECTS FINANCIAL REPORTING IN SRI LANKA?

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Introduction

Inflation is one of the major economic problems experienced by both developing and developed economies. These problems are embodied in the high level of prices as a result of various reasons such as the increased quantity of money supply, to increases in production costs (raw materials and wages), currency depreciation etc. Sri Lankan economy is highly dependent on imports. For an instance, as per the Central Bank report, import expenditure in 2020 was 16,055 million United States (US) dollars and in 2021 it is shown as 20,637.4 million US Dollars. Import expenditure in Sri Lanka has been increased by 28.54% in 2021 when compared to 2020. As per the central Bank report 2022, highest import expenditure was incurred on intermediate goods. Intermediate goods consist of fuel, textiles and textile articles, chemical products, base metals, plastics and articles thereof, paper and paperboard and articles thereof, wheat and maize, and other intermediate goods.

As per the IMF Executive Board Sri Lanka Article IV, executive summary shows, "COVID-19 severely hits the economy, causing a loss of tourism receipts and necessitating several strict lockdowns. Pre-pandemic tax cuts and the impact of COVID-19 led to fiscal deficits larger than 10 percent of GDP in 2020 and 2021 and a rapid increase in public debt to 119 percent of GDP in 2021. Sri Lanka's access to international capital markets was lost in 2020, prompting a decline of international reserves to critically low levels and large-scale direct lending to the government by the Central Bank of Sri Lanka (CBSL). External debt repayments and a widening current account deficit have led to foreign exchange (FX) shortages, while the official exchange rate has been de facto fixed since April 2021. Inflation is on the rise, reaching double digits in December 2021, reflecting imported inflation, supply shocks, and a pickup in domestic demand amid loose monetary policy".

Due to depreciation of Sri Lankan rupee against the US dollar, there are bad consequences on Sri Lankan Economy. For example, it leads to high inflation as Sri Lanka is highly dependent on imports. The Central Bank of Sri Lanka allowed to float the currencies. As a result, Sri Lankan rupee was depreciated drastically with effects from 08th March 2022. Preceding to this date, exchange rate was constant in the range of LKR 190 to LKR 200 to 1 US dollar. However, with the floating decision by the Central Bank of Sri Lanka, the exchange rate was dropped to LKR 370 to LKR 380 during last couple of months. (March to May 2022). As there is a high depreciation in LKR against US Dollars, fuel prices were drastically increased couple of times in the short term. As a result, the price levels of all most all goods and services have drastically increased in Sri Lanka. As there is a significant inflation in the country, there is a high impact on financial reporting (Konchitchki, 2011; Kramarova, 2021).

As per the conceptual framework for financial reporting, investors, potential investors, lenders and other creditors are the interested parties for financial reporting. These parties may take inappropriate decisions if financial statements are not adjusted against inflation. In addition, there is an adverse effect on "comparability", one of enhancing qualitative characteristics of useful financial information. Thus, International Accounting Standards Board (IASB) has issued an Accounting Standard to address above issue in July 1989, under the name of Financial Reporting in Hyperinflationary Economies (IAS 29) (As per Sri Lanka Accounting Standards, LKAS 29).

Application of LKAS 29

LKAS 29 Financial Reporting in Hyperinflationary Economies applies where an entity's functional currency is that of a hyperinflationary economy. Functional currency means the currency of the primary economic environment in which the entity operates. In Sri Lankan context functional currency is Sri Lankan Rupees which is highly inflated during last couple of months. LKAS 29 does not prescribe when hyperinflation arises. However, it requires the financial statements (and corresponding figures for previous periods) of an entity with a functional currency that is hyperinflationary to be restated for the changes in the general pricing power of the functional currency.

Which jurisdictions are hyperinflationary? LKAS 29 defines and provides general guidance for assessing whether a particular jurisdiction's economy is hyperinflationary. But the IASB does not identify specific jurisdictions. However, there are two reliable sources to see hyperinflationary information. One is International Monetary Fund (IMF) which publishes inflation forecasts and the second one is the International Practices Task Force (IPTF). As per the International Monetary Fund (IMF) inflation forecasts, the following economies have been considered as hyperinflationary economies for the purposes of applying LKAS 29 for the year ending 31 December 2021: Argentina, Islamic Republic of Iran, Lebanon, South Sudan, Sudan, Suriname, Syrian Arab Republic, Venezuela, Yemen, Zimbabwe. In addition, following countries have been listed as per IPTF report issued on 6 November 2021 as hyperinflationary economies. Argentina, Iran, Lebanon, South Sudan, Sudan, Venezuela, Zimbabwe, Suriname, Yemen, Angola and Haiti.

Luckily, Sri Lanka has not been listed as hyperinflationary economy as per above reports. However, there is a high chance, Sri Lanka to be listed as one of hyperinflationary economies in the forthcoming reports. Therefore, it is crucial to investigate the application of LKAS 29 to Sri Lankan companies. The objective of

LKAS 29 is to establish specific standards for entities reporting in the currency of a hyperinflationary economy, so that the financial information provided is meaningful. In Sri Lankan context, this standard was not used frequently in the history but, these days many people are talking about the application of this standard to Sri Lankan companies. The basic principle in LKAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the current measuring unit at the reporting date. Comparative figures for prior period(s) should be restated into the same current measuring unit.

Restatements are made by applying a general price index. Items such as monetary items that are already stated at the measuring unit at the financial position date are not restated. Other items are restated based on the change in the general price index between the date those items were acquired or incurred and the reporting date. For an instance, trade receivables, trade payables, cash and cash equivalents are some examples for monetary items whereas property plant and equipment and inventories are some examples for non-monetary items. Monetary items are not restated whereas non-monetary items are restated from general price index.

Illustration through example

Figure 1 shows the financial position statement of Araliya PLC which is a hypothetical entity runs in a hyperinflationary environment and figures are prior to the restatement. Hypothetically, general price index as at 31st March of respective years moves 100% in 2018, 130% in 2019, 150% in 2020, 240% in 2021 and 300% in 2022.

Figure 1: Unadjusted Financial position statement

Araliya PLC	
As at 31st March 2022	
Statement of Financial position	
	LKR
Non-Current Assets	
Property Plant and Equipment	400,000
Current assets	
Inventories	135,000
Trade receivables	100,000
Cash and cash equivalent	65,000
Total assets	700,000
Equity	
Share capital (Issued 31st March 2019)	250,000
Retained Earnings	325,000
Non current Liabilities	100,000
Current liabilities	25,000
Total equity and liabilities	700,000

Figure 2 illustrates the restated financial position of Araliya PLC as at 31st March 2022 by applying the above hypothetical general price index by complying with LKAS 29. Assume that the property plant and equipment were purchased on 31st March 2020 and inventories were purchased on 1st of October 2021. Property plant and equipment and inventories are non-monetary items. Thus, property plant and equipment should be restated to Rs. 800,000 ($400,000 / 150 * 300$) and inventories should also be restated to Rs. 150,000 ($135,000 / 270 * 300$). The inventories had been restated assuming that the price index has increased proportionately over time. Inventories were purchased on 1st of October 2021 and price index on that day is 270% ($240 + 60 / 12 * 6$). Share capital also can

be restated to Rs. 750,000 ($250,000 / 100 * 300$) as they were issued on 31st March 2018. Monetary items remain unchanged. A balancing figure can be taken for the retained earnings item.

Figure 2: Restated financial position

Araliya PLC	
As at 31st March 2022	
Restated statement of financial position	
	LKR
Non Current Assets	
Property Plant and Equipment ($400,000/150 * 300$)	800,000
Current assets	
Inventories ($135,000/270*300$)	150,000
Trade receivables	100,000
Cash and cash equivalent	50,000
Total assets	1,100,000
Equity	
Share capital ($250,000/100 * 300$)	750,000
Retained Earnings (Balancing figure)	225,000
Non current Liabilities	
	100,000
Current liabilities	
	25,000
Total equity and liabilities	1,100,000

When an economy ceases to be hyperinflationary, and entity discontinues the preparation and presentation of financial statements in accordance with LKAS 29. As per LKAS 29, following information should be disclosed. The fact that financial statements and other prior period data have been restated for changes in the general purchasing power of the reporting currency, whether the financial statements are based on a historical cost or current cost approach and identity and level of the price index at the reporting date and moves during the current and previous reporting period

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ECONOMIC CRISIS; RESPONSIBILITIES OF ROLE PLAYERS IN THE TAX SYSTEM



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1.1 Introduction

The economy of Sri Lanka post-independence was much more prosperous compared to most of its Asian neighbors. In the past two years, Sri Lanka has faced devastating economic instability due to poor management. It's the first ever instance where the 22 million people are facing a huge economic crisis that the country has witnessed after gaining independence in 1948. The COVID-19 pandemic and populist tax cuts have all had a significant impact on Sri Lanka's economy. The slowdown of the economy, ballooning debt, shrinking foreign reserves, and not having enough money with the citizens to pay for the basic necessities are some of the factors which have destroyed and demolished the country's overall morale and standing. This article aims to analyze the recent changes made to the tax system together with the reasons behind such changes and to identify the responsibility of role players in the Sri Lankan tax system to overcome the economic crisis of the country.

1.2 Recent Government Policies and Behavior of Total Tax Revenue of SL

The government of Sri Lanka (GOSL) introduced tax concessions in late November 2019 under 'Emergency Relief Plan' and 'Budget 2020' complying with the policy document/framework of "Vistas of Prosperity and Splendor" and 2020-2025 five-year government development plans. Under above policies, Small and Medium-

sized Enterprises (SMEs) and Micro Enterprises (MEs) of SL are considered as the driving wheel of the economy which have been facilitated with a hassle free environment with the concept of 'let them grow & tax them later.'

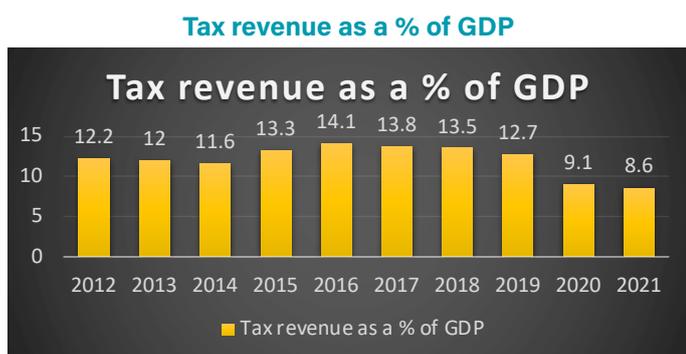
As an immediate action to achieve the government target, Nation Building Tax (NBT), Economic Service Charge (ESC) and Debt Repayment Levy (DRL) have been abolished from 01st December 2019 while Value Added Tax (VAT) rate was reduced from 15% to 8% and VAT liable quarterly threshold has been increased to Rs.75Mn (Up to 30th November 2019, liable threshold for manufacturing and service sector was Rs.3Mn and wholesale & retail sector was Rs.12.5Mn).

Individual income tax-free allowance of Rs.0.5Mn (for employees Rs.1.2Mn) was increased to Rs.3Mn from 01st January 2020 while reintroducing tax-free allowance of Rs.1Mn for Partnerships. The applicable maximum income tax rate for individuals was limited to 18% while reintroducing the income tax rate of 6% for Partnerships. Three tier corporate income tax rate system (Concessionary rate of 14%, Normal rate of 28% & Highest rate of 40%) which was introduced by "Yahapalana Government" has been changed to four tier rate system as 14%, 18%, 24% & 40% by introducing concessionary rate of 18% for manufacturing sector while reducing the standard rate from 28% to 24% for other sectors.

In addition, a number of tax concessions and reliefs have been introduced for selected industries and sectors such as Agriculture, Information Technology, and Commercial Hubs etc. by focusing on the economic progress of the country while granting reliefs for Health Care Services and Tourism Sector based on the impact of COVID- 19 and Easter attack.

As a result, GOSL loses more than Rs.600Bn tax revenue from 2020 every year by expanding the budget deficit. Finally, GOSL faced 'Rupee Crisis' internally and the 'Foreign Reserve Crisis' externally creating economic crisis in the country. During the period from 2018 to 2021, the Tax to GDP ratio has declined from 13.5% to 8.6% (See the Figure 01).

Figure 01: Tax to GDP Ratio



Source: World Bank Reports 2012 - 2021

As a result, government makes new proposals to change tax system to increase the tax revenue. As an immediate solution, VAT rate has been increased from 8% to 12% from 01st June 2022. It is proposed to reduce the annual VAT liable threshold from Rs.300Mn to Rs.120Mn from 01st October 2022. Individual income tax-free allowance will be reduced from Rs.3Mn to Rs.1.8Mn and income tax slabs will be reduced from Rs.3Mn to 1.2Mn with a minimum tax rate of 4% and maximum rate of 32% (i.e. 4%, 8%, 12%, 16%, 20%, 24%, 28% & 32%). The proposed corporate income tax rates are 15% concessionary rate, 18% for manufactures, 30% as standard rate and 40% for manufacturing or import and selling of liquor and tobacco products including betting

and gaming activities. In addition, Telecommunication Levy has been increased from 11.25% to 15% from 01st June 2022 and it is proposed to increase Betting and Gaming Levy from 10% to 15% from 01st October 2022 with threshold change.

