



# TRUSTING OUR INTENSITY

The background is a solid dark blue. In the center, there is a large, stylized graphic consisting of several overlapping triangles. The top triangle is a light blue, and the bottom triangle is a darker blue. The triangles are outlined with thin, light blue lines. Below the triangles, there is a row of stylized, rounded clouds in a medium blue color. The text "TRUSTING OUR INTENSITY" is centered over the clouds and triangles. The words "TRUSTING OUR" are in a white, sans-serif font, and "INTENSITY" is in a dark blue, sans-serif font.

# TRUSTING OUR INTENSITY

We have continued our journey in providing educational excellence to thousands of students across the country building confidence and trust over the years. Throughout our quest, we have assertively overcome any hurdle that has come our way while intensely fostering ourselves as a locally and internationally recognised educational institution. We have been able to uphold our AAT qualification to the highest standards through our constantly evolving curriculum that is recurrently updated coupled with essential practical training to embrace the changing requirements of the profession and in the operating environment, thereby shaping confident and well-groomed accounting technicians who can fit into any business setting.

What makes us unique is our constant determination and commitment to improve ourselves as a respected educational institution that delivers value to all stakeholders. Despite a volatile operating environment during the year under review, we have been steadfast in driving towards our strategic goals passionately instituting a quality curriculum to the student community in advancing their future through creating a growth pathway.

Our greatest victory lies in our strength and we continue to trust our strength to drive us to reach greater heights of success.

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## LEADERSHIP



President's Message

We strive to make a difference and fulfill our purpose by focusing on grooming a confident and well-informed accounting technician



CEO's Review

We were able to demonstrate a commendable operational and financial performance throughout the year remaining steadfast on our perspective plan

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# About this Report



Annual Integrated Report 2019/20



PDF version of the Annual Report 2019/20 is available online at our official website.



Navigating Our Report

Welcome to our 7th Integrated Annual Report which provides insights into the performance for the financial year ended 31st March 2020, which also demonstrates our ability to create value in the short, medium and long term. We continue to refine our report with broader coverage of material aspects identified through robust stakeholder engagement. Our intention is to present a balanced review of our performance to our members and other key stakeholders. This report is dated 27th August 2020 and captures material events after the balance sheet date.



## Executive Summary

(Pg. 06 – 36)

### About Us:

An introduction, Performance Highlights and Milestones

### Leadership:

Message from the leaders and an introduction to them



## Management Discussion & Analysis

(Pg. 37 – 112)

### Strategic Reports

An insight into the elements that shape our strategy

How we identify opportunities and manage downside challenges

### Capital Reports

How we manage our resources to deliver sustainable value to stakeholders

### Stewardship

Insights into how we do business and shape our culture



## Financial Statements

(Pg. 113 – 140)

Audited Financial Statements & Accounting Policies



## Corporate Information

(Pg. 141 – IBC)

Supplementary information including AGM Notice & Corporate Information

The Association follows an annual reporting cycle and this Report covers the period from 1st April 2019 to 31st March 2020. The most recent previous Annual Report covered the period from 1st April 2018 to 31st March 2019.

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

Regulatory Requirements	Voluntary Frameworks
The Companies Act No. 07 of 2007	Code of Best Practice on Corporate Governance 2017
Sri Lanka Financial Reporting Standards for Small and Medium-sized Entities	The International Integrated Reporting Framework
SL Accounting & Auditing Standards Act No. 15 of 1995	GRI Standards "In Accordance" option

### Restatements and changes

No restatements were done of information provided in previous reports and no significant changes from previous reporting periods were reported in the scope and aspect boundaries. However, presentation and classification of the Financial Statements of the previous year are amended where relevant for better presentation and to be comparable with the current year.

- The Audit, Risk Management and Ethics Committee and the Governing Council are responsible for ensuring the integrity of this report.
- Independent external assurance on the Financial Statements has been provided by Messrs. Ernst & Young (Chartered Accountants) of Sri Lanka.
- The Association's internal audit function is carried out by Messrs. KPMG (Chartered Accountants) of Sri Lanka.

### Disclaimer for the publication of forward-looking statements

The Report contains information about the plans and strategies of the Association for the medium and long-term and represents the management's view.

Though our statements are reasonable assumptions and expectations based on current data, they are not intended to be a guarantee of future results, especially under the present situation with the outbreak of the COVID-19 Pandemic and its ensuing uncertainty over the global socio-economic environment. Given this, the actual performance of indicators in future years may differ from the forward-looking statements published in this Report.

This report has been prepared by the management of the Association of Accounting Technicians of Sri Lanka on the instructions of the Governing Council which has reviewed the same.

We welcome your comments and suggestions on this Annual Report, which you may address to:

Name	: Monika Ranasinghe
Designation	: Chief Financial Officer
Contact details	: AAT Centre, No. 540, Ven. Muruththettuwa Ananda Nahimi Mawatha, Colombo 05.
Tel	: +94 112 559 669 Ext: 334

# About AAT Sri Lanka

Association of Accounting Technicians of Sri Lanka was formed in 1987 on the initiative of the Institute of Chartered Accountants of Sri Lanka to fill a gap identified by the Asian Development Bank and for developing a formal professional qualification for the middle tier of the accounting fraternity that ushered in a new era in the development of accounting education in Sri Lanka supporting the growth of the country's economy. We are incorporated under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007, as a company limited by guarantee.

## Vision

To be the most recognised 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

## Brand Statement

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



## Recognition

We have established reciprocal arrangements with the following Professional Bodies and universities

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



AAT Sri Lanka holds full membership of the International Federation of Accountants (IFAC) since 2017 after being an Associate Member for 28 years. We are the 2nd Accounting Technicians body in the world to gain full membership of this global apex body of accountants.



AAT Sri Lanka was admitted as the first Associate Member of the Confederation of Asian & Pacific Accountants (CAPA), a leading network of accounting bodies in the region since 1989 and admitted to its full membership in 2015.

## Reach

We have developed an island-wide network to support our members, passed finalists and students and our study materials and examinations are offered in all three languages.

## AAT Business School

AAT Business School is a Strategic Business Unit operating under the Association of Accounting Technicians of Sri Lanka, committed towards enhancing competencies and recognition of our students, passed finalists, members and other professionals by conducting various courses in Business Communication, Information Technology, Management Development and Leadership Skills with the objective of strengthening their recognition in the business arena.

# AAT Sri Lanka Qualification

## AAT Sri Lanka Qualification

AAT Sri Lanka intends to provide a 'Fast Track in Employment' opportunity with a comprehensive Knowledge, Skills, Attitudes and an appropriate Mindset (K-SAM) to the qualified members in order to get a competitive advantage in the employment market to become middle level accounting technicians / managers of large corporate bodies or to become an all-rounder in Small and Medium Scaled Entities (SMEs). Our focus is to produce Ethical and Value-Driven Accounting Professionals who are apprised in the contemporary information systems in a digital environment and skilled in Accounting & Finance, Performance

Analysis & Management, Legal, Taxation & Auditing and Digital & Communication.

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

Alignment of the early stages to the Advanced Level Commerce stream makes it an excellent choice for post O/L students to excel at their examinations and gain two

qualifications with the same effort giving them a head start on their career path. On a practical level, it is a fast track to employment, enabling students to earn as they learn as the skills gained are relevant to every aspect of any organisation.

It is also an excellent proposition for aspiring entrepreneurs to understand the financial management skills required for management of their businesses. AAT members are recognised as Authorised Representatives and as Approved Accountants under the Inland Revenue Act No. 24 of 2017.

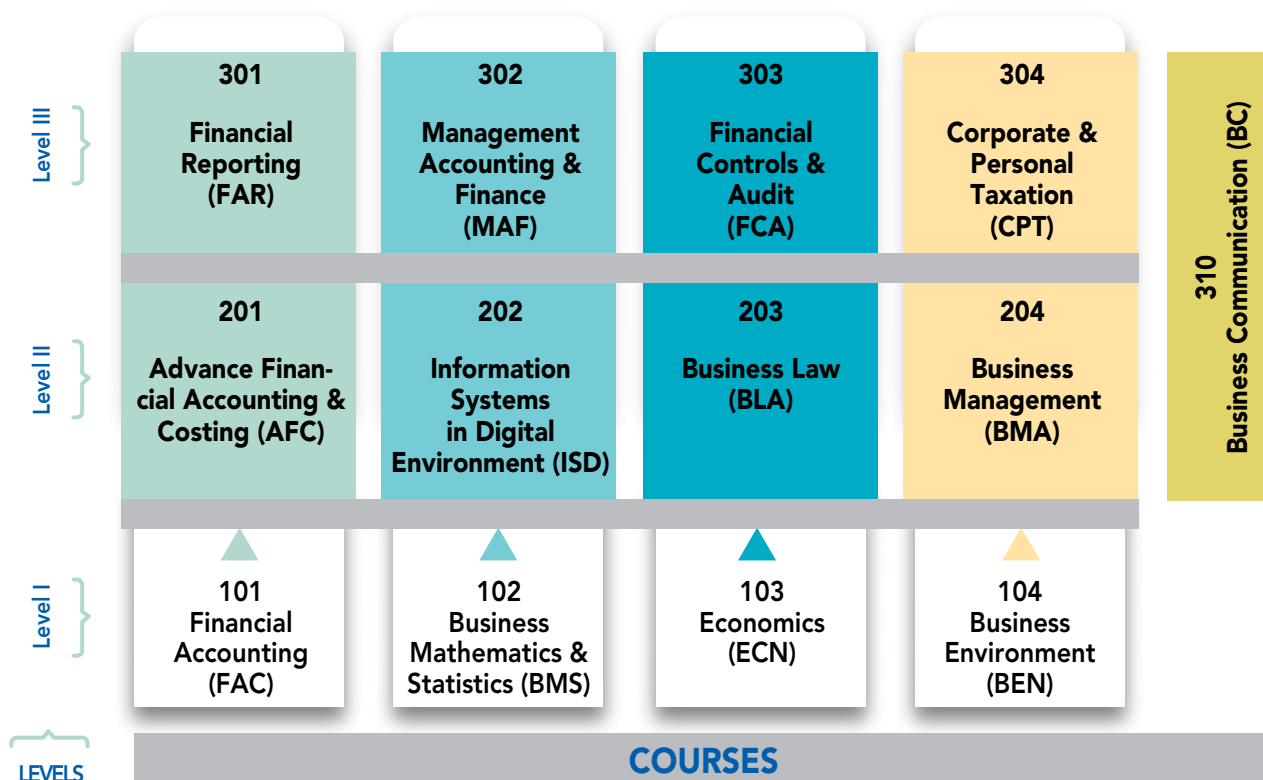
## Curriculum Structure 2020-2025 of AAT



### MEMBER OF AAT (MAAT)

#### Professional Training + People & Leadership Skills (PLS) workshop

#### Diploma in Accounting and Business (Passed Finalist)



Being the pioneer professional education institute in Sri Lanka producing middle level professional accountants, it is required to adapt to the rapidly changing global environment thereby including the changes in the curriculum, and effecting necessary revisions to enhance the recognition and the validity of the AAT qualification. AAT Sri Lanka is faced with the challenges of an emerging new era which focuses on professionalism of middle level accountants apropos of the employability and marketability of the qualification. The new curriculum with the theme 'The Employment Fast Track' addresses these issues and attempts to empower middle level accounting technicians' espousal to industrial and technological aspects keeping up with state of the art standards.

### AAT Membership

Becoming a member of AAT Sri Lanka can offer many synergistic benefits including but not limited to, broadening knowledge & skills, enhancing networking opportunities with peers & industry experts, illuminating the recognition of the qualification and creating a better impression. There are three membership categories as follows.

- |         |                                |
|---------|--------------------------------|
| • MAAT  | - Member of AAT                |
| • SAT   | - Senior Accounting Technician |
| • FMAAT | - Fellow Member of AAT         |

### Members in Practice (MIP)

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

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

### Categories of AAT Practicing Certificates

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

AAT PRACTICING CERTIFICATE FOR FELLOW MEMBERS (APPROVED ACCOUNTANTS)	AAT PRACTICING CERTIFICATE FOR PROFESSIONAL ACCOUNTANCY SERVICES (OTHER MEMBERSHIP CATEGORIES)
ENTITLEMENTS	ENTITLEMENTS
The AAT Practicing Certificate for Approved Accountants entitles the holder of the certificate to:	AAT Practicing Certificate for other Professional Accountancy Services entitles the holder to:
1) Practise as an Approved Accountant in terms of the Inland Revenue Act;	1) Practise as an Authorised Representative in terms of the Inland Revenue Act; and
2) Practise as an Authorised Representative in terms of the Inland Revenue Act; and	2) Engage in any Other Professional Accountancy Services (other than statutory audits).
3) Engage in any Other Professional Accountancy Services (other than statutory audits).	

# Operational Highlights - 2019/20

## WE ARE HELPING OUR MEMBERS TO GROW AND DEVELOP



CPD EVENTS



49

SEMINARS



09



NETWORKING EVENTS



03

BUSINESS SCHOOL PROGRAMS



08

MEMBERSHIPS IN INTERNATIONAL  
PROFESSIONAL BODIES

## WE ARE SUPPORTING THE NEXT GENERATION

SEMINARS / WORKSHOPS  
HELD AT SCHOOLS

68

TRAINING  
OPPORTUNITIES

407

NEW STUDENT REGISTRATIONS

13,725

WHILST WE WORK ON ACCESSIBILITY

06

Branches

79

Exam Centers

106

Accredited Education Centres (AEC's)

“Out of the highest ranked 100 students at the G.C.E. Advanced Level Commerce Stream, 55 were AAT students”

REWARDS & RECOGNITION



8 Mn

TRAINING HOURS



693

FEMALE REPRESENTATION



51%

TRUSTING THE QUALIFICATION

26,205

Students sat for Exams

CONNECTING WITH OUR STAKEHOLDERS

41,000

Facebook Followers

IT IS IMPORTANT WE RECOGNISE OUR ACHIEVERS

635

New Members

2,596

Passed Finalists

BEST ANNUAL REPORT  
COMPETITION

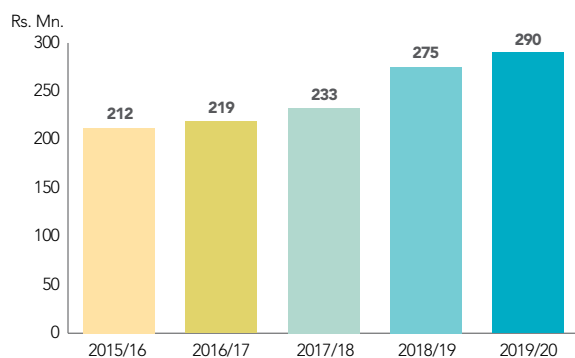
227

National and Provincial  
Schools participation

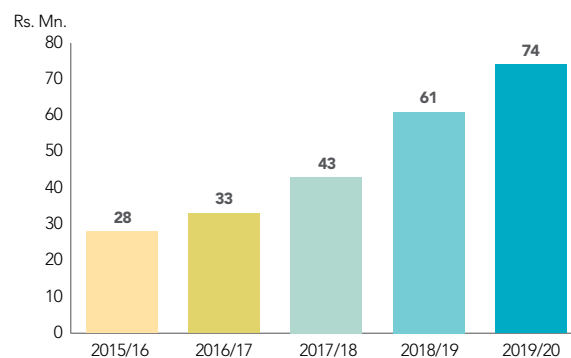
# Performance Highlights - 2019/20

	FOR THE YEAR ENDED 31 MARCH	Metric	2019/20	2018/19	Change Y-O-Y %
<b>Financial Capital</b>	Income	Rs. Mn	290	275	5
	Gross Surplus	Rs. Mn	134	138	(3)
	Surplus After Tax	Rs. Mn	73.7	61.2	20
	Finance Income	Rs. Mn	58	46	26
	Total Assets	Rs. Mn	897	792	13
	Total Funds	Rs. Mn	755	683	11
	Accumulated Fund	Rs. Mn	722	648	11
	Gross Surplus Ratio	%	46	50	(8)
	Net Surplus Ratio	%	25	22	14
	Liquidity Ratio	Times	6.2	7.4	(16)
	Return on Assets	%	8.2	7.7	6
<b>Manufactured Capital</b>	Property & Equipment	Rs. Mn	140	144	(3)
	Capital Expenditure	Rs. Mn	12.2	5.6	119
<b>Social and Relationship Capital</b>	Active Students	No.	28,916	29,340	(1)
	Active Members	No.	5,983	5,650	6
	Student Registration	No.	13,725	14,526	(6)
	Student Renewal	No.	15,191	14,814	3
	Accredited Education Centres	No.	106	98	8
	AAT Business School Students	No.	1,530	1,286	19
	Investment in CSR	Rs. Mn	5.6	4.5	23
<b>Human Capital</b>	Employees	No.	67	67	0
	Total Payment to employees	Rs. Mn	79	77	3
	Training Hours	Hour	693	265	162
	Average Training hours/employee	Hour	10.3	4	162
	Investment in Training	Rs. Mn	0.8	0.4	100
	Retention	%	98.5	97.0	2
<b>Natural Capital</b>	Energy Consumption	Kwh	250,480	245,360	2
	Water Consumption	Ltr. (Mn.)	2	3	(37)
	Paper Recycled	Kg	4,160	7,150	42

## INCOME



## NET SURPLUS



## FINANCIAL PERFORMANCE

GROWTH IN INCOME

05%

INCREASED FINANCE  
INCOME

26%

INCREASED  
NET SURPLUS

20%

## FINANCIAL STRENGTH

GROWTH IN RETURN  
ON ASSET

06%

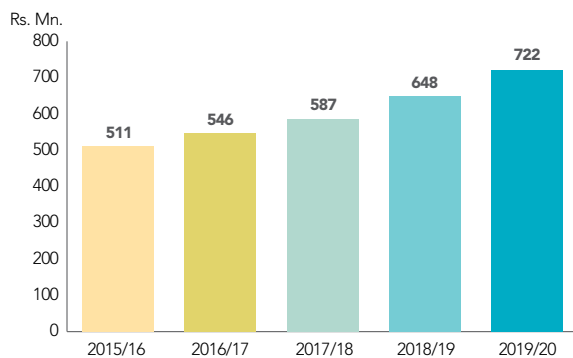
GROWTH IN  
ASSET BASE

13%

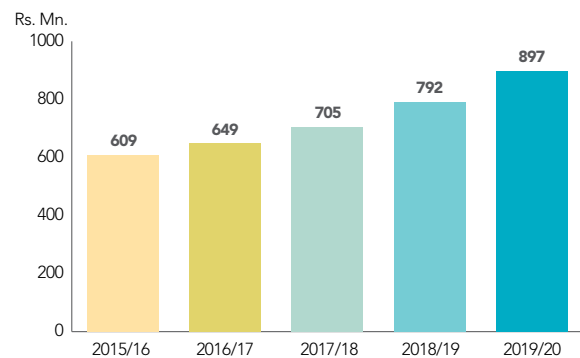
GROWTH IN  
ACCUMULATED FUND

11%

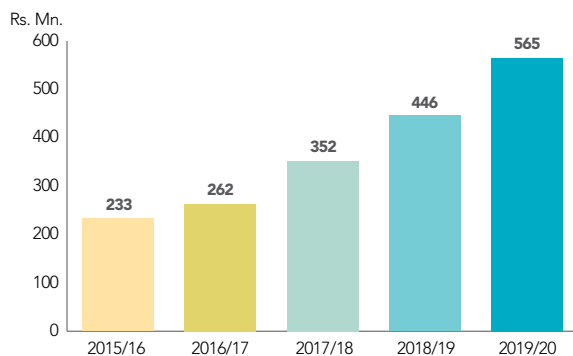
### ACCUMULATED FUND



### TOTAL ASSETS



### INVESTMENTS





# The Year at a Glance - 2019/20



New Curriculum 2020 Launch



New Website Launch



Annual Conference 2019



Kandy Branch Opening



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



AAT Top Achievers Felicitation Ceremony



Passed Finalists Certificate Award Ceremony



27th Annual Convocation





Appointment of President for year 2020-2021 Council



Business School Award Ceremony



Best Annual Report Competition Award Ceremony



Sector Gold Award & Overall Merit Award– CMA Sri Lanka  
Excellence in Integrated Reporting Awards

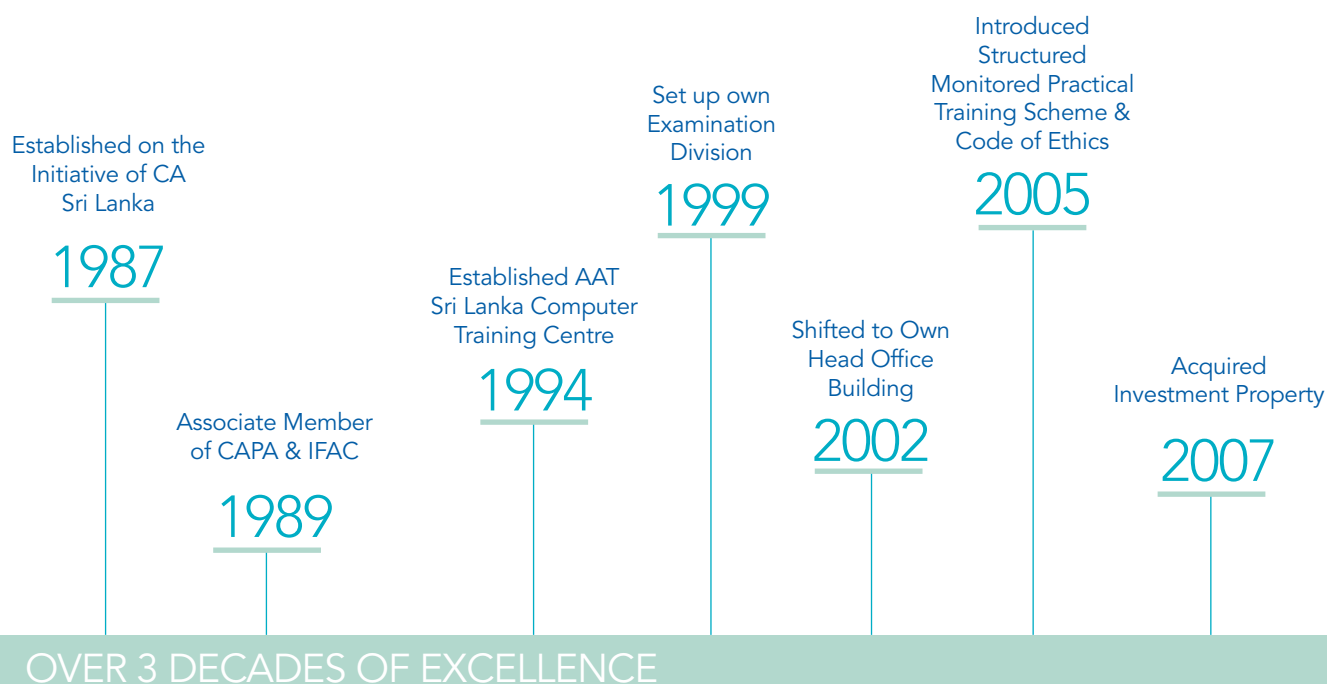


Silver Award – CA Sri Lanka Annual Report Awards



Gold Award - National Business Excellence Awards

# Milestones



## AWARDS

### 2010

**Gold Award** – Annual Report Awards of CA Sri Lanka (NGO/NPO Sector)

### 2011

**Winner** – Best Presented Accounts Awards of SAFA (Non Governmental Organisations)

### 2013

**Gold Award** – National Business Excellence Awards (Associations and Societies Sector)

### 2014

**Gold Award** – Annual Report Awards of CA Sri Lanka (SME Sector)

**Gold Award** – National Business Excellence Awards (Associations & Societies Sector)

### 2015

**Gold Award** – Annual Report Awards of CA Sri Lanka (SME Sector)

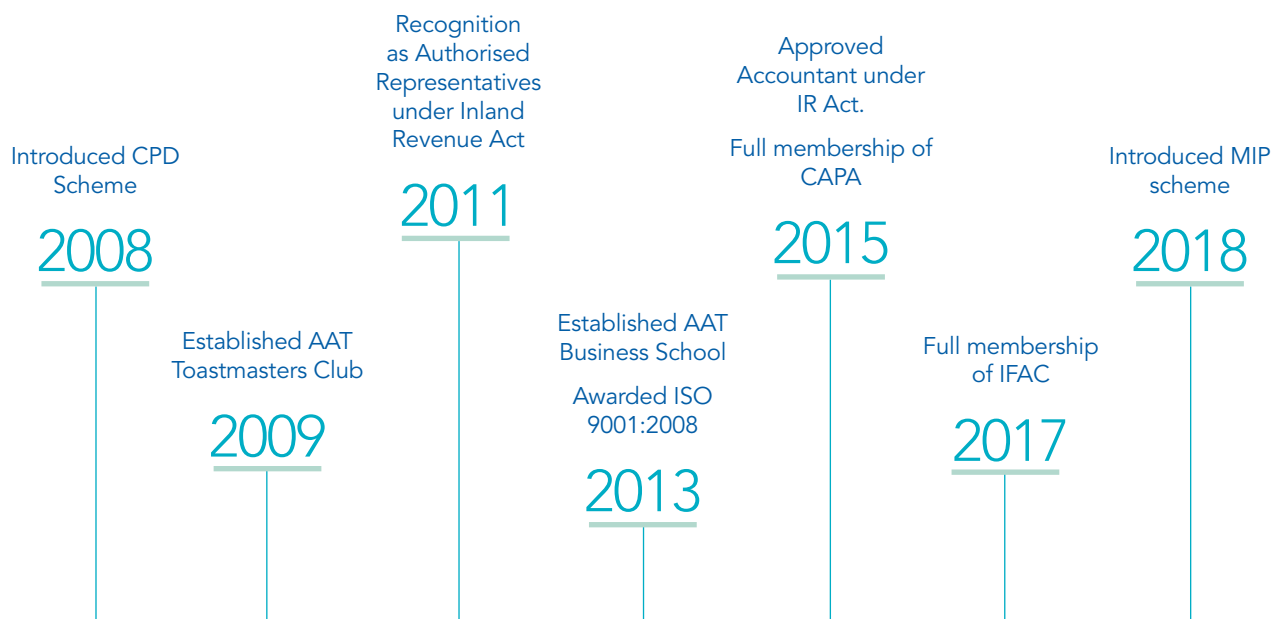
**Gold Award** – National Business Excellence Awards (Associations & Societies Sector)

### 2016

**Gold Award** – National Business Excellence Awards (Associations & Societies Sector)

**Silver Award** – National Business Excellence Awards (Medium Category)

**First Runner up** - SAFA Best Presented Annual Report Awards 2014 - (NGO/ NPO Sector)



## 2017

**Gold Award** – National Business Excellence Awards (*Associations & Societies Sector*)

**Runner Up** – National Business Excellence Awards (*Excellence in Local Market Reach*)

**Merit Award** – National Business Excellence Awards (*Excellence in Capacity Building*)

**AAT Toastmasters Club** – 3rd Best Club (District 82)

## 2018

**Gold Award** – National Project Management Excellence Awards (*Best Managed Project in Academic Sector*)

**Gold Award** – National Business Excellence Awards (*Associations and Societies Sector*)

**Bronze Award** – Annual Report Awards of CA Sri Lanka (*SME Sector*)

**1st Runner up** – National Business Excellence Awards (*Medium Category*)

**Merit Award** – SLIM Brand Excellence (Best SME Brand)

**Merit Award** – National Business Excellence Awards (*Local Market Reach*)

**2nd Best Club** – AAT Tostmasters Club (District 82)

## 2019

**Gold Award** – National Business Excellence Awards (*Associations and Societies Sector*)

**Gold Award** – Excellence in Integrated Reporting of CMA Sri Lanka (*Educational Institutes, Chambers of Commerce, NGOs and NPOs sector*)

**Silver Award** – Annual Report Awards of CA Sri Lanka (*SME Sector*)

**Merit Award** – Excellence in Integrated Reporting of CMA Sri Lanka

**Golden Gavel Award** – AAT Tostmasters Club together with 5 Awards and 50+ Individual Awards



# Awards & Excellence



## GOLD WINNER

(Associations & Societies Sector)  
For the Seventh consecutive year  
2013 / 2014 / 2015 / 2016 / 2017 / 2018 / 2019  
National Business Excellence Awards 2019  
Organised by National Chamber of Commerce Sri Lanka

## GOLD WINNER

(Educational Institutes, Chambers of Commerce, NGOs and NPOs sector)  
Excellence in Integrated Reporting Awards - 2019  
Organised by CMA Sri Lanka

## OVERALL MERIT AWARD WINNER

Excellence in Integrated Reporting Awards - 2019  
Organised by CMA Sri Lanka

## SILVER AWARD WINNER

(Small and Medium Sized Entities Sector)  
Annual Report Awards – 2019  
Organised by CA Sri Lanka

## AAT TOASTMASTERS CLUB

- 8-80 Membership Building Award
- Pathways Adoption Champion Award
- Golden Gavel Award
- Triple Star Award
- President Distinguished Club status
- Excellence in Training Award (Term 1)
- Excellence in Training Award (Term 2)






# LEADERSHIP

Who work towards making  
our vision a reality while  
putting people first

# President's Message



 GROWTH IN INCOME  
**5%**

We strive to make a difference and fulfill our purpose by focusing on grooming a confident and well-informed accounting technician

---

Accounting professionals are deemed a valuable asset to companies across the globe as they play an important role in businesses contributing to their overall stability and the long-term progress while remaining relevant for any industry sector. It is these individuals who assist with corporate strategy, advise, and help businesses to reduce costs, improve their top line and mitigate risks while often being at the frontline of safeguarding the integrity of financial reporting.