1.3 Six Forces Model in Taxation

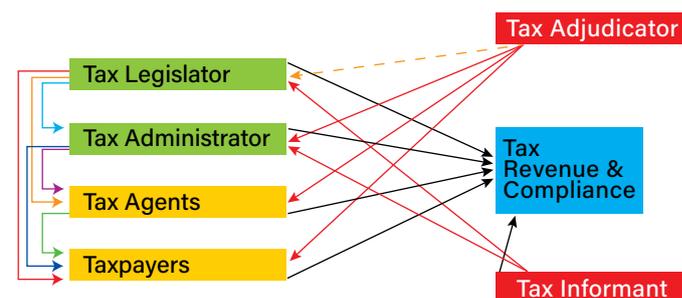
1.3.1 Six Forces Model in Taxation

Tax Legislator, Tax Administrator, Tax Adjudicator, Taxpayer, Tax Agent and Tax Informant are the six key role players in any tax system as identified in the author's 'Six Forces Model' which also recognized as '6T Concept' in taxation. The responsibility that society expects from each of them for better revenue collection is indispensable. Other than tax adjudicator, others actively participate in tax revenue collection mechanism in different ways by providing their contribution to improve tax compliance. Expectations of "6Ts" in any society are four- folds.

1. Tax Legislator as the first pillar of democracy, designs tax laws complying with tax policy of that jurisdiction in order to maximize the government revenue through high tax compliance where Tax Administrator, the administration arm of the Executive as the second pillar of democracy implements tax laws.
2. Taxpayer works on minimization of tax cost/burden to protect cash out flows and with expertise industry knowledge, Tax Agent supports the taxpayer to make use of loopholes in the tax system to plan taxes.
3. Tax Adjudicator/Judiciary as the third pillar of democracy provides solutions when the necessity arises by interpreting tax laws in line with statutory interpretation rules and decided case laws where any tax ambiguities are created/occurred between the Tax Administrator and Taxpayer during the tax appeal procedures.
4. Tax informant can be identified as the whistleblower in the tax system who reveals information about the activity that is deemed illegal, immoral, illicit, unsafe or fraudulent and used for tax evasion.

The responsibilities of each of the six role players in the tax system will be depending on the tax policy and socio-economic condition of the country. The impact of "6Ts" on each other may have direct or indirect relationship with different levels of weightages according to their powerfulness in the society which positively or negatively crashes on tax revenue and compliance.

Figure 02: Six Forces Model/6T Concept in Taxation



Source: Author



Figure 02 illustrates how key role players of the tax system influence each other directly and indirectly on tax revenue collection and compliance. It is crystal clear that influence of each “T” on others in the tax system is significant in an economic crisis situation where every action ultimately leads to either better tax revenue collection with high tax compliances or weak revenue collection with poor tax administration.

1.3.2 Role of the Tax Legislator in the Tax System and components of Tax Law

Tax legislator/the Parliament, as the most powerful body in the tax system should pass powerful rules with less ambiguity between tax administrator and taxpayers. Liberalization of tax rules and regulations seeking the betterment of public needs always leads to less revenue collection and poor tax compliance. The rules and regulations passed at the Parliament in order to collect tax revenue and maintain proper tax compliance are recognized as **Tax Statutes, Tax Laws or Acts**. Such laws are changed frequently considering the timely requirements of the society by passing **Amendment Acts** or issuing **Gazette Notifications**. Tax-related Acts and Gazette notices are the basic laws of a tax system which everyone in the society should obey.

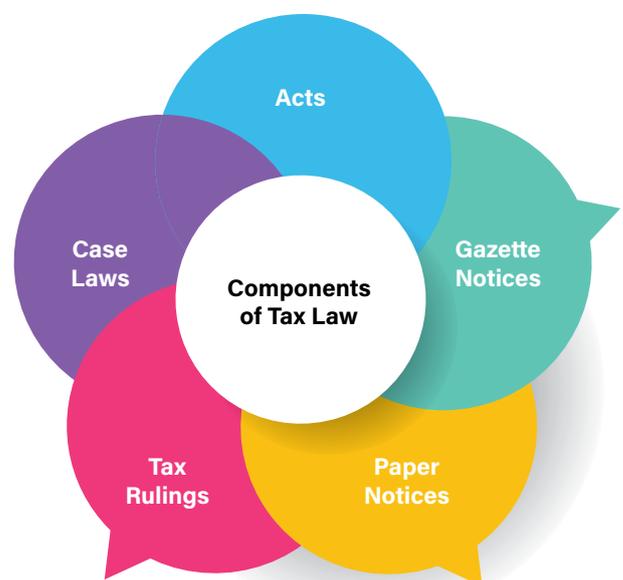
Every year, annual budget proposals make significant changes to the tax system and most of the changes are communicated to the public through **Paper or web Notices** published by either Minister of Finance or heads of relevant tax authorities, i.e. Commissioner General of Inland Revenue (CGIR), Director General of Custom (DGC) or Commissioner General of Excise (CGE).

Any ambiguity in tax laws may be cleared through **Tax Rulings** (i.e. public rulings or private rulings) issued by the ruling committee on the request of taxpayers or tax officials to settle the matters at the department level. Tax officials and issuing authority are bound with tax rulings until they are withdrawn. Taxpayers are not bound with rulings but they can agree or disagree with the ruling. If the taxpayers do not agree with any ruling issued by the ruling

committee, they can challenge them at the judiciary or court with an appeal procedure.

Where injustice has happened to any taxpayer as a result of a **question of the law**, it can be forwarded to the Court of Appeal or Supreme Court seeking the view of such superior courts. The involvement of the judiciary is independent and may be on the request of the tax administrator or taxpayer. The final outcome of the court procedure is identified as judgment and it is published as **Tax Case Laws**, where decisions of superior courts of any country, i.e. Court of Appeal or Supreme Court are presented. Figure 03 illustrates the components of tax law in a graphical manner.

Figure 03: Components of Tax Law



Source: Author

1.3.3 Role of the Tax Administrator in the Tax system

The Statutes delegate the power to Tax administrators/Tax officials to collect taxes from the public by administering a better tax system in the country. Based on the legal platform prepared by the legislator, the tax administrator works to meet the budgeted annual government tax revenue every year. Tax administration in SL is handled by CGIR, DGC and CGE as heads of the main three tax collecting authorities. Using discretion power vested with the tax administrator, they collect, correct tax liabilities from liable persons, issue tax assessments and initiate tax collection procedures. In addition, CGIR is gathering information from various sources in relation to those who are liable to pay taxes in Sri Lanka from various taxable transactions and have not paid appropriate taxes or evaded taxes on those transactions are forcefully registered with the system and collect taxes.

1.3.4 Role of the Taxpayers in the Tax system

Individuals or entities (i.e. Companies, Partnerships etc.) as taxpayers always plan to minimize their tax liabilities to protect their cash out flows. They use various types of tax planning tools to achieve their targets. Planning taxes is an art that all taxpayers cannot realize since aggressive tax planning leads to tax evasion or tax frauds which are punishable offences subject to legal sanction as defined in the letter of law.

1.3.5 Role of the Tax Agent or Tax Consultant in the Tax system

To fill the gap in the tax society to do tax planning or acceptable tax avoidance within the letter of law without tax evasion or tax frauds, the profession of Tax Agent or Tax Consultant has been developed. Using their expertise knowledge and professional experiences, they provide consultation for taxpayers on a fee for planning taxes through loopholes of tax legislation and administration.

1.3.6 Role of the Tax Adjudicator in the Tax system

A Negative relationship between situation where the roles of the tax administrator and the taxpayers in any society leads to create tax disputes. As a result, number of tax assessments is passed through the appeal process in a queue seeking legal interpretation on tax statutes from the superior courts. The role of the tax adjudicator at superior courts (i. e. Appeal Court and Supreme Court) is the interpretation of the tax statutes with the original expectation of letter of law when tax ambiguities are forwarded for reference. Since GOSL planned to develop the tax system by introducing technology and digitalization as a mandatory requirement, the role of the tax adjudicator will be vital in the near future since new avenues in the tax system will be opened for the taxpayers, tax agents and tax administrators.

1.3.7 Role of the Tax Informant in the Tax system

In any society, informants are the whistleblowers who reveal information about an activity within a private or public organization that is deemed illegal, immoral, illicit, unsafe or fraudulent. In the context of taxation, tax informants can play a vital role to report tax avoidance, tax evasions and tax frauds committed through aggressive tax planning.

1.4 Conclusion

It is anticipated that the current economic climate will last for at least two to three years and no immediate solution can be made. In this context, the key role players of the tax system should influence each other to improve the government tax collection mechanism and maintain a high compliance rate. All the parties recognized in the six forces model in taxation should be vigilant enough to identify their responsibilities and to give a maximum contribution to increase the government tax revenue in order to overcome the financial crisis of Sri Lanka.

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FINDING FINANCIAL SECURITY IN THE MIDST OF A CRISIS



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In an ideal world, we would wish to have so much more of our monthly salary remaining at the end of the month. This is not an ideal world, and therefore, in most instances, we may find ourselves with so much more of the month remaining at the end of our monthly salary. This seems to be the reality for some, based on anecdotal evidence. And in times of crisis, this situation is made worse.

One would think that excesses, extravagant living and vices would be the root cause for individuals facing such financial stresses each month. Whilst there may be some who may fall into this category, that is probably not the case for the vast majority. Usual day-to-day requirements, the ever increasing prices, the gradual creep-up of financial commitments, the sudden unplanned event... and over a period of time, individuals find themselves precariously placed, financially.

In this discourse, I am keen to explore how individuals end up in such situations and more importantly, how individuals could find solutions to come out of this predicament. There are little changes in life that could help us prepare better and be better equipped to face financial stresses, adversity and crises. This discussion is about those little changes that we can and should make.

Around 14 years ago, I found myself in similar circumstances. The financial commitments each month were in excess of my monthly income. There were no excesses or other such reasons that brought this on. It was the typical day-to-day and week-in week-

out expenses. The savings were used up first and then there was the build-up of credit card outstanding. Gradually, I found myself with commitments each month that outweighed the financial resources I had. There was a rude awakening and realisation at a point. I realised that I did not wish to continue in this manner, and that this is not the legacy that I wish to leave with my young family. From there on, I ventured on a journey to come out of this predicament and build a more financially secure future for ourselves. There were tough decisions to be made, and changes in behaviour to be developed. The first course of action for me was to spend time understanding how I arrived at this juncture. Introspection was my closest friend and companion at the time.

Ever since that journey of discovery, I have committed sharing my lessons learnt and raising the levels of awareness on the need for one to take control and manage one's personal finances. I conduct sessions to corporates, working with their HR functions, to take the message to the wider community. This is done on a pure voluntary basis. I realised at the time that we are taught many subjects and disciplines throughout our education and school life, but no one teaches us the key life skills of relationships and managing finances. It is considered a given, that we all possess these life skills. Unfortunately, that is not the case, and we are worse off because of it.

This article is a further extension of taking this message out there, and I hope to share my lessons learnt via these pages.

At the outset, it is important for us to realise that we are unique and different, every one of us. We all come from different backgrounds, we inherit different bases of assets and commitments from our parents, we have different personal commitments, we have different family circumstances, and we all have different desires. As such, our financial circumstances are very different, one to another. Therefore, the approach to finding financial security too needs to be different. What works for one or has worked for someone may not necessarily work for another. Each one needs to find the solutions that best fits their unique and different circumstances. This is a key point to constantly be aware of, as we work through the details of building our own unique financial plan.

As we approach the topic of finding financial security, there is a fundamental concept that we need to grasp, which is at the core to managing one's personal finances. Net Cash Flow. This is a universal law. It matters not if we agree with it or not, or if we accept or reject it... it exists and is intricately part of our lives every day. We are financially better off or worse off every day, depending on how we manage the outcome of our cash flows every day.

One can think of one's own personal cash flows i.e. the fund inflows and fund outflows.

- As an individual, we receive inflow of funds from sources such as income from employment, income from investments we have made, or funds given to us by our parents, siblings, relatives, friends and benefactors.
- As an individual, we have outflows of funds towards our expenses and settlement of our financial commitments.
- The outcome, therefore, is that there would typically be a surplus or deficit at the end of a period. This period can be a day, a week, a month, a quarter, a year, or any period that we wish to define for ourselves.
- If one has more inflows when compared to the outflows, one has a surplus cashflow and this can be directed to build up one's financial asset base or directed towards investments. It would naturally happen as funds will be reflected in a bank account or other investment at the end of the period.
- Conversely, if at the end of the period one has more outflows when compared to the inflows, one has a deficit, and this has been funded by dipping into one's existing financial savings or investments, or has been funded by borrowings. The borrowings can be from a variety of sources.

This is a universal law, it exists, and it is perpetually in motion every day.

This is a very simple concept, but one that is typically overlooked and one that is not regularly applied.

Once we grasp this universal law, we will realise that every decision we make at every moment in time impacts the outcome of our net cashflow position. Each decision that causes us to expend funds, adversely impacts our financial condition and results in us having less cash at the end of it than we had before. Similarly, every decision that we make to generate more income has the potential to positively impact our financial condition and may result in us having more funds at the end of it than we had before. As we develop this awareness, we will then be able to focus on how we can go about increasing our inflows and managing our outflows. As most of us have fixed sources of income every month, the primary attention would necessarily need to be on the outflows.

As we explore these areas, we should commence by asking ourselves, what determines our outflows. We will come to realise that our outflows or our expenses are primarily an outcome of our lifestyle choices, and are also influenced by our life stage.

Let's pause a moment to think through the following. We would wish to have a car for ease of travel, and that can be a basic low maintenance car, a mid-range family sedan or a high-end luxury car. This decision will definitely influence the expenses we incur on a regular basis. We would like to have a family meal at a restaurant, and that can be at a reasonably priced restaurant or at an exclusive five-star restaurant. If we extend this discussion, and think about the decisions we make regarding the clothes we wear, the accessories we adorn, the watches we have on our wrists, the mobile phones we use, the electronic equipment we possess... we will realise that every decision we make has an influence on the expenses we incur and commit to, and these may not only be a one-time commitment, and may lead to regular recurring financial commitments as well. The recurring regular commitments can be for their upkeep or for settling the purchase cost over time.

Similarly, the life stage we are at also influences the expenses we incur. The expenses of a newly married couple or the parents of a young family can be very different to the expenses incurred by a young person who is unmarried or of parents with kids in higher education.

Now add the unique and different nature of each of our circumstances to this, and one would realise the need for each of us to be consciously aware of every decision we make. For these reasons, the starting point to one managing one's personal finance and building greater financial security has to necessarily start with having a definition for one's lifestyle, and sticking to it with conviction and commitment.

A connected thought that we should explore at this point is on who determines our lifestyle. Ideally, we would like to think that we are the masters of our own lifestyle, that we alone determine it. It is great, if this is indeed the case. If we are being honest though, we would concede that there are many other parties that influence and make decisions for us on our lifestyle. Our immediate family, friends, co-workers, neighbours, relatives, and the list can go on. We should also not underestimate the impact that social media, soap operas and tele dramas have on our lifestyle, especially in the Sri Lankan context. This is definitely an area to be conscious of, aware of and be mindful of.

In determining the lifestyle and in managing the personal finances, a key aspect to work on is the collective of the household. It needs to be a household decision. This will help to ensure everyone in the household is aligned to the same goal and objective. This will also help manage potential friction and the risk of certain individuals spending excessively whilst others work hard to build savings and investments, and a more financially secure future.

Focussing back on net cash flow, if expenses and outgo are the result of lifestyle decisions and life stage, income is the result of investments we make. We generally think of investments as being limited to financial investments. That is not the sole source for generating higher income. In order to improve our inflows and the level of income we receive, we should constantly focus on enhancing our skills and expertise. An employer will consider retaining individuals with current and relevant 'skills, knowledge and expertise' as required for their business. As such, we should strive to ensure that we constantly equip and upgrade ourselves. Consider today's context, and we would all agree that technology, data and data analytics are basic necessities for most roles within



a corporate entity. As such, one should constantly ask one's self, what are those key skills that are needed to be effective, current and relevant to the role that one performs, and commit to develop and build on it.

When I was at that juncture 14 years ago, I took key actions that helped me to come out of my predicament and overcome the financial challenges.

- One of the initial actions I took was to secure personal loans from two commercial banks and convert my credit card outstanding. The interest rate on the personal loan was lower than that on the credit card. As such, more funds from the monthly payment went towards settling the capital as opposed to payment of the interest. The personal loans with the banks also helped develop the financial discipline to regularly settle the personal loan instalment.
- The next action was to eliminate the credit cards so as to eliminate the risk of once again utilising the credit card and building a fresh outstanding balance on it.
- From there on, as a household, we converted to operating solely on cash for all our needs. This is probably the single most effective action that we took at the time. The weekly withdrawal of funds to support the weekly needs of the household... and with time the cash management habit was gradually established. This also helped bring to the fore the 'value of cash' resources we had. It is easier to unconsciously spend using the credit card where the white slip we sign on has no relevance to the quantum of funds being committed. The slip does not change form or size based on the amount we are paying out. Contrast that with taking a wad of notes from one's wallet to make a purchase, and one would think twice about the spend being carried out. This may sound strange in today's context of digital payment methods and online ordering. However, the principle still remains, for us to be conscious of the fund outflows arising from our consumption habits.
- During this period, I was involved in a severe car crash where the car I owned was subject to write-off. At that time, rather than go back and purchase a similar mid-range Japanese family sedan, I opted to hire (not purchase) a lower-end 'closer to home' built economical small car. Needless to say, the maintenance and the running expenses were a fraction of what it used to be. And so was the level of comfort of

driving and the drive. I used the funds saved by this to settle the monthly loan instalments on the personal loans.

- I prepared a financial plan, that captured the monthly inflows and outflows and stuck to it with commitment and discipline. The desire to once again find and enjoy financial freedom at some point in the future always superseded the desire to consume and enjoy pleasures at that point in time.
- I prepared a simple workbook format to track my inflows and outgo, which helped me constantly keep track and monitor the progress on the financial plan. This is a discipline that is with me even at present.
- I committed funds towards life insurance plans, to seek to secure the financial security for my young family in the event an untimely event was to happen. I was acutely aware that I had not set aside funds and was not able to set aside funds, in such an unfortunate eventuality. The life insurance plans were targeted at significant life cover rather than investment returns, as that was the primary objective of me taking the life insurance plan. The life insurance cover also comprised critical illness cover, for the same reasons. I did not realise at the time how valuable the critical illness cover will come to be, a few years down the road.

With these simple steps, we had come to define our lifestyle and focus on what was important. The conscious awareness was built, and the habit of financial discipline was taking root. These are simple steps, but not always simple to adopt. If one does develop these simple habits, one would be better placed to face crises when they do arise.

You may have noticed that I did not discuss 'budgets' at the outset. This is typically the starting point to a discussion on managing personal finances. Budgets are a tool, and an important one at that, for managing one's personal finances and building a financially secure future. As with all tools, it is as effective as the hand that's wielding it. The budget will only be effective if we have a solid foundation, where the starting point is understanding our lifestyle and the financial commitments we are willing and able to undertake. If we have not built this foundation, the financial plans will almost always be a challenge to achieve.

It took 6 years to finally erase the deficits and start building positive balances. As ever with life, time, discipline and patience have its rewards.

දළ දේශීය නිෂ්පාදිතය සහ ආර්ථික වර්ධනය නිවැරදිව හඳුනාගනිමු



අනුරුද්ධ විරතුංග

ආර්ථික විද්‍යා ශාස්ත්‍රපති උපාධිය,
ආර්ථික විද්‍යා ශාස්ත්‍රවේදී උපාධිය,
නියෝජ්‍ය අධ්‍යක්ෂ (සංවිකාසන)
ජාතික ගිණුම් අංශය
ජනලේඛන හා සංවිකාලේඛන දෙපාර්තමේන්තුව

දළ දේශීය නිෂ්පාදිතය, ආර්ථික වර්ධනය, උද්ධමනය, විදේශ සංචිත, අනෙකුත් ප්‍රධාන මුදල් ඒකක වලට සාපේක්ෂව රුපියල අවප්‍රමාණය වීම සහ විදේශ ණය යනාදිය මේ දිනවල බොහෝ දෙනාගේ කතාබහට ලක්වන මාතෘකා බවට පත්වී ඇත. එයට හේතුව වර්තමානයේ ශ්‍රී ලංකා ආර්ථිකය මුහුණ පා සිටින ආර්ථික අර්බුදයයි. එම ආර්ථික සංකල්ප ආර්ථිකයේ විවිධ පැතිකඩ පිළිබඳව වෙන වෙනම අවදානය යොමු කලද ඒවා අතර සමීප සම්බන්ධතාවයක් ද තිබේ. ආර්ථිකයට සිදුවී ඇත්තේ කුමක්දැයි විග්‍රහ කිරීම සඳහා එම ආර්ථික සංකල්ප සහ ඒවා අතර පවත්නා සම්බන්ධතා පිලිබඳ පැහැදිලි අවබෝධයක් තිබිය යුතුය. මෙම ලිපියේ සාකච්ඡා කරනු ලබන්නේ එම සංකල්ප අතරින් රටක දළ දේශීය නිෂ්පාදිතය යනු කුමක්ද සහ ඒ ඇසුරෙන් ආර්ථික වර්ධනය ගණනය කරනුයේ සහ නිවැරදිව අර්ථ දැක්වනු ලබන්නේ කෙසේද යන්නයි.

දළ දේශීය නිෂ්පාදිතය පිලිබඳ නිර්වචනය

ශ්‍රී ලංකාවේ දළ දේශීය නිෂ්පාදිතය යනු ශ්‍රී ලාංකික නිෂ්පාදකයන් විසින් යම් නිශ්චිත වර්ෂයකදී ආර්ථික නිෂ්පාදනයක් තුළින් නිපදවන ලද භාණ්ඩ හා සේවා තොගයේ මුදල්මය වටිනාකම වේ. ආර්ථික නිෂ්පාදනයක් යනු අමුද්‍රව්‍ය සහ ශ්‍රමය ආදී යෙදවුම් භාවිතයෙන් නිෂ්පාදන ක්‍රියාවලියකින් නිමවුණ (භාණ්ඩ හෝ සේවා) බිහිකිරීමයි.

ඒ අනුව ශ්‍රී ලංකාවේ දළ දේශීය නිෂ්පාදිතයෙන් මනිනු ලබන්නේ නිශ්චිත කාල පරිච්ඡේදයකදී ශ්‍රී ලංකාවේ සමස්ත නිෂ්පාදනයේ වටිනාකමයි. එම නිෂ්පාදනය බිහි කිරීම සඳහා මූල්‍ය සමාගම්, මූල්‍ය නොවන සමාගම්, රජය සහ කුටුම්භ යන අංශ දායකත්වය ලබා දේ.

දළ දේශීය නිෂ්පාදිතයට ඇතුළත් කරගන්නා නිෂ්පාදන කටයුතු මොනවාද?

දළ දේශීය නිෂ්පාදිතය ගණනය කිරීමේදී ඒ සඳහා ඇතුළත් කරගත යුත්තේ මොනවාද සහ ඉන් බැහැර කළ යුත්තේ කුමන ආර්ථික කටයුතුදැයි නිවැරදිව හඳුනාගනු ලබන්නේ 2008, ජාතික ගිණුම් ක්‍රමවේදයෙහි "නිෂ්පාදන ඉම" (production boundary) භාවිතයෙනි. 2008, ජාතික ගිණුම් ක්‍රමවේදය යනු ශ්‍රී ලංකාව ඇතුළු ලෝකයේ අනෙකුත් රටවලට ජාතික ගිණුම් පිළියෙළ කිරීම සඳහා නිර්දේශ සහ මාර්ගෝපදේශයන් සපයන ජාත්‍යන්තර ප්‍රකාශනයයි.

එහි නිෂ්පාදන ඉම පිලිබඳ සංකල්පයට අනුව දළ දේශීය නිෂ්පාදිතයට ඇතුළත් කරගත යුතු ප්‍රධාන නිෂ්පාදන කටයුතු පහත දැක්වේ. ආර්ථික නිෂ්පාදන ලෙස සැලකෙන්නේ එම කටයුතු ය.

- අලෙවිය සඳහා භාණ්ඩ නිපදවීම හා සේවා සැපයීම
- තමන්ගේ පරිභෝජනය සඳහා හෝ භාණ්ඩවලට හුවමාරු කරගැනීම සඳහා භාණ්ඩ නිපදවීම
- රජය සුභසාධන අරමුණෙන් නොමිලේ සපයන ජාතික ආරක්ෂාව, රාජ්‍ය පරිපාලනය, අධ්‍යාපනය සහ සෞඛ්‍ය සේවා
- නිෂ්පාදනයක් සඳහා ඇතිකරන සතුන්ගේ (කිරි ගවයන්, එළුවන්, බැටළුවන් ආදී) වර්ධනය වීම
- නිෂ්පාදනයක් සඳහා වන කරන ලද ගස්වල (තේක්ක, මනෝගහි, තේ, පොල් ආදී) වර්ධනය වීම
- තමන්ගේ නිවාසවලින් ලැබෙන චේවාසික සේවයේ වටිනාකම
- මෙහෙකාර සේවය ඇතුළුව අන් අය ලවා මුදල් ගෙවා ලබාගන්නා සේවා
- වන ද්‍රව්‍ය (දර, මී පැණි) එක් රැස් කිරීම

ජාතික ගිණුම් ක්‍රමවේදයෙහි ආර්ථික නිෂ්පාදන කටයුතු ලෙස නොසැලකෙන පහත ආර්ථික කටයුතු නිෂ්පාදන ඉමෙන් බැහැර කෙරේ.

- තමන්ටම හෝ තම පවුලේ අය වෙනුවෙන් තමන්ම සපයාගනු ලබන සේවා
 - ▶ පවුලේ සාමාජිකයන් ප්‍රවාහනය කිරීම
 - ▶ වැඩිහිටියන් රැකබලා ගැනීම
 - ▶ තම දරුවන් බලාගැනීම සහ ඔවුන්ට ඉගැන්වීම
- නාවිකා කළ භාණ්ඩ නැවත විකිණීමේදී එම භාණ්ඩවල වටිනාකම
- සංක්‍රාම ගෙවීම්
- ස්වභාවික වනාන්තර ප්‍රසාරණය වීම සහ ඒවායෙහි සතුන් බෝ වීම
- ස්වභාවිකව වැඩුණු ගස්වල එල හටගැනීම

නිෂ්පාදන ඉම පිලිබඳව සාකච්ඡා කිරීමේදී විශේෂයෙන් සඳහන් කළ යුතු කරුණක් වන්නේ එක් එක් රටවල හිඟ රිකි වෙනස් බැවින් එම නිෂ්පාදන කටයුතු හිඟ විරෝධීද නැතිද යන්න පිලිබඳව අවධානය යොමු නොකොට දළ දේශීය නිෂ්පාදිතයට ඇතුළත් කරගත යුතු බවයි. ජාතික ගිණුම් ක්‍රමවේදය විවැනි නිර්දේශයක් ලබා දී ඇත්තේ එක් එක් රටවල දළ දේශීය නිෂ්පාදිත අගයන් සන්සන්දනය කිරීමේ අවශ්‍යතාවය නිසාය. නිර්දේශ සහ මාර්ගෝපදේශයන්හි පොදු බවක් අවශ්‍ය වීම නිසාය.