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*Dear Members,*

It is my privilege to welcome you to the 32nd Annual General Meeting of the Association of Accounting Technicians of Sri Lanka and present to you the Annual Report of our activities for the financial year 2019/2020. I am pleased to report that our Association showed an impressive performance during the year, closing the financial year with significant improvements in financial terms and in the operational front. Considering this performance, we are confident that our Association will continue to deliver on its expected targets in the years ahead.

### **Industry Dynamics**

Accounting professionals are deemed a valuable asset to companies across the globe as they play an important role in businesses contributing to their overall stability and the long-term progress while remaining relevant for any industry sector. It is these individuals who assist with corporate strategy, advise, and help businesses to reduce costs, improve their top line and mitigate risks while often being at the frontline of safeguarding the integrity of financial reporting. Although the accounting profession continues to develop, progressing at a robust pace embracing increasing automation of processes and new technology, developments in financial markets, governance, taxation etc., the role of the

accounting technician remains highly significant in the present context.

In Sri Lanka, SME's account for over 75% of the total number of enterprises and hence, there is a dire need to produce middle level accountants for SMEs considering that the country will mainly depend on a production economy that is driven by SMEs in the future ahead. Likewise, the Covid - 19 outbreak at the end of the financial year has given rise to a new business environment where businesses are faced with increased operational and financial fragility that require tangible action to bring about meaningful change. Moreover, information technology taking over certain accounting functions have considerably altered the role of the accounting technician. These dynamics in the business environment have created new

expectations from accounting professionals demanding them to acquire the skill and know-how necessary to fit into a broader framework.

Being the 2nd largest accounting technicians' body in the world, we are cognisant of these developments and thus revise our curriculum every five years to incorporate changes into the syllabus, thereby offering distinctly progressive accounting programs for students, professionals and executives. As a result, our new syllabus was introduced during the financial year accommodating the new expectations from the accounting technician and the various stakeholders. With a curriculum planned to incorporate new requirements, we are positive of fostering a new generation of accountants capable of fitting into changing industry environment.

By the end of the financial year, our member network also witnessed an upsurge demonstrating the highest ever membership base in the Association with a total of 5,983 active members. We foster our members through the Continuing Professional Development Scheme that was established to enhance their professional skills and knowledge and to maintain a better relationship between the Association and its members.

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# President's Message

In the foreseeable future, we anticipate in increasing the higher qualification programs in adding value to the membership. Likewise, we will continue to collaborate with other professional bodies and universities to obtain exemptions from these institutions for those who hold the AAT qualification.

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## Our Role at Present

We remain focused on producing middle level accountants to fill the gap in the present market. The Association at present continues to carry out its effort to attract a higher student base to the accounting profession through offering diversified courses followed by one-year practical training. We strive to enhance value addition to the students by offering many benefits including subject exemptions for Passed Finalists from several professional bodies and universities. A significant achievement during the year was the introduction of the revised curriculum in consultation with various stakeholders to suit the changing industry trends and developing an online payment option for the student community. In addition, we have set up a Job Bank that offers mutual benefits to job seekers and job providers and training organisations.

By the end of the financial year, our member network also witnessed an upsurge demonstrating the highest ever membership base in the Association with a total of 5,983 active members. We foster our members through the Continuing Professional Development Scheme that was established to enhance their professional skills and knowledge and to maintain a better relationship between the Association and its members. This scheme has been effective in establishing a bridge between the Association and the members, retaining them in membership for a long period. Besides, the members of AAT Sri Lanka are also eligible to obtain membership in several local and international accounting bodies.

Moving ahead in a production economy, the role of the accounting technician becomes even more significant given the increased necessity for prudent financial management, delivering reliable financial information that is required for timely and informed decision making. Therefore, we strive to make a difference and fulfill our purpose by focusing on grooming a confident and well-informed accounting technician.

## The Way Forward

In the foreseeable future, we anticipate in increasing the higher qualification programs in adding value to the membership. Likewise, we will continue to collaborate with other professional bodies and universities to obtain exemption from these institutions for those who hold the AAT qualification. Although we are faced with the challenge of private higher education institutions offering similar programs at competitive rates, we are determined to confront these challenges with our relevant and applicable curriculum coupled with practical training, more benefits to the students and members, and the information technology platform that has the potential to transform our value propositions to key stakeholders.

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PASSED FINALISTS	1,720 2017/18	2,044 2018/19	2,596 2019/20
ACTIVE MEMBERS	5,450 2017/18	5,650 2018/19	5,983 2019/20

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I also extend my gratitude to all our students for the confidence placed in our qualification to deliver your expectations and thank the efforts of AECs to enhance the value delivered to the students.

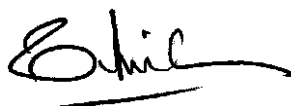
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### Appreciations

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

I am sincerely grateful for the team at AAT Sri Lanka who have delivered on several strategic goals under the competent leadership of the Chief Executive Officer, Mr. Tishanga Kumarasinghe. I am deeply thankful to them for all their hard work in all our achievements during the year.

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



**W. P. Russel P. H. Fonseka**  
President

Association of Accounting  
Technicians of Sri Lanka

27 August 2020

# CEO's Review



GROWTH IN ASSET BASE

13%

We were able to demonstrate a commendable operational and financial performance throughout the year remaining steadfast on our perspective plan

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It is with great enthusiasm, that I extend a warm welcome to all our stakeholders and take pride in presenting you with the Annual Report of the Association of Accounting Technicians of Sri Lanka for the financial year ended 31st March 2020.

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Dear Members,

I am pleased to announce that we have completed another successful year driving our Association towards remarkable success with our prudently revised inclusive curriculum and the increased benefits for students and members. Against a volatile economic backdrop following the Easter attacks and the countrywide lockdown due to Covid-19 outbreak, we were able to achieve significant financial and operational success during the year. This is further affirmed by the rewards and recognitions we received signifying our progress as a distinguished educational institution in Sri Lanka.

### **Operating Context and Industry Perspective**

The financial year commenced following the Easter Attacks which was felt across many industry sectors impacting the overall economy of the country. The volatile situation that prevailed in the aftermath of Easter Attacks barred us from capturing the student population that was targeted for the timeline affecting our growth plan for the financial year. Nevertheless, we were able to demonstrate a commendable operational and financial performance throughout the year remaining steadfast on our perspective plan. The last stage of the financial year was challenged by the Covid -19 outbreak that delayed releasing the Ordinary Level examination results manipulating the targeted student intake at the end of the financial year, though the impact of this will be borne in the year ahead.

The private sector continues to engage in the provision of tertiary education alongside the government with many vocational, professional and academic institutions offering career trajectory for students via shorter routes and affordable pricing, generating fierce competition within the higher education sector. Consequently, the more inclusive programs introduced by these institutions to accommodate the student's personal interests have led to capturing students after Ordinary Level examinations replacing the trend of capturing students who meet qualifying criteria after Advanced Level examination. In this backdrop, the professional accountancy bodies such as AAT Sri Lanka is faced with the challenge of attracting and retaining the target market while edifying them on the value of an accredited accountancy qualification from a recognised educational institution in increasing their employability.

On the other hand, this new set up also highlight the mounting necessity to adopt an inclusive approach through a comprehensive curriculum coupled with practical training to prepare the accounting professionals in the current milieu. While this will allow professional bodies to stay ahead of quality with the courses offered by the other private higher education institutions, this will also provide leeway to model well-groomed accounting technicians who can adopt to the changing industry requirement.

The demand for Accounting Technicians remains high in the

present context given the current production-oriented economy that largely supports small and medium enterprises in Sri Lanka. Hence, there is a growing requirement to produce competent accounting technicians for the effective management of financial transactions of these businesses that accounts for nearly estimated 52% of the country's GDP. Our Association's focus on producing middle level accountants is highly significant in filling this existing gap in the market where it is highly sought after by SMEs at a senior level as well as by the corporate sector at a middle management level.

### **Performance**

Despite the circumstances in the operating environment, the financial performance of the Association showed a considerable increase with income accelerating by 5% and the surplus after tax increasing by 20% compared to the previous year. As a result, our total income during the year amounted to Rs.290 Mn with a Surplus after tax of Rs.74 Mn. We were also able to maintain the highest investment portfolio (Rs.565 Mn), highest accumulated fund (Rs.722 Mn), and the highest total asset base (Rs.897 Mn) during the financial year. The membership of our Association was at 5,983 active members at the end of the year, which was the highest ever active membership base in the Association. Although our student numbers slightly dropped compared to the previous year, approximately by 400 students, by the end of the year our student population consists of a total 28,916 active students.

## CEO's Review

We continue our effort to improve the student numbers into the next financial year and I am pleased to inform that the confidence placed by the students in our Association has considerably improved during the year which was affirmed by the surge in studentship renewals by the active students. This can be attributed to our updated curriculum (2020 -2025 syllabus) that is revised to suit the changing requirements of the evolving accountancy profession, the continued effort to enhance the brand visibility in a competitive environment by tying up with an official advertising agency, positioning ourselves in the education structure aligning with Advanced Level Commerce stream that allows students to complete Advanced Level qualification and the AAT Sri Lanka qualification within the same period, and our constant effort to raise awareness at school level and amongst teachers through seminars.

Furthermore, to ensure that the AAT qualification continues to meet market needs, AAT Sri Lanka has established the AAT Business School which offers members the opportunity for further study to develop their skills in addition to providing a pathway to a range of professional qualifications.

### Key Achievements

We revise the curriculum every five years based on the current industry dynamics and taking into consideration the numerous requirements of various stakeholders. Hence, the key highlight of the year was the introduction of the new syllabus (2020 - 2025 syllabus) with the first examination scheduled for July 2020. The intensity and relevance of our well-structured syllabus is evidenced by the fact that those who complete AAT examinations are eligible for seven subject exemptions from the Institute of Chartered Accountants of Sri Lanka (CA) syllabus.

Our Association also excelled in the awards and rewards realm by winning four awards during the year enhancing our status as a professional institution, signifying the integrity of our activities and the leadership. We won the Gold Award for Business Excellence in the category of associations and societies for the seventh consecutive year, which was a significant achievement given that we had to compete with several other professional bodies. In addition, we received the Gold Award for Best Integrated Reporting as well as Overall Merit Award in the category of Educational Institutes, NGOs, NPOs, and Chambers of Commerce from the Institute of Certified Management Accountants of Sri Lanka (CMA). Furthermore, we received a Silver Award from the annual report competition conducted by the Institute of Chartered Accountants of Sri Lanka (CA) in the Small and Medium Sized Entities category.

There were also improvements in the IT domain where the existing website of the Association was upgraded with a user-friendly interface including trilingual interface to provide easy access to the individuals. Similarly, an online payment system was introduced for the students for the first time in order to increase their

convenience. Our social media following also increased to nearly 41,000 subscribers during the year.

Contemplating the long-felt need for a branch in Kandy district, we opened a new branch in Kandy during the financial year. This gained popularity as the second-best branch out of our entire branch network. We also introduced Key Performance Indicators (KPI's) to all our branches and other areas of the Association in order to closely monitor and improve the results of the Association.

Meanwhile, from a management perspective we were successful in fostering a well-trained cadre capable of handling Association activities whilst creating a distinct career path for them. Our human capital has played a critical role in the prudent financial management as well as optimal resource utilisation in line with the long-term sustainability of the Association.

### Corporate Social Responsibility (CSR) initiatives

In contributing to societal welfare, we initiated several CSR activities during the year. Our first CSR project was carried out based on the theme "AAT Samaja Mehewara (Social Mission)" donating library books and sports



Exchanging the MOU with IPA of Australia

equipment to Galpitiya Junior School in a hamlet in Galgamuwa division, Maho educational zone, Kurunegala district. Being a rural school that has only 270 student population from grade 1 to 11 and 18 teachers, this school has gained recognition for aesthetics winning prizes at inter provincial level competitions.

Our second CSR initiative, a blood donation camp was conducted by the Association of Accounting Technicians of Sri Lanka recently at AAT Head Office based in Narahenpita. This CSR program included the participation of staff and the members of AAT Sri Lanka, nearby residents, and soldiers from Polhengoda Military Police. In total, 75 individuals donated blood at the camp and AAT Sri Lanka presented them with a special gift in appreciation of their participation at the event.

Moreover, a beach clean-up campaign was carried out at the Mount Lavinia beach near Dehiwala railway station. The main purpose of this initiative was to collect the polythene and plastic items thereby safeguarding the coastal area which is a key tourist attraction in the Colombo city. This third CSR project was a great success as we were able to collect over 30Kg of plastic from the beach side which were directly handed over to the municipal council trucks.

Apart from that, under the AAT Sri Lanka "samaja mehewara" CSR project, we also promoted the usage of environmentally friendly water bottles for better health amongst the school teachers, presenting them with glass water bottles.

## Challenges

AAT Sri Lanka is well aware of the challenges facing the accountancy profession in an emerging new era and hence remains steadfast in ensuring the employability and the marketability of its qualification

when training the new generation of accountancy professionals. Therefore, as a leading professional education institution that produce middle level professional accountants, AAT Sri Lanka have strived to adapt to the rapidly changing operating environment through carrying out timely revisions of the curriculum to enhance the recognition and validity of the AAT qualification. The new curriculum themed 'The Employment Fast Tracked' is particularly intended to address these issues thereby empowering the middle level accounting technicians' to embrace the industrial and technological aspects along with state of the art standards.

## Going ahead

As we move into a new era with increasing automation of processes, we are resolute in aligning our institution and the curriculum with the new developments in the tertiary education and the business requirement. In this regard, we will continue to strengthen our IT platform while inculcating in our accounting professionals the necessary knowhow in embracing digitalisation. Further, we would make it a priority to collaborate with professional bodies and universities to obtain more exemptions from these entities for those who hold the AAT Sri Lanka qualification from Association of Accounting Technicians of Sri Lanka. Additionally, we will support our members to easily obtain membership of other similar foreign institutions.

With these strategic priorities for the year ahead, in the long term we are confident of our strength to produce accounting professionals that has a comprehensive knowledge and capacity suited to the evolving profession. In the short term, we will continue to create value to our students and the members in transforming them into aspiring accounting technicians.

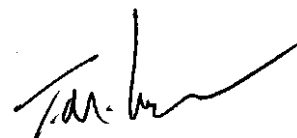
## Acknowledgements

I am sincerely thankful for the vision and diligence of our President and the members of the Governing Council and Committees for providing their services on a voluntary basis in driving an active agenda. I also extend my sincere appreciation for the effort of the members' welfare that has been a driving force in facilitating high levels of engagements with key stakeholder groups adding value to the Association.

I also like to acknowledge our committed and dynamic Senior Management team who have worked relentlessly towards the affairs of the Association and extend my heartfelt gratitude to every employee of AAT Sri Lanka for working diligently to ensure Association's continued success.

Further, I am deeply grateful for the efforts of Accredited Education Centres and lecturers who play a key role in improving students through the qualification. I would also like to thank CA, CMA, ACCA, CIMA, Universities and other professional bodies for granting generous exemptions to our students and members.

In conclusion, I would like to extend my gratitude to our corporate sponsors for the support and trust they have placed on us over the years. I look forward to the continued support of all these key stakeholders who enrich the activities of the Association as we build a dynamic accountancy profession in the country.



**Tishanga Kumarasinghe**  
Chief Executive Officer,

AAT Sri Lanka  
27 August 2020



# Governing Council



**Russel Fonseka**  
President



**Sunil Wanigabadu**  
Vice President



**K. L. Jagath Nandana Perera**  
Secretary



**M. Jazri Magdon Ismail**  
Immediate Past President



**H. L. P. Dayal Abhayasinghe**  
Council Member



**Chamara Bandara**  
Council Member



**S. M. S. Sanjaya Bandara**  
Council Member



**Chamila Cooray**  
Council Member



**A. Naleen Dhammika De Silva**  
Council Member



**Thilak S. K. Dharmarathne**  
Council Member



**Sarathchandra Ilayperuma**  
Council Member



**P. D. Wasantha Kumara**  
Council Member



**Indraka Liyanage**  
Council Member



**F. S. Naayila Marikkar**  
Council Member



**G. M. Iresha U. Bandara**  
Council Member



**W. M. N. J. Pushpakumara**  
Council Member

# Introduction to our Governing Council

## MR. RUSSEL FONSEKA

President

### Qualifications & Experience

Fellow Member of AAT Sri Lanka  
B.Sc. (Business Administration) Sp. Hon. - University of Sri Jayewardenepura  
Master of Business Administration - University of Southern Queensland, Australia  
Postgraduate Diploma in Management - Postgraduate Institute of Management, University of Sri Jayewardenepura  
Fellow Member of the Institute of Chartered Accountants of Sri Lanka  
Senior Fellow Member of Institute of Bankers of Sri Lanka

### Other appointments

Senior Deputy General Manager – Bank of Ceylon  
Director – Merchant Bank of Sri Lanka & Finance PLC  
Director and Audit Committee Chairman – Property Development PLC  
Director & Audit committee Chairman – Lanka Clear (Pvt.) Ltd  
Chairman – Transnational Lanka Records Solutions (Pvt.) Ltd

## MR. SUNIL WANIGABADU

Vice President

### Qualifications & Experience

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

### Other appointments

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

## MR. K. L. JAGATH NANDANA PERERA

Secretary

### Qualifications & Experience

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

### Other appointments

Partner – DHP Munaweera & Company, Chartered Accountants

## MR. M. JAZRI MAGDON ISMAIL

Immediate Past President

### Qualifications & Experience

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

### Other appointments

Consultant - Amana Bank PLC

## MR. H. L. P. DAYAL ABHAYASINGHE

Council Member

### Qualifications & Experience

Fellow Member of AAT Sri Lanka  
Master of Business Administration – University of Colombo  
Higher National Diploma in Accountancy – Sri Lanka Institute of Advanced Technological Education (SLIATE)  
Professional Qualification in Human Resources Management (PQHRM) – Chartered Institute of Personnel Management of Sri Lanka (CIPM)

### Other appointments

Senior Assistant Bursar - Faculty of Technology, University of Colombo  
Member of Steering Committee - Establishment of Faculty of Engineering, University of Colombo



## **DR. CHAMARA BANDARA**

Council Member

### **Qualifications & Experience**

Fellow Member of AAT Sri Lanka  
Fellow Member of the Institute of Chartered Accountants of Sri Lanka  
Fellow Member of the Certified Management Accountants of Sri Lanka  
Ph.D (Business/Management) Management & Science University, Malaysia  
MBA – University of Southern Queensland, Australia

### **Other appointments**

Chief Executive Officer – Corporate Doctors (Pvt) Ltd

## **MR. S. M. S. SANJAYA BANDARA**

Council Member

### **Qualifications & Experience**

Fellow Member of AAT Sri Lanka  
B.Sc (Accounting) Sp. - University of Sri Jayewardenepura  
MBA - University of Colombo  
Fellow Member of the Institute of Chartered Accountants of Sri Lanka

### **Other appointments**

Vice President - Institute of Chartered Accountants of Sri Lanka  
Partner – B. R. De Silva & Company  
Director – Confederation of Asian and Pacific Accountants  
Technical Advisor – South Asian Federation of Accountants  
Board Member – Sri Lanka Accounting and Auditing Standards Monitoring Board

## **MS. CHAMILA COORAY**

Council Member

### **Qualifications & Experience**

Fellow Member of AAT Sri Lanka  
B.Sc (Accounting) Sp. 1st Class (Hon.) - University of Sri Jayewardenepura  
MBA – University of Colombo  
Fellow Member of the Institute of Chartered Accountants of Sri Lanka  
Fellow Member of Chartered Management Accountants of UK  
Fellow Member of Certified Management Accountants Sri Lanka  
Fellow Member of Chartered Professional Managers Sri Lanka  
Full member of Certified Practicing Accountants of Australia

### **Other appointments**

General Manager Operations – WNS Global Services (Pvt) Ltd  
Non Executive Director – State Mortgage and Investment Bank  
Council Member - Institute of Chartered Accountants of Sri Lanka  
Council Member - Sri Lanka Institute of Advanced Technical Education, Ministry of Higher Education, Technology and Innovation  
Member of Country Network Panel – CIMA Sri Lanka

## **MR. A. NALEEN DHAMMIKA DE SILVA**

Council Member

### **Qualifications & Experience**

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

### **Other appointments**

Director – Corporate Doctors (Pvt) Ltd  
Partner/Director - SCB  
Corporate, Chartered Accountants

# Introduction to our Governing Council

## **MR. THILAK S. K. DHARMARATHNE**

Council Member

### **Qualifications & Experience**

Senior Member of AAT Sri Lanka  
Certified Business Accountant of Institute of Chartered Accountants of Sri Lanka  
Associate Member of Chartered Professional Managers  
Executive Diploma in Business and Accounting

### **Other appointments**

Chairman – Ishika Life Stores  
Account Consultant – Theekshana  
Admin and Finance Manager – Healthy Lanka Alliance for Development

## **MR. SARATHCHANDRA ILAYPERUMA**

Council Member

### **Qualifications & Experience**

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

### **Other appointments**

Chief Operating Officer – Wichey Plantation Company (Pvt) Ltd

## **MR. P. D. WASANTHA KUMARA**

Council Member

### **Qualifications & Experience**

Senior Member of AAT Sri Lanka  
Master of Art (Economics) – University of Kelaniya  
Bachelor of Commerce (Accounting) Spl. - University of Sri Jayewardenepura  
Certified Business Accountant of Institute of Chartered Accountants of Sri Lanka  
HNDA – Advance Technological Institutes of Sri Lanka

### **Other appointments**

Senior Tax Officer – Provincial Revenue Department (W.P.)

## **MR. INDRAKA LIYANAGE**

Council Member

### **Qualifications & Experience**

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

### **Other appointments**

Head of Risk Management - Siyapatha Finance PLC  
Assistant Secretary to the Council - Sri Lanka Institute of Training & Development  
Visiting Lecturer – Sabaragamuwa University of Sri Lanka

## **MS. F. S. NAAYILA MARIKKAR**

Council Member

### **Qualifications & Experience**

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

### **Other appointments**

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

## **MS. G. M. IRESHA U. BANDARA**

Council Member

### **Qualifications & Experience**

Fellow member of AAT Sri Lanka

Master of Financial Economics

Associate Member of the Institute of Chartered Accountants of Sri Lanka

Associate Member of the Certified Management Accountants of Sri Lanka

### **Other appointments**

Deputy Director – Department of State Accountants,  
Ministry of Finance.

## **MR. W. M. N. J. PUSHPAKUMARA**

Council Member

### **Qualifications & Experience**

Master of Assessment & Evaluation - University of Melbourne Australia

Master of Education - University of Colombo

B.Com. - University of Sri Jayewardenepura

Diploma in Education - University of Colombo

Diploma in Education - Open University of Sri Lanka

### **Other appointments**

Director, Commerce & Business Studies Branch,  
Ministry of Education

# Management Team



**Tishanga Kumarasinghe**  
Chief Executive Officer  
*FMAAT, B.Com (Sp) Int'l Trade, PG.Dip (PIM-USJ), MSLIM*



**Monika Ranasinghe**  
Chief Financial Officer  
*FMAAT, MBA (Sp) Fin (USQ-Aus), FCA, ACMA*



**Nimali Ekanayake**  
Chief Academic Officer  
*FMAAT, FCA, B.Sc (Mgt), Dip in Taxation*



**Siyamala Sumanthiran**  
Director - Business School  
*MBA(Aus), B.Sc. Hons (MIS), Dip. NIBM, ACS*



**Nadee Perera**  
Head of Student Registration and Membership  
*MBA (UK), B.Sc. Mgt (Sp). (USJ), CBA, MCPM, AIPFM*



**Lilani Thanuja**  
Head of Education and Training  
*MAAT, FCA*



**Amendra Jayawardane**  
Deputy Head of Examinations  
*B.Com (Acc) (Sp). (USJ), ACA*



**Rangika Rodrigo**  
Senior Manager - Examinations  
*FCA, B.Sc. Accounting (Sp), Adv. Dip. CIMA (UK)*



**Henry Thalagala**  
Senior Manager - Examinations



**Manoj Niroshan**  
Manager - IT  
*B.Sc. Hons (MIS), Dip.NIBM*



**Saluja Herath**  
Manager - HR and Administration  
*BBA.(SP), HRM (UOC), PQHRM, L.L. Dip*



**Dinuka Subapanditha**  
Manager - Marketing  
*Marketing Dip*



**Niroshinee Rathnayake**  
Secretary to the CEO  
*Dip in HRM, Dip. in Conf. Sec, Dip. in Exec. Sec, Dip in Admin. Sec*



**Chamil Moragodaarachchi**  
Assistant Manager - Student  
Registration and Membership  
*BBA (Bus. Admin) Sp (UOC), PG. Dip in Business & Finance*



**Lasantha Perera**  
Assistant Manager - IT  
*AMBCS*



**Shehani De Zoysa**  
Financial Accountant  
*ACA, BBA (Accounting) Sp. (UOC)*



**Nilakshi Liyanage**  
Assistant Manager - Examinations  
*BBA (Fin)Sp. (UOC), Adv. Diploma in CIMA (UK)*



**Peumika Weeraratne**  
Assistant Manager - Marketing  
*MBA (Staffordshire University - UK), BBA Sp Finance (UOC), Adv. Dip. in CIMA*



**Dinushka Manori**  
Assistant Manager - Business School  
*BBM (Bangalore University), PG Dip in Business Administration*

# Past Presidents



**Prof. Lakshman R. Watawala**  
1987 - 99



**Mr. Reyaz Mihular**  
2000 - 03



**Mr. Asoka Jayasinghe**  
2004 - 05



**Mr. Lal Nanayakkara**  
2006 - 07



**Mr. H. M. Hennayake Bandara**  
2008 - 09



**Mr. T. Dharmarajah**  
2010 - 11



**Mr. Ganaka Amarasinghe**  
2012 - 13



**Mr. Lalith T. Fernando**  
2014 - 15



**Mr. J. M. U. B. Jayasekera**  
2016 - 17



**Mr. M. J. Magdon Ismail**  
2018 - 19





# STRATEGIC REPORT

A sound education system is always of paramount importance to accumulate human capital and thereby raising a country's competitiveness

# Value Creation Model

Our primary purpose is to design a relevant accounting qualification and support the process of converting a student with little or no accounting knowledge to a skilled accounting technician who can contribute positively to the progress of a wide range of enterprises. We also support the career progression of our members through continuous professional development programs. Resources are also allocated to build the reputation and influence of AAT Sri Lanka both globally and locally to ensure that our qualification is recognised by employers and international accounting bodies.