ශ්‍රී ලංකාව සඳහා ජාතික ගිණුම් ඇස්තමේන්තු කිරීමේ වගකීම දරන ජනලේඛන හා සංවිකාලේඛන දෙපාර්තමේන්තුව විසින් ශ්‍රී ලංකාවේ නිෂ්පාදන ඉම තුළට ගැනෙන සියලු නිෂ්පාදන කටයුතු 48 කට සාරාංශ කොට දළ දේශීය නිෂ්පාදිතය ප්‍රකාශයට පත් කෙරේ. එම වතු දෙපාර්තමේන්තුවේ නිල වෙබ් අඩවිය වන statistics.gov.lk වෙත පිවිසීමෙන් හෝ ශ්‍රී ලංකා මහ බැංකුවේ වාර්ෂික වාර්තාවෙන් බා ගත හැකිවේ. එම සියලුම නිෂ්පාදන කටයුතු සඳහා දළ එකතුවක් අගය (දළ නිමැවුම් වටිනාකම - අතරමැදි යෙදවුම් වටිනාකම) ගණනය කොට ඒවාගේ එකතුවෙන් සමස්ත දළ එකතුවක් අගය ගණනය කොට අවසානයේ එයට භාණ්ඩ මත බදු සහ භාණ්ඩ මත සහනාධාර ගැලපීමෙන් දළ දේශීය නිෂ්පාදිතය ගණනය කෙරේ.

නාමික (පවත්නා මිලට) සහ මූර්ත (ස්ථාවර මිලට) දළ දේශීය නිෂ්පාදිතය යනු කුමක්ද?

නාමික දළ දේශීය නිෂ්පාදිතය යනු යම් කිසි වර්ෂයක දළ දේශීය නිෂ්පාදිතයේ වටිනාකම එම වර්ෂයේ පැවති භාණ්ඩ හා සේවා වල මිලගණන් භාවිතයෙන් ඇස්තමේන්තු කළ විට ලැබෙන වටිනාකමයි. ඒ අනුව නාමික දළ දේශීය නිෂ්පාදිතයේ වටිනාකම වැඩිවීමට ප්‍රධාන හේතු දෙකක් බලපානු ලබයි. එම හේතු දෙක වන්නේ නිෂ්පාදනය කරන ලද භාණ්ඩ හා සේවා ප්‍රමාණයේ වැඩිවීම සහ එම භාණ්ඩ හා සේවා වල මිලගණන් ඉහළ යාමයි. එසේ ගණනය කරන ලද නාමික දළ දේශීය නිෂ්පාදිතයේ වටිනාකමද විවිධ ආර්ථික විශ්ලේෂණයන් සඳහා භාවිතා කෙරේ.

පොදුවේ රටක භාණ්ඩ හා සේවා වල මිලගණන් ඉහළයාම යනු උද්ධමනයයි. ඉහත ගණනය කරන ලද නාමික දළ දේශීය නිෂ්පාදිතය තුළ එම උද්ධමනයද ඇතුළත් වී ඇති රටේ ආර්ථික වර්ධනය සහ සංවර්ධනය පිලිබඳ ප්‍රතිපත්ති සහ සැලසුම් සම්පාදනයේදී එම උද්ධමනය ඉවත් කරන ලද දළ දේශීය නිෂ්පාදිත වටිනාකමක් අවශ්‍ය වේ. එසේ උද්ධමනය සඳහා ගැලපුම් කරන ලද නැතහොත් උද්ධමනය ඉවත් කරන ලද දළ දේශීය නිෂ්පාදිතය මූර්ත නැතහොත් ස්ථාවර මිලට දළ දේශීය නිෂ්පාදිතය ලෙස හැඳින්වේ.



විසේ උද්ධමනය ඉවත් කරමින් නැවත දළ දේශීය නිෂ්පාදිතය ගණනය කිරීම සඳහා සාර්ව ආර්ථික විචල්‍යයන්ගේ හැසිරීම සාමාන්‍ය වූ වර්ෂයක් තෝරාගත යුතු වේ. විසේ තෝරාගත් වර්ෂය ජාතික ගිණුම් පදනම් වර්ෂය ලෙස හැඳින්වේ. සලකා බලන වර්ෂයේ නිපදවන ලද භාණ්ඩ හා සේවා ප්‍රමාණයන් පදනම් වර්ෂයේ වීම භාණ්ඩ හා සේවා සඳහා පැවති මිලගණන් භාවිතයෙන් වටිනාකම් කොට ගණනය කරන ලද දළ දේශීය නිෂ්පාදිතය මූර්ත දළ දේශීය නිෂ්පාදිතය නම් වේ. එම මූර්ත දළ දේශීය නිෂ්පාදිතය ඉහළ යාමට එකම හේතුව නිෂ්පාදන පරමාවේ ඉහළ යාම පමණකි.

ආර්ථික වර්ධනය යනු කුමක්ද?

ආර්ථික වර්ධනය මගින් මනිනු ලබන්නේ රටක නිෂ්පාදන පරමාවේ නැතහොත් නිෂ්පාදන ධාරිතාවයේ ඉහළ හෝ පහළ යාමයි. අප ඉහත සාකච්ඡා කළ පරිදි මූර්ත දළ දේශීය නිෂ්පාදිතය මගින් මනිනු ලබන්නේද තෝරාගත් වර්ෂයකට (පදනම් වර්ෂය) අදාලව නිෂ්පාදන පරමාවේ වටිනාකමයි.

එම නිසා ආර්ථික වර්ධනය මනිනු ලබන්නේ පෙර වර්ෂයට සාපේක්ෂව සලකා බලන වර්ෂයේදී සිදුවූ මූර්ත දළ දේශීය නිෂ්පාදිතයේ ප්‍රතිශතක වෙනස මගිනි.

ආර්ථික වර්ධනය යන්න සෑම විටම පෙර වර්ෂයට සාපේක්ෂව සලකා බලන වර්ෂයේ නිෂ්පාදන පරමාව සංසන්දනය කිරීමක් බව අවබෝධ කරගත යුතුයි එම අවබෝධයෙන් තොරව ආර්ථික වර්ධනය පිලිබඳ අගයන් භාවිතයෙන් සිදුකරනු ලබන විශ්ලේෂණ සාවධ්‍ය සහ අර්ථශූන්‍යය වේ.

උදාහරණ ලෙස පසුගිය වර්ෂයේ ආර්ථික වර්ධනය සියයට 5ක් බවත් මෙම

වර්ෂයේ එම අගය සියයට 3ක් බවත් සිතමු. මෙය බොහෝ දෙනා අර්ථ දක්වනු ලබන්නේ මෙම වසරේ ආර්ථික වර්ධනය කඩා වැටීමක් ලෙසය. මෙම අර්ථ දැක්වීම සාවධ්‍ය වේ. මෙය නිවැරදිව අර්ථ දක්වනු ලබන්නේ පෙර වර්ෂයේ සියයට 5 කින් වර්ධනය වූ ආර්ථිකය මෙම වර්ෂයේදී තව දුරටත් සියයට 3කින් වර්ධනය වී ඇත යනුවෙනි.

2020 වර්ෂයේදී ශ්‍රී ලංකාවේ ආර්ථික වර්ධන වේගය සියයට සෘණ 3.6 ක් ලෙස පසුබැසීමක් වාර්තා කරන ලදී. එහි අර්ථය 2019 නිෂ්පාදන පරමාවට සාපේක්ෂව 2020 වර්ෂයේදී නිෂ්පාදන පරමාව සියයට 3.6කින් අඩු වූ බවකි. එම තත්වය ආර්ථික පසුබැසීමක් හෝ පහළයාමක් ලෙස අර්ථ දැක්වීම නිවැරදි වේ.

නමුත් 2021 දී නැවතත් ආර්ථික වර්ධනය සියයට 3.7ක් ලෙස වාර්තා විය. මෙහිදී අප තේරුම්ගත යුත්තේ 2021 දී නිෂ්පාදනය 2020 ට සාපේක්ෂව සියයට 3.7කින් ඉහළ ගොස් ඇති බවකි. මෙම අගය ධන 3.7 වැනි ඉහළ අගයයක් ගෙන ඇත්තේ 2020 වර්ෂයේදී මූර්ත දළ දේශීය නිෂ්පාදිතය පහළ ගොස් තිබූ නිසාය. එම නිසා 3.7ක් වූ වර්ධනය 2020 ට සාපේක්ෂව වාර්තා වූ එකකි.

එම නිසා පවත්නා ආර්ථික තත්වය පිලිබඳව නිවැරදි විශ්ලේෂණයක් හෝ පැහැදිලි කිරීමක් කිරීම සඳහා දළ දේශීය නිෂ්පාදිතය, ආර්ථික වර්ධනය, විදේශ සංචිත, විනිමය අනුපාතිකය පිරිහීම, විදේශ ණය සහ අයවැය නිගය ආදී සාර්ව ආර්ථික සංකල්ප සහ ඒවා අතර පවත්නා සම්බන්ධතා පිලිබඳව මනා අවබෝධයක් තිබිය යුතුය. මෙම කෙටි ලිපිය මගින් උත්සහ කරන ලද්දේ දළ දේශීය නිෂ්පාදිතය සහ ආර්ථික වර්ධනය යන සංකල්ප පිලිබඳව පාඨකයාට දළ අවබෝධයක් ලබා දීමයි.

Navigating through the crisis - Contribution of Co-operative Societies to the Economic Development of Sri Lanka



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The co-operative system is an excellent mechanism around the world for the welfare of its members. When many people feel helpless to change their life, the Co-operatives are a powerful, lively, and sustainable economic alternative today during the crisis. Co-operatives are founded to address the requirements of a group of individuals. They are built on the compelling principle that when people work together, they can accomplish a lot. A group of people can accomplish something that none of them could do alone. In an increasingly competitive global economy, they give a one-of-a-kind tool for attaining one or more economic goals. The International Cooperative Alliance (ICA) defined a co-operative as *"an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise"* in its Statement on the Cooperative Identity in 1995. According to the Bulathgama (2014), a Co-operative Society is defined as an

economic unit established and maintained by the members for their economic and social welfare. Co-operatives had its own identity based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. Also, Co-operative principles are the guiding principles that co-operatives use to put their values into action. 1. Voluntary and Open Membership, 2. Democratic Member Control, 3. Member Economic Participation, 4. Autonomy and Independence, 5. Education, Training, and Information, 6. Cooperation among Cooperatives, 7. Concern for Community were the seven Co-operative principles that give unique identity to Co-operative societies. Moreover, as per Amarakeerthi and Dissanayake (2021), Co-operative societies took the lead on behalf of the people and make a significant contribution to the Sri Lankan economy but still remain hidden. However, Co-operatives have been playing a domineering part in financial and social progress of the nation during crisis situations.

Co-operative history in Sri Lanka

Co-operatives have a long and illustrious history in Sri Lanka, dating back to the British colonial period in the early twentieth century. Sri Lanka has a 114-year-old co-operative movement. Co-operatives were first established by the rural working class as their own credit organizations. In the modern liberal market economy, co-operatives are being viewed in a new light and strengthened by the government to resist competition. The activities of the Sri Lankan co-operative sector have been closely linked to the daily lives of the majority of Sri Lanka's population for more than half a century. The history of the Sri Lankan co-operative movement can be traced back to 1904, when the Agricultural Credit society was founded in Menikhinna, Kandy. The first Co-operative society was set up as a co-operative Credit Society beneath the Co-operative Society Act No. 07 of 1911. Since 1911, the Co-operative sector in Sri Lanka has played an imperative role at various times. Co-operative societies were registered prior to 1983 under the Co-operative Societies Act No. 05 1972, which was revised in 1983 and then again in 1992 as the Co-operative Societies (Amended) Act No. 11 of 1992. The Co-operative Employees Act No. 12 of 1972 established the management structure of Co-operative societies, which was later changed by the Co-operative Employees (Amended) Act No. 51 of 1992. At present, Co-operative organizations are involved in a wide range of activities with economic, social, and political ramifications. At present, there are various types of Co-operative societies established in Sri Lanka which can be categorized as Cooperative Rural Banks, Consumer Co-operative societies, agricultural Co-operative societies, fisheries, and industrial Co-operative societies etc. In this sense Co-operatives play a significant role in global and national economic and social development in a variety of ways.

The Role of Co-operatives in economic development

According to the statistical report of Department of co-op development (2018), there were 13,217 Co-operative societies in Sri Lanka contained with 8,885,777 members. Furthermore, there were 306 active multipurpose Co-operative societies which provide services in the ranges of consumer retailing, wholesaling, banking, insurance, medical etc. Currently, Co-operative societies are spread across the nine provinces of the country successfully. Moreover, the Co-operative movement can make a significant contribution to strengthening the local economy by restricting imports. At present, according to the state ministry of Co-operative services, (2020), the number of employees employed in the Co-operative sector in Sri Lanka was 37,000. Accordingly, Co-operatives play a significant role in job creation in the country. The model of Co-operatives become community-centered, democratically based, adaptable, and participatory in nature, making them ideal for economic development. (Herath, 2017). Today, Co-operatives are becoming mainframe food and service distributor in Sri Lankan economy engaging with fight against poverty reduction, job creation and social development. As per the statistical report of Department of Co-op development (2018), the value added to the agricultural, industrial and service sectors of the country is important in recognizing the contribution of Cooperatives to the economy. Accordingly, provincial Co-operative societies have purchased agro-products worth Rs. 2392.59 million in the year 2018. The value of the stock of tea leaves is 2225.37 million rupees. It represents 93.01% of the total value. The value of paddy purchased during the year was Rs. 96.32 million which is 4.02% as a percentage. By the year 2018, 60

paddy mills were run by Provincial Co-operative Societies and 58 paddy mills are owned by multipurpose Co-operative Societies. By the year 2018, the number of paddy warehouses owned by the Provincial Co-operative Societies was reported as 161 and the number of paddy warehouses owned by multipurpose Co-operative societies was 159. In terms of milk production, provincial Co-operative societies purchased milk worth Rs. 2203.39 million in 2018 and farm production was Rs. 159.50 million. Out of the total value of Rs. 2362.89 million, 52.28% has been sold to dairy companies and 11.15% has been used for dairy products. Provincial Co-operative Societies have produced milk products worth Rs. 2766.78 million in the year 2018. In terms of fisheries, the value of fish and fish products purchased by Provincial Co-operative societies in 2018 was Rs. 30.85 million and the value of sales was Rs. 23.40 million. (Department of Co-op development, 2018). In the field of health and medicine, 12 provincial Co-operative societies have run health services by the year 2018, out of which 4 hospital co-operative societies and 2 multi-service co-operative societies are reported to be providing residential treatment. Provincial Co-operative Societies have earned an income of Rs. 91494.70 million from the provision of health and medical services in the year 2018 and the number of beneficiaries were 785472. (Department of Co-op development, 2018). Furthermore, the value of goods purchased by Co-operative societies in Sri Lanka by the year 2018 is Rs. 89,472.45 million. Sales value of Co-operative societies in Sri Lanka in 2018 was Rs. 103,364.65 million. (Department of Co-op development, 2018). Co-operative societies have come to the front whenever there is a disaster in the country. In the face of the recent corona epidemic, Co-operatives have been distributing essential commodities to the people. Today, the Co-operative movement is the largest distribution network in Sri Lanka. (Department of Co-op development, 2018).