## Vision → Mission

### Capital Inputs

#### Financial Capital

Accumulated fund (722 Mn)  
Investments (565 Mn)  
Focus on cost and efficiency

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#### Manufactured Capital

Property and Equipment (140 Mn)  
Investment Property (142 Mn)  
IT Infrastructure (8 Mn)  
Branches (6 branches)

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#### Intellectual Capital

AAT Sri Lanka qualification  
AAT curriculum and technical insights  
Brand image  
Good governance framework  
Effective internal control system  
Robust risk management framework  
Ethical business conduct  
Integrity  
Policies and procedures  
Best practices  
Research and development activities  
Toastmasters club

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#### Human Capital

Experienced team (67)  
Skills and competencies  
Performance driven culture  
Performance-linked reward structure  
Commitment

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#### Social and Relationship Capital

Brand value  
Active Students (28,916)  
Active Members (5,983)  
Passed finalists  
Network of AECs (106)  
Employers  
Government and regulators (16 Mn)  
Healthy stakeholder relationships  
Effective communication channels  
Responsible promotions and marketing  
Transparent procurement policy  
Strategic tie-up with other educational bodies

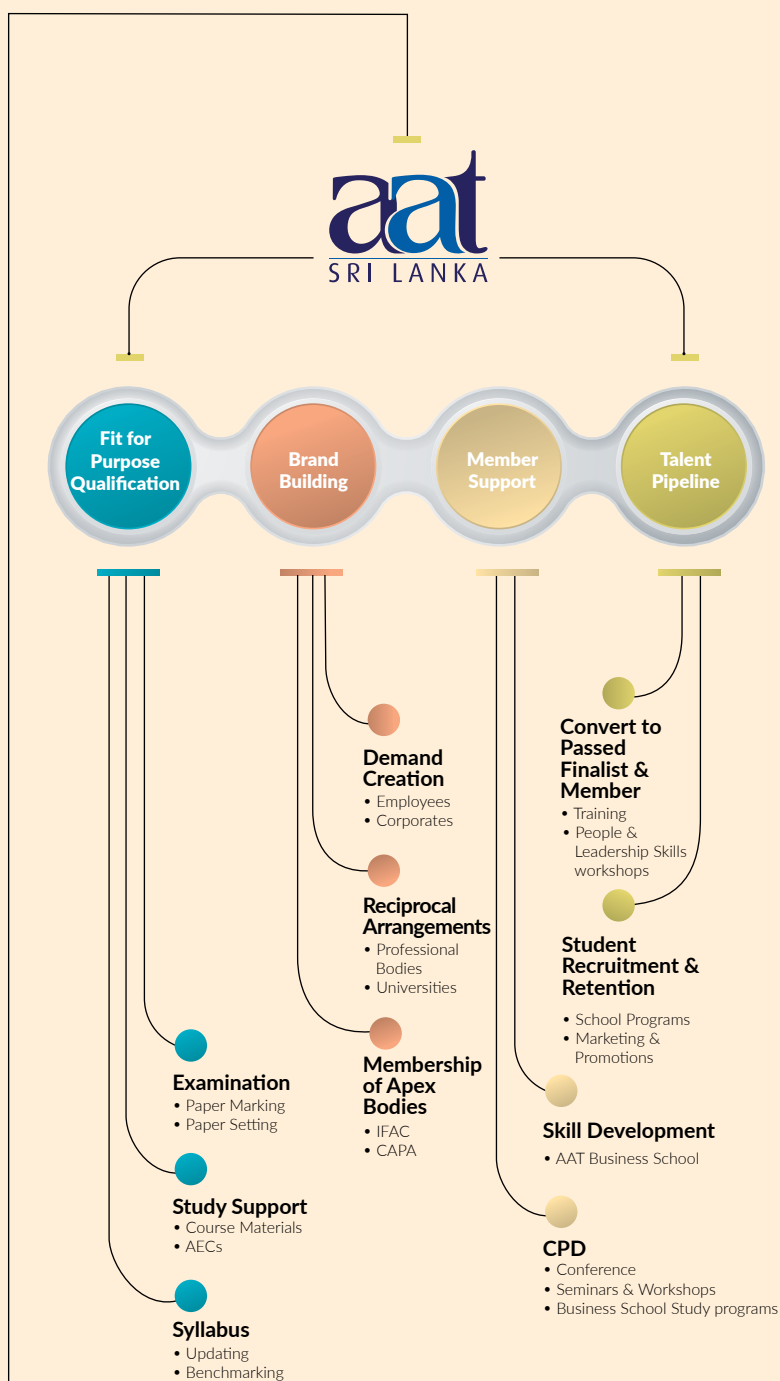
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#### Natural Capital

Energy  
Water  
Other resources such as paper

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Our value creation model demonstrates how we utilise and transform our key capital inputs to generate outputs and outcomes through a series of activities that aim to fulfill the Association's strategic objectives and create sustainable value to our stakeholders.

**Value Creation Model**  
Page 38

**Stakeholder Engagement**  
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**Operating Environment**  
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**Determining Material Issues**  
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**Our Strategy**  
Page 49

## Values Outcomes

### Financial Capital

Asset growth **13%**  
Income and surplus growth **5%, 20%**  
Taxes **14 Mn**

### Manufactured Capital

Enhanced productivity  
Efficient use of resources  
Growth in capacity  
Wider presence - 6 Branches & 106 AECs

### Intellectual Capital

Curriculum upgrade  
Compliance  
Trust build on the processes  
Local & International recognition of the qualification  
Excellent rapport with regulators

### Human Capital

Operational excellence  
Operational efficiency  
Empowerment and engagement  
Engaged in T & D programs **0.8 Mn**  
Improved motivation and productivity

### Social and Relationship Capital

Investment in community engagement (**6 Mn**)  
Attractive exemptions  
AAT job bank  
Growth in member base **6%**  
Growth in student renewals **3%**  
Integrated community engagement programs  
Cordial relations with AECs  
Efficient cost management  
Discounts and special offers

### Natural Capital

Lower environmental impact  
Waste paper recycled - **4,160 kgs**  
Efficient energy utilisation  
Low usage of water  
Responsible handling of waste and garbage

## Impact on Stakeholders

1

Career and higher educational opportunities for members & students globally

2

Development of the accounting profession in the country

3

Ability to practice as an "Approved Accountant"

4

Opportunity to act as an "Authorised Representative" for Inland Revenue purposes

5

Employability

6

Job status & social recognition

7

Ethical professionals with skills required by the organisations

8

Continuous knowledge upgrades and support in quality education

9

Employees' motivation

10

Networking opportunities

11

Encourage Entrepreneurship with right skills and attitude

12

Contribution to protect environment

# Stakeholder Engagement

Our stakeholders are the individuals, groups and institutions that have a significant impact on our operations. Accordingly, we consider Students, Passed Finalists, Members, Accredited Education Centres (AECs), Employers, Accounting Bodies, Employees and Government & Regulators as our key stakeholders. Even though a range of other stakeholders that may directly or indirectly impact our performance, the key stakeholder list matters the most in our operations.

Stakeholder engagement is key to ensure we have a qualification that is in demand by employers aligned to both local and global developments in the profession and business environment. During the year under review, we significantly enhanced the scope and coverage of our stakeholder feedback mechanism through conducting a comprehensive stakeholder perception and attitude survey through an independent market research agency. Further

a comprehensive employee engagement survey was conducted by an independent team formed out of the Governing Council members. Feedback received from our engagement is a critical input for strategy formulation and identifying material topics for reporting. Our stakeholder engagement mechanisms, concerns and responses are given below.

## STUDENTS



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

MODE OF ENGAGEMENT	FREQUENCY
Through visits to schools	On going
Through our branch network	On going
Through AECs	On going
Seminars and workshops	On going
Students Newsletter	Annually
Student guide	On going
Focused group discussions	On going
Face to face interactions at the Association	On going
Website, Social Media & Telecommunication	On going
Felicitation of A/L outstanding performers	Annually
Exhibitions	On going
Promotional brochures	On going
Market research	Annual
KEY CONCERNS OF STUDENTS	OUR RESPONSE
Recognition & Employment prospects	Recognition by obtaining exemptions for AAT qualification from professional and academic bodies locally and internationally IFAC & CAPA international memberships
Cost effectiveness	The most affordable fee structure for a recognised qualification Some of the publications can be downloaded from the web site free of charge.
Access for quality study materials, examination and information in all 3 Languages	Exams are conducted in all 3 languages Quality student guide, study texts, past papers and other publications are available in all 3 languages
Access to quality tuition	106 AECs
Prompt responses and proper guidance	Dedicated student service unit A comprehensive student guide, website
Personal development	Seminars, Meetings, Workshops An active student events calendar
All island services	6 Branches covering the whole island Examination conducted in 14 cities
Frequent updates on important news and notices relevant to AAT	AAT Sri Lanka official website, YouTube channel, Facebook page, SMS, email One to one telephone conversations
Training / job placements	Job Bank

## PASSED FINALISTS



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

MODE OF ENGAGEMENT	FREQUENCY
Prize winners award ceremony	Bi-annual
PLS Workshop	On going
PF Award ceremony	Bi-annual
Conference	Annual
Workshops and seminars	On going
Website, Social media & Telecommunications	On going
Achievers club	On going
KEY CONCERNS OF PASSED FINALISTS	OUR RESPONSE
Benefits	Negotiated /discounted offers from banks, life style stores, hospitals etc Concessions for courses conducted by AAT Business School and Networking opportunities Discounts on Seminars & Conference
Recognition for the qualification	PF certificate awarding ceremony Exemptions from number of Accounting bodies and Universities
Career pathways	AAT Job Bank
Fulfilling training requirements	PLS Workshops Monitored & Non Monitored training schemes
Personal development	Workshops & Seminars
Special schemes to get into membership	Toastmasters Membership interviews 4 years service scheme for membership
Higher educational pathways	AAT Business School courses including a Higher Diploma and Degree pathways
Networking opportunities	Achievers club and events for Achievers Annual Conference

# Stakeholder Engagement

## MEMBERS



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

MODE OF ENGAGEMENT	FREQUENCY
Member committee meetings	Monthly
Conference	Annual
Members' get-together	Annual
Cricket tournament	Annual
Members' night	Annual
Workshops and seminars	On going
Annual Report & Annual General Meeting	Annual
InSearch magazine	Annual
Members' Orientation	Annual
Convocation	Annual
Website, Social media & Telecommunication	On going
Toastmasters Club	On going
KEY CONCERNS OF MEMBERS	OUR RESPONSE
Opportunities for professional and career development through AAT Sri Lanka qualification	Reciprocal arrangements with other professional bodies and universities for exemptions and memberships AAT Business school programs InSearch magazine
Increased employability of members	Opportunity to serve as members in AAT Committees Job Bank, Forums with employers & training partners
Maintaining Professional Standards and Ethics	AAT Sri Lanka Code of Ethics & Disciplinary Regulations
Opportunities for networking and knowledge sharing	Annual Conference Orientation seminar New Year celebration Cricket tournament Members' Night & Annual Get Together
Continuous Professional Development (CPD)	Monthly Seminars, Workshops & other CPD activities
Recognition for the practitioners (Members in Practice)	MIP Scheme with a separate practicing certificate, workshops to update MIPs
Adoption to current industry trends	Frequent communications via digital forums Annual perception survey
Benefits / offers	Negotiated /discounted offers from banks, life style stores, hospitals etc
Relationship building with local & international organisations	Dedicated members service unit CSR Activities
Freedom of expression	Annual General Meeting, Feedback forms enclosed with journals, events etc.
Joining in policy making	Opportunities to serve in Governing Council
Leadership & communication skills	AAT Toastmasters Club

## ACCREDITED EDUCATION CENTRES (AECs)



AECs facilitate accounting education in line with our syllabus and play a key role in the conversion of students to passed finalists. They have the potential to support the growth of our brand and student recruitment. The Association has 106 AECs islandwide and has implemented a comprehensive program to support mutual objectives through collaboration.

MODE OF ENGAGEMENT	FREQUENCY
AEC visits	On going
AEC meeting	On going
Workshops & Training programs	On going
Lectures discussion programs	On going
Exam paper discussions	Bi-annually
Social media & Telecommunications	On going
Student feedback	On going
Curriculum Launch	Once in five years
KEY CONCERNS OF AECs	OUR RESPONSE
Provision of up to date information on syllabus revisions, fee structures and deadlines etc.	Exam paper discussions Training sessions on current updates
Introducing a grading system for education providers	Concept developed for the same
Discussion forums with the Association	Regular meetings & visits Written Communications, online platforms
Dedicated contact point	AEC coordination officers at head office and branches

## EMPLOYERS



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

MODE OF ENGAGEMENT	FREQUENCY
Industry forums	On going
Written communications	On going
Face to face meetings	As required
Job bank	On going
Meetings and conferences	On going
ENGAGING OUR EMPLOYERS	OUR RESPONSE
Approved employer program	Expansion of approved employers with recognised qualifications of supervising members
Availability of talent pools	Job Bank for over 113 employers
Opportunities for further development of talent pools	Seminars and Workshops Comprehensive course catalogue developed by AAT Business School
Market oriented curriculum	Curriculum upgration to cater the latest developments

# Stakeholder Engagement

## ACCOUNTING BODIES



Memberships of IFAC and CAPA facilitate benchmarking with peer accounting bodies globally and provide access to knowledge sharing forums, enabling AAT Sri Lanka to play a role in development of the accounting profession. 50% of the Governing Council represents members nominated by CA whom are responsible for strategic direction of the Association serving on voluntary basis.

MODE OF ENGAGEMENT	FREQUENCY
Reciprocal arrangements for exemptions	On going
Attending meetings	As required
Seminars and conferences	On going
Industry forums	On going
Questionnaires and surveys	As required
Regular reporting	As required
Newsletters	Monthly
Websites	On going
KEY CONCERNS OF ACCOUNTING BODIES	OUR RESPONSE
Fruitful partnerships	Representation on Member Development Committee & Accounting Technicians Task Force of CAPA Forming an international affairs committees
Increased contribution to the profession	Reciprocal arrangements
Adherence to agreed obligations	Regular review of IFAC Statements of Member obligations
Knowledge sharing	Active participation in meetings

## EMPLOYEES



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

MODE OF ENGAGEMENT	FREQUENCY
Strategic planning sessions	Annually
Management review meeting	Monthly
Staff performance appraisal	Annually
Training and development sessions	On going
Staff meetings	Monthly / As required
Circulars, Memos & emails	On going
Employee engagement survey	Annually
Staff welfare events	On going
Staff trip	Annually
KEY CONCERNS OF EMPLOYEES	OUR RESPONSE
Remuneration	Upgrade of packages to be in line with the industry norms after a comprehensive survey
A positive work environment	Motivational programs Work life balance initiatives Social events
Rewards and Recognition	Performance appraisal Incentives and promotions
Career progression	Defined career paths
Educational & training opportunities	Training and development sessions Seminars & Conferences
Welfare	Activities by Staff welfare committee



## GOVERNMENT AND REGULATORS



The regulators determine the context in which we operate. AAT Sri Lanka being a professional accounting body, is conscious in all directives and developments in the regulatory framework as good governance remains integral to the way it operates.

MODE OF ENGAGEMENT	FREQUENCY
Dialog with policy makers and regulators	As required
Government publications, directives and circulars	On going
Returns	Annually / Quarterly
Industry forums	On going
Annual report	Annually
Media broadcast	On going
KEY CONCERNS OF GOVERNMENT REGULATORS	OUR RESPONSE
Compliance and good governance	Compliance with laws and regulations Voluntary adoption of Code of good governance
Timely remittances of statutory payments and returns	Adherence to statutory deadlines are monitored on monthly basis
Supporting SME & Economic growth	Creating a talent pool Promote Entrepreneurship Contributing towards policy discussions pertaining to the profession and its continuous growth Promote accountability and reporting by providing technical support and conducting annual report competitions among island wide schools
Prevention of corruption	Transparent processes for all transactions

# Operating Environment

## Economic Environment

The Sri Lankan economy recorded a 2.3% growth in Calendar year 2019, a notable slowdown against the growth of 3.2% recorded in the previous year. This downturn is primarily attributable to the contraction of activities as a result of the Easter Sunday terror attacks in April 2019 and the subsequent climate of political and economic anxiety. The attacks had repercussions across all spheres of economic activity, livelihoods of people and the aftershocks continue to reverberate. However, latter part of the year witnessed positive trend in political, economic and social stability driven by the conclusion of the Presidential Election in November 2019 and the subsequent introduction of various tax relief measures including reductions to the Value Added Tax (VAT) and upward revisions to the VAT registration threshold, abolition of Economic Service Charge (ESC), Nation Building Tax (NBT), Pay As You Earn (PAYE) tax, Withholding Tax (WHT) on interest, rent, service fees, dividend, widening of Income Tax slabs of individuals and reduction in Corporate Income Tax rates.

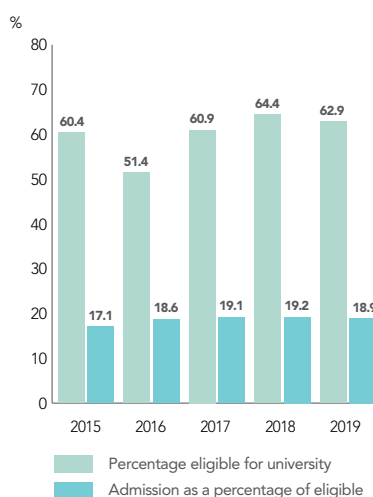
The aforementioned recovery in economic activity, discretionary spending and business confidence was hampered by the outbreak of the COVID-19 pandemic and the resultant disruptions arising from the curfew imposed from March 2020 onwards. However, Central Bank of Sri Lanka has imposed several emergency operational and policy measures to reduce exerted pressure and enhance business confidence of SME sector.

## Education Sector dynamics

A sound education system is always of paramount importance to accumulate human capital and thereby raising a country's competitiveness. A good education system equips the labor force with marketable skills while spurring innovations and productivity growth.

Sri Lanka's school system consists of basic (grades 1–9) and secondary levels (grades 10–13). Students take the national Ordinary level examination at the end of grade 11 and the Advance level examination at the end of grade 13. Education became compulsory upto grade 11 in 2005, and this was extended in 2015 to grade 13. However, approximately 100,000 students drop out of school after ordinary level and seek career pathways. Additionally, over 200,000 advanced level qualified students seek career pathways as the government funded universities are able to accommodate only 15%-20% of these students.

### UNIVERSITY ELIGIBILITY & ADMISSION



Source: Ministry of Higher Education

Ensuring from capacity limitations in state universities, government is encouraging and facilitating non-state institutes to play more significant role in higher education. AAT Sri Lanka is positioned as a tertiary education institute in Sri Lanka by providing cost effective fee structures, trilingual examinations and extensive geographical reach to support rural and low income families to obtain professional qualification. Our syllabus is revised frequently to align skill requirements of the employers.

## Emerging Trends

Education system needs to adapt to economic and social changes to equip students with the relevant skills, knowledge, attitudes and values needed for success in future profession. The expansion of technology particularly supported by increasing penetration of digital devices which present several opportunities to transform student and member engagement experiences. A number of international and local accounting bodies have commenced online examinations to facilitate and transition to newer technological platforms. Inability to embrace this transformation can significantly impact an organisation's ability to compete with its rivals. This highlights the immediate need for AAT Sri Lanka to weight on technology in the delivery of its value to stakeholders.

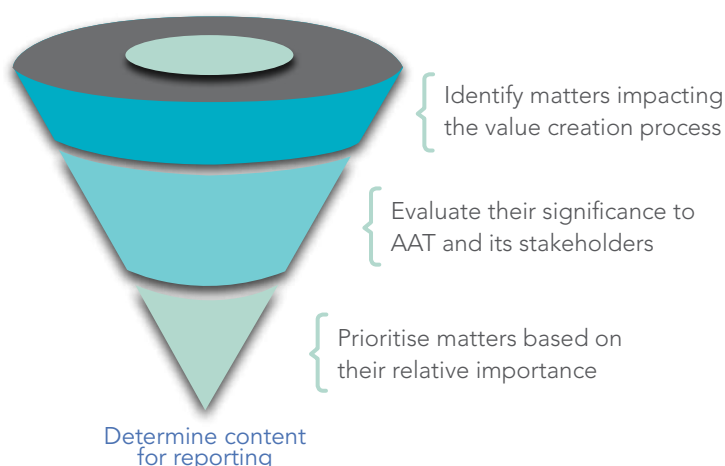
# Opportunities & Challenges

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

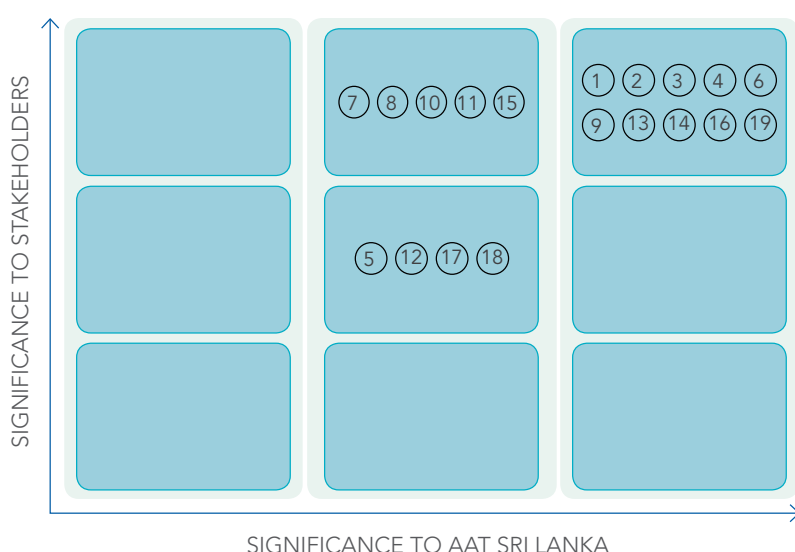
Opportunities	Our Response	Relevant Strategic Pillar
Increasing demand for middle level accountants in new industry sectors such as BPO and IT	Continuously enhancing the breadth of skills provided by its qualification, for instance passed finalists are able to obtain specialised training in the areas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

Challenges	Our Response	Relevant Strategic Pillar
Outbreak of COVID-19 in Sri Lanka	Strict adherence to the health and safety guidelines issued by the authorities and continuous effort in developing the e-platforms will facilitate to mitigate this challenge to a certain extent.	Team
Intensified competitive pressures	Strong brand building initiatives, frequent communications and promotional activities, engagement with national schools and advanced level students together with its cost-effective fee structure has allowed the Association to mitigate the risks of increased competition.	Brand
Employers demand employees who are multi skilled	The syllabus revision of 2020 was embraced with rapidly modernising global environment enhancing the employability and the marketability of the qualification. New curriculum will produce qualified members with expected Knowledge, Skills, Attitudes and Mindset.	Student
Migrating stakeholders to digital platforms for exam and study support delivery	The migration to a digital era for AAT Sri Lanka will consider impacts on existing stakeholders with a view to facilitating a smooth transition.	Transform

# Determining Material Issues



Materiality assessment is vital in integrating our objectives and ensuring long-term value creation to our stakeholders. The content to be included in this report has been selected through an analysis of factors which could potentially impact the Association's ability to generate value. These aspects are selected and prioritised based on feedback received from our stakeholder engagement mechanisms as well as the emerging trends in the industries. Existing material issues were also validated against our strategic priorities.



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

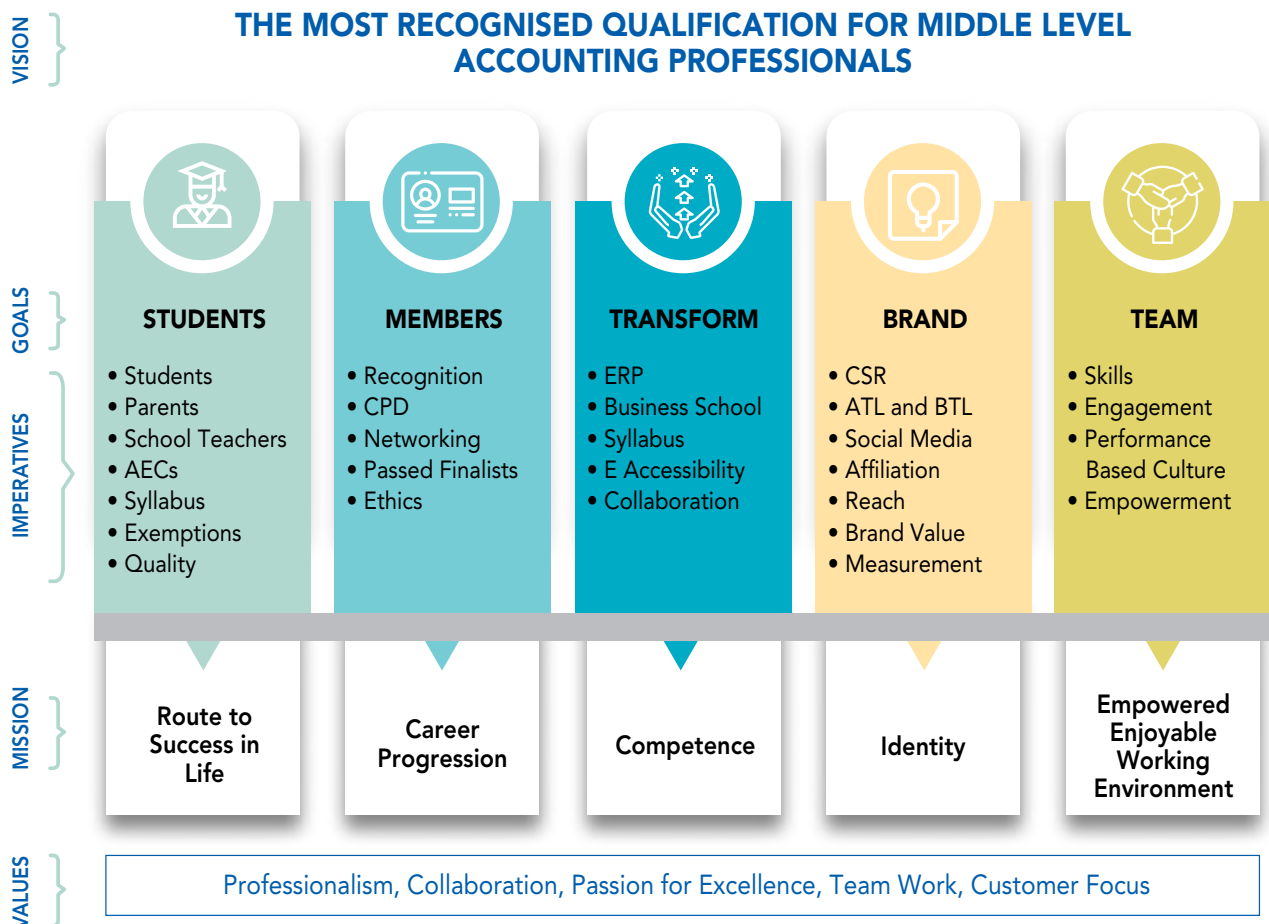
	Material aspect	Materiality Compared to last year	Relevance to strategy	Corresponding Principles
1	Employability of students and members	-	Students, Members, Transform	
2	Opportunities for continuous development	▲	Members	
3	Inclusive approach	-	Students	GRI 201 - Economic Performance
4	Increased breadth of skills	-	Transform	
5	IT platform	▲	Transform, Team	
6	Brand recognition	-	Brand	
7	International recognition	-	Members, Brand	
8	Geographical reach and presence	▲	Students, Brand	
9	Financial performance	▲	Students & Members	
10	Compliance	-	Team	GRI 410 - Socio Economic Compliance GRI 307 - Environmental Compliance
11	Staff training and education	-	Team	GRI 404 - Training and Education
12	Employee productivity	▲	Team	
13	Employment and Labour practices	-	Team	
14	Opportunities for networking	▲	Members	
15	Knowledge sharing with Accredited Education Centres	-	Students	
16	Quality of Accredited Education Centres	-	Students	
17	Community Engagement	▼	Brand	GRI 413 - Local Communities
18	Environmental Impacts	-	Brand	GRI 302 - Energy, GRI 303 - Water
19	Wide spread of COVID-19	▲	Team	GRI 403 - Occupational Health & Safety

- Remain same    ▲ Increase over the last year    ▼ Decrease over the last year

# Our Strategy






Our strategic planning process facilitates integrated thinking, commencing from re-examination of our evolving business model to ensure it is fit for purpose in the forecasted operating environment, catering to the new developments and changing needs of our stakeholders. The Association engages frequently with its stakeholders with a view to ensure the Association's strategy and business activities are aligned to its purpose.

Strategy is set in a three year cycle in view of evolving stakeholder needs, emerging trends in the operating environment and other market dynamics. The Governing Council is responsible for determining strategic direction and is assisted in this by the Strategic Planning sub committee which works together with the senior management team of the Association. The Association formulated and implemented the Strategic Plan for the period 2018-2020, defining clear performance indicators and goals for the three years as graphically illustrated below.



# Delivering Strategy

A proliferation of public and private institutions engaged in tertiary education coupled with moderating economic growth due to Easter attack as well as widespread of Covid – 19 made the reporting year a challenging one. As the diversity of qualifications required for a middle income economy expands, it is inevitable that students will have ever expanding choices and the more established professions are likely to witness decreasing growth rates. Despite these challenges, AAT Sri Lanka has delivered membership growth and increased the number of student renewals, evincing strong confidence in the qualification and its benefits to members.

	Strategic Goal	Measuring Success	2019/20 Delivery	2020/21 Targets	
STUDENTS	 Increase number of students	No. of New Students	13,725	19,000	
		No. of Renewals	15,191	17,000	
		No. of Active Students	28,916	36,000	
		No. of Students through Business School Programs	1,530	1,800	
MEMBERS	 Increase member population	No. of members	5,983	6,500	
TRANSFORM	 Transform Value Proposition	No. of Training Opportunities	407	375	
		E Registrations for studentship, examinations and courses	Work in Progress	16,000	
BRAND	 Brand Recognition	No. of organisations that recognise AAT Sri Lanka for recruitment	113	450	
TEAM	 High Performing Team	Retention Rate	98.5%	98%	



	Goal
	<p><b>Goal 1: Increase the number of students</b></p> <p>Student number growth is vital to build a strong talent pipeline for membership of the Association and AAT Sri Lanka carries a number of activities in this regard. The Governing Council is assisted in this regard by the Students Promotion &amp; Marketing committee that has oversight responsibility of this key strategic pillar. Activities undertaken include promotions targeting ordinary level, advanced level and technical college students, branding, engaging with influencers and students.</p>
	<p><b>Goal 2: Increase member population</b></p> <p>Our membership base grew by 6% to 5,983 members during the year as we welcomed 635 new members to the Association as members. The Membership committee of AAT Sri Lanka has oversight responsibility for assisting the Governing Council in delivering this vital goal with dedicated resources of the Association allocated to enhance the membership and the value delivered to members and to create opportunities, foster leadership and entrepreneurship.</p>
	<p><b>Goal 3: Transform Value Proposition</b></p> <p>Transforming value proposition is a key imperative to ensure AAT Sri Lanka is positioned to compete effectively in a digital era alongside educational qualifications of global institutions. Many of the initiatives under this pillar are designed to drive significant operational efficiencies, enhance the quality of information for objective decision making and enhance student and member interactions and convenience. While a number of projects has commenced, many are long term in nature and are in progress at the end of the year. Many of these are expected to be completed in the year that has commenced. The Governing Council is assisted in the transformation of the value proposition through IT Development committee.</p>
	<p><b>Goal 4: Brand Recognition</b></p> <p>Brand visibility remains relatively high within schools although there is a need to increase awareness of the relevance of the qualification to other customer segments such as employers, entrepreneurs and members of other professions and vocations to widen the target market. Additionally, aspects such as examinations, syllabus, training and ethics impact recognition by international bodies such as IFAC and CAPA which are vital for AAT Sri Lanka to remain at the cutting edge of the accounting profession. These are also important for reciprocal arrangements with other accounting bodies which facilitate career pathways for our members, building on the solid foundation of the AAT Sri Lanka qualification. Consequently, the work of many committees are linked to this pillar.</p>
	<p><b>Goal 5: High Performing Team</b></p> <p>AAT Sri Lanka has enjoyed high retention rate and it has 67 employees who work as a team to execute strategy. The Governing Council is assisted in management of Human Capital by the Human Resource Development sub committee who seeks to attract, inspire, develop and retain sufficient talent pipelines facilitating sustainable growth.</p>


# Delivering Strategy

## **Implementation and Monitoring of Strategic plan**

AAT Sri Lanka has introduced the strategic plan 2018-20 under the Strategic Planning committee which is a sub committee of Finance and Administration committee.

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

Regular review process is in place to evaluate the effectiveness of the action plans and its impact to the business environment. This gives early signals whether a change is needed or the processes are in line with the directions established during the strategic planning process.

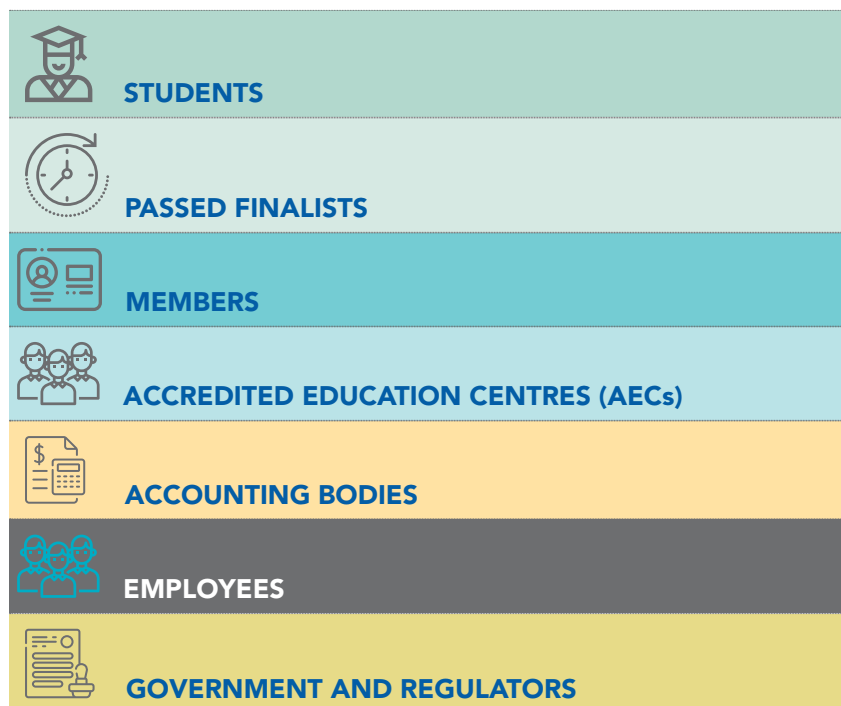


# MANAGEMENT DISCUSSION & ANALYSIS

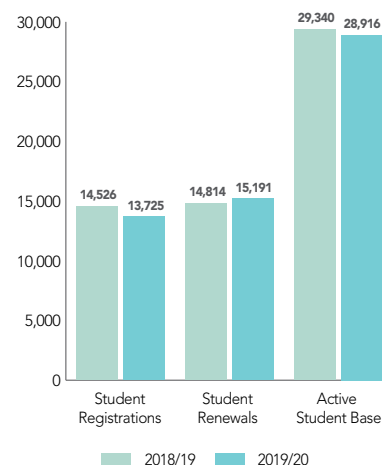
We utilise and transform our key capital inputs to generate outputs and outcomes through a series of activities that aim to fulfill the Association's strategic objectives and create sustainable value to our stakeholders

# Social & Relationship Capital

“It is only by building relationships we retain our social license to operate”



## STUDENTS

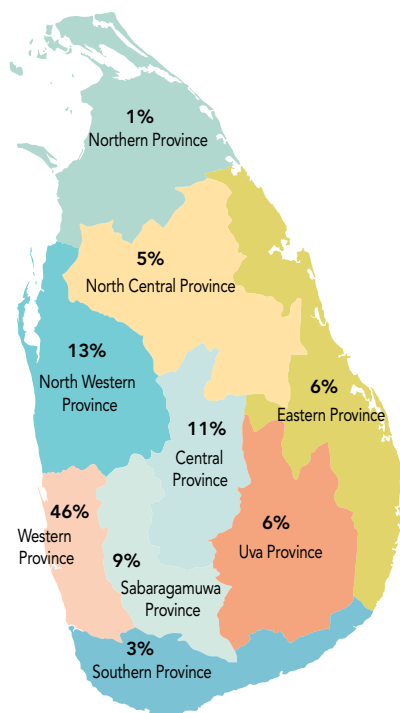


Students form the largest group of stakeholders of AAT Sri Lanka, contributing significantly to its growth. The Association's ability to grow its member base is closely connected to the number of students it is able to attract and retain. Hence we continuously explore opportunities to enter untapped markets and platforms that would help us to grow the student number. Increase in student renewal numbers as well as the impressive demand for the qualification during the year clearly reflects the overall acceptance of the qualification. However, the increase in new registrations are not reflected in the student numbers of the current year due to the timing difference of students recruitment following the delay in releasing O/L exam results from March 2020 to April 2020. Our inclusive approach in making available an affordable qualification in all three languages of the country makes AAT Sri Lanka the most relevant tertiary qualification in the country as evidenced by the geographic distribution of students throughout the country.



## STUDENTS

“OUT OF THE HIGHEST RANKED 100 STUDENTS AT THE G.C.E. ADVANCED LEVEL COMMERCE STREAM, 55 WERE AAT STUDENTS”



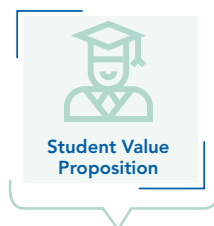
## Student Value Proposition

We regularly review and improve our student value proposition, based on engagement feedback and market dynamics. Significantly a high proportion of students use our qualification as a cost effective bridge to support high ambitions, moving on to professional bodies and degrees through our career pathways with other institutions. Similarly, employers also rely on the rigorous examination process and practical training when employing our students.

## Knowledge and Skill Development

### Curriculum 2020 - 2025

As a policy of AAT Sri Lanka, curriculum is revised in every 5 years with the environment changes. As a pioneer professional education institute in Sri Lanka, the Association was able to do the necessary transformations to amplify the recognition and the validity of AAT qualification. AAT Sri Lanka is entering to a new era which focuses the professionalism of middle level



accountants by enhancing the employability and the marketability of the qualification. "The Employment Fast Track", the new curriculum will empower the industrial and technological adherence of middle level accounting technicians in Sri Lanka.

The curriculum mainly targets the ability and the competence of being professional in the finance industry with the advance of technology. Students are expected to focus on digital skills as there is a vast demand for the accounting technicians who are equipped with academic knowledge as well as with a digital approach. The new curriculum comprises new trends in technology including E-commerce, Blockchain and AI.

The curriculum 2020-25 will produce qualified members with expected K-SAM as shown below to meet the challenges of the dynamic working environment.

## Expected K-SAM

AAT Business School opens up further skill development opportunities for students by offering wide range of courses in the areas of accounting, finance, information technology, communication and leadership.





# Social & Relationship Capital

## Examination Support

Exams are conducted twice a year in 14 cities using 79 centers all over the country in all three languages for all stages. Paper setting, administration of examinations and paper marking are subject to rigorous controls to safeguard the credibility of the examination process.

Ongoing efforts are in place to achieve continuous improvement in pass rates through publishing examiners' reports and articles relating to low performed areas in the students' newsletter as well as in the official website to be downloaded free of charge. Past papers with suggested answers are also available in the website to download free of charge. High quality study packs are made available for students at affordable prices. The Association conducts model weekend classes for students in all three languages.

## Accessibility

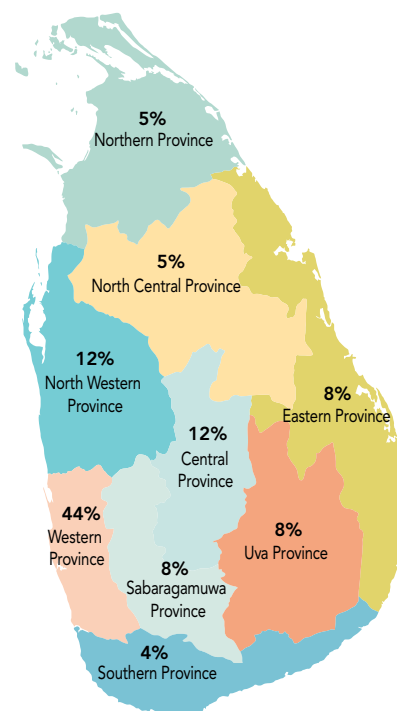
### Accredited Education Centers (AECs)

The Association has partnered with private education providers covering the entire island by way of giving them the status of the Accredited Education Centers. These AECs are an integral component of the Association's value chain as they represent the prime link between the Association and its students. The Association persistently engages with AECs to ensure that an assured standard of education is provided and lecturers are kept abreast of any revisions to curriculum or course content. In spite of regular visits to AECs, feedback from the students is also taken to ensure quality delivery of the course content and to strengthen the quality of education process. During the year under review the Association engaged in lecturer discussions to facilitate the new curriculum development process.



Province	No. of AECs
Western	44
Eastern	8
Central	12
North Western	12
Uva	8
Sabaragamuwa	8
Nothorn	5
Southern	4
North Central	5
Total	106

The Association has established its own branch network in Kurunegala, Kandy, Matara, Rathnapura, Anuradhapura and Jaffna providing the accessibility to current and potential students as well as to AECs.





### Kandy Branch opening

Strengthening professional accountancy education in the royal city of hill country, the opening of the AAT Sri Lanka Kandy branch, at No.788B, Peradeniya Road, Kandy took place during the year under review. This new branch will offer students in Central Province a full range of products and services by the association such as student guides, study texts and registration applications, etc. The opening ceremony of the branch was graced by Lieutenant Colonel Anura Abeywickrema, Deputy Director of Commerce, Central Province as the Chief Guest.



During the year under review the Association carried out 68 seminars and 71 school visits addressing 16,775 students covering all the regions. Further, most of the stakeholders got the opportunity to visit AAT Sri Lanka stalls in Edex and Future Minds Colombo & Kandy exhibitions.



Exhibitions



School visits



Cricket tournament among students of AECs



# Social & Relationship Capital

## Training and Placements

The Association facilitates placements for practical training and job opportunities through the AAT Sri Lanka job bank. The curriculum emphasises the importance of obtaining hands-on working experience parallel to the academic skill and requires students to complete one year of practical training to enhance career progress.

## Employers

Employers play a key role in determining the acceptance and recognition of our qualification as they are the ultimate users of the skills of Accounting Technicians. They also provide students the opportunity to gain workplace experience and achieve membership.

## Engagement with our students

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



It is a remarkable fact that in the year 2019, out of the highest ranked 100 students of the G.C.E. advanced level commerce stream, 55 were AAT students. Also there were 12 students who became the district 1st in new and old syllabus and 4 students were ranked amongst the first top ten. A felicitation ceremony was held in recognising them and prizes were awarded by Mr. Anura Dissanayake, Secretary, Ministry of Higher Education, Technology & Innovation who graced the occasion as the Chief Guest.

### AAT Top achievers awarded as Prize Winners



The students who performed exceptionally well at AAT examinations in January and July 2019 were rewarded at a special felicitation ceremony. More than 30 islandwide students were awarded from the exams held on January and July 2019. Mr Rasitha Gunawardana, Chief Executive Officer of Peoples' Bank graced the occasion as the Chief Guest.

### Passed Finalists' Certificate Awarding Ceremony for January 2019 Examination



Passed Finalists Certificate Awarding Ceremony for those who successfully completed the final level of the AAT Examinations was held in January 2019 at the Bandaranaike Memorial International Conference Hall on 6th October 2019. 1,149 Passed Finalists representing all districts in the island were invited to receive their certificates ceremonially at this awards ceremony. Dr. Prasad Samarasinghe, Managing Director of Lanka Bell PLC graced the occasion as the Chief Guest while Mr. Manil Jayasinghe, Vice President of CA Sri Lanka joined as the Guest of Honour.



### Passed Finalists' Certificate Awarding Ceremony for July 2019 Examination



The certificate awarding ceremony was held on 7th January 2020 at the Bandaranaike Memorial International Conference Hall. 1,209 Passed Finalists representing all districts in the island received their certificates ceremonially at the awards ceremony. Dr. Bandula Gunawardana, Minister of Information and Communication Technology and Minister of Higher Education, Technology and Innovation graced the occasion as the Chief Guest for the morning session and Mr. Ranjit Page, Deputy Chairman/ CEO, Cargills Bank Limited graced the occasion as the Chief Guest for the evening session, while Mr. Manil Jayasinghe, President of CA Sri Lanka graced as the Guest of Honour on both sessions.

### Achievers club



AAT Sri Lanka Achievers club was formed in order to facilitate networking among the passed finalist community and for conducting continuous knowledge upgrading workshops for them to reach their next milestone of obtaining AAT membership.

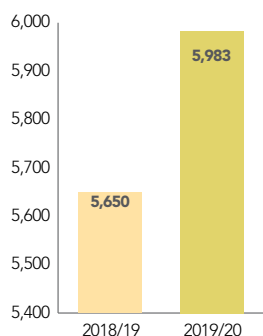
### MEMBERS



Members are key to our sustainable growth as they add lustre to our brand as de factor brand ambassadors, affirming the relevance and value they derive from the qualification in their workplace. During the year 635 members were admitted increasing the total membership to 5,983 (5,650 – 2018/19) out of which 4,068 members are life members. Membership base comprises of 5,314 MAAT members, 383 SAT members and 286 FMAAT members.

# Social & Relationship Capital

## ACTIVE MEMBERS



## Member Value Proposition

AAT Sri Lanka continues to refine and enhance its member value proposition thereby driving growth of the member base and strengthening the brand. The Association delivers value to members through supporting their continued professional development and offering numerous opportunities to engage in activities, many of which serve to build profile and provide a platform from networking and professional growth. In return the Association derives subscriptions from members and fees for activities they choose to participate in. Many of the courses, seminars, and conferences are offered at concessionary rates for members. Additionally they have access to preferential offers structured for AAT Sri Lanka members by banks, hotels and retail businesses.



## Continuous Professional Development

### 17th Annual Conference



AAT Sri Lanka held its 17th Annual Conference at the Cinnamon Grand, Colombo deliberating on the theme "Success = (Accountant's role + Entrepreneur's expectations) \* Mindfulness". Conference 2019 inaugurated under the patronage of Minister of Megapolis & Western Development, Hon. Patali Champika Ranawaka as the chief guest and Minister of Economic Reforms and Public Distribution Hon. (Dr.) Harsha De Silva as the guest of honour. Mr.Arjuna Herath, the Chairman of Professional Accountancy Organisation of Accountants (IFAC) graced the occasion as the keynote speaker.

Stimulating technical sessions coincided with the substance and the significance of the theme presented by eminent resource personnel which covered the following topics.

1. Start-Up Guardian Angels: The Accountant
2. Mindfulness as a tool for success and inner peace
3. Taxation and Technical Developments: Change for better
4. From entrepreneur's 'Dream' to accounting 'Reality'

## SEMINARS

### Role of the Professionals in Sri Lanka for Sustainable Development Goals



The key presentation was conducted by Dr. Sugath Yalagama, Director General, Sustainable Development Council, Ministry of Mahaweli Development and Environment. It was explained how sustainable development goals are interconnected with the millennium challenges faced and how accounting professionals can provide advices and solutions for the current challenges. Dr. Janak Kumarasinghe, Senior Lecturer, University of Sri Jayawardenapura and Tharuka Dissanaikie, Policy and Design Specialist, United Nations Development Program joined the panel discussions.

### Corporate Governance for SME's



The main objective of the seminar was to educate and identify the important aspects of the small and medium entrepreneurs. The key presentation was delivered by Senior General Manager - Group Risk and Controls, Brandix Group Suranga Indunil covering emerging trends in corporate governance, risk and control as a business enabler, creating a governance architecture for the SME organisations, and data analytics in action. Ernst & Young Partner Manil Jayasinghe and Commercial Bank of Ceylon Deputy Chairman Preethi Jayawardena joined the panel

discussion elaborating the problems and obstacles of the SME industry, potential business markets and how to develop strategies according to trending standards.

### Lessons from Military Leadership



Seminar on Lessons from Military Leadership for the public and its members was held outlining the key attitudes and behavioral aspects of a soldier and how it relates to our day today activities. Keynote address was delivered by Dr. Ajith Colonne, Management Consultant and Lecturer, Former Deputy Director and Advisor on Intelligence Analysis State Intelligence Service on Military leadership. The session was focused on training, specialised skills, team spirit, morale and attitudes of military personnel which can be adopted by the civilians to improve the quality of personal and career life. The panelists were Vice Admiral Piyal De Silva, Commander of the Navy, Major General Ruwan Wanigasooriya, General Officer Commanding in Jaffna and Mr. Ajith Rohana, Deputy Inspector General - Motor Traffic.



# Social & Relationship Capital

## සාර්ථකත්වයට කෙටි මං මාවත් නොමැත - There are no Shortcuts for the Success



Seminar on “සාර්ථකත්වයට කෙටි මං මාවත් නොමැත” - There are No Shortcuts for the Success” conducted by Mr. Maduranga Dassanayake (Director Academic, IBA Campus/ BMI Campus) and Mr. Shahan Pieris (Head of Credit Risk Management, Citi Bank) as the presenters. Mr.J.M.U.B. Jayasekera (Past President, AAT Sri Lanka) joined the discussion as a panelist.

## Six Disciplines for Personal and Professional Success



Six Disciplines for Personal and Professional Success seminar was held focusing on ways of becoming a successful person in personal & professional life. Eng. Dr. Ranil Sugathadasa (Senior Lecturer, Faculty of Engineering, University of Moratuwa and the Founder of The Motivator (Pvt) Ltd.) joined as the presenter together with Mr. Rangana Herath (Legendary Sri Lankan left-arm spinner).

## Workshop for AAT Members in Practice (MIP)



Association of Accounting Technicians of Sri Lanka successfully hosted a workshop for its Members in Practice. The main objective of this workshop was to interact with MIPs on technical aspects, industry requirements and exploring opportunities in emerging business environment while expanding their awareness on the scope of practice, the challenges and opportunities available for practitioners.

The first panel discussion was on the technical aspects relating to MIPs where Mr. Ranjith Hapuarachchi, Deputy Commissioner General, Information Communication Technology Administration & Tax Operation Support deliberated on opportunities for approved accountants & authorised representatives with regards to Inland Revenue. Second panel discussion was held on exposing the practitioners to industry and exploring opportunities. Panelists were Mr. S. R. P. Indrakeerthi, Director Trade Facilitation & Trade Information of Export Development Board, Mr. Hemal C. Lokugeegana - Deputy General Manager / Chief Risk Officer of Sanasa Development Bank, Mr. Suranga Karunarathna, Relationship Manager-SME of Hatton National Bank and Mr. Tissa Ruberu, Assistant Secretary General of National Chamber of Commerce.

## AAT Sri Lanka Business School

AAT Business School having the vision to enhance techno-managerial competencies of the SME Sector thrive to be the centre of excellence for executive development, which is a strategic business unit operating under the Association of Accounting Technicians of Sri Lanka. The AAT Business School is committed to broadening the career pathways of AAT students, passed finalists, members and other professionals. Information Communication Technology is vital for the success of long term career goals of a professional. With this objective, the Business School focuses on IT education facilitating the transition of pre-requisite accounting knowledge



During the year under review, AAT Business School conducted eight different structured programmes covering over 1,530 participants.

- AAT Business School collaborated with School of Accounting & Business of CA Sri Lanka to create a career path for the Higher Diploma in Accounting and Finance students.

A woman wearing glasses and a pink and blue sari stands in front of a presentation screen. The screen displays the title "Course in Taxation" in large orange letters. Below the title are three small photographs showing people in various settings: one person working at a desk, a group of people in a meeting, and another person working. To the left of the photos is a bulleted list:

- Introduction to Income Tax (Individuals & Companies)
- Capital Gains Tax

To the right of the photos is another bulleted list:

- Introduction to GST
- VAT/VATAT
- M&T
- C&C
- Stamp Duty
- Withholding Tax

The audience's heads are visible in the foreground, looking towards the presenter.

# Social & Relationship Capital

Business School Annual Award Ceremony



Higher Diploma Students get-together at Diyaulpatha Tea Garden Resort



People and Leadership skills workshops

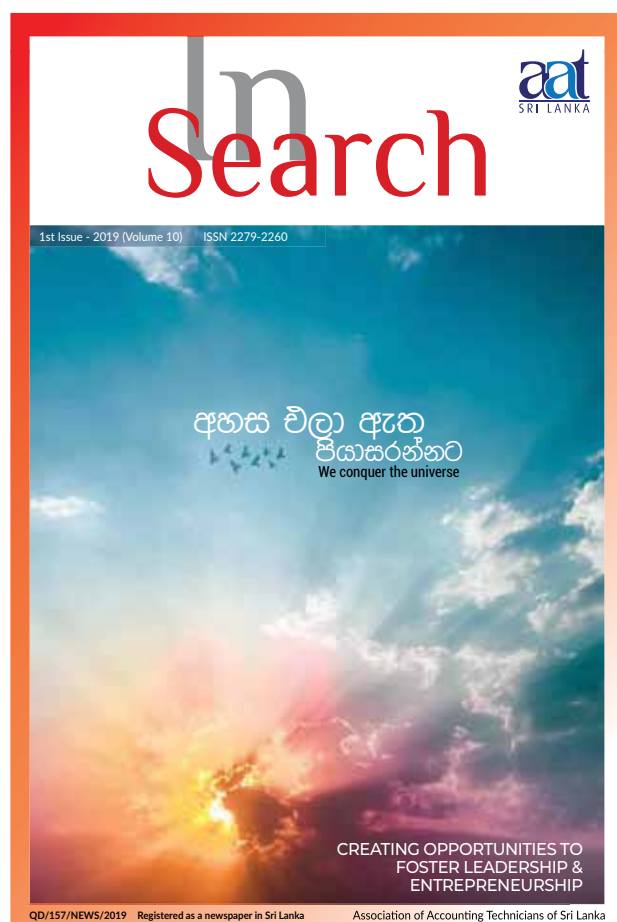


## InSearch 2019

InSearch is the signature magazine issued by the Association for its Members. In the year 2019, InSearch was built up on the theme “අහස එලා අප පියාසරන්නට . - We conquer the universe”. While updating on the member fraternity with all latest news and events of the Association, InSearch 2019 incorporated invaluable insights of Mr. Deepal Sooriyaarachchi, Mr. Kishu Gomes, Dr. Sarath Buddhadasa, Ms. Aruni Rajakarier, Mr. Ranjith Hapuarachchi, Mr. T. M. Balraj Arunasalam and Mr. Rajith Perera on Invention and Mindfulness, Tourism and the Youth, Entrepreneurship, Women Empowerment, Inland Revenue updates and responses, Leadership & communication skills and IFRS. Apart from external insights, articles from six members have also featured in the InSearch 2019. Members were invited to share their thoughts and send their feedback on the InSearch as well as their suggestions for the forthcoming InSearch publication. The InSearch 2019 has been designed to be an interactive resource through digital platforms.

## AAT Sri Lanka Toastmasters club

AAT Sri Lanka Toastmasters club was initiated in the year 2009. Year 2019/2020 was a very successful year for AAT Sri Lanka Toastmasters. It proved to be a year where the club





achieved many prestigious awards and members received recognition. The most prestigious and highest award that can be achieved by a club in District 82 (Sri Lanka & Tamil Nadu), the Golden Gavel, was achieved by the AAT Sri Lanka club for the 5th consecutive year. Further proving the club's high caliber, AAT Sri Lanka Toastmasters won 8/80 membership building award, Triple star Award, Excellence in Training, Pathways adoption Champions Award and Presidents Distinguished Club status. AAT Sri Lanka Toastmasters conducted four Speech craft programs, two Youth Leadership programs in order to share their Toastmaster experience with outsiders and more than 10 awareness programs in Sri Lanka during the year under review.



## Social Media Platforms



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

AAT Sri Lanka members holding Associate membership of Institute of Public Accountants of Australia (AIPA) designation are eligible to obtain the membership of Institute of Financial Accountants in the United Kingdom.