Source; <https://www.bbc.com/news/world-asia-pacific-58485674>

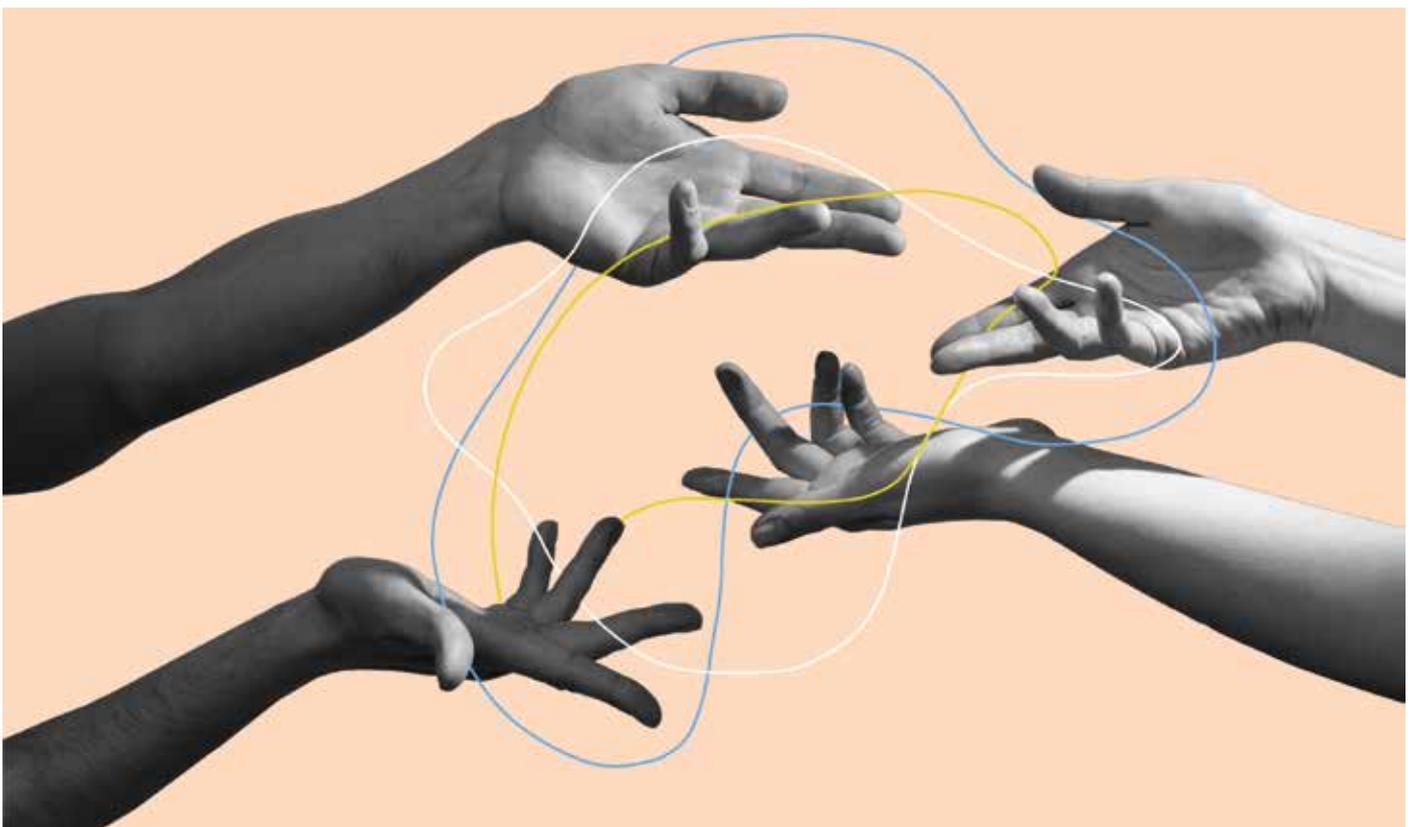
Thus, Co-operatives are seen as a vital tool for improving human living and working conditions and help bringing community out of poverty. Co-operatives play a significant role in global and national economic and social development in a variety of ways. Moreover, Co-operatives strengthen the communities in which they operate, in addition to the immediate benefits they bring to their members. According to Bulathgama (2014), Co-operatives are particularly important for creating jobs and livelihood development of the community. Further, Co-operatives will contribute to economic development as a result of these initiatives.

Conclusion

Co-operative society is a special type of initiative in which individuals and businesses work together for the member's development. Co-operatives are particularly important for creating jobs and livelihood development of a community. Co-operative societies took the lead on behalf of the people and make a significant contribution to the Sri Lankan economy but still remain hidden. Co-operatives have a long and memorable history in Sri Lanka which has a 114-year-old Co-operative movement. Thus, Sri Lankan Co-operative societies can be categorized as Co-operative Rural Banks, Consumer Co-operative societies, agricultural Co-operative societies, fisheries, insurance and industrial Co-operative societies. Co-operatives play a significant role in global and national economic and social development in a variety of ways. At the moment, Co-operatives are becoming mainframe food and service distributor in Sri Lankan economy fighting against the poverty reduction, job creation and social development. Today, the Co-operative movement is the largest distribution network in Sri Lanka which is particularly producing goods and services to the public at an affordable price. At last, Co-operative Societies are contributing to the development of the Sri Lankan economy through the production of goods and services, microfinance, entrepreneurship promotion and membership development.

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How should small companies deal with a crisis situation?



Indrajith Karunarathna
FMAAT, MBA (Sri J'), BSc. Business Administration (Special) Hons, FCA, FCMA, FIPA (Australia), FFA (UK), ACIM (UK), MCPM, ADCN
Business Strategist

There are many crises a company can come across in its lifetime. General crises in business include economics, natural disasters, internal management, terrorism, and competition, etc. Some of these crises are internally controllable and others can only be mitigated by the company but cannot be controlled by the company. For example, a crisis of an internal management caused by the sudden death of the company's founder and CEO could be resolved internally with no external influence. Whereas an economic crisis in a country cannot be controlled by a company as it is not under the control of the company's management but can be dealt with to mitigate the effects. Generally, when there is an economic crisis in a country, small companies' business activities will be more affected than well-established big companies.

This article focuses on how a small company deals with an economic crisis situation. For a company to deal with an economic crisis, it should first understand what an economic crisis is. An economic crisis can be observed when a country experiences the below factors.

1. Hyperinflation: a sharp increase in commodity prices to an unaffordable level for the general public.
2. Depleting foreign reserves and non-availability of foreign reserves to pay for essential imports.
3. The local currency is depreciating constantly against the reserve currency.
4. Import controls on some essential and non-essential items.
5. Increased balance of payment deficit.
6. Commodity and food shortages in the market.
7. Increasing unemployment.
8. Start up and small businesses' closure.
9. Increasing interest rates.
10. Income disparities and poverty are rapidly increasing.
11. Political instability and social unrest.



The current economic crisis in Sri Lanka has hit small and medium sized enterprises heavily compared to well-established corporations. Therefore, there will be many specific challenges for small companies during this economic crisis. Each challenge has to be dealt with differently to overcome the challenges. At this time of difficulty, the primary purpose of all the companies is to survive until economic recovery without bankruptcy. Discussed below are the major challenges and solutions for a small company during a time of economic crisis like what is happening in Sri Lanka at the moment.

- ▶ **Increase in cost of production or service:**-Due to the hyperinflation, the raw material and packing material prices will go up regularly, along with other required inputs for company's operations. This will make working capital management for the company a difficult task, as the company has to find a way to bring extra working capital to manage the price increase. The company has to proactively revise its finished goods product pricing in line with other product price increases to avoid working capital shortages that could result in the event of selling finished goods at a price that fails to take the price hike in raw material and packing material prices into account. Small companies have a challenge here as they cannot increase the price as high as big companies do due to stiff competition. Therefore, small companies have to make product costing and pricing decisions based on market response while continuing an optimum capacity operation without increasing their production capacity during the crisis period.
- ▶ **Customer retention and running the business:** When the cost of living reaches an unaffordable level, customers will spend their money mostly on essential commodities with the hope of survival and postpone all non-essential expenses. Customers will seek the lowest-priced products rather than the highest-quality products in these circumstances. As a result, demand for elastic commodities will drop, whereas demand for inelastic essential items will remain the same. However, there will be price competition among suppliers of inelastic essential supplies.
- ▶ Retaining customers and running the business will be a huge challenge for small companies. Small businesses that sell elastic products and services must devise a strategy to survive the crisis, as income may fall while costs remain constant. In this situation, the company has to cut all unnecessary costs and spendings to retain the core of the business running. In contrast, small companies that do business in inelastic product and service sectors formulate the right pricing strategy to retain their customers and to succeed in competition and survive. The profit margin will be very thin for these companies. For example, small companies in the retail sector in Sri Lanka are suffering due to very thin profit margins caused by double digit inflation. They must pay twice the price to purchase the same quantity of products as before.
- ▶ **Continuing the operation:** For a small company, continuing its business operation is a challenge due to the shortages of raw materials, packing materials and fuel created by the economic crisis. Like big companies, small companies do not have access to large warehouse facilities to store raw materials and packing materials. It has to purchase materials when it is needed. Also, transport and distribution will be another challenge due to fuel shortages. Therefore, material supplies for production could be delayed which could affect the production operation. Small companies cannot afford to stop the operations due to shortages as it will affect the entire business of the company from sales to working capital management to production.

Therefore, small companies should proactively arrange adequate warehouse facilities to store raw materials and packed materials while arranging a proper logistics channel for inward and outward supply. Hence, the company should find extra financing facilities to manage the increasing costs to ensure a sustainable operation during the economic crisis.

- ▶ **Employee Retention:** Retaining skilled and experienced employees will be a great challenge as employees will demand a salary hike to match with the increasing cost of living due to the economic crisis. This will be a challenge as the company will formulate strategies to reduce the cost to ensure that the company survives during the period of the crisis. On the other hand, employees will look for opportunities to increase their income in order to cope with the increasing cost of living. As a result, skilled and experienced employees will start to migrate to other countries, hoping for a better life. This will set a trend and many Executives will quit their current jobs to look for new opportunities.

This situation will create a challenging environment for small companies which are already struggling, as their employees will often find jobs in big companies for higher salaries or join the migration force.

At this time, the company should come up with short-term measures to mitigate these issues by offering a temporary relief package to employees so that they can focus on company's development. When the company takes care of the employees' needs in a difficult time, the employee will stay with the company to fight the crisis. Some small companies do layoffs to ensure their survival during the economic crisis. If a company goes for a layoff strategy to cut costs for its survival in a difficult economic crisis, then it should be done carefully without affecting the existing employees.

- ▶ **Uncertainty:** Predictability of market trends will be a difficult task for small companies during an economic crisis. All prices, from the product price to the raw material price will be extremely volatile. The current situation of Sri Lanka can change at any time due to the economic crisis. Therefore, the government's tax policies and facilities available for small companies can change at any given time. Thus, small companies should further cut their yearly plans into very short-term plans such as one month to three months.

Data Analytics: What it means and why it matters



Indika Ranasinghe
FMAAT, FCA, ACMA (UK), BSc. (Bus. Admin), MBA

The companies that respond best to the economic conditions are the ones that are most equipped for the situation. This will enable organizations to ready with available tools to act proactively and gain competitive advantage. Since the use of Information Technology is widely expanded in almost every sector of the economy, decision-makers are overwhelmed with enormous level of data and information.



To ensure the advantages of treasured insights about the field, data has to be analyzed in such a way that it is useful for the decision makers. With the use of Data Analytic solutions, available data and information can be inspired for growth and development of the entities and the economy too.

Data Analytics: In simplest version, Data Analytics means the examination of available information to draw conclusions. Thereby, Data Analytics is the science of analyzing raw data to make conclusions about that information. Many of the techniques and processes of Data Analytics has been automated into mechanical processes that work over raw data for human consumption.

Role of Data Analytics

Data Analytics enables organizations to make sense of data. In this context, for a decision-maker, the use of Data Analytics is endless. Data analytics covers a wide range of activities including:

- Ability to review a full set of data, identify exceptions and drill down into details
- Develop meaningful relationships and linkages with different sets of information
- Optimize the decision-making
- Conduct predictive analysis using modelling techniques

Importance of Data analytics for businesses

Data Analytics is used by wide range of entities, irrespective of the size and nature of the organization. There are many benefits of using Data Analytics and given below are few segments that could make a difference in company performance.

- Knowing what their customers really want.
- Product development based on the customer requirements.
- Improve operational efficiency by changing the mode of value chain.
- Perform sophisticated and mature analysis and gain business insight
- Evaluate the impact on business activities due to economic changes and assist decision-makers to optimize the opportunities and threats.
- Improve governance & control and minimize risks.

Limitations in Data Analytics

Data Analytics could revolutionize the process of decision-making and heavily rely on data. Hence, business leaders must take extra precautions on drawbacks of the analytic process as well.

- Lack of commitments and support
- Low quality data
- Lack of alignments with teams
- Data privacy concerns
- Complexity of data
- Cost concerns

Data Analytics Processing Model

Regardless of the complexity of the purpose of data analysis, there are few steps that are involved in Data Analytic Process.

- Step 1 :** Sourcing of data
- Step 2 :** Data mining
- Step 3 :** Data cleaning
- Step 4 :** Transformation of data
- Step 5 :** Data Analytics
- Step 6 :** Interpretation and evaluation of analyzed data

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AAT Sri Lanka bags THREE PRESTIGIOUS AWARDS at the National Business Excellence Awards 2021



AAT Sri Lanka won the prestigious Gold AWARD under Associations and Societies Sector for the 8th consecutive year at the National Business Excellence Awards 2021 conducted by the National Chamber of Commerce Sri Lanka, at the Awards Ceremony held on Tuesday, the 22nd March 2022. AAT was also able to win the Silver award in the Medium category and a Merit award for excellence in Corporate Social Responsibility.

National Business Excellence Awards is a Business Excellence Benchmark Competition to recognize the excellent performers in the industry and AAT Sri Lanka has been able to secure the Gold Award under its sector from the inception it has taken part in the competition in 2013. AAT Sri Lanka has been awarded with this prestigious recognition on its overall performance on leadership, financial performance, corporate governance, capacity building, market reach and CSR initiatives.



AAT New Year Celebrations 2022 for Members



AAT Sri Lanka celebrated the Sinhala and Hindu New Year with AAT members on Sunday, 24th April 2022 at APE GAMA, Battaramulla. Several events and games had been organized for AAT members and their families.

President and the Members of the AAT Governing Council also joined and added glamour to the event while the Members of AAT Sri Lanka with their family members had a great time filled with full of excitement, fun and brotherhood after sometime in the event we were held back by the COVID pandemic to host physical events for our members. .



The 28th Annual Convocation of AAT Sri Lanka



The Association of Accounting Technicians of Sri Lanka held its 28th Annual Convocation on 1st February 2022 at the Main Conference and Concert Hall of the Bandaranaike Memorial International Conference Hall (BMICH).

The Chief Guest of the ceremonial event was Dr. Senaka Kelum Gamage, Director, Postgraduate Institute of Management (PIM). Mr. Sanjaya Bandara, President of CA Sri Lanka participated as the Guest of Honour.

Due to the COVID restrictions preventing us to hold the Annual Convocation in the year 2020, 506 members who have enrolled in to their respective membership categories in 2020 were ceremonially inducted in to AAT member fraternity at this 28th Convocation. Out of them were 474 members (MAAT), 8 Senior Members (SAT) and 24 Fellow Members (FMAAT) of AAT.

AAT Members have completed the comprehensive AAT curriculum, obtained required professional experience in accounting and finance, and gained leadership and communication skills and competencies to work locally and globally. AAT Members' contribution is spectacular especially in the SME sector which is fast growing and important in the context of today's business world.

AAT caters to its Members through the CPD – Continuing Professional Development scheme by organising many seminars, workshops, conferences and other programs which are necessary to continue learning and developing which would in turn bring out the great personality within the members.



The 29th Annual Convocation of AAT Sri Lanka



The 29th Annual Convocation of the Association was held on 22nd February 2022 at the Main Conference and Concert Hall of the Bandaranaike Memorial International Conference Hall (BMICH).

Prof. P.M.C. Thilakarathne, Vice-Chancellor of the Open University of Sri Lanka added glamour to the ceremonial event as the Chief Guest while Mr. Sanjaya Bandara, President of CA Sri Lanka participated as the Guest of Honour.

The convocation was for the members who have enrolled in to their respective membership categories in 2021 and, 325 professional members including 23 Fellow Members, 09 Senior Members and 293 Members were ceremonially inducted in to AAT member fraternity.





Seminar / Webinar programs

Despite many challenges presented by the COVID pandemic and the prevailing crises in the country, Public Seminars and Professional Development Committee of AAT Sri Lanka has continued its initiatives in organizing webinar programs on timely and relevant topics specially targeting the Members of the Association while providing access for AAT Passed Finalists, Students and other interested parties as well. The Committee focused mainly on topics such as Tax, Digital Payments, Self - Grooming, Business Success through Economic Crisis and How to start-up a Business etc. Industry professionals joined hands with the Committee to share their valuable insights and expertise in this exercise of sharing knowledge and experience. While members are benefitted with the knowledge disseminated by the expert panels, they also get the opportunity to earn CPDs (Continuous Professional Development) which is mandatory in their membership journey to continuously enhance themselves and also to upgrade their current membership level to the SAT and FMAAT as applicable which they should look up to as their next membership status. The Public Seminars and Professional Development Committee of AAT Sri Lanka invite all AAT members to join with the upcoming webinars and earn CPDs to upgrade the membership.





Seminar / Webinar programs (Cont'd)

HOW TO DEMAND YOURSELF FOR THE BETTER OPPORTUNITY

CPD 1 Credit

Ms. Rukun-Dejane is a well-planned, fit leader and visionary personal development who has gifted his/their readers through a personal method of a 4-part 'Roadmap' knowledge, which is research-backed, personally developed leadership, credibility, practice, planning, marketing, branding, and communication.

Ms. Rukun-Dejane
Commercial Strategy Manager
Director,
Career Transition P.L.L.

DATE: 22ND MARCH 2022
8.30PM - 6.30PM

VENUE: ZOOM

FREE

MINDY BIRKALA

0761559669

TO REGISTER

BUILD YOUR BUSINESS IN A RECESSION

CONTENT

- How to start a business in a recession period
- Why AAT members/Panelists should focus on starting a business
- How to balance work and business and move completely to a business

CPD 1 Credit

DATE: 22ND MARCH 2022
8.30PM - 6.30PM

VENUE: ZOOM

FREE

MINDY BIRKALA

0761559669

TO REGISTER

PERSONAL AND BUSINESS SUCCESS THROUGH ECONOMIC CRISIS

CONTENT

A crisis can emerge in different stages and at different times. It is important to be aware of the situation to see its nature and to be armed with right tools to manage it well when the situation becomes challenging, we all have to be prepared to change the challenge. Things will not be in reconstruction and eventually will bring new opportunities. Let's take the challenge and face it with confidence and an attitude.

CPD 1 Credit

DATE: 23RD MARCH 2022
8.30PM - 6.30PM

VENUE: ZOOM

FREE

MINDY BIRKALA

0761559669

TO REGISTER

Digital Payments to Navigate the Post Pandemic Era

FREE WEBINAR

Presenter
Ms. Chema De Silva
General Manager/CFO
LankaDea

Panelist
Ms. Tahir Subasinghe
Director
Anura Bank PLC

Panelist
Ms. Chema De Silva
Group Chief Financial Officer
Indyfin PLC

Moderator
Dr. Prasad Ranasinghe
Managing Director
Lanka Bell Ltd

SESSION CONTENT

- Views for digital payments
- Digital solutions available to tackle the challenges posed by the post-pandemic business environment
- Real time fund transfers for corporate payments as an alternative to using Cheques - CDTX
- Realtime retail payments via mobile devices - JustPay
- LankaDea government payment platform to facilitate online payments to government services - LDCMP
- Consistent option for recurrent payment collections - Direct Debit
- Use of digital signatures for exchanging electronic documents, bills, invoices, POs and agreements etc. j. LankaDea

Thursday 9th Dec 2.00pm **Venue Virtual**
Thursday 9th Dec 4.00pm **Venue Virtual**

2 CPD CREDITS

ORGANIZED BY AAT SRI LANKA

TO REGISTER CLICK THE LINK BELOW THE FLYER

0761 559 669 / 0112 559 669

AAT Centre, No. 58/59, Marudantharama, Ananda Mahipala Mawatha (Franklin Jayasinghe Road), Nugegoda, Colombo 05.

NEW SGST & VAT AMENDMENT

DATE Thursday 27th JAN. 2022

TIME 5.30PM - 7.30PM

Registrations until 12 noon on 23rd Thursday

PHYSICAL VENUE: AAT SRI LANKA AUDITORIUM

VIRTUAL VENUE: ZOOM

INVESTMENT:

- PHYSICAL PARTICIPATION: Rs. 2000
- VIRTUAL PARTICIPATION: Rs. 500

PAYMENTS METHOD:

- INVOICE TO AAT CENTRE
- ONLINE PAYMENTS: USD OR TRAVELLERS CHEQUE
- CASH PAYMENTS
- Bank of Ceylon (BOC) - SRI LANKA DEPOSIT BANK
- ACCOUNT NO.: 7000010

CPD 3 CREDITS

PRESENTER
MS. PRIYANKA SISEGARANANDA
GENERAL MANAGER/COMMISSIONER
TAX POLICY & LIAISON
DEPARTMENT OF INLAND REVENUE

PANELIST
MS. GANAKA AMARASEKERE
SRI LANKA DEPOSIT BANK

PANELIST
N. R. SURENDRAN
SENIOR PARTNER
GUYANA & CO.

FOR MORE INFO: 0761559669

FOR OTHER ASSISTANCE AND DETAILS: narsana@aat.lk

ORGANIZED BY AAT SRI LANKA

AAT Posen Bathi Gee Competition 2022



AAT Members' Welfare Committee was able to conduct AAT Posen Bathi Gee Competition 2022 at the AAT Center on 17th June 2022.

This competition was organized under Individual and Group categories. 13 individual contestants and 3 groups participated in this competition showing excellent singing skills. Mr. W.M.P Dhanusekara's Group was selected as the Group Winner while Ms. J.P.N Gunasekara became the winner in the individual category.

Veteran actor Mr. Anura Bandara Rajaguru graced this occasion and contributed to the judge panel which made the musical evening so colorful.



MEMBERS IN PRACTICE

Who is an MIP?

A member of AAT Sri Lanka (other than a practicing Chartered Accountant) is deemed to practice as a Professional Accountant in Public Practice ("Member in Practice" / "MIP") if in consideration of remuneration received or to be received, he or she engages himself / herself in Professional Services or holds himself / herself out to the public as a Professional Accountant in Public Practice on a self-employed basis (part time or full time) as a sole proprietor or as a partner (whether salaried or equity) in a partnership.

Requirement of AAT Practicing Certificate

Members in Practice shall be required to possess a valid AAT Practicing Certificate, which would be applied for by Members in Practice, as applicable.

Note: Applicants for the MIP Certificate under any of the above categories will be required to face a VIVA. MIP certificate is subject to an annual renewal with a fee equivalent to the enrollment fee.

Categories of AAT Practicing Certificate

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

1. AAT PRACTICING CERTIFICATE FOR APPROVED ACCOUNTANTS (FELLOW MEMBERS)

Eligibility

Active Fellow Members (FMAAT) of AAT Sri Lanka (other than practicing Chartered Accountants) who have 2 years of post AAT membership.

(For obtaining the Authorized Representative status under the Inland Revenue Act, having post qualification experience of at least 10 years in the field of accounting (not being self-employed) is a pre-requisite).

Entitlements

The AAT Practicing Certificate for Fellow Members entitles the holder of the certificate to:

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

2. AAT PRACTICING CERTIFICATE FOR OTHER PROFESSIONAL ACCOUNTANCY SERVICES

Eligibility

Active Members of AAT Sri Lanka (other than practicing Chartered Accountants) who have 2 years of post AAT membership.

Notes: Applicants for the MIP certificate under any of the above categories will be required to face a viva. MIP certificate subject to an annual renewal with a fee equivalent to the enrollment fee.

(For obtaining the Authorized Representative status under the Inland Revenue Act, having post qualification experience of at least 10 years in the field of accounting (not being self-employed) is a pre-requisite).

Entitlements

- Practice as an "Authorized Representative" in terms of the Inland Revenue Act; and
- Engage in any Other Professional Accountancy Services (other than statutory audits).

MIP Current Fee Structure

- Approved Accountants - Rs 10,000/-
- Other Professional Services - Rs 5,000/-

Please visit

<https://aatsl.lk/index.php/en/member/members-in-practice> for more details.

THE CPD SCHEME

WHAT IS CPD ?

Continuing Professional Development (CPD) is the process by which members of various professions engage in their own development, maintenance, improvement and broadening of knowledge and skills and the development of personal qualities to enable professionals to execute their duties competently throughout the working life.

professionals in their respective roles in an environment of change. Professional accountants are continuously faced with the expectation of maintaining up-to-date knowledge and skills required to cope with the changes in technological advancements, management practices and adaptation to a worldwide economy. Professional accountants in both the public and private sector will need to expand their knowledge and continued development in line with the rapid changes which is critical in order to secure future expectations. Member bodies of IFAC are required to implement a CPD scheme as an integral component of continued membership ensuring that required level of competency in respect of work and professional responsibilities is maintained.

THE NEED FOR CPD

The need for CPD arises due to the demand in competency of

MINIMUM CPD REQUIREMENT

The minimum CPD requirement is set out below. Members are required to comply with **both the annual and the three year rolling requirement.**

	VERIFIABLE	NON-VERIFIABLE	TOTAL
Annual Minimum Requirement	10	10	20
3 - Year Rolling Requirement	60	60	120

For further details on CPD, please visit <https://aatsl.lk/images/pdf/cpd-booklet.pdf>.