## EMPLOYMENT

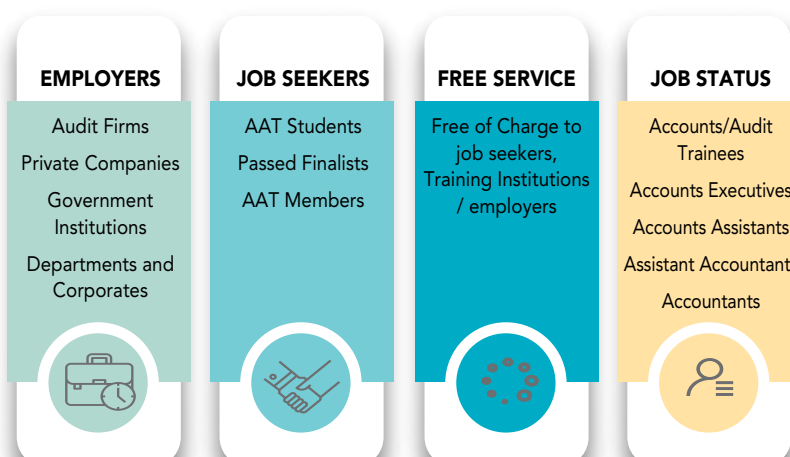


We provide the solution through  
**AAT JOB BANK**

## Career Pathways & Recognitions



The members of AAT Sri Lanka are eligible to obtain the membership of Institute of Public Accountants (IPA) of Australia.



# Social & Relationship Capital

## Engagement with our members

A high level of engagement with our members is facilitated through multiple platforms including a year-round up event calendar.

### Orientation Seminar



AAT Sri Lanka organised the annual orientation seminar for the newly enrolled members in the year 2019 on 24th November 2019 at the Auditorium of the University of Colombo School of Computing. The seminar was participated by nearly 400 members who have experienced an amazing session full of motivation, a great awareness on the scope of AAT and most importantly their pathway ahead with AAT as the members of the AAT fraternity.

The seminar was added with a great value, a lot of enthusiasm and a changed mind set by the motivational speech delivered by Mr. Sudath Fernando, Motivational speaker, Humorous speaker, Corporate Trainer, Speaking coach, Director Finance-ATG Group of Companies.

### 27th Annual Convocation



The Association of Accounting Technicians of Sri Lanka held its 27th Annual Convocation on 27th November 2019, at the Main Conference and Concert Hall of the Bandaranaike Memorial International Conference Hall

(BMICH). Prof. Ajantha Dharmasiri, Director and Chairman of the Board of Management, Postgraduate Institute of Management (PIM) added glamour to the ceremonial event as the Chief Guest while Mr. Jagath Perera, President of CA Sri Lanka participated as the Guest of Honour.

At the convocation 2019, 635 members were ceremonially inducted in to AAT member fraternity with 592 as members of AAT (MAAT) and 18 members as Senior Members (SAT). While 25 have been awarded with the fellow membership (FMAAT).

## Networking Events

### AAT Members' Get-together 2019



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

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



### AAT Paduru Party 2019



AAT Paduru Party, the musical night which is one of the colourful events of the AAT Members' Welfare Committee calendar, was held on Tuesday, 10th December 2019 at Prof. Lakshman R. Watawala Auditorium, AAT Center, Narahenpita, Colombo 05. Singing, dancing signified the aesthetic skills of AAT members. Every year this event is organised with a view to sharing and developing brotherhood amongst AAT members.

### AAT Cricket Tournament 2019



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

## ACCOUNTING BODIES

We continue to refine and enhance the relationships with accounting bodies and other professional institutes to ensure continuous advancement of our students, passed finalists and members career pathways and recognition.

Marking a remarkable milestone in AAT Sri Lanka's international recognition, the Institute of Public Accountants of Australia (IPA Australia) signed a MOU with AAT Sri Lanka to offer IPA Membership for AAT Sri Lanka Members.

# Social & Relationship Capital



Ms. Sylvia Tsen, Executive Director, Knowledge, Operations and Technology of International Federation of Accountants visited AAT Sri Lanka adding a luster on the strong and long term relationship in between IFAC and AAT Sri Lanka.

## Social Media Strength

AAT Sri Lanka is active in many social media platforms such as Facebook, Instagram, YouTube, LinkedIn, TikTok and Twitter. We were able to increase our Facebook page follower base from 12,000 to 41,000 in the last 12 months and currently we have a post reach over 600,000 per week. Also, we were able to create our Instagram page and currently there are over 3,500 followers in Instagram. Due to the Covid-19 pandemic situation we have conducted 47 online lectures through our YouTube account and were able to get it monetised, hit over 5,800 subscribers and over 175,000 total views in a short period. Also, we have nearly 1,000 followers in LinkedIn and few followers in TikTok too.

As a result of having our presence in multiple social media accounts, we were able to gain a huge follower base on our students and stakeholders. AAT Sri Lanka is an active page in all famous social media platforms by giving 24 hour service by replying to messages and comments and we were also able to maintain a good digital presence.



YOUR CHANNEL GOT **172,623** VIEWS IN THE LAST 365 DAYS

Views	Watch time (hours)	Subscribers
172.6K	10.5K	+5.7K
↑ >999%	↑ >999%	↑ >999%

## CSR

### AAT Sri Lanka Best Annual Reports Competition 2019



AAT Sri Lanka has initiated its main CSR project with the objective of improving financial reporting practices from the school level itself in Sri Lanka 12 years ago. "The Best Annual Reports Competition of National and Provincial Schools - 2019" was held in collaboration with the Ministry of Education which provided a platform to encourage transparency, accuracy and best practices from school level with the vision of "Achieving highest standard in financial and descriptive reporting for School Development Societies of National and Provincial Schools".

The ceremony was graced by Mr. Nihal Ranasinghe – Secretary, Ministry of Education as the Chief Guest and, Mr. Russel Fonseka – Chief Financial Officer of Bank of Ceylon as the Guest of Honour. 227 schools participated in the competition and three awards were distributed district wise under two categories as students less than 1000 and students more than 1000. 9 Awards were given to best reports at provincial level. As per the island wide results, the Gold Award was won by Gothami Balika Vidyalaya Colombo and the Silver Award was won by Sangamiththa Balika Vidyalaya Galle and the Bronze Award was won by Rathnavali Balika Vidyalaya Gampaha.



AAT is the 1st professional course that the school community comes across soon after the O/L examination. The competition was organised to express the gratitude and honor the school community for their untiring effort to produce competent, skilled professionals. With the approval of the Governing Council the Association invested Rs.5.33 Mn (Rs.4.45 Mn – 2018/19) in the project.

## SCHOLARSHIPS

The Association's scholarship program aims to improve access to education for economically underprivileged students. The Association grants financial and non-financial scholarships for students. Non-financial scholarships are granted to deserving students in the way of AAT Registrations, Examinations, Study Texts etc. on free of charge basis to complete the AAT Sri Lanka qualification, enabling them to become middle level accountants. There are many students who benefited from this programme and currently holding higher positions in the job market. As a non-profitable organisation we always keep our human hands on student's education to improve the level of knowledge by supporting their future needs.

## Donation of Funds to rebuild churches affected from the Easter Bomb blast



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



The Association launched the "Samaja Mehevara" (සමාජ මෙහෙවර) logo during the year under review and the following CSR activities were carried out under that theme.

## Blood Donation Camp by AAT Sri Lanka



A blood donation camp was held by the Association of Accounting Technicians of Sri Lanka. This was conducted under the AAT CSR program theme of "AAT Samaja Mehevara". The AAT staff and the members of AAT Sri Lanka, nearby residents and many army soldiers from Polhengoda military police were also participated in this event. 75 donors were able to donate their blood at the camp and AAT Sri Lanka presented them with a special gift in appreciation of their participation for the event.

# Social & Relationship Capital

## Human hands of AAT Sri Lanka extended to a remote school in Galgamuwa of the NWP



The Association of Accounting Technicians of Sri Lanka while being engaged in taking accounting education to grass root levels of the country, experienced a pleasant surprise in extending its human hands to a worthy cause under the CSR project on the theme "AAT Samaja Mehewara (Social Mission)" through the intervention of social media. The opportunity of donating books to the school library and sports equipment to Galpitiya Junior School arose as a result of responses by a Facebook group in reply to a suggestion published by the AAT Sri Lanka official Facebook page offering support to rural schools.

## Food Donation



The Association arranged a food donation for the children at orphanage homes and were able to donate about 250 jumbo hot dogs to children at three orphanage homes at Nugegoda, Maharagama and Wellawatte.

## AAT Beach Clean-up from Mount Lavinia to Dehiwala



A beach clean-up campaign was carried out by the Association of Accounting Technicians of Sri Lanka from the Mount Lavinia beach to Dehiwala railway station. The main purpose of this project is to collect polythene and plastic items which could affect the marine life and also to ensure the beauty of the beach side as it is a main tourist attraction in Colombo. The campaign was very successful, and over 30Kg of plastic from the beach side were collected and all the trash was directly handed over to the municipal council trucks.

### Bus stand cleaning project



### Stop using plastic campaign

We initiated distribution of a water bottle campaign, focusing on environment conservation by reducing the usage of plastic and polythene. We have designed and printed 1,000 glass water bottles to be distributed among the teachers for them to stop using plastic water bottles in classrooms. Our objective is to send a strong message to the students as well as to other teachers promoting recycling items will help to protect our environment from plastic and polythene.



# Intellectual Capital

Improved systems, processes and brand reputation generate positive impacts to the Student and Member experience, employee working conditions and stakeholder value creation.



Intellectual capital consists of intangibles such as knowledge, skills, ethics, values, culture, systems, procedures, brand and reputation. It is an indispensable input into the value creation process; the knowledge generated and experience gained in the value creation process in turn leads to enhancement of intellectual capital. This process leads to competitive advantage, future stability and ability to meet stakeholder expectations.

## Knowledge and skills

AAT Sri Lanka, by nature, is a highly knowledge intensive organisation. The capabilities of highly skilled professionals and other staff are the backbone of our service provision. The Governing Council is made up of accounting professionals of repute who have acquired relevant knowledge through their involvement with the Association and is passed down to ensure continuity of projects.

Our continued collaboration with employees contributed to build our intellectual capital. We have a good record in employee retention and have in our ranks a high percentage of staff with long years of service. The high rate of retention and large numbers of experienced staff have contributed to building our organisation knowledge.

The level of experience of our Management team is shown below.

Designation	Years of experience
Chief Executive Officer	30
Chief Financial Officer	22
Chief Academic Officer	18
Director - Business School	23
Head of Student Registration & Membership	14
Head of Education & Training	20
Deputy Head of Examination	16
Manager - Information Technology	22
Manager - Human Resources & Administration	9
Manager - Marketing	12
Senior Manager - Examination	16
Senior Manager - Examination	33
Secretary to CEO	26
Assistant Manager - Student Registration & Membership	9
Assistant Manager - IT	18
Financial Accountant	6
Assistant Manager - Examination	6
Assistant Manager - Marketing	8
Assistant Manager - Business School	6

## Culture

Our organisational culture reflects the values, ethics, and policies of the Association and determines how the Management and employees interact and handle the changing factors in the environment. We believe that an employee-friendly culture in the Association will result in a customer-friendly service while enabling us to be more innovative and stand out against our rivals.

## Service and process innovation

Throughout our history we have developed and fine-tuned our services and processes. As a service organisation, the Association's R & D and innovation focus is based on the development of new services and/or improvements to the existing services as well as improvements to the Association's processes. During the year, the Association collaborated with leading research

institution in developing research that facilitates product and process innovation. This ensures the Association's continued competitiveness in rapidly changing environment. Our innovative initiatives during the year are listed below.

### New Curriculum



The revised new curriculum was introduced in October 2019 with substantial improvements to syllabus content and competencies. The new curriculum themed "The Employment Fast Track" will empower the industrial and technological adherence of middle level accounting technicians in Sri Lanka. (Please refer pages 08 for detailed discussion on new curriculum)

### Development of Examination process

Continuous strengthening of the qualified panels of resource persons engaged in question paper setting and evaluation process in order to further improve the quality of examination process helped in releasing results within 50 days from the examination date. Past papers, suggested answers, examiners' reports and low performed areas reports are published in the official website to be downloaded free of charges to enhance the knowledge of the Students.

### New developments to the membership

The Association's innovative capabilities have also been directed towards streamlining and improving the process in place for obtaining membership. Today, AAT Sri Lanka is considered to be the strongest foundation which provides access to many other professional courses and an entry qualification to universities to qualify as graduates. Marking a remarkable milestone in AAT Sri Lanka's international recognition, during the year, the Institute of Public Accountants of Australia (IPA Australia) signed a MOU with AAT Sri Lanka to offer IPA Membership for Members of AAT Sri Lanka.

### Business school

During the year under review, AAT Business School has introduced three new courses namely Diploma in Applied Taxation, Diploma in Accounting & Finance and Business English programme which added more value to our strong innovative culture.

### Continuous improvements in IT process

New website of AAT Sri Lanka was launched in September 2019 which creates a user-friendly browsing experience for our trusted and valued customers and business partners. The site contains integrated social media buttons for Facebook, Instagram and all the email addresses and inquiry forms to foster improved communication with the stakeholders.



During the lockdown period, IT has played a key role in developing remote working infrastructure which helps to continue Association's essential operations smoothly.

### AAT Brand

AAT has established itself as the most trusted brand in the Education industry of Sri Lanka. During the year, AAT Sri Lanka has carried out continuous promotion campaigns through many social media platforms such as Facebook, Instagram, YouTube, LinkedIn, TikTok and Twitter which enhance visibility and recognition of the AAT brand.

# Financial Capital

AAT Sri Lanka's financial capital represented by its accumulated fund which included surpluses and deficits generated over the years that is utilised to fund the operations of the Association.

Effective management of the Association's financial capital is essential in generating strategic objectives, delivering value to our stakeholders and ensuring the continuity of operations.

## Overview

AAT Sri Lanka recorded a surplus of Rs.74 Mn (Rs.61 Mn - 2018/19) for the financial year ending 31 March 2020 which is an increase of 20% over the previous year, reflecting strong growth and operational efficiencies. The Statement of Financial Position provides a strong foundation for expansion as net assets grew by 11% to Rs.755 Mn (Rs.683 Mn - 2018/19) and there are no interest-bearing borrowings reflecting prudent management of this finite resource. Despite the effects of Ester attack at the beginning of the financial year as well as the effects of COVID-19 spread at the latter part of the financial year, the association was well ahead of all the barriers with the support of the solid student and member base blended with the team commitment.

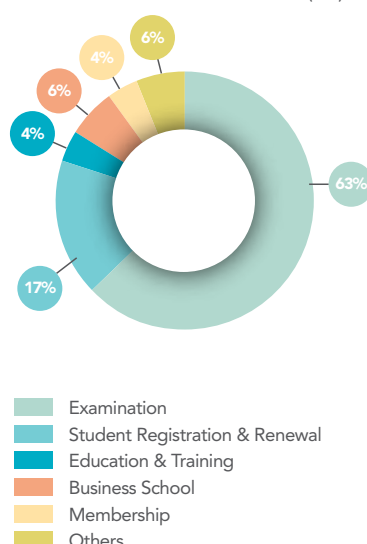
## Financial performance

### Revenue

During the year under review, the top-line grew by 5%, concluding the year with Rs.290 Mn (Rs.275 Mn - 2018/19) income.

Revenue mix	(Rs. Mn.)	
	2019/20	2018/19
Examination	182	153
Student Registration & Renewal	48	65
Education & Training	12	16
Business School	17	12
Membership	13	11
Others	18	18
Total	290	275

### INCOME ANALYSIS (Mn)



Examination income continued to remain a key contributor to revenue with a contribution of 63% during the year. Examination income recorded a 19% YoY growth mainly propelled by increase in the number of students sat for examinations as well as marginal increase in examination fees. Improved quality of student recruitment has encouragingly increased the examination numbers as more students are undertaking examinations.

Business School revenue increased by 35% during the year reflective of 35% YoY growth in Higher Diploma in Accounting & Finance course income which contributed 5 Mn to the topline. Income from the Diploma in Taxation and Capacity Building programs were also positively contributed to the revenue of Business School.

Income from Membership fees and subscriptions were also supported by strong growth of 12% as we admitted 635 new members to the member base.

Income generated on Education & Training declined by 25% YoY primarily due to decline in the sales of publications as the last exam of the curriculum 2015 was held in January 2020.

Student registration main intake starts with releasing G. C. E. Ordinary Level Examination (SL) results which was delayed from March 2020 to April 2020 due to the whole country was locked down with the spread of COVID-19. As a result student registration revenue recognition shifted from the FY2019/20 to FY 2020/21 leading a decline in Student Registration income by 26% compared to the previous year.

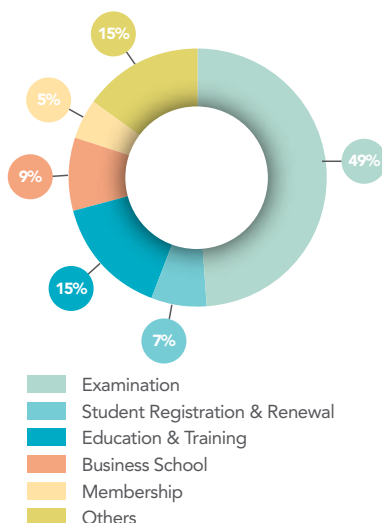


## Cost of Services and Gross Surplus

The Association's cost of services was increased by 13% to Rs.155 Mn during the year (Rs.137 Mn - 2018/19). Increase in publication development and printing cost due to the launch of new curriculum 2020 resulted in increase in Education & Training cost as well as new branch overhead expenses which in turn contributed to the overall increase. Cost associated with the Examination, Business School, AAT Class and Passed Finalists Workshops also increased in line with the revenue growth and also rising inflationary pressures had an impact on the increase of cost of services of the Association.

Cost of Services	(Rs. Mn.)	
	2019/20	2018/19
Examination	76	65
Student Registration & Renewal	11	11
Education & Training	23	19
Business School	14	12
Membership	7	9
Others	24	21
Total	155	137

### COST OF SERVICES



Overall, the Associations gross surplus declined from Rs.138 Mn to Rs.134 Mn during the year under review.

## Surplus from Operation

The surplus from operations decreased by 21% to Rs.18 Mn (Rs.22 Mn - 2018/19) mainly due to the decrease of other operating income and increase of student promotion and awareness expenses. Student Promotion and Awareness expenses increased by 8% to Rs.30 Mn (Rs.28 Mn - 2018/19) as the Association continued to invest on enhancing the brand visibility in the market as competition intensified. As a result of focused management of cost, Administration and Establishment expenses recorded a decline of 2% YoY to Rs.88 Mn (Rs.90 Mn - 2018/19).

Association recorded 10% improvement in surplus before tax as a result of increase in finance income, income from investment property and other income. Finance income increased by 26% YoY to Rs.58 Mn (Rs.46 Mn - 2018/19) due to increase in fixed deposit base by 27% to Rs.565 Mn (Rs.446 Mn - 2018/19) as well as due to converting the short term deposits to long term to attract high rates. Increase of Income from investment property and other income was due to increase in rental income.

Income tax rate on finance income has been revised by the Inland Revenue to 24% from 14% effective from 1st January 2020 and NBT was abolished with effect from 01st December 2019 reflecting the overall decline in total tax expense by 25%.

## Analysis of Financial Position

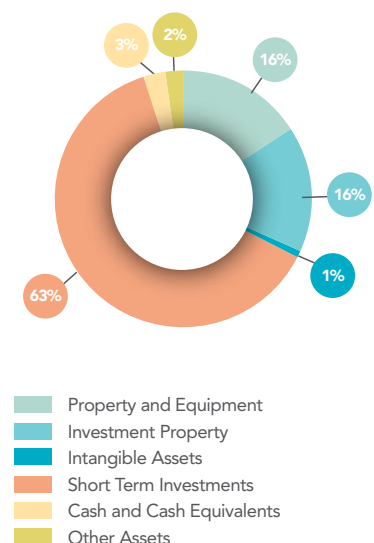
The Association's total assets increased by 13% to Rs.897 Mn (Rs.792 Mn - 2018/2019), primarily due to a sharp increase in short term investments for the year amounted to Rs.565 Mn (Rs.446 Mn - 2018/19).

Inventories dropped to Rs.5 Mn (Rs.12 Mn - 2018/2019) due to reduction in publications stock as printing of publications in relation to the new curriculum was work in progress as of the year end.

Assets are largely funded by the accumulated fund as the Association continues to be debt free. Accumulated fund accounting for 80% of total asset which is the largest source of funding of the Association. The total funds increased by 11% to Rs.755 Mn (Rs.683 Mn - 2018/2019) driven by the increase in profitability during the year.

Advances and Deposits received was increased drastically to Rs.51 Mn (Rs.29 Mn - 2018/2019) due to the student registration income collected on the O/L intake was not recognised as income during the financial year as a result of delay in release in O/L results from March 2020 to April 2020. The respective income will be recognised during the financial year 2020/2021 as per the revenue recognition policy of the Association.

### ASSETS COMPOSITION



# Human Capital

AAT Sri Lanka has a talented team of members who are unique and differs from any other capital within the organisation who plays a more complicated role in providing services to our stakeholders.

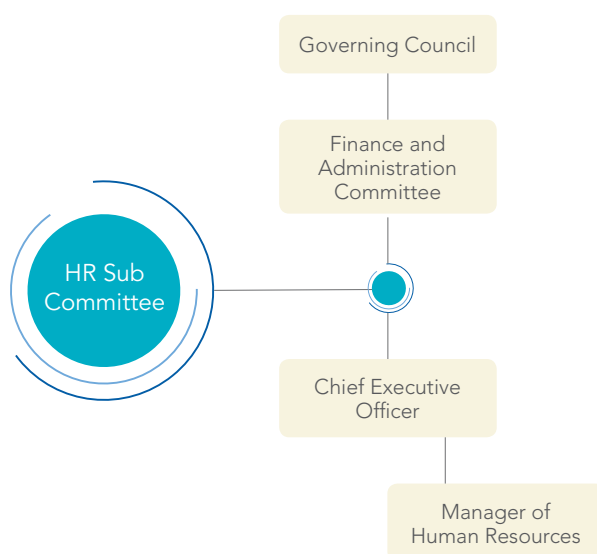
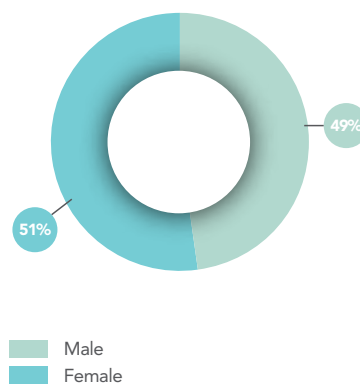
Our employee development strategies are mainly directed at building competent and productive workforce who can contribute to the achievements and growth through novelty and consistent delivery to sustain the competitive advantage.

The governing council is the legally authorised body mainly responsible for having and maintaining the success of HR governance at the Association through directing and guiding the HR subcommittee to implement the best strategies at the workplace in order to gain the best from our team members.

## Team Profile

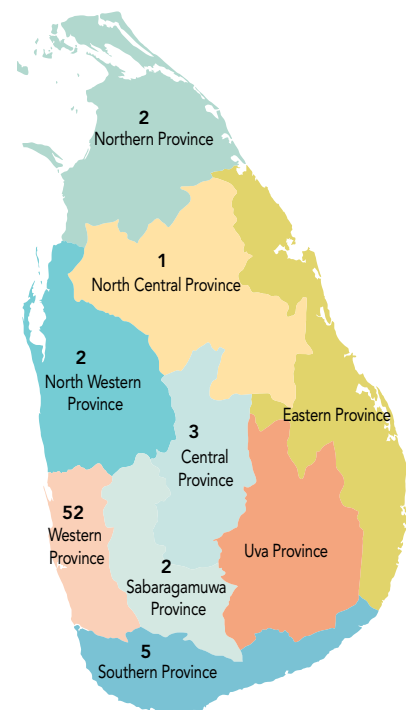
AAT Sri Lanka has a diverse team of 67 staff member who are responsible for implementation and success of its strategies.

## GENDER COMPOSITION



We are performing the operations at the work place by maintaining equal opportunity for all free of any discrimination and has developed all the organisation operations, structures, salaries and processes without considering any gender discrimination.

## GENDER DIVERSITY



### Admiring our working women



Woman is the creator of new life. Working women should be more appreciated, since they have to manage both family and work with super power. This task will not be easy with today's competitive environment. 51% of the cadre represents women associates and as a leading institute in the Education Industry, we celebrate our super women on 08th March 2020 – International Women's Day, by presenting each a succulent tree, because both tree and women constitute the heart of survival of the world.



### Talent Attraction

Employee talent is the key factor to sustain our knowledge, remain innovative and competitive. AAT Sri Lanka is able to attract right talented employees at the right time due to the strong brand recognition, professional work environment and opportunities for learning and development. An equal opportunity policy is in place to prevent any discrimination together with a recruitment process which ensures all candidates are evaluated only for required skill in a fair manner. The recruitment process comprises multiple levels of selection layers, including interviews, aptitude tests and reference checks. All new recruits are welcomed by the Association by giving an induction covering all the processes, which helps the new recruits to acclimatise the association working culture and with its members. During the year under review, we have hired a total of 13 new personnel to our talented pool.

### Employee Engagement

As a relatively small team, we have strong and authentic values, with clear evidence of trust and fairness based on mutual respect among our team members. Especially we always trust our staff members and admire their valuable feelings and knowledge, because we know it is an approach that increases the chances of business success contributing to organisational and individual performance, productivity and well-being. We interact frequently both formally and informally and always encourage open door policy everywhere. Structured dialogues with our team members are facilitated through various engagement rostrums including staff meetings, face to face interviews, performance appraisals and year round work life balance activities to create motivated and satisfied employees.



# Human Capital

## Conducive Workplace

Association always promotes employee safety, growth and goal attainment. Environment is most conducive to a successful workforce as they encourage employees to perform to their highest ability.

## Training & Development

Having skilled competent team is the biggest advantage to the association; since they are the biggest asset we have who drive the organisation to achieve its goals. Thus, we provide a range of skill and knowledge development opportunities for the team, facilitating through on the job training as well as structured and external training programs, based on the identified training needs at the annual performance appraisals. Relevant head of the department is the person who identifies the areas for development of their team members and based on the requirement human resources department will facilitate the training needs. Employees are also able to pursue skill development through the AAT Business School which provides numerous opportunities for employees to develop specific skills and employees are given the opportunity to enroll for courses/ modules and attend lectures free of charge. During the year, our employees underwent total training hours amounting to 693 (7 average training hours per employee).



Types of skill Developed	No. of Training Programs	No. of Training Hours
Professional Development	9	130
Soft skill Development	21	563



## Reward and Recognition

We always reward and recognise our team based on their performance without any discrimination and all structures are designed to attract, reward and retain high performing employees while fostering a performance driven culture. Performance of all employees is appraised annually, providing an effective platform for feedback and identification for further areas for improvement. All staff members are appraised through face to face interviews and administered by a questionnaire by the relevant head of the department.

Appraisal result is the key clue for identification of training needs, determination of performance bonuses and career progression opportunities.

The HR Subcommittee plays the biggest role in this process assisting the Governing Council in determining and finalising the remuneration and rewards for the employees in accordance with the Association's formal remuneration policy.

## Retention

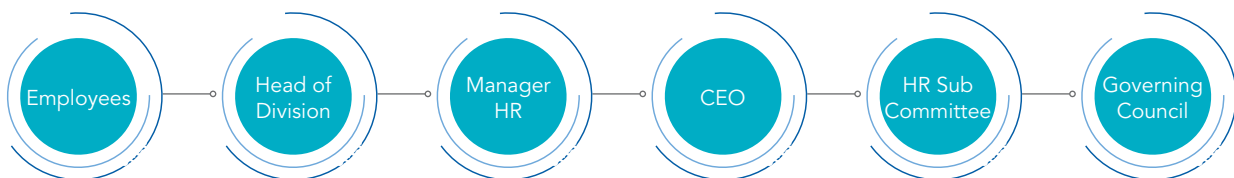
As one of the key strategic imperatives of the association, we retain the retention rate among staff as 98.5% during this year which can be considered as an immense achievement since we always strive to build employee friendly policies for the individuals and conduct health development programs to care themselves and to stay motivated and make the organisation a better place to work.



Medical Camp

## Grievance Handling

We have in place a structured and systematic grievance handling procedure which supports anyone to find the solutions for any of their grievances at any time. The Human Resource sub committee which consists of three council members plays a vital role in this process, since, not only they monitor and resolve employee grievances, but also report major grievances directly to the Governing Council.



## Covid-19 pandemic

We have developed and communicated well-structured guidelines for our stakeholders to prevent from the pandemic situation in line with the guidelines published by the authorities.

Below mentioned actions were taken place at the premises in order to create a risk free environment and to make the team members to work with free minds.