Do you wish to **UPGRADE** your membership to the next category?

A member enrolled in to MAAT or SAT category can upgrade to the next membership category i.e. SAT (Senior Member) or FMAAT (Fellow Member) by satisfying the CPD requirement and the Executive / Managerial level experience respectively. Please

refer to the following information on the schemes through which you could upgrade your membership upon satisfaction of the specified criteria.

SAT	Upgrading	05 years Executive Level Accounting Experience after obtaining MAAT OR Those members who have Executive Level Experience in Non-accounting fields can also apply to upgrade, after completing MDP or any higher course conducted by AAT Business School in addition to the required experience. All members are required to comply with 120 CPDs in every 3 rolling years
	Direct	Final Examination (Passed Finalist) with case study of CA Sri Lanka / CIMA (UK) / ACCA (UK) and 03 years relevant Practical Training / Experience.
FMAAT	Upgrading	05 years Managerial Level Experience after obtaining SAT grade. All members are required to comply with 120 CPDs in every 3 rolling years.
	Direct	1. Membership of CA Sri Lanka / CIMA (UK) / ACCA (UK) and 03 years post-qualifying managerial experience. OR 2. Passed Finalists of AAT having a professorship / Doctorate with a finance background could apply for Direct FMAAT (Life Membership)

AAT BUSINESS SCHOOL

AAT Business School is a Strategic Business Unit (SBU) operating under the Association of Accounting Technicians of Sri Lanka, committed towards enhancing competencies, recognition and broadening the career pathway of AAT Students, Passed Finalists, Members and other professionals seeking individual development.

Resultantly a number of unique programs aimed at developing skills have been initiated and successfully carried out over the years. All the courses are designed and conducted by experts in the respective fields with continuous evaluation and modification of the curriculum in regular intervals.

TAXATION

PROGRAMME	DURATION	INTAKES	HIGHLIGHTS
Course in Taxation	03 Months	Aug 2022	<ul style="list-style-type: none"> ▶ Anyone interested to improve knowledge in Taxation. ▶ Provides in-depth knowledge of the SL Tax system. ▶ Sessions include VAT, SVAT, Income Tax, RAMIS, Investment income etc. ▶ AAT Members can claim 10 CPDs upon successful completion. <p>Course in Taxation → Diploma in Applied Taxation Finance</p>
Diploma in Applied Taxation (D-Tax)	01 Year (2 Semesters)	Sep 2022	<ul style="list-style-type: none"> ▶ AAT PFs, Members and Accounting professionals are eligible. ▶ Enables to deal with routine taxation issues encountered when running any business including filing tax returns and understanding liabilities and reliefs. ▶ Gain practical understanding of tax administration system, Ecommerce, Digital taxation, Compliance management, corporate governance & Ethics. ▶ AAT Members can claim 15 CPDs upon successful completion.

IT COURSES

PROGRAMME	DURATION	INTAKES	HIGHLIGHTS
Microsoft Office Applications	4 Months (16 Weeks)	Sep 2022	<ul style="list-style-type: none"> ▶ Anyone interested to get a foundation in MS Office. ▶ Topics covered are Introduction to Windows, MS Word, MS Excel, MS PowerPoint, MS Access, Internet and Email. ▶ AAT Members can claim 10 CPDs upon successful completion.
Computerized Accounting	03 Months (12 Weeks)	Consecutively each month.	<ul style="list-style-type: none"> ▶ Provide "hands-on-training" of Accounting Applications in SMEs (Tally ERP, QuickBooks & MYOB). ▶ AAT Members can claim 10 CPDs upon successful completion.
Advanced MS Excel for Data Analysis.	08 Hours	Consecutively each month.	<ul style="list-style-type: none"> ▶ Covers 40 topics within MS Excel demonstrating intrinsic features, shortcuts the package offers for the analyzing data. ▶ AAT Members can claim 03 CPDs upon successful completion.

WORKSHOPS

PROGRAMME	DURATION	INTAKES	HIGHLIGHTS
People & Leadership Skills	2 Day Program.	Consecutively each month.	<ul style="list-style-type: none"> ▶ AAT Passed finalists are eligible. ▶ Compulsory workshop in order to apply for AAT Membership. ▶ Build a crucial work floor competencies of learners. ▶ Social skills, Service skills, Presentation skills, Team working skills and Leadership skills are covered.

ACCOUNTING & FINANCE

PROGRAMME	DURATION	INTAKES	HIGHLIGHTS
Diploma in Accounting & Finance (DAF)	01 Year (2 Semesters)	September 2022	<ul style="list-style-type: none"> ▶ Students with 3 simple passes at A/Ls are eligible. ▶ Provides an in-depth knowledge about accounting theories and practices underlying major accounting issues. ▶ AAT Members can claim 15 CPDs upon successful completion. <p>Diploma → Higher Diploma in Accounting and Finance</p>

Higher Diploma in Accounting & Finance (HDAF)

Only Higher Diploma in Accounting & Finance that is equivalent to National Vocational Qualification (NVQ) Level 06 which is bound to provide a sound theoretical knowledge in Accounting, Finance and Management with requisite skills.

Higher Diploma → Final Stage of Degree

Objectives of HDAF

- ▶ This equips learners to combine practical and theoretical knowledge while developing awareness of emerging trends in financial accounting.
- ▶ Improve the critical thinking ability, communication, negotiation, analytical and problem-solving skills in professional and business contexts.
- ▶ Provides opportunities for progression in the career and higher education qualifications.
- ▶ Focus on executive development and upliftment of our members to become aspiring leaders.
- ▶ Provides maximum flexibility to those wishing to pursue career in accounting & finance.

Eligibility Criteria

- ▶ Students who have completed the AAT Final level/ AAT Members
- ▶ Students who have completed Diploma in Accounting & Finance (1st year)
- ▶ Any other qualification acceptable to the Study Board of Business School

Course Duration; 01 Year (02 Semesters)	Investment; LKR 62,500 (Per semester) * Flexibility Payment Methods Available.
Commencement; October 2022	Lecture Mode; Hybrid Mode (Online lectures & physical lectures)
Lecture Schedule; Sundays (8.30 a.m. – 5.00 p.m.)	Claim 15 CPDs upon successful completion

JOIN AATSL TOASTMASTERS CLUB TO **BECOME** A GOOD COMMUNICATOR AND **LEADER**

Fear of public speaking is common to every society irrespective of their level of education. It is very common place for the people to hide themselves when they are requested to deliver a funeral oration or banquet reception speech due to this fear of public speaking. This is a stumbling block for their personal advancement as well as progress of the society. Many talented people who can give leadership to the society are not highlighted and not coming to the forefront since they have been cornered in the society by this fear of public speaking.

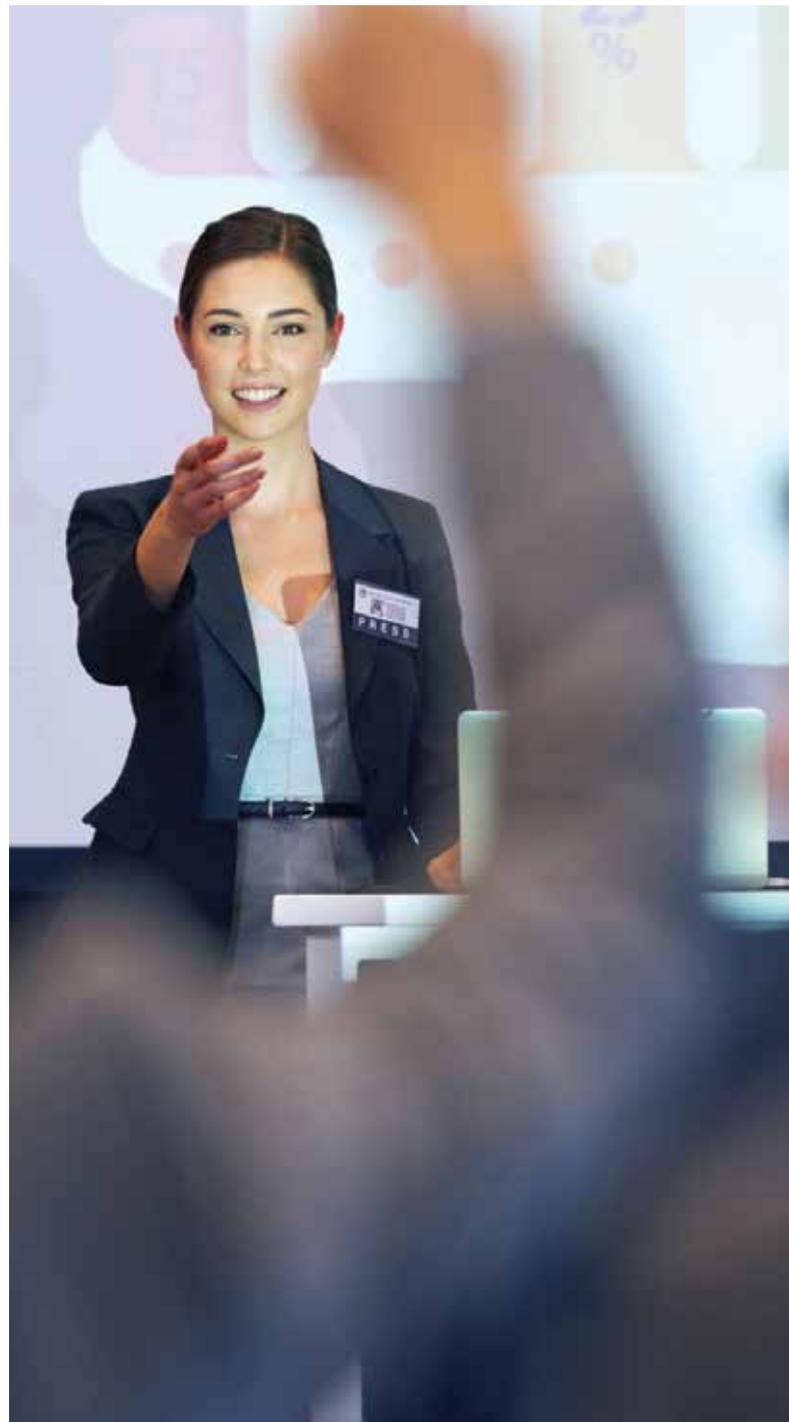
Even though it is a serious problem, it can be easily remedied by giving proper training chances to speak in front of an audience. Toastmasters Club is the best place for that and this movement has been continuing in the world over a hundred years by providing opportunities to millions of people who suffered from public speaking syndrome. As we always mention, the Toastmasters Club is the only place you can make mistakes without any fear and learn to speak fluently without any mistake.

During its short span of life, the AATSL Toastmasters Club has produced more proficient public speakers and now they are in the highest stature in the social ladder. In addition to the normal club meetings, the club conducts variety of events to improve the communication and leadership skills of the members and help them to widen their social network. Members get opportunity to meet fellow Toastmasters in national and international conferences as well as joint club meetings and in other Toastmasters events organized by Area, Division, District and International level.

During the current Toastmaster year, the club was able to secure the highest number of awards at the recently concluded Ovation 2022 (Annual District conference). The club became the second best club in the district 82 in the year 2017/18 and won many more awards for the best performance of the club. Among the awards secured during this year are;

- 1) GOLDEN CLUB AWARD
- 2) BEST WEBSITE BRONZE AWARD
- 3) PRESIDENT DISTINGUISHED CLUB STATUS
- 4) SMEDLY AWARD
- 5) CORPORATE RECOGNITION AWARD FROM TOASTMASTERS INTERNATIONAL

It is our target to bring many more awards to the club in the coming years by performing to the highest level we can. We invite to the non-Toastmasters of AATSL to have a joint hand with AATSL Toastmasters Club to become heirs of those achievements as well as for your personal growth.



AAT Sri Lanka is recognized by Toastmasters International with the Corporate Award

By considering the service offered by AAT Sri Lanka to the members of AATSL Toastmasters Club, AATSL Emerging Toastmasters Club and to the Toastmasters community, Board of Directors and District leadership team of Toastmasters International have decided to recognize AAT Sri Lanka with the Corporate Recognition Award.

DTM Gauri Sheshadri, International Director handed over the award to AAT President and the officials and both clubs handed over their awards also to the President of AAT which were received at the district conference of Toastmasters. AATSL Emerging Toastmasters has received many awards this year including;

- Publicity Star Gold Award
- Excellence in Training Both Terms
- Smedley Award
- Renewals Star Gold, Silver, Bronze division B
- Early Bird Renewal Award
- 9 DCPs in 80 days
- 8 - 80 Award Term 1
- Talk up Toastmasters Award
- Golden Club Award

District trio, senior Toastmasters, members from both clubs have also participated in this event.



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- AAT Passes Finalists
- AAT Members

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WHAT IS AAT JOB BANK?

A pool of AAT training partners and job/training opportunity seekers who are either active students of AAT or members of AAT.

HOW TO REGISTER AS A JOB SEEKER?

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

For inquiries - Call : 011-2559 669 (Ext. 211)

HOW TO REGISTER AS AN AAT TRAINING PARTNER?

Submit the duly completed Application form to become an AATSL Affiliated Training partner to Education and Training Division of AAT Sri Lanka.

For more details :
Call : 011-2559 669 (Ext. 211)
Email : training@aatsl.lk



Passed Finalists' Certificate Awarding Ceremony - January 2021 Examination



Passed Finalists' certificate awarding ceremony for the students who have successfully completed the final level of the AAT Examinations of January 2021 was held on 7th March 2022 at the Main Conference and Concert Hall of the Bandaranaike Memorial International Conference Hall (BMICH), Colombo.