- Placing a pedal activating hand washing facility at the entrance.
- Access restricted upper floors for outside visitors and allowed three visitors at any given time only to ground floor by keeping a personal details record of the visitors
- Temperature check at the main entrance when entering and leaving the office
- Collect personal health status of each employees on regular basis



# Human Capital

- Wearing face mask at the office premises is mandatory
- Provided an instruction manual to each staff member on COVID – 19 guidelines
- Customer service unit, cashier and the stores areas were covered
- Hand sanitizers were placed at the entrance of each floor and in each department.
- Lift usage was restricted to two passengers at a time
- Encourage the staff to clean their workstation by themselves and use their own personal mug for tea & water
- Lunch area was restricted to one person per table
- Increased and strengthen the cleaning process
- Workstations were rearranged by maintaining 1 meter distance between staff members.
- Updated the company notice board to enhance the knowledge on COVID – 19.
- Placed banners at the public area
- Adjusted the office working hours and change the dress code from office attire to casual





# Manufactured Capital

Association's physical infrastructure is a vital input to its value creation model facilitating the delivery of high quality services to our members, students and other stakeholders.

Manufactured capital comprises physical and digital infrastructure including head office building, equipment, investment property at Maligawatte, branch network and the network of AECs. The Association operates its own network of branches which act as contact points for engagement with potential and current students, members and AECs.



## Value Addition 2019/20

The Association invested Rs.7.6 Mn during the year on manufactured capital reflecting additions to the building, office equipment, furniture & fittings and computers and communication equipment.

Rs. Mn	Value Addition	NBV as at 31 March 2020
Building - Head Office	1.8	45.7
Building – Maligawatte	-	21.8
Office Equipment and Name Boards	3.7	5.5
Furniture & Fittings	0.4	7.3
Computers and Communication Equipment	1.7	2.8
Motor Vehicle	-	3.4

On top of the above investments 2.5 Mn was invested on the ERP system as well as Rs.3.2 Mn was invested on website to improve efficiency and effectiveness of the service to the end users. Further during the year under review AAT Sri Lanka focused on developing an interactive e-learning tool to cater to the increasing demand of the student engagement through online mechanism.

We continued in strengthening our geographical reach by adding a new branch at Kandy bringing our total network to 6 branches.

In addition to our own physical infrastructure, the island-wide network of our AECs plays a key role in the provision of our services. By the end of March 2020, 106 AECs were registered with the Association.

# Natural Capital

## Overview

The Association's operations do not lead to significant negative environmental impact, although as a responsible entity we have adopted concerted efforts to minimise the waste and emissions of our operations while initiatives are in place across the organisation to reduce paper, energy and water consumption.

Association has adopted the 3 R approach which is 'Reduce, Recycle and Reuse'. This message has been clearly communicated to all staff and monitored regularly. We have also carried out several projects such as beach and bus stand cleaning, distributing reusable bags and glass drinking water bottles to our stakeholders during the year. Further a succulent plant pot was gifted for each lady in the staff celebrating the women's day giving them the responsibility of nurturing it as well as continuing the ongoing projects which help to preserve our country's natural resources. Further there were no fines or penalties imposed due to non-compliance with any environmental laws or regulations during the year.



## PAPER RECYCLE



2019/20	2018/19
4,160	7,150

## Managing Our Natural Inputs

### Paper:

AAT Sri Lanka engages in the responsible disposal of its paper waste by recycling used paper through an approved third-party recycler. During the year, the total weight of paper recycled was 4,160 Kg and following initiatives have been implemented across the

organisation to optimise paper consumption.

- Past papers and answer scripts were published on website
- Introduced online platform for student registrations and renewals
- Recycling of examination answer scripts and other waste papers
- Encouraged employees to print on both side of the paper
- Board papers, reports and other relevant documents are circulated to Council Members through secured electronic system
- Automated systems and procedures have been implemented to reduce the physical printing requirements

## Energy:

### ELECTRICITY (Kwh)



2019/20	2018/19
250,480	245,360

The Association's energy requirements are entirely sourced from the national grid and during the year, we consumed 250,480 Kwh of energy an increase of 2% compared to the previous year. Following initiatives have been implemented across the organisation to improve the energy efficiency.

- Lighting in common areas are provided with the use of LED lights and natural light is integrated to the office areas where possible
- Inverter type air conditioners are used for comfort cooling in office spaces



## Waste Management

The Association's responsible waste disposal practices include segregating solid waste to reuse, recycle or incinerate. The segregation system at our premises involves color coded bins for organic material, paper, polythene and plastic waste, which are then handed over to the municipal garbage collectors. Our staff and janitorial staff collectively support for this waste management process which promotes a clean and a green workplace.

- Programming all computers to revert to standby mode after a five-minute idling period.
- All employees are encouraged to engage in electricity saving initiatives such as curtailing the use of unnecessary lighting and cooling and minimising the use of lighting during the day time.

The national water supply is used as the main source of water to the Association. AAT Sri Lanka has implemented the following water conservation measures to continuously monitor water consumption trends and identify areas for improving water efficiency.

- Monitoring the monthly usage and regular checkups to identify wastages of water or water leaks
- Conducting awareness programs to inculcate the importance of water conservation

## Water:

### WATER USAGE (Mn. Ltrs)



2019/20

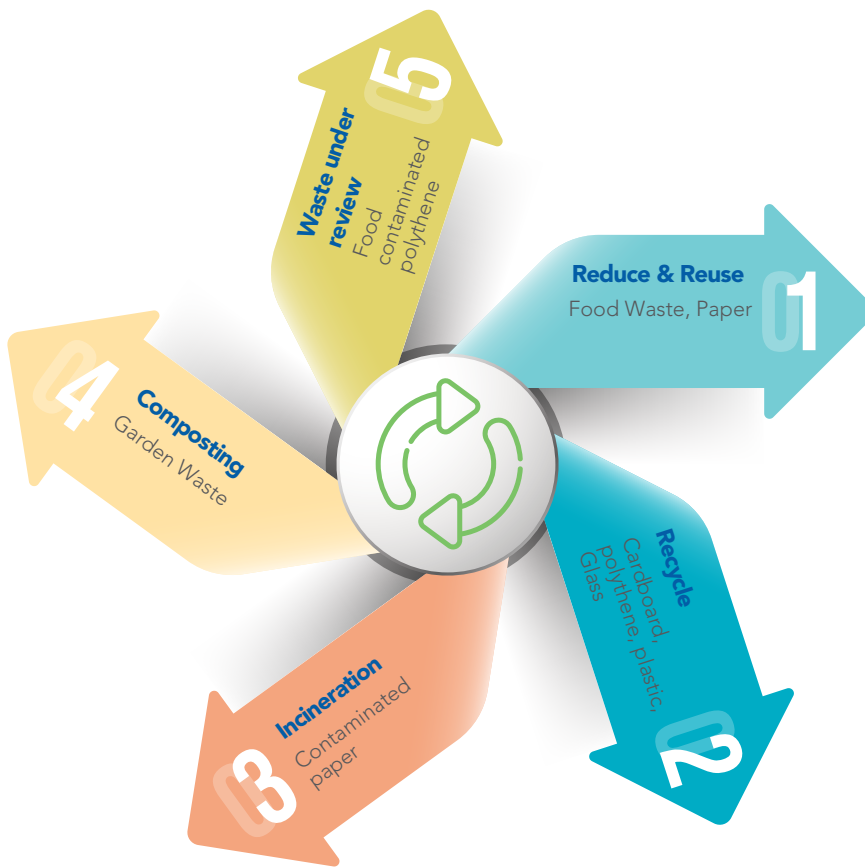
1.89

2018/19

2.73

## Natural Capital

Below figure depicts the waste management process of the Association.



We will continue our efforts to contribute more effectively towards the sustainable development of our country through our responsible and environment friendly business practices.



# STEWARDSHIP

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



# Governance Report of the Governing Council

Dear Stakeholders,

On behalf of my fellow council members, it gives me great pleasure in presenting the Governance report for 2019/20. The report sets out the best Governance principles applied and practiced by the Governing Council in administering and managing day to day affairs of the Association.

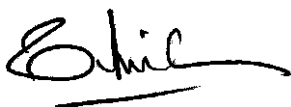
The reporting although not mandatory is voluntary compliance with the Code of Best Practice on Corporate Governance 2017 issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities & Exchange Commission of Sri Lanka.

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

During the year under review with the end of the year 2018 – 2019 Governing Council tenure, a new Governing Council was appointed for the year 2020 – 2021. With the collective industry acumen, depth of skills and diversity of experience brought in by the new Governing Council meeting discussions will be a key driver of the Association's strategic transformation over the next two years.

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

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



**W. P. Russel P. H. Fonseka**  
President

Association of Accounting  
Technicians of Sri Lanka

27 August 2020

# Governance

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

The Governing Council of AAT Sri Lanka is responsible for setting strategic direction, managing risk and oversight of performance in accordance with the objectives of the Association and is also responsible

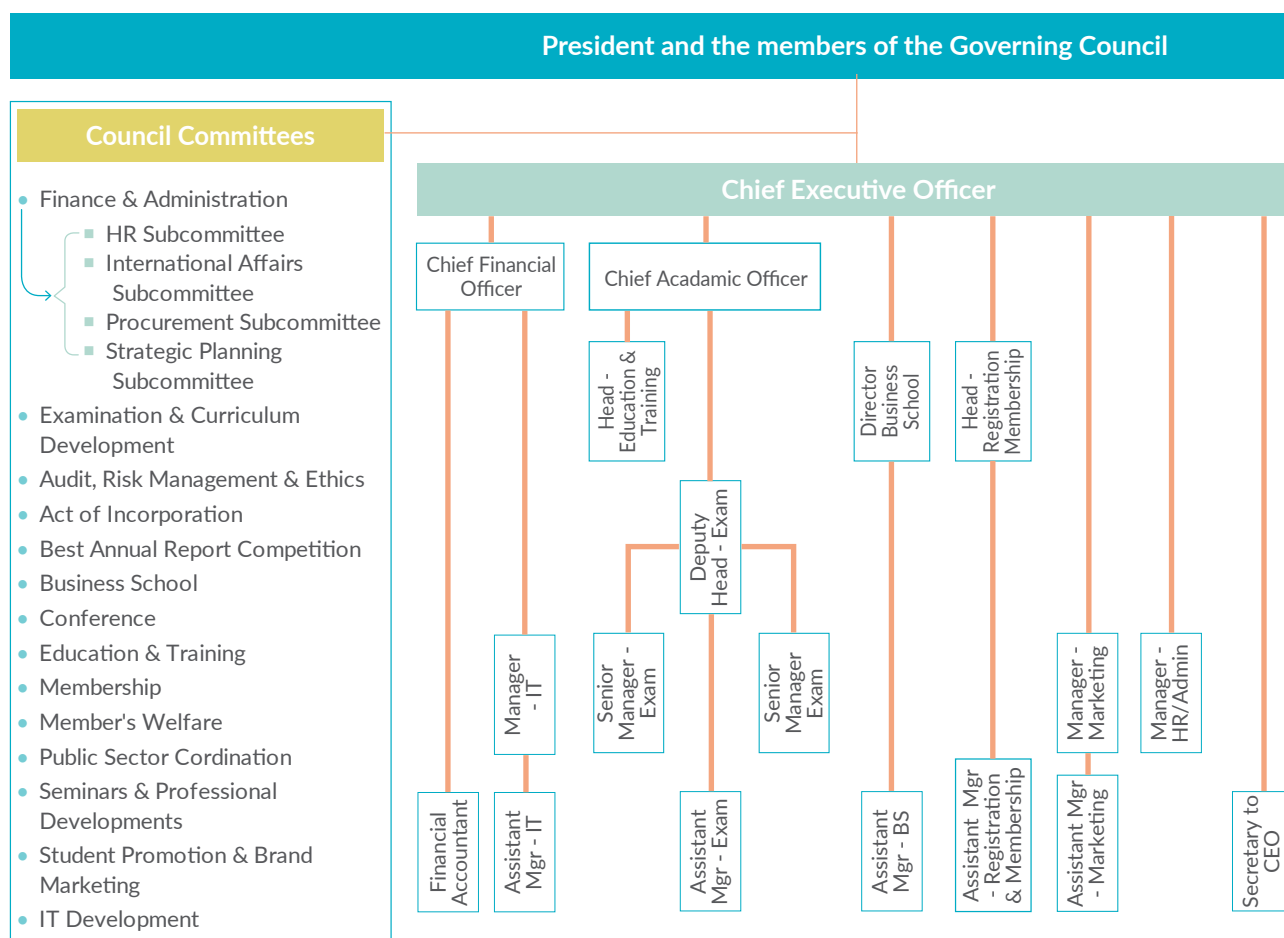
for setting in place a suitable governance framework facilitating pursuance of the Associations objectives while ensuring equitable balancing of legitimate stakeholder interests. This comprises a suitable organisation structure, rules, practices, processes and procedures enabling continuous improvements in accountability and transparency.

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

## Governance Framework & Structure

AAT Sri Lanka's governance framework complies with the requirements outlined by the Companies Act No. 07 of 2007 and other relevant laws and regulations. AAT Sri Lanka has also voluntarily adopted the Code of Best Practice on Corporate Governance 2017 issued jointly by the Securities & Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

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



# Governance

## Governing Council

The Association's apex governance body is the Governing Council which comprises 16 independent members who serve in non-executive capacity and hold office for a period of two years.

Appointments to the Governing Council are twofold. The Institute of Chartered Accountants of Sri Lanka, the Ministry of Finance & Planning and the Ministry of

Education nominate majority of the governing council members whilst five members are elected from the general membership of the Association. The Immediate Past President also obtains a seat in the Governing Council as an Ex-Officio member. This enables a range of members with complementary skills, experience and expertise to enhance the Governing Council's strategic decision making capacity.

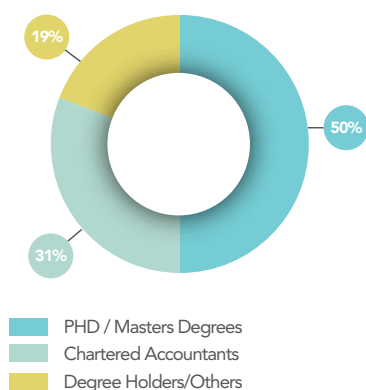
Election of the President of the Governing Council is based on the majority vote of the members of the Governing Council. Elections are held once in every two years to elect members to the Governing Council. Hence orientation for new appointees to the Governing Council is held to ensure smooth transition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

## Composition of the Governing Council

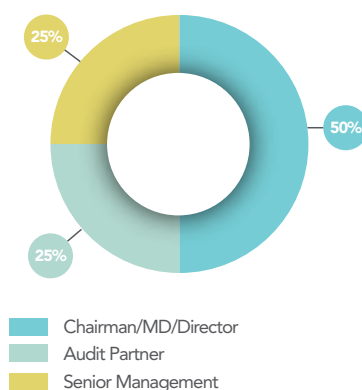
Composition of the Governing Council is key to our progress and we are fortunate to have professionals with the requisite skills and experience to provide leadership, ensuring that AAT Sri Lanka remains at the forefront of the development of the Accounting profession.

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

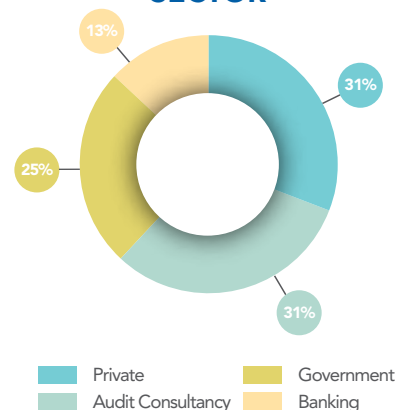
### QUALIFICATION



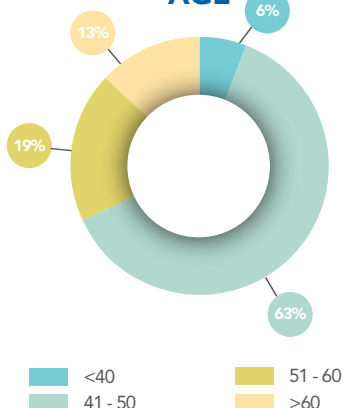
### DESIGNATION



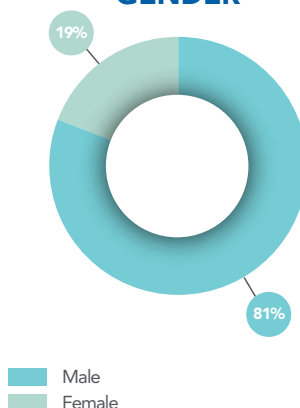
### SECTOR



### AGE



### GENDER



## Roles and Responsibilities

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

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

- Setting strategies, direction and establishing goals for management.
- Review and approve Strategic Plans, Annual Budgets, Financial Statements and monitor performance against approved plans.
- Oversee the compliance with regulatory requirements, processes and framework for evaluating the adequacy of internal controls, risk management, financial reporting and compliance.
- Ensure a process is in place for executive succession planning,

and monitor the process by delegating authority to the CEO.

- Ensure all employees act with integrity and diligence in the interest of the Association's stakeholders.

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

A brief resume of each Governing Council member is set out in the Annual Report under leadership.

### Attendance of the members of the Governing Council at the meetings - FY 2019/20

Council members	No of Meetings Attended / Meetings scheduled
Mr. W. P. Russel P. H. Fonseka (Appointed in February' 2020)	3/3
Mr. Sunil Wanigabadu	14/14
Mr. K. L. Jagath N. Perera	13/14
Mr. M. J. Magdon Ismail	14/14
Mr. Sarathchandra Ilayperuma	10/14
Mr. Naleen D. De Silva	13/14
Ms. F. S. Naayila Marikkar	8/14
Mr. Indraka P. Liyanage	12/14
Mr. H.L.P. Dayal Abhayasinghe	12/14
Mr. W. M. N. J. Pushpakumara	3/13
Mr. Lakshman Abeysekera (Retired in December 2019)	8/10
Mr. J. A. Choliya De Silva (Retired in December 2019)	5/11
Mr. P. Jayasekera (Retired in December 2019)	2/11
Mr. Somasiri Munaweera (Retired in December 2019)	11/11
Mr. Rajesh Harsha Rajan (Retired in December 2019)	7/11
Ms. J. K. N. Samanmalie (Retired in December 2019)	8/10
Mr. J.M.U.B. Jayasekera (Retired in December 2019)	3/10
Mr. R. Thilak S. K. Dharmarathne (Elected in January 2020)	4/4
Mr. P. D. Wasantha Kumara (Elected in January 2020)	4/4
Mr. Sanjaya Bandara (Appointed in February 2020)	2/3
Dr. D. B. S. Chamara Bandara (Appointed in February 2020)	2/3
Ms. W. Chamila Cooray (Appointed in February 2020)	1/3
Ms. G. M. Iresha U. Bandara (Appointed in February 2020)	1/3

# Governance

## Governing Council Appraisal

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

- Interpersonal Skills
- Skills possessed to work as a team
- Succession Planning

- Level of commitment measured in terms of engagement and preparedness
- Contribution made and effectiveness

## Committees of the Association – 2019/20

The Governing Council is supported by fourteen Committees which are chaired by the members of the Governing Council. Every Governing Council member serves as either a Chairperson / Alternate Chairperson of these committees ensuring

that areas of oversight assigned to the committees are addressed in sufficient depth, supporting progress in line with the Strategic Plan and reporting to the Board on progress periodically. Apart from the Governing Council member list, Dr. Prasad Samarathunga who is a veteran in the IT field was appointed as the chairman of IT Development committee with the approval of the Governing council, after considering his enormous support extended to the committee during the year 2018 – 2019.

## Number of committee meetings held during 2019/20

Committee	No. of meetings held
Audit, Risk Management and Ethics	3
Finance & Administration	8
Examination & Curriculum Development	12
Business School	7
Membership	8
Members Welfare	10
Best Annual Report Competition	9
Education and Training	7
Students Promotion & Brand Marketing	4
Conference and Seminars (Up to 30.01.2020)	8
Seminars and Professional Development (w.e.f. 01.02.2020)	1
Conference (w.e.f. 01.02.2020)	1
Act of Incorporation (was a sub committee up to 31.01.2020)	1
IT Development (was a sub committee up to 31.01.2020)	3
Public Sector Coordination (w.e.f. 01.02.2020)	New committee



## Role of the Committees

Committee	Role
<b>Audit, Risk Management and Ethics</b>	<ul style="list-style-type: none"> <li>To assist the Governing Council in its Responsibility for overseeing the quality and integrity of the Accounting, Auditing and Reporting practices of the Association and its compliance with legal and regulatory requirements.</li> <li>Independent appraisal of all financial and non-financial interests of the Association.</li> </ul>
<b>Finance &amp; Administration</b>	<ul style="list-style-type: none"> <li>Overall planning of operations and control of financial, and administration activities of the Association</li> <li>Oversee the Associations Financial Reporting Process</li> <li>Oversee following subcommittees. <ul style="list-style-type: none"> <li>Strategic Planning</li> <li>Procurement</li> <li>Human Resources</li> <li>International Affairs</li> </ul> </li> </ul>
<b>Examination &amp; Curriculum Development</b>	<ul style="list-style-type: none"> <li>Planning and controlling all activities for conducting examinations island-wide in all the provinces twice a year and attending to all matters relating to the conduct of examinations and releasing of results.</li> </ul>
<b>Business School</b>	<ul style="list-style-type: none"> <li>Formulate business school strategy, direction and control of the programs conducted by the business school.</li> <li>Promote and conduct Diploma programs for the membership and the general public with a view to enhancing knowledge to facilitate employability and career advancement.</li> </ul>
<b>Conference &amp; Seminars</b>	<ul style="list-style-type: none"> <li>Organise the Annual Accounting Technicians' Conference with a view to update the membership with changes in technology, legal and regulatory matters, current trends and developments in the local and global economy which are having and bearing on the accounting profession and to promote AAT amongst society and corporate community.</li> <li>Organise seminars for both members and the public to facilitate the enhancement of knowledge and project the image of the association amongst society.</li> </ul>
<b>Membership</b>	<ul style="list-style-type: none"> <li>Regulate the enrollment, upgrading and renewal of membership while maintaining a satisfactory level of active membership and maintaining a membership policy of AAT.</li> <li>Enhance competencies of members through communications and promoting them to actively participate in programs conducted by AAT and its Business School such as seminars, conferences, workshops and higher study programs.</li> <li>Foster leadership, entrepreneurship and intreprenureship among members and contribute to national development efforts by building human resource capabilities.</li> </ul>
<b>Members Welfare</b>	<ul style="list-style-type: none"> <li>To sustain a motivated and active membership.</li> </ul>
<b>Best Annual Report Competition</b>	<ul style="list-style-type: none"> <li>Image building of AAT in the school community by recognition of their talents in discharging accountability and reporting and also providing technical support to enhance quality of financial reporting.</li> </ul>
<b>Education and Training</b>	<ul style="list-style-type: none"> <li>Ensure that proper education and training facilities are available for registered students.</li> </ul>
<b>Students Promotion &amp; Marketing</b>	<ul style="list-style-type: none"> <li>Establish the AAT qualification as the most sought-out career path among the prospective student population, teachers, parents and the general public in order to maintain a sustainable growth in the active student base.</li> </ul>

## Strategic Direction

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

# Governance

## Periodic Reporting Requirements

In order to strengthen the good governance, periodic reports are

prepared and submitted. Monthly financial statements are presented to the Finance and Administration committee. Quarterly financial

statements are presented to the Governing Council through the Finance and Administration committee.

## AAT Sri Lanka Compliance with Code of Best Practices on Governance

We at AAT Sri Lanka have adopted best practices stated in the Code of Best practices on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka.

Code Ref.	Governance Principle	Description of the requirement	Manner Of Implementation	Compliance
<b>A</b>	<b>The Governing Council Members</b>			
<b>A.1</b>	<b>The Governing Council</b>	The Association should be headed by an effective Governing Council, which should direct, lead and control the Association.	The Governing council comprises sixteen eminent professionals. Eight out of them are nominated by CA Sri Lanka, five out of them are elected from the members of the Association, Immediate past president also obtains a seat and the other two are nominated by the Ministry of Education and Ministry of Finance & Planning.	A Governing Council holds office for a period of two years. New Governing Council for year 2020 - 2021 was appointed in Q4 of the financial year.
<b>A.1.1</b>	<b>Governing Council Meetings</b>	The Governing Council should meet regularly. At least once a quarter.	<ul style="list-style-type: none"> <li>a) Having a policy for the frequency and the need for meetings (Minimum 12 meetings).</li> <li>b) Agenda and council papers to be circulated well in advance to ensure adequate time to study.</li> <li>c) Independent Company Secretaries to be appointed.</li> <li>d) Proper record of the minutes to be maintained.</li> <li>e) Evaluate the Association's Strategy (Quarterly against plan), performance, risk profile and compliance with Governance.</li> <li>f) Recording of dissent at meeting in minutes</li> </ul>	<ul style="list-style-type: none"> <li>a) The Governing Council meets regularly on monthly basis. During the financial year the Council met 14 times.</li> <li>b) Agenda and the Council papers are uploaded to Google drive well in advance.</li> <li>c) Integrated Management Systems (Pvt) Ltd acts as the secretaries to the Association.</li> <li>d) Proper record of the minutes are maintained by the Integrated Management Systems (Pvt) Ltd</li> <li>e) Financial and operational results compared to previous periods and budgets are tabled on quarterly basis.</li> <li>f) Minutes are maintained and circulated for review and discussion.</li> </ul>

Code Ref.	Governance Principle	Description of the requirement	Manner Of Implementation	Compliance
<b>A.1.2</b>	<b>Governing Council role and responsibilities</b>	Governing Council role is to provide entrepreneurial leadership of the Association within a framework of prudent and effective controls.	Adoption of the Strategic Plan, monitoring of operational performances and management, ensure the design and operations of effective risk management policies and processes are in Place.	Committees are appointed with Terms of Reference (TOR). Budget and major capital expenses are approved.
<b>A.1.3</b>	<b>Compliance with the Laws and access to independent professional advice</b>	The Governing Council collectively, and Governing Council members individually, must act in accordance with the laws of Sri Lanka.	Provisions are made for the Governing Council members to seek independent professional advice, in furtherance of their duties, if required where necessary. a) The Association has a Code of Ethics for its members and all members of the Governing Council are members of the Association. b) The Association has an Administration Manual, Financial Administration Manual, Examination Procedural Manual and a Disciplinary Code. The Code of ethics and the manuals are reviewed and updated from time to time to ensure their fitness for purpose. All members of the staff have to ensure compliance. d) Ensures equal opportunity, inclusivity, integrity and fair play to create an atmosphere that will promote high performance and teamwork.	During the financial year requirement of professional advice was not aroused. a) Monthly compliance statement is tabled for Council review. b) Three Internal Audits were conducted during the year under review to evaluate the adoption of the policies and manuals. d) During the year under review a comprehensive performance evaluation process was carried out by forming a separate committee and the concerns were addressed.
<b>A.1.4</b>	<b>Access to the advice and services and removal of the Association Secretary</b>	All Governing Council members should have access to the advice and services of secretary.	The Governing Council has access to the advice and services of the Association Secretary who possesses the required qualifications as stipulated in the Companies Act No. 07 of 2007. The secretary maintains attendance register and makes information available for reference. The appointment and removal of the Company Secretary rests with the Governing Council as a whole.	All Governing Council members have access to the Associate Secretary. The Secretary advises the Governing Council and ensures all matters concerning the Companies Act, Governing Council procedures and other applicable rules and regulations are complied with.

## Governance

Code Ref.	Governance Principle	Description of the requirement	Manner Of Implementation	Compliance
<b>A.1.5</b>	<b>Independent judgment of Governing Council members</b>	All Governing Council members should bring an independent judgment to bear on issues of strategy.	The Governing Council members exercise independent judgment in decisions made by the Governing Council on issues of strategy, performance, resource allocation, risk management, compliance and standards of business conduct. The Governing Council draws on the strengths of each Governing Council member without placing undue reliance on any individual.	All Governing Council members have submitted the declaration of independence or non-independence against specified criteria as per the code.  The composition of the Governing Council ensures that there is a sufficient balance of power and contribution by all Governing Council members which minimises the tendency for one or a few members of the Governing Council to dominate the Governing Council processes or decision making.
<b>A.1.6</b>	<b>Dedicate adequate time and effort to matters of the Governing Council and the Association</b>	Every Governing Council member should dedicate time and effort to matters of the Governing Council and the Association.	<p>a) Commitment to attend monthly Governing Council meetings and Committee Meetings. Schedule meetings well in advance and in consultation with those required to attend.</p> <p>b) Circulate all relevant papers giving adequate time to review same and seek adequate information if required.</p>	<p>a) The President and the members of the Governing Council have dedicated adequate time for the fulfillment of their duties as Governing Council members of the Association. In addition to attending Council meetings, they have attended subcommittee meetings and also have made decisions via circulars where necessary.</p> <p>b) Papers relating to the Council meetings are uploaded well in advance allowing sufficient time for preparation.</p>
<b>A.1.7. Resolutions</b>		Governing Council members to call for resolutions in the best interest of the Association.	In the best interest of the Association, one third of the Governing Council members can call for a resolution to be presented to the Governing Council.	No such instances had occurred during the year.
<b>A.1.8</b>	<b>Succession</b>	Every Governing Council member should get an appropriate training.	<p>a) The President is responsible to ensure the Governing Council members possess sound knowledge to carry out their duties in an effective manner.</p> <p>b) The Governing Council members are also kept abreast of applicable legislation and regulations, changes to rules, latest trends, standards and codes as well as relevant regulatory changes and developments in the educational sector.</p>	All new appointees go through the orientation. The learning environment of the Association itself facilitates the Governing Council members to enhance their knowledge by attending continuous professional development programs and international conferences.

Code Ref.	Governance Principle	Description of the requirement	Manner Of Implementation	Compliance
<b>A.2</b>	<b>The President and Chief Executive Officer (CEO)</b>	There should be a clear division of responsibilities between the President and the Chief Executive Officer to ensure the balance of power and authority.	<p>The position of the President and the CEO are separated clearly to segregate the balance of power and responsibility.</p> <p>The president is elected and serves in an honorary capacity whilst the CEO is a full time employee responsible to manage the operations of the Association with the support of the Association's management.</p> <p>Management ensures that the Governing Council is provided with timely, accurate, relevant and comprehensive information at both Governing Council and subcommittee meetings.</p>	The roles of the President and the Chief Executive Officer have been segregated, ensuring an appropriate balance of power.
<b>A.3</b>	<b>Role of the President</b>	The President should conduct Governing Council proceedings in a proper manner and ensure an effective discharge of the Governing Council functions.	<p>Lead the Governing Council in discharging its duties effectively and enhance the Association's standards of governance.</p> <p>The President provides strong leadership to the Governing Council as a means to ensure effectiveness of the Governing Council.</p> <p>Demonstrates leadership in the Association's long-term strategy and growth which is fit for purpose in the current operating context.</p> <p>Having a governance framework that comprises sound reporting mechanisms, internal controls and risk management processes designed to facilitate clear definition of roles and responsibilities and accountability measurement.</p> <p>President's term of office is two years and there after he shall serve on the Governing Council for another term of two years designated as Immediate Past President.</p>	The president leads the Governing Council ensuring effectiveness in all aspects of its role.
<b>A.4</b>	<b>Financial Acumen</b>	The Governing Council should ensure the availability within it, of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	The nominees of CA Sri Lanka are all Chartered Accountants and chosen from practicing firms of Accountants and leading large private sector enterprises.	All Governing Council members possess financial acumen and knowledge through experience gained.



## Governance

Code Ref.	Governance Principle	Description of the requirement	Manner Of Implementation	Compliance
<b>A.5</b>	<b>Governing Council composition Balance</b>	It is preferable for the Governing Council to have balance of executive and non-executive Governing Council members such that no individual or small group of individuals can dominate the Governing Council decision-taking.	<ul style="list-style-type: none"> <li>a) Five out of sixteen members are elected by members' vote.</li> <li>b) Two out of sixteen members are appointed by the Ministry of Education and Ministry of Finance &amp; Planning.</li> <li>c) Eight out of sixteen members are nominated by CA Sri Lanka.</li> <li>d) The President shall be a member nominated by CA Sri Lanka and the Immediate Past President shall also be a member of the Governing Council.</li> <li>e) Three out of sixteen members are females contributing to the gender balance.</li> </ul>	All Council members serve in non-executive capacity and have submitted a signed and dated declaration of his / her independence or non-independence.
<b>A.6</b>	<b>Supply of information</b>	The Governing Council should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.	<p>All financial and non-financial information are analysed and presented to the Governing Council to make informed and accurate decisions.</p> <p>The Governing Council sought additional information as and when necessary.</p> <p>The President ensured that all Governing Council members were briefed on issues arising at the Governing Council meetings.</p>	The Governing Council was provided with timely and appropriate information by way of council papers and proposals. Members of the senior management made presentations on issues of importance whenever clarification was sought by the Governing Council.
<b>A.7</b>	<b>Appointments to the Governing Council</b>	There should be a formal and transparent procedure for the appointment of new Governing Council members to the Governing Council.	The appointment of new Governing Council members to the Governing Council is carried out in a transparent manner as mentioned under the rule number A.5.	Governing Council for the year 2020 – 2021 was appointed as per the laid down procedure in the 4th quarter of the year under review.

Code Ref.	Governance Principle	Description of the requirement	Manner Of Implementation	Compliance
<b>A.8</b>	<b>Re-election / Appointment / Resignation</b>	All Governing Council members should be required to submit themselves for re-election at regular intervals and at least once in every three years.	<ul style="list-style-type: none"> <li>a) The term of the Governing Council is two years and members are elected / nominated in every two years.</li> <li>b) In order to get re-elected, the Governing Council members themselves are required to submit their nominations in writing to the secretary.</li> <li>c) Any casual vacancy in respect of CA and ministry appointments to the Governing Council member is to be filled by fresh nominations.</li> <li>d) Any casual vacancy in respect of elected Governing Council member is to be filled by the next in line from the elected list, and any person so appointed shall retain his office until the next election of the Association and then retire.</li> <li>e) Resignation if any should be communicated in writing and it is recommended to state reasons. The communication is tabled for discussion.</li> </ul>	Governing Council for the year 2020 – 2021 was appointed as per the laid down procedure in the 4th quarter of the year under review.
<b>A.9</b>	<b>Appraisal of Governing Council Performance</b>	The Governing Council should periodically appraise its own performance against the present targets in order to ensure that the Governing Council responsibilities are satisfactorily discharged.	The Governing Council has recognised that it is necessary to periodically appraise their own performance in order to ensure that Governing Council responsibilities are satisfactorily discharged.	Self-declarations and evaluation by each member of the Governing Council for 2019/20 was carried out.
<b>A.10</b>	<b>Disclosure of information in respect of Governing Council members</b>	Details in respect of each Governing Council member should be disclosed in the Annual Report for the benefit of the members.	Profiles of each Governing Council member, including their qualifications, expertise and other appointments are disclosed in the Annual Report.	<p>Details of the Governing Council members are given in the Annual Report under Leadership section.</p> <p>Attendance of Governing Council members at the Governing Council meetings is presented in this report.</p> <p>Details of the related party transactions of the Governing Council members are also presented under note number 29 to the Financial statements.</p>

## Governance

Code Ref.	Governance Principle	Description of the requirement	Manner Of Implementation	Compliance
<b>A.11</b>	<b>Appraisal of Chief Executive Officer (CEO)</b>	The Governing Council members should at least annually assess the performance of the Chief Executive Officer.	Evaluation of the performance of the CEO with reference to target set is carried out.	Chief Executive Officer's performance targets are set at the commencement of every year with approval of the Annual Budget which is reviewed on quarterly basis at the Governing Council.  Annual review is performed by the HR subcommittee.
<b>B</b>	<b>Governing Council members' remuneration</b>	The Association shall have a formal and transparent procedure for developing policy on fixing the remuneration packages of individual Governing Council members.	All Governing Council members serve on an honorary capacity.	No Governing Council member is entitled to any financial or non-financial benefits, remuneration or allowances for work carried out in the capacity of a Governing Council member.
<b>C</b>	<b>Relationship with Members</b>	The Governing Council should use the AGM to communicate with members.	<p>In its desire to maintain good relationships with Members, the Governing Council at AAT Sri Lanka follows a policy of disclosing all relevant information, both financial and non-financial to its Members. The Governing Council constantly strives to enhance the value of Members who have built this winning Association.</p> <p>The Governing Council recognises the importance of AGM to communicate effectively with Members and encourages the Members to attend and actively participate. The Members are given the opportunity of exercising their rights at the AGM.</p> <p>The notice of AGM including the final accounts in a CD is circulated to Members well in advance of the AGM to enable the members to study.</p> <p>There is no process for proxy votes and the mechanism of voting is indicated in the Memorandum and Articles of Association of AAT Sri Lanka.</p> <p>The Association Secretary and CEO will be the main contact persons with regard to any disclosures to the Members. Further, the CFO can also be contacted with regard to any clarifications on financial information published.</p> <p>The Association Secretary maintains records of all correspondence received from Members and direct the same to appropriate channels.</p>	<p>All the important information of the Association could be reached through the Association website, members facebook page and Annual Report.</p> <p>Communications with members are done through individual letters too.</p> <p>The Members of the Governing Council spend time with the members of the Association at the AGM, hear their views and give importance to their questions.</p>

Code Ref.	Governance Principle	Description of the requirement	Manner Of Implementation	Compliance
<b>D</b>	<b>Accountability and Audit</b>			
<b>D.1</b>	<b>Financial Reporting</b>	The Governing Council should present a balanced and understandable assessment of the Association's financial position and performance.	The Governing Council members should ensure that the Financial Statements are in accordance with the Sri Lanka Accounting Standards for Small and Medium sized Entities (SLFRS for SME's) and the Companies Act No. 07 of 2007 and the generally accepted accounting principles.	The Association has reported a true and fair view of its financial position and performance for the year ended 31st March 2020.
<b>D.2</b>	<b>Risk Management and Internal Control</b>	The Governing Council should have a sound system of internal controls to safeguard the Associations investments and assets.	The Association's Audit, Risk Management and Ethics committee ensures that there is an effective internal control and financial reporting system. In addition to the annual financial audit it is the desire of the Association to ensure compliance with the relevant directions.	The Association has established a comprehensive framework of policies and procedures for risk management and internal control which are regularly reviewed and updated.
<b>D.3</b>	<b>Audit Committee</b>	The Governing Council should have a formal and transparent arrangement in selecting and applying the accounting policies for financial reporting, internal control principles and for maintaining an appropriate relationship with the Association's auditors.	The Association has embodied written terms of reference for the Audit, Risk Management and Ethics committee. Composition of the Audit, Risk Management and Ethics committee is set out under the Audit, Risk Management and Ethics committee report. Association has an internal audit function carried out by KPMG (Chartered Accountants) who are reporting to the Audit, Risk Management and Ethics committee. Internal auditors carry out reviews on the processes, effectiveness of the risk management, internal controls and report on a quarterly basis.	Three internal audits were carried out during the year under review. Audit reports are discussed and required corrective actions to be taken by the management are agreed upon at the Audit, Risk Management and Ethics committee. The committee maintains an appropriate relationship with the external auditor, Ernst & Young (Chartered Accountant) to ensure their objectivity and independence. The external auditors do not have any relationship and any interest in the affairs of the Association.

## Governance

Code Ref.	Governance Principle	Description of the requirement	Manner Of Implementation	Compliance
<b>D.4</b>	<b>Related Party Transactions Review Committee</b>	The Governing Council shall establish a procedure to ensure that the Association does not engage in transactions with related parties in a manner that would grant such parties more favorable treatment.	<p>The Governing Council is of the view that a separate related party committee is not required at the Association due to the following reasons :-</p> <ul style="list-style-type: none"> <li>a) All Governing Council members are independent and serve the Association in Non-executive capacity.</li> <li>b) All Governing Council members are required to issue a declaration of independence at the year-end audit.</li> <li>c) No Governing Council member should participate at a meeting at which a transaction relating to him / her or in which he / she has any interest is discussed, unless invited to seek clarification / information.</li> <li>d) All financial and non-financial decisions are taken by the Governing Council through the related committees.</li> </ul>	<p>Related party disclosure is made under note number 29 of the Note to the financial statements.</p> <p>All the Governing Council members have issued a declaration of independence.</p>
<b>D.5</b>	<b>Code of Business Conduct and Ethics</b>	The Association should develop a Code of Business Conduct and Ethics for Governing Council members and members of the senior management team.	The Association has developed a Code of Ethics and professional standards for all its members.	Compliance of the codes are monitored by the committees as well as the internal audit.
<b>D.6</b>	<b>Governance Disclosure</b>	The Association should disclose the extent of adoption of best practice in governance.	The Governing Council members should include in the Association's Annual Report a Governance Report, setting out the manner in which Association has complied with the principles and provisions of this code.	This requirement is met by including the corporate governance report to this Annual Report.
<b>E &amp; F</b>	<b>Members &amp; Other investors</b>	Members are required to make considered use of their votes and encouraged to ensure their voting intentions are translated into practice.	Annual General Meeting is used to have an effective dialogue with the members on matters which are relevant and are of concern.	<p>The Association maintains a good relationship with the Members and potential investors.</p> <p>Members' concerns are addressed as and when raised.</p>

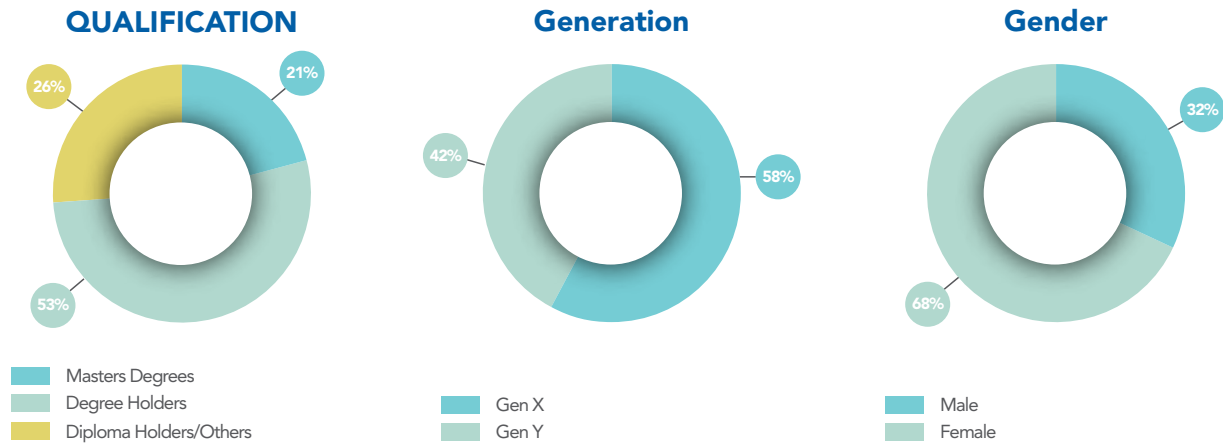


Code Ref.	Governance Principle	Description of the requirement	Manner Of Implementation	Compliance
<b>G</b>	<b>Internet of Things &amp; Cybersecurity</b>	The Governing Council should ensure the effectiveness of the cybersecurity risk management through independent periodic review and assurance.	<p>The Governing Council ensures the effectiveness of the cybersecurity risk management through IT Development committee.</p> <p>Risk relating to IT matters including that arising from cybersecurity are discussed at the IT Development committee and outcome is tabled at the Governing Council meeting.</p>	IT Development committee meets regularly for periodic review and assurance.
<b>H</b>	<b>Environment, Society and Governance</b>	Association should establish a governance structure to support its ability to create value and manage risks in the short, medium and long term.	The Association believes that among others, environment, Society and governance aspects are important part of the Association's values and the Governing Council is aware of its responsibility to ensure that such aspects are linked closely with the Association strategy.	The Capital report of this Annual Report is a reflection of how the Association has performed and achieved long-term economic value, assumed corporate responsibility and contributed to sustainability development.

# Governance

## Senior Management

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



## Secretaries to the Governing Council

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

# Risk Management

Effective Risk Management is critical to the sustainability of our value creation process. The Association is exposed to a range of risks stemming from its internal and external environment and recognises the importance of identifying, measuring and managing these risks in a structured and proactive manner. A comprehensive Risk Management Framework is in place, consisting of governance structures, comprehensive policy framework and documented procedures for risk identification and management.

The reporting year was challenging and stressful for the country's economy as it started with the Easter attacks effects continued with political uncertainty and ended with COVID-19 pandemic outbreak. The Association was well ahead with its business continuity plans to manage in a context where operating environment is volatile and unpredictable.

## Risk Governance

The Governing Council is the apex body which sets the tone for effective risk management in the Association. The Governing Council is supported by Audit, Risk Management and Ethics committee consisting of four Governing Council members. The Audit, Risk Management and Ethics committee is responsible for regular reviewing and updating the Risk Management Framework in place as well as monitoring the Association's risk performance on a consistent basis.

The Association has identified the importance of health and safety concerns of employees as a part of operational risk and has established required safety measures to minimise work-related injuries. Further the Association has comprehensive insurance policies to cover risks on fixed assets, investment properties, money and the staff. These policies have been timely renewed and



are in active status. Interest rate movements are monitored closely to mitigate the possibility of lower returns on investments due to interest rate downward trend.

The Governing Council engages Messrs. KPMG Sri Lanka, a firm of Chartered Accountants, to review systems and processes within the Association for its relevance, efficiency, effectiveness and timeliness periodically to obtain assurance on same. The reviews are undertaken quarterly and reports submitted to the Audit, Risk Management and Ethics Committees for necessary action and to be tabled at the Governing Council meetings.

## Risk Management Approach

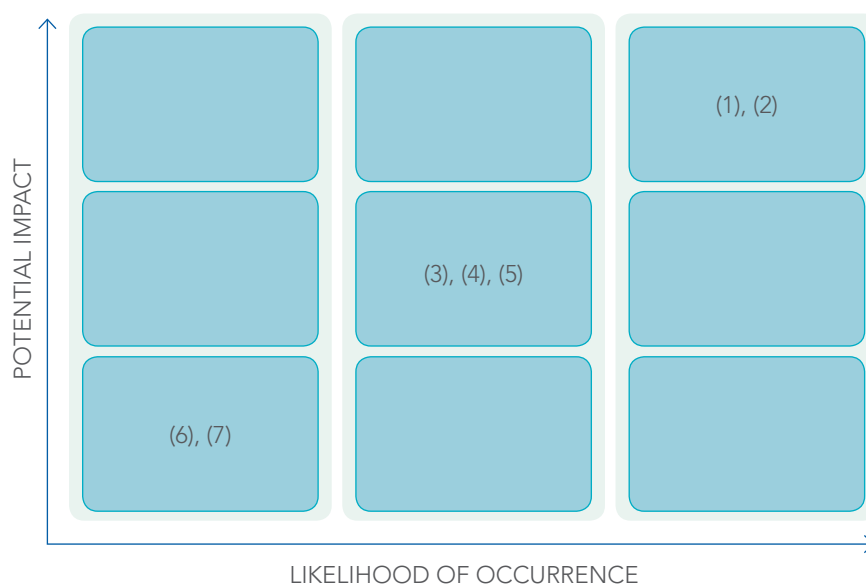
The members of the Governing Council along with its management team and other key stakeholders embarked on identifying potential risks the Association is exposed. This exercise resulted in successful formulation of a Risk Register for the entire Association which includes risks identified at divisional level. Identified risks are prioritised based on impact and likelihood and performance is monitored against pre-defined criteria which are reported to the Governing Council on an on-going basis.



# Risk Management

## Principle Risks and Uncertainties

The following risk matrix demonstrates AAT Sri Lanka's key risk exposures, prioritised based on the potential impact and likelihood on its strategic goals and not an exhaustive listing.



Following Risk Register depicts the most significant cross-cutting risks that the Association currently face.

Risk factors and Impact	Mitigating actions	Grading
<b>01. Wide spread of COVID - 19</b>		
Outbreak of the virus in Sri Lanka has severely impacted the economy which lead in drop in overall performance	<ul style="list-style-type: none"> <li>Strictly following the health and safety guide lines issued by the authorities</li> <li>Facilitate virtual stakeholder engagement events</li> <li>Continuous upgrade of e-platform</li> <li>Fully equipped for work from home concept</li> </ul>	High
<b>02. Increasing competition from other institutes.</b>		
The increasing intensity of competitive pressure from a surge in overseas academic institutions, distant learning programs and other professional institutions.	<ul style="list-style-type: none"> <li>Powerful brand building strategies</li> <li>Strong engagement with government and private schools to attract students</li> <li>Continuous upgrading of the syllabus</li> <li>Maintain a high level of engagement with AECs to ensure optimum delivery of our syllabus</li> <li>Conduct market surveys</li> </ul>	High
<b>03. Employers demand for multi skilled employees</b>		
In addition to the technical skills, employers are now seeking individuals who possess good soft skills, including communication, IT and leadership. Lack of these skills can result in a relatively low employability of our students and members.	<ul style="list-style-type: none"> <li>Engagement with employers to understand emerging requirements with regard to employee skills</li> <li>Frequent upgrading of the syllabus in response to current requirements</li> <li>Brand building initiatives</li> <li>Facilitating training programs for Passed Finalists and continuous professional development programs for members</li> </ul>	Moderate
<b>04. Talent Risk</b>		
Inadequate succession planning for critical roles may result in disruption to service delivery and impact in achieving short to medium term objectives of the Association.	<ul style="list-style-type: none"> <li>Ongoing efforts to strengthen our employee value proposition by Training and Development</li> <li>Investment in training and development</li> <li>Offer opportunities for career progression</li> <li>Maintain a high level of employee engagement</li> </ul>	Moderate

Risk factors and Impact	Mitigating actions	Grading
<b>05. Information Technology Infrastructure</b>		
Outdated software framework and platform versions, may impact on the smooth operation of activities of the Association.	<ul style="list-style-type: none"> <li>• Ongoing investments in strengthening the IT infrastructure</li> <li>• Invest in systems and processes to counter cybersecurity risks.</li> <li>• Strengthening the IT Development committee</li> </ul>	Moderate
<b>06. Government policy on education</b>		
Changes in government policy regarding state and private education could result in shifting dynamics within the higher education industry.	<ul style="list-style-type: none"> <li>• Maintaining a close rapport with government institutions related to education</li> <li>• Active participation on tertiary education forums to give voice to AAT Sri Lanka concerns</li> </ul>	Low
<b>07. Reputation and Brand Image</b>		
Reputational risk arising from using social media marketing.	<ul style="list-style-type: none"> <li>• Increase market awareness, brand audit and brand positioning</li> <li>• Focus on strong corporate values and implementation of code of conduct and ethics</li> </ul>	Low



# The Audit, Risk Management and Ethics Committee Report

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

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

## Mandate and Responsibilities

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

## Composition of Audit, Compliance, Professional Ethics and Risk Management Committee

The Committee comprises of five non-executive Governing Council Members, who are independent. The Audit, Compliance, Professional Ethics and Risk Management Committee of the Association is chaired by Ms. Naayila Marikkar, who is a fellow member of the Institute of Chartered Accountants of Sri Lanka and former Governor of the Institute of Internal Auditors of Sri Lanka. The committee consists of high caliber professionals holding very senior positions in the field

bringing wide range of experience to the committee. The Secretary of the Governing Council functions as the Secretary to the Audit, Compliance, Professional Ethics and Risk Management Committee too.

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

Committee Members – 2019	Meetings attended/ Meetings held
Ms. F. S. Naayila Marikkar – Chairperson	3 / 3
Mr. K. L. Jagath Nandana Perera (Alt. Chair)	3 / 3
Mr. Somasiri Munaweera	1 / 3
Mr. P. Jayasekera	0 / 3
Ms. J. K. N. Samanmalie	0 / 3

A new committee was appointed with effect from March 2020 in concurrence with the appointment of the new Governing Council for year 2020 – 2021. The new committee did not meet during the financial year 2019/20.

## Summary of Activities for the year 2019/20

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

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

## Meetings

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

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

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

### Financial Reporting

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

### Risks and Internal Controls

The Internal Controls within the Association are designed to provide reasonable but not absolute assurance to the members of the Governing Council and assist them to monitor the financial position of the Association. During the year, the Committee reviewed the effectiveness of the Association's internal control systems and assessed the effectiveness of the internal controls over financial reporting as of 31st March 2020. Based on its assessment of the internal control system, the Committee concluded and confirmed to the Governing Council that the Association's Internal Controls over financial reporting have been effective throughout the period.

### External Audit

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

### Internal Audit

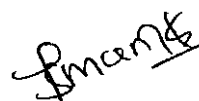
During the year under review, 3 internal audit reports were released and the Committee reviewed the findings. This review also included the internal auditor's evaluation of the internal control systems. The committee also reviewed the adequacy of the internal audit coverage through the internal audit plan. Internal audits were carried out by Messrs. KPMG (Chartered Accountants).

### Conclusion

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

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

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



**Naayila Marikkar**  
Chairperson (2019- 2020)

Audit, Compliance, Professional Ethics and Risk Management Committee

27 August 2020

# Human Resources Development Subcommittee Report

Human Resources Development subcommittee was established under the Finance and Administration committee to oversee the Human Resource Development function of the Association. The committee is responsible to pursue, select and recruit the right talents, recommend

compensation and benefits, develop and monitor training and development plan, oversee the grievance handling process, propose employee engagement activities, monitor performance evaluation of staff and to ensure health and safety measures.

and procedures, the level of trust and engagement towards achieve the Association vision and goals, the level of comfortably of working environment and conditions and other special requirements and further development areas.

## Composition and Attendance of Committee Members

Subcommittee member	No of meetings attended / No meetings eligible to attend
Mr. Indraka Liyanage – Chairman (01/04/2019 – 30/01/2020)	8/8
Mr. Choliya De Silva – Alternate Chairman (01/04/2019 – 30/01/2020)	2/8
Mr. Naleen De Silva – Member (01/04/2019 – 30/01/2020)	6/8
Mr. S. Ilayperuma – Chairman (01/02/2020 – 31/03/2020)	1/1
Mr. Sunil Wanigabadu – Alternate Chairman (01/02/2020 – 31/03/2020)	1/1
Mr. Jagath Perera – Member (01/02/2020 – 31/03/2020)	1/1

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

## Activities for the year

- Committee reviewed the statutory payments such as EPF, ETF, PAYEE and Gratuity obligations of employees, to ensure accurate and timely payments on monthly basis and submitted a monthly compliance report to the Governing Council.
- The Committee views Training & Development as a vital aspect to

develop employees, accordingly Rs.0.8 Mn was spent and 67 staff members took part in different training and development programs as per the training and development plan for the year 2019/2020.

- Special training program has been conducted for all staff members and separate training program was given to the staff who belonged to the Assistant Managers and above category.
- Employees were sent on training to enhance their technical knowledge to carry out their respective roles effectively by way of skills improvements.
- During the year under review, employee retention rate was maintained by 98.5% and the total staff strength stood at 67.
- Under the concept of driving the Association a great place to work, a survey was conducted with the advices of President of the Governing Council in order to identify staff views regarding the rewards and benefits, the level of intention to work, effectiveness of the communication processes, transparency of the existing policies

- Committee also reviewed and made the recommendation for the annual salary revision process of the Association employees based on their individual performance and align to the market rates. Further the staff was rewarded and recognised for their additional commitment and dedication towards work. Some of the designations were redesigned to meet current market requirements.
- Special program was arranged in collaboration with Ninewells hospital in order to ensure the health and wellbeing of the staff with valuable medical advice.
- All women associates were appreciated for the contribution made by them on behalf of the Association on International Women's day through a special program.
- Renewed the staff insurance coverage with more benefits and special coverage for critical illnesses.
- Developed and implemented a well-structured guidelines to reduce / prevent the impact of COVID 19 outbreak on our business, team members and other stakeholders. Encouraged Work from Home concept for several categories in the structure and carried out the business operations in align to the safety guidelines published by the authorities.

On behalf of the Human Resources Development Subcommittee,



**S. Ilayperuma**

Chairman - Human Resources Development Subcommittee

27th August 2020

# Statement of Governing Council Members' Responsibility on Internal Controls

Members of the Governing Council are responsible for the adequacy and effectiveness of the Internal Control mechanism in place at the Association. The Governing Council ensures that the laid down internal controls of the Association are designed to optimise the trade-off between risk and return and continue to create value sustainably into the future. The internal controls therefore have been designed to manage the Association's key areas of risk within an acceptable risk profile. In this light, the systems and Internal Control can only provide reasonable but not absolute assurance, against material misstatement of financial information or against financial losses or fraud.