1,143 students spread across all districts in the island who have completed the Final Examinations in January 2021 were invited to receive their Passed Finalist certificate at this graceful ceremony with a guest each to witness their achievement and share the joy of this memorable moment. Prof. Kapila Perera, Secretary to the Ministry of Education graced the occasion as the Chief Guest for the morning session and Mr Sujeewa Rajapaksha, Chairman, People's Bank added value

to the occasion as the Chief Guest for the evening session. Mr. Tishan Subhasinghe, a Member of the Governing Council of CA Sri Lanka joined as the Guest of Honour. President of AAT Sri Lanka Mr. Naleen De Silva, members of the Governing Council and the CEO of AAT and parents and well-wishers of the Passed Finalists also attended the function.

In addition to the valued insights shared by the Chief Guests and the Guest of Honour, Passed Finalists were provided with comprehensive guidance on their way forward with AAT specially in completing the training requirements, being prepared for a job, obtaining membership and widening their academic journey with the AAT Business School.



Passed Finalists' Certificate Awarding Ceremony - July 2021 Examination



AAT Sri Lanka held its Passed Finalists' certificate awarding ceremony for the students who have successfully completed the final level of the AAT Examinations held in July 2021 on 15th June 2022 at the Main Conference and Concert Hall of the Bandaranaike Memorial International Conference Hall (BMICH), Colombo.

1,199 students covering the entire island who have completed the Final Examinations in July 2021 were invited to receive their Passed Finalist certificate at this graceful ceremony. A guest each was also invited to witness their achievement.

Mr. Tishan Subhasinghe, a Member of the Governing Council of CA Sri Lanka and the Chairman of Sanasa General Insurance

joined as the Guest of Honour for the morning session. Mr. Niranjana Thangarajah, Acting CEO of the SDB Bank added value to the occasion as the Chief Guest at the evening session of the ceremony while Mr. Sanjaya Bandara, President of CA Sri Lanka joined as the Guest of Honour. Among the other participants were the President of AAT Sri Lanka Mr. Naleen De Silva, members of the Governing Council and the CEO of AAT. Passed Finalists were given the opportunity to obtain a comprehensive guidance on their way forward as Members of AAT by completing the training requirements, how they should be profession ready and how they can widen their academic journey with the AAT Business School.



AAT Digital Awrudu Kumara & Kumariya competition for students



AAT Digital Awrudu Kumara and Kumariya competition was successfully conducted for the third time targeting the active students of AAT Sri Lanka. Over 140 active students participated in the competition from different areas in the country and the winner under each category was selected based on the highest number of likes received for their photos posted in the AAT official Facebook page.

Meeting the criteria, Mr Rasheeda Kaveeshwara from Matara was selected to crown as the AAT Digital Awrudu Kumara while Ms Sherani Hansima from Marawila was crowned as the AAT Digital Awrudu Kumariya.

Vesak Lantern Competition

A Digital Vesak Lantern Competition was conducted by AAT for the third time with the participation of around 100 students most of whom have used reusable and green items to create their lanterns. There were many novel and attractive lanterns made by students with the support of their parents and family members. Mr Pramudith Fernando from Lunuwila was selected as the winner under the most liked Vesak decoration while Ms Dinushi Perera from Hanguranketha has won under the most creative vesak lantern category.



World Food Day Celebrations



AAT celebrated the world food day fell on the 16th of October 2021 as a CSR program with a novel approach where most deserving people around Colombo were visited and given away food.

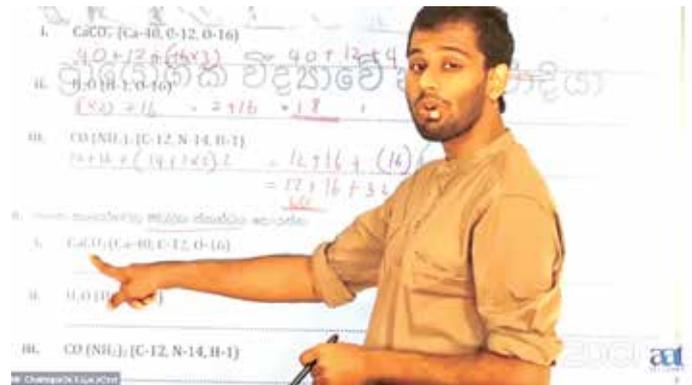
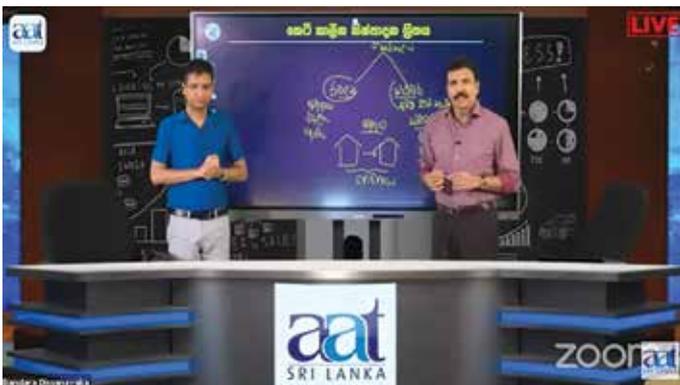
While making this initiative as a surprise to the receiver, we have walked to 8 needy persons and left the food bags beside them instead of merely offering it to them to see their happy emotions and surprise. In doing this CSR exercise, we didn't mention the AAT brand to them as our expectation was purely different.

Webinars for 2021 A/L students



With a view to facilitating A/L students in getting sufficient knowledge and guidance for their A/L examination, AAT Sri Lanka conducts seminars and webinars. Even though we were unable to conduct physical seminars affected by the COVID restrictions, we could successfully conduct about 12 online webinars which were streamed LIVE on YouTube as well for A/L students in the commerce stream.

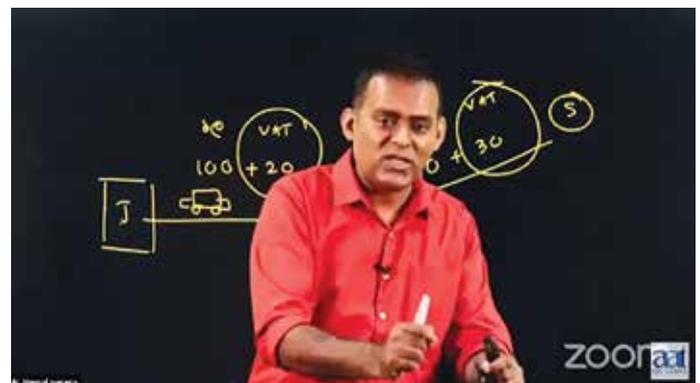
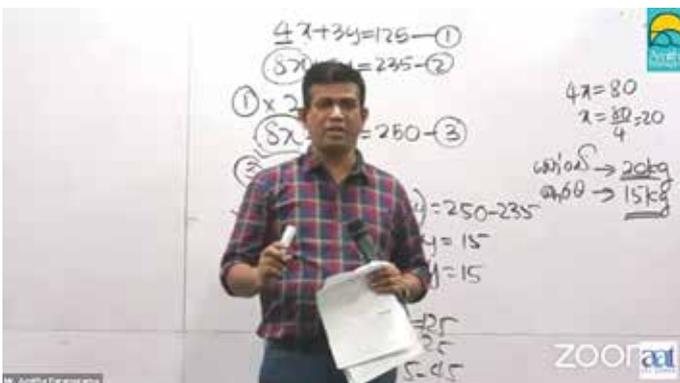
Over 12,000 students have participated in the webinar series conducted by famous tuition providers in Sri Lanka specially to discuss revision papers for the students since they had only few months left for their A/L examination. It is a remarkable achievement that more than 2500-3000 students participated in each webinar.



Webinars for 2020 O/L students

Understanding the difficulties faced by the students studying for their O/L's whose education has been adversely affected by the closure of schools for many months affected by the pandemic in the country, AAT conducted nearly 20 online webinars for the O/L students and addressed more than 15,000 students even though we were not able to conduct our usual physical seminars.

The webinars were conducted for all subjects in the O/L examination hosted by famous tuition providers in Sri Lanka while few webinars were conducted in collaboration with Y-FM. All the webinars were highly demanded as all of them were designed for targeted questions of the examination. Few webinars exceeded the maximum number of participants and we have successfully directed them to the live streaming sessions on YouTube as well.



Seminars conducted for school students

With a view to educate the O/L and A/L students on their career path and the professional qualification they could opt for while schooling, AAT Sri Lanka conducts seminars at schools. Affected by the COVID pandemic, AAT has been unable to have physical seminars for the last two years. However, AAT was able to conduct over 30 school seminars in Sinhala, English and Tamil medium this year covering many districts in the island by making a significant awareness on the professional education for these students to create a clear direction to their future.



Participation in Island wide Educational Exhibitions

AAT Sri Lanka successfully participated for five large scale exhibitions after two years which were withheld due to the pandemic. We participated in EduFirst Educational Fair at Kandy City Centre in March 2022 in parallel to Kandy exhibition and also participated in the Jaffna exhibition to make sure that we cover Tamil medium areas too. We participated in Edex Education exhibition at Royal College, Colombo and Wayamba EXPO education exhibition at Kurunegala simultaneously. Finally, we participated in the Colombo Education Fair which was held at BMICH. All five education fairs were very productive.

Participating in such exhibitions is mandatory to maintain our presence at the education industry as well as to attract new students and to serve existing students directly. Despite the challenging situation in the country, there were many participants at all exhibitions and we noticed that there is a great demand for local and foreign education too.



PERSONAL GROOMING SESSION WITH JOEL OUTSCHOORN



A personal grooming session hosted by a renowned trainer Joel Outschoorn was conducted LIVE on Zoom targeting the students who are seeking jobs to guide them with the correct procedure in facing and getting through a job interview successfully. More than 150 students joined and the session was conducted very interactively where the participants had to respond to the questions raised by the host while few sample conversations about the job interviews were also held.

AAT celebrates World Humanitarian Day

As a part of our CSR activities, we conducted another novel CSR initiative to celebrate world humanitarian day. We had a drive around Colombo to find some people who are struggling to have a daily income for them and their families and came across a woman selling lottery, old man selling fish, a wood craft seller, old couple selling king coconut and two cleaning people in this drive around the city. After having a dialogue with them to have some insights on their difficulties, we gave away some amount of cash for them to make a difference in their lives at least for that day. We could reach over 2 million organic views for the video on Facebook while we were flooded with comments for this initiative which was planned suddenly.



AAT JOB FAIR 2022

AAT Sri Lanka conducted a "Job Fair" at the AAT Head Office in April 2022 especially for the students who have completed their A/L examination recently. This was the first time AAT conducted a job fair together with leading corporates in the country. The event was announced via digital platforms of AAT Sri Lanka. Ernst and Young, Stafford Motor Co. (Pvt) Ltd., B.R. De Silva & Company, Cargills Ceylon PLC, Orient Finance PLC, Deloitte, Associated Motorways (Private) Limited, Infomate (Pvt) Ltd., Central Finance PLC, Singer Sri Lanka and, Seylan Bank PLC representatives partnered with us and conducted walk-in interviews.

The job fair was held from 9am to 3pm with more than 300 candidates who walked in for this opportunity. The event was attended by AAT registered students, PFs, Members and even the job seekers who are not the registered students of AAT.

This initiative has been well received by the participants alike. Recruitments took place not only in the financial sector but also in various sectors in the job market while many students were even recruited for jobs on the same day. AAT Sri Lanka will be organizing such events at the provincial level in the future to enable many students in Sri Lanka to pursue employment in the correct field.



AAT Social Media Strength

AAT Sri Lanka is active in many social media platforms such as Facebook, Instagram, YouTube, LinkedIn, TikTok and WhatsApp. We were able to increase our follower base by 3,500 in Instagram page where currently there are over 8,200 Instagram followers. Also, we were able to reach 17,200 subscribers in our YouTube channel and hit over 755,000 total views up to now. Further, we have nearly 5,600 followers in LinkedIn and 3,250 followers in TikTok too.

As a result of having our active presence in multiple social media accounts, we were able to gain a large follower base of students and other stakeholders. AAT Sri Lanka official pages are active in all platforms and offer 24 hour help desk by replying to messages and comments. Also, we communicate via three official WhatsApp numbers so that students can get information anytime in any preferred language. Further, we



use WhatsApp business for Facebook to send messages and we have received over 20,000 inquiries via WhatsApp during the year.

Apart from the above achievements, we were able to hit 100,000 Followers on our official Facebook page in June 2022 which is a tremendous achievement as the pioneer professional education institute in digital market in Sri Lanka.

Online Teacher Training

AAT Sri Lanka was able to conduct an online teacher training program via Microsoft Teams for the teachers who are teaching A/L subjects at schools. There were over 8,000 teachers registered for the webinar conducted by the renowned professional trainer Mr Mohan Palliyaguruge. This was also an innovative initiative taken by AAT Sri Lanka to ensure that the teachers who are currently teaching online from home in updating themselves about the latest methods and resolving issues they confront with while teaching.

A promotional graphic for a Zoom webinar. It features a man in a suit speaking into a headset. The text is in Sinhala and English. It includes the Zoom logo, the title 'Online තාක්ෂණය බිස්සේ කාර්මික ලෙස ඉගැන්වීම් සිදු කිරීම සහ ලිඛිතයේ මතක තේරුම් ගැනීම පිළිබඳව' (Online teaching methods and selection of answers in written exams), the speaker's name 'මොහාන් පල්ලියගුරු' (Mr. Mohan Palliyaguruge), the date '2021 ජූලි 03' (July 03, 2021), and the time 'ප.ව. 4.00 සිට ප.ව. 7.00 දක්වා' (from 4.00 PM to 7.00 PM). There is also a '3ක්' (3) badge and the AAT Sri Lanka logo with the phone number 0760 559 669.

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