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

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

The integrity of the System of Internal Controls with respect to Financial Reporting includes the following:

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

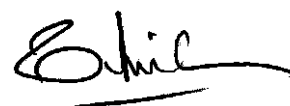
Council in ensuring the effectiveness of the Association's operations.

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

## Confirmation

Based on the above processes, the Governing Council confirms that the Financial Reporting System of the Association has been designed to provide reasonable assurance regarding the reliability of Financial Reporting and the preparation of Financial Statements for external purposes and has been done in accordance with Sri Lanka Financial Reporting Standards for SME's.

By Order of the Governing Council  
Association of Accounting Technicians of Sri Lanka

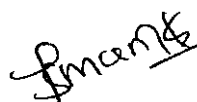


**W. P. Russel P. H. Fonseka**  
President



**Sarathchandra Ilayperuma**  
Chairman

Finance & Administration Committee



**Naayila Marikkar**  
Chairperson

Audit, Risk Management and Ethics Committee

27 August 2020

# Annual Report of the Governing Council Members' on the Affairs of the Association

The members of the Governing Council of the Association of Accounting Technicians of Sri Lanka have pleasure in presenting the Annual Report of the Association for the year ended 31st March 2020, that includes and covers the Audited Financial Statements, President's Message, Statement of Responsibility, Auditors' Report, Governance Report, Capital Reports and all other relevant information for the year ended 31 March 2020 which provides the pertinent information required by the Companies Act No. 7 of 2007.

## Principal Activities

The principal activity of the Association is promoting professional education in accounting. The process involves registration of students for the award of a qualification by conducting examinations, enrolment to membership and facilitating continuous professional development of members. There were no significant changes in the activities of the Association during the year under review.

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

## Vision, Mission and Values

The Association's vision, mission and values are available on page 06. A culture of professionalism, ready to change, customer oriented, passion for winning, respect for all and work together has been developed within the Association. By being aligned with these values the Governing Council members and employees conduct their activities to achieve the vision, "to be the most recognised qualification for middle level accounting professionals".

## Review of Operations and Future Developments

An overall assessment of the Association's financial position and performance during the year 2019/20, with comments on financial results and special events that took place is contained in the President's Message, the CEO's Review and the Management Discussion and Analysis of this Annual Report. These reports form an integral part of the Annual Report of the Governing Council members on the affairs of the Association.

The Association set-up a new branch in Kandy to conduct operational activities in the central province.

## Financial Statements and Auditors' Report

Financial Statements of the Association for the year ended 31st March 2020 have been prepared in accordance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SME's), issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with requirements of the Companies Act No. 07 of 2007. The Financial Statement for the year ended 31st March 2020 signed by the President and Vice President on behalf of the Governing Council and the Auditor's Report on the Financial Statements are provided on pages 114 to 140.

## Synopsis of the Statement of Financial Position of the Association

The Association is registered under the Companies Act as Company limited by Guarantee. The surplus of Income over its Expenditure is credited to the Association's Accumulated Fund and is not distributable amongst its members. The members do not subscribe to the capital of the Association.

The Association's Income, Surplus after Tax, Accumulated Fund and Total Assets position are given below.

	2019/20 Rs. (Mn)	2018/19 Rs. (Mn)
Income	290	275
Surplus after Tax	74	61
Accumulated Fund	722	648
Total Assets	897	792

## Accounting Policies

The significant Accounting Policies adopted by the Association in preparation of the Financial Statement are mentioned in the Notes to the Financial Statements. There have been no changes in the accounting policies adopted by the Association during the year under review except for shifting the examination revenue recognition from result releasing point to the examination held point at which the performance obligation is satisfactorily executed. There is no impact on the current year as well as no retrospective impact on the Financial Statement due to the policy change.

## Independent Auditors' Appointment and Remuneration

The Association's independent external auditors are Messrs. Ernst & Young, Chartered Accountants who were re-appointed by a resolution passed at the last Annual General Meeting. Audit, Risk Management and Ethics Committee reviews the appointment of the Auditors, their effectiveness, independence and relationship with the Association, including the level of audit. Messrs. Ernst & Young, Chartered Accountants have indicated their willingness to continue as Auditors of the Association, and a resolution proposing their re-appointment as auditors and to authorise the Governing Council to determine



their remuneration will be tabled at the Annual General Meeting.

Details of the audit fees paid to the external auditors are set out in note 8 of the Financial Statements.

### **The Governing Council**

The Governing Council of the Association as at 31 March 2020 consisted of sixteen nominated and elected members and their brief profiles are given in the Leadership section of this Annual Report.

### **Retirement and Re-Election of Governing Council Members**

In accordance with Article 49 of the Association of AAT Sri Lanka, a new Governing Council was appointed for the year 2020 -2021 during the year under review.

### **Remuneration to Governing Council Members**

The Governing Council members serve on an honorary capacity and not entitled to remuneration. No remuneration payments were made during the year under review.

### **Related Party Transactions**

The Governing Council Members in contracts or proposed contracts with the Association, both direct and indirect relationships are disclosed under note number 29 of the Financial Statements. These transactions are arms- length transactions and have been disclosed and approved by the Governing Council at Governing Council meetings and at uninterested quorums.

### **Governance**

The Association strives to follow best practices in the Code of Best Practices on Corporate Governance 2017 issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and Securities and Exchange Commission of Sri Lanka (SEC). The members

of the Governing Council have declared all material interest in contracts involving the Association and have refrained from voting on matters in which they were materially interested. The Association has made all endeavors to ensure equitable treatment to all stakeholders. A review of internal control and risk management has been conducted and a reasonable assurance of their effectiveness and successful adherence herewith has been obtained.

The Governing Council is committed to act responsibly towards its stakeholders and to manage economic, environmental and social impacts during value creation activities, efficiently and effectively.

### **Equitable Treatment of Members**

The Association has made all endeavors to ensure that all members are treated equitably.

### **Donations**

The Association extended its helping hand to the victims of the Easter attack by donating Rs.250,000 to His Eminence Malcolm Cardinal Ranjith Archbishop of Colombo during the year under review.

### **Statutory Payments**

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

### **Income Tax**

The Association is liable to income tax on its gains and profits from business at the rate of 14% and on

its investment income at the rate of 24%.

### **Going Concern**

In determining the basis of preparing the Financial Statements for the year ended 31 March 2020, based on available information, the Governing Council assessed the existing and anticipated effects of COVID-19 and the appropriateness of the use of the going concern basis.

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

### **Internal Control System and Risk Management**

The processes have been implemented to identify, evaluate and manage the risks that are faced by the Association. The Governing Council members continually review the internal control system and risk management framework through the Audit, Risk Management and Ethics Committee to ensure soundness in the Financial Reporting process.

The members of the Governing Council are satisfied with regard to the effectiveness of the internal control system of the Association during the year under review and up to the date of approval of the Annual Report and the Financial Statements.

### **Sustainability**

The Association is conscious of the need to preserve the environment and its natural resources and has taken specific steps, particularly in ensuring the conservation of its natural resources and environment

# Annual Report of the Governing Council Members' on the Affairs of the Association

as well as addressing material issues. The Association has not engaged in any activities that have caused detriment to the environment.

## Contingent Liabilities & Capital Commitments

Commitment made for capital expenditure as at 31st March 2020 and the contingent liabilities as at the reporting date are given in note number 27 to the Financial Statements.

## Events after the Reporting Period

After a strict lockdown period, Association commenced the operation on 11th May 2020 subject to health and safety guidelines. The Association developed requisite health and safety guidelines to ensure a safe environment for employees, students, Members and other stakeholders.

Comprehensive action plans were made to mitigate the future risk associated with post-lockdown economic implications and necessary steps have been taken to monitor the situation closely to mitigate the potential impact of this crisis on the Association's operations and financial performance.

No material or significant events that require adjustments to the Financial Statements have occurred subsequent to the reporting date.

## Annual Report

The members of the Governing Council approved the financial statements on 27 August 2020.

## Notice of Meeting

The Annual General Meeting will be held at the AAT Centre, No. 540, Ven. Muruththettuwa Ananda Nahimi Mawatha, Colombo 05, on 16th November 2020 at 5:00 pm onwards.

The Notice of the Annual General Meeting appears on page 153.

For and on behalf of the Governing Council



**W. P. Russel P. H. Fonseka**  
President

Association of the Accounting Technicians of Sri Lanka

27 August 2020



# FINANCIAL INFORMATION

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31 March 2020

# Independent Auditors' Report



Ernst & Young  
Chartered Accountants  
201 De Saram Place  
P.O. Box 101  
Colombo 10  
Sri Lanka

Tel : +94 11 2463500  
Fax Gen : +94 11 2697369  
Tax : +94 11 5578180  
eysl@lk.ey.com  
ey.com

## TO THE MEMBERS OF THE ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

### Report on Audit of the Financial Statements

#### Opinion

We have audited the Financial Statements of The Association of Accounting Technicians of Sri Lanka ("the Association") which comprise the Statement of Financial Position as at 31 March 2020, and the statement of comprehensive income, statement of changes in fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31 March 2020 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (hereafter "SLFRS for SMEs").

#### Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are

independent of the Association in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

overseeing the Association's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA  
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA  
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA  
Principals: G B Goudian ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

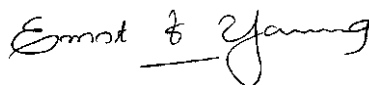
obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **Report on other legal and regulatory requirements**

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



27 August 2020

Colombo



# Statement of Comprehensive Income

For the year ended 31 March	Note	2020 Rs.	2019 Rs.
Income	3	289,545,122	275,000,161
Cost of Services	4	(155,116,743)	(136,854,052)
<b>Gross Surplus</b>		<b>134,428,379</b>	<b>138,146,108</b>
Other Operating Income		1,700,000	2,100,000
Administration and Establishment Expenses		(88,389,228)	(90,003,469)
Student Promotion and Awareness Expenses		(30,213,587)	(28,056,923)
<b>Surplus from Operation</b>		<b>17,525,564</b>	<b>22,185,717</b>
Finance Income	7	58,216,873	46,177,897
Net Income from Investment Property	6	14,300,430	13,044,596
Other Income	5	4,827,121	4,476,829
Best Annual Report Competition Expenses		(5,332,884)	(4,452,858)
Finance Charges		(1,642,958)	(1,344,060)
<b>Surplus for the Year before Tax</b>		<b>87,894,146</b>	<b>80,088,121</b>
NBT Expense		(2,875,975)	(4,926,752)
Income Tax Expense	9	(11,273,157)	(13,958,222)
<b>Surplus for the Year</b>		<b>73,745,014</b>	<b>61,203,147</b>
<b>Other Comprehensive Income</b>			
Gain/(Loss) Arising from Changes in Assumptions in			
Retirement Benefit Obligations (Net of Taxes)	19.2	(168,377)	229,976
<b>Total Comprehensive Income for the Year</b>		<b>73,576,637</b>	<b>61,433,123</b>

The Accounting policies and Notes on pages 120 through 140 form an integral part of the Financial Statements.

# Statement of Financial Position


As at 31 March	Note	2020 Rs.	2019 Rs.
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and Equipment	10	140,169,357	143,974,349
Investment Property	11	141,602,258	144,331,152
Intangible Assets	12	7,915,570	7,143,222
<b>Total Non-Current Assets</b>		<b>289,687,185</b>	<b>295,448,723</b>
<b>CURRENT ASSETS</b>			
Inventories	13	5,216,962	12,370,602
Trade and Other Receivables	14	7,006,909	7,584,264
Short Term Investments	15	564,514,595	446,192,994
Deposits, Prepayments and Advances	16	7,014,803	8,519,949
Income Tax Refund Due	24	-	2,276,102
Cash and Cash Equivalents	17.1	23,281,879	19,523,026
<b>Total Current Assets</b>		<b>607,035,148</b>	<b>496,466,937</b>
<b>Total Assets</b>		<b>896,722,333</b>	<b>791,915,660</b>
<b>FUNDS AND LIABILITIES</b>			
Accumulated Fund		721,708,413	648,131,776
Other Funds	18	33,072,007	34,819,996
<b>Total Funds</b>		<b>754,780,420</b>	<b>682,951,772</b>
<b>NON-CURRENT LIABILITIES</b>			
Retirement Benefit Obligation	19	18,882,600	15,344,412
Rent Received in Advance	20	21,020,818	21,020,818
Deferred Tax Liabilities	21	4,334,265	5,798,154
<b>Total Non-Current Liabilities</b>		<b>44,237,683</b>	<b>42,163,384</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	22	39,532,708	33,005,112
Advances and Deposits Received	23	51,483,277	28,783,684
Income Tax Payable	24	4,481,779	-
Bank Overdraft	25	2,206,466	5,011,708
<b>Total Current Liabilities</b>		<b>97,704,230</b>	<b>66,800,504</b>
<b>Total Funds and Liabilities</b>		<b>896,722,333</b>	<b>791,915,660</b>


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

  
Monika Ranasinghe  
Chief Financial Officer

  
Tishanga Kumarasinghe  
Chief Executive Officer

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

  
W. P. Russel P. H. Fonseka  
President

  
Sunil Wanigabadu  
Vice President

The Accounting policies and Notes on pages 120 through 140 form an integral part of the Financial Statements.

27 August 2020  
Colombo

# Statement of Changes in Funds

For the year ended 31 March	Accumulated Fund Rs.	Other Funds Rs.	Total Rs.
Balance as at 01 April 2018	586,698,653	34,263,844	620,962,497
Surplus for the Year after Tax	61,203,147	-	61,203,147
Other Comprehensive Income (Net of Taxes)	229,976	-	229,976
Net Movement in Other Funds	-	556,152	556,152
Balance as at 31 March 2019	648,131,776	34,819,996	682,951,772
Surplus for the Year after Tax	73,745,014	-	73,745,014
Other Comprehensive Income (Net of Taxes)	(168,377)	-	(168,377)
Net Movement in Other Funds	-	(1,747,989)	(1,747,989)
Balance as at 31 March 2020	721,708,413	33,072,007	754,780,420

“Other funds” represent the funds which are created for non operational activities. (Refer Note - 18).  
The Accounting policies and Notes on pages 120 through 140 form an integral part of the Financial Statements.

# Statement of Cash Flows

For the year ended 31 March	Notes	2020 Rs.	2019 Rs.
<b>Cash Flows from / (used in) Operating Activities</b>			
Net Surplus before Tax		87,894,146	80,088,121
<b>Adjustments for</b>			
Depreciation - Property and Equipment	10	11,132,299	12,771,766
Depreciation - Investment Property	11	2,728,894	2,728,894
Amortisation - Intangible Assets	12	2,553,755	1,774,436
Gain on Disposal of Property and Equipment	5	(268,435)	(28,387)
Provision for Gratuity	19	3,472,181	3,061,564
Interest Income	7	(58,216,873)	(46,177,897)
Income from Investment Property-before charging depreciation	6	(17,029,324)	(15,773,490)
<b>Operating Surplus before Changes in Working Capital</b>		32,266,644	38,445,007
<b>(Increase)/Decrease in Working Capital</b>			
Inventories		7,153,640	(2,312,530)
Trade and Other Receivables, Prepayments and Deposits		2,082,501	148,857
Trade and Other Payables		6,527,595	10,570,521
Advances and Deposits Received		22,699,593	11,571,428
<b>Cash Generated from Operations</b>		70,729,973	58,423,283
Tax Paid		(8,827,730)	(22,274,493)
Gratuity Paid		(129,780)	(588,750)
<b>Net Cash from/ (used in) Operating Activities</b>		61,772,463	35,560,040
<b>Cash Flows from/ (used in) Investing Activities</b>			
Acquisition of Property and Equipment	10	(7,342,056)	(3,162,890)
Acquisition of Intangible Assets	12	(4,832,625)	(2,393,750)
Movement in Capital Working Progress - Intangible Asset	12	1,506,520	(2,538,500)
Movement in Capital Working Progress - Property & Equipment	10	281,445	(281,445)
Interest Income	7	58,216,873	46,177,897
Income from Investment Property	6	17,029,324	15,773,490
Net Movement in Short-term Investments		(118,321,601)	(94,116,881)
Sales Proceeds on Disposal of Property and Equipment		1,741	28,387
<b>Net Cash Flows from/ (used in) in Investing Activities</b>		(53,460,379)	(40,513,691)
<b>Cash Flows from / (used in) Financing Activities</b>			
Net Movement in Other Funds		(1,747,989)	556,152
<b>Net Cash Flows / (used in) from Financing Activities</b>		(1,747,989)	556,152
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		6,564,095	(4,397,500)
Cash and Cash Equivalents at the Beginning of the Period (Note A)		14,511,318	18,908,818
<b>Cash and Cash Equivalents at the End of the Period (Note B)</b>		21,075,413	14,511,318
Note A			
<b>Cash and Cash Equivalents at the Beginning of the Period</b>			
Cash and Bank Balances		19,523,026	21,610,251
Bank Overdraft		(5,011,708)	(2,701,433)
		14,511,318	18,908,818
Note B			
<b>Cash and Cash Equivalents at the End of the Period</b>			
Cash and Bank Balances	17	23,281,879	19,523,026
Bank Overdraft	25	(2,206,466)	(5,011,708)
		21,075,413	14,511,318

The Accounting policies and Notes on pages 120 through 140 form an integral part of the Financial Statements.

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

### 1.1 Reporting Entity

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

### 1.2 Principal Activities and Nature of Operations

The principal activities of the Association are as follows

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

### 1.3 Date of Authorisation for Issue

The financial statements of the Association of Accounting Technicians of Sri Lanka for the year ended 31 March 2020 were authorised for issue by the Council on 27 August 2020.

## 2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Funds and Statement of Cash Flows, together with the accounting policies and notes ("Financial Statements") of

the Association have been prepared in accordance with the Sri Lanka Accounting Standards for Small and Medium-sized Entities (hereafter "SLFRS for SMEs") is issued by The Institute of Chartered Accountants of Sri Lanka and are in compliance with Companies Act No.7 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

#### 2.1.1 Basis of Measurement

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

- Employee benefit is measured using the projected unit credit method.
- Interest income is recognised as it accrues in the Statement of Comprehensive Income.
- Staff loans granted for more than one year initially recognised at present value and subsequently measured at amortised cost using the effective interest method.

#### 2.1.2 Comparative Information

The accounting policies have been consistently applied by the Association and are consistent with those used in the previous year. Except examination revenue recognition policy change as per the note number 2.3.1.C. The previous year's figures and phrases have been rearranged wherever necessary, to conform to the current presentation as indicated. All presentation and classification changes are contained in Note 30.

#### 2.1.3 Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2020, based on available information, the Governing Council has assessed the existing and anticipated effects of COVID-19

and the appropriateness of the use of the going concern basis.

The Governing Council satisfied that the Association have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

#### 2.1.4 Functional Currency and Presentation Currency

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

#### 2.1.5 Materiality, Aggregation and Offsetting

##### Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are treated immaterial as permitted by the Sri Lanka Accounting Standard for Small and Medium-sized Entities.

Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Notes to the Financial Statements are presented in a systematic manner that ensures the understandability and comparability of Financial Statements.

##### Offsetting

Assets and liabilities or income and expenses are not set off unless required or permitted by a Sri Lanka Accounting Standard for Small and Medium-sized Entities.



### 2.1.6 Use of Estimates and Judgments

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

- **Assessment of impairment**  
The Association assesses at the end of each financial year whether there is objective evidence that an asset or portfolio of assets is impaired. The recoverable amount of an asset or Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to present value using appropriate discount rates that reflects the current market assessments of the time value of money and risks specific to the asset.
- **Useful lives of Property & Equipment**  
The Association reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Management estimates these values, rates, methods and hence they are subject to uncertainty.
- **Useful lives of intangible assets**  
The Association reviews the residual values, useful lives and methods of amortisation of

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

### 2.1.7 Current versus non-current classification

The Association presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current assets.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Association classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 2.2 Summary of Significant Accounting Policies

The accounting policies set out below, have been applied consistently for all periods presented in the financial statements of the Association. Except examination revenue recognition policy change as per the note number 2.3.1.C.

### 2.2.1 Property and Equipment

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

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

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

The estimated useful lives of the assets are as follows:

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Assets	Years
<b>Building</b>	
• Building –Head office	50
<b>Office Equipment &amp; Name Board</b>	
• Office Equipment	05
• Machinery	04
• Name Boards	05
<b>Furniture &amp; Fittings</b>	
• Furniture & Fittings	08
• Partition Work	04

# Notes to the Financial Statements

Assets	Years
<b>Computers &amp; Communication Equipment</b>	
• Computers	04
• Public Address Systems	04
• Multi Media	04
• Telephone Installations	04
<b>Library Books</b>	05
<b>Motor Vehicle</b>	04
<b>Generator</b>	04
<b>Elevator</b>	04

## 2.2.2 De-recognition

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

## 2.2.3 Capital Work-In-Progress

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

## 2.2.4 Restoration Costs

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

## 2.2.5 Investment Property

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

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

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

## 2.2.6 Long Term Investments

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

Investments in fixed deposits are measured at amortised cost using the effective interest rate method less impairment.

## 2.2.7 Intangible Assets

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

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

Subsequent expenditure is capitalised only when it increases the future economic benefits

embodied in the specific asset to which it relates. All other expenditure is recognised in Statement of Comprehensive Income as incurred.

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

## 2.2.8 Curriculum Development

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

## 2.2.9 Impairment of Assets

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

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

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

### 2.2.10 Inventories

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

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

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

### 2.2.11 Trade and Other Receivables

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

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

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

### 2.2.12 Financial Instruments

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

#### 2.2.12.1 Financial assets

Financial assets classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Association's business model for managing them.

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

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

Subsequent measurements of financial assets are as follows;

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.
	Gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.
Financial assets at FVPL	These assets are subsequently measured at fair value. Any gain or losses are recognised in profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets have expired or settled and the Association has transferred substantially all risk and rewards of ownership of the financial assets to another party.

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

#### 2.2.12.2 Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities are initially recognised at fair value less any directly attributable transaction costs. The Association's financial liabilities mainly consist of trade and other payables and bank overdraft.

# Notes to the Financial Statements

Subsequent measurements of financial Liabilities are as follows;

Financial Liabilities at amortised cost	These liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and other gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.
Financial Liabilities at FVPL	These liabilities are subsequently measured at fair value. Gains or losses on liabilities held for trading are recognised in the profit or loss.
	The Association derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

## 2.2.12.3 Offsetting of financial instruments

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

## 2.2.13 Short Term investments

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

## 2.2.14 Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash in hand and at bank balances.

Bank overdrafts are included as a component of cash and cash equivalent for the purpose of the Statement of Cash Flow.

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

Cash Flow Statement has been prepared using the indirect method in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities.

## 2.2.15 Accumulated Fund and Other Funds

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

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

## 2.2.16 Provisions

Provisions are recognised when the Association has a present legal or constructive obligation, as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimates can be made of the amount of the obligation. When the Association expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset

but only when the reimbursement is certain. The expense relating to any provision is presented in the Comprehensive Statement of Income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

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

## 2.2.17 Trade and Other Payables

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

## 2.2.18 Retirement Benefit Obligation

### 2.2.18.1 Defined Benefit Plan - Gratuity

Gratuity is a defined benefit plan. In order to meet this liability, a provision is carried forward in the Statement of Financial Position. The provision is calculated based on a projected unit credit method considering the future salary increment rates, discount rates and the expected staff turnover rate (these assumptions are shown in the Note 19 to the Financial Statements). The resulting difference between the brought forward provision at the beginning of the year and the carried forward provision at the end of the year is dealt within the Statement of Comprehensive Income. However, as per the payment of the Gratuity Act No.12 of 1983, gratuity liability is not externally funded. This liability is grouped under non-current liabilities in the Statement of Financial Position.

### 2.2.18.2 Defined Contribution Plans – Employees’ Trust Fund and Employees’ Provident Fund

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

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

## 2.2.19 Taxation

### 2.2.19.1 Income Tax

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

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

### 2.2.19.2 Deferred Tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (Temporary differences). Deferred tax liabilities

are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits.

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

Deferred tax assets and liabilities are not discounted.

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

### 2.2.20 Capital Commitments and Contingent Liabilities

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

## 2.3 Statement of Comprehensive Income

### 2.3.1 Income Recognition

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

### a) Student Registration, Renewal and Exemption Fees

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

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

The entry requirement for the AAT qualification is 6 passes at the G.C.E. Ordinary Level Examination (SL) or 5 passes at the G.C.E. Ordinary Level Examination (UK). G.C.E. Ordinary Level Examination (SL) results are expected to release in March every year. However due to the impact of COVID-19, it was released in April 2020. Therefore, student registration revenue recognition has been postponed from financial year 2019/20 to financial year 2020/21. The collection received for the Student registration have recognised under fees received in advance as current liability.

### b) Membership fee and subscriptions

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

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

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



# Notes to the Financial Statements

## c) Examination Fees

Exam fees were previously recognised as income at the time of releasing exam results. The policy was changed from 2019/2020 onwards, and Exam fees are now recognised on the date the exam is held. Exams are held twice a year and results are released within the financial year and total revenue has been recognised. Therefore, there is no retrospective impact to the financial statements.

## d) Income from Business school and AAT Classes

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

## e) Income from sale of publications

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

## f) Annual Conference, Seminars and Workshops

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

## 2.3.2 Surplus / Deficit from operation

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

## 2.3.3 Finance Income and Other Income

### a) Finance Income

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

### b) Other Income

Other income is recognised on accrual basis.

## 2.3.4 Expenditure Recognition

### 2.3.4.1 Revenue Expenditure

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

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

### 2.3.4.2 Capital Expenditure

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

## 2.3.5 Donated Services

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

## 2.3.6 Borrowing Costs

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

## 2.3.7 Related Party Transactions

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

### a) Transactions with Key Management Personnel (KMP)

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

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

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

## 2.3.8 Risk Management

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

For the year ended 31 March	2020 Rs.	2019 Rs.
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### 3. INCOME

AAT Classes	3,874,520	2,941,063
Annual Conference	5,646,147	6,124,625
Branch operations	3,806,165	4,170,651
Business School	16,752,896	12,389,550
Education & Training	11,642,931	15,597,825
Examination fees	182,079,910	153,188,970
Membership fees & subscriptions	12,585,808	11,194,303
Passed Finalists' Workshops	5,108,675	4,036,575
Public Lectures & Seminars	175,275	661,750
Student registrations, renewals and exemptions fees	47,872,795	64,694,849
	289,545,122	275,000,161

### 4. COST OF SERVICES

AAT Classes	4,261,771	3,014,363
Annual Conference	6,647,449	7,133,340
Branch operations	8,598,077	7,241,087
Business School	13,527,176	11,729,380
Education & Training	22,963,224	18,904,678
Examination	75,896,807	65,454,084
Membership fees & subscriptions	7,142,317	8,551,229
Passed Finalists' Workshops	5,066,802	3,735,429
Public Lectures & Seminars	228,831	499,464
Student registrations, renewals and exemptions	10,784,289	10,590,999
	155,116,743	136,854,052

### 5. OTHER INCOME

Rental income	3,738,224	3,608,661
Hire of Auditorium / Lecture Halls	91,050	135,288
Other miscellaneous income	729,412	704,493
Gain on disposal of Fixed Assets	268,435	28,387
	4,827,121	4,476,829

### 6. NET INCOME FROM INVESTMENT PROPERTY

Rental Income	17,169,900	15,972,000
Less : Rates & Taxes		
- Current year Rates & Taxes	(70,840)	(130,900)
- Reversal of over charged rates	169,400	-
Depreciation - Building	(2,728,894)	(2,728,894)
Building Maintenance	(118,500)	(7,070)
Insurance	(120,636)	(60,540)
	14,300,430	13,044,596

# Notes to the Financial Statements

For the year ended 31 March	2020 Rs.	2019 Rs.
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## 7. FINANCE INCOME

Interest on Term Deposits	56,543,273	44,571,301
Interest on Savings / Money Market Account	1,580,323	1,277,966
Interest received from Staff Loans	93,277	328,630
	<b>58,216,873</b>	<b>46,177,897</b>

## 8. SURPLUS FOR THE YEAR

Surplus for the year is stated after charging all the expenses including the followings:

Payment for External Auditors - Audit Fee	259,239	205,275
Payment for External Auditors - Non Audit Services	62,194	-
Depreciation	11,132,299	12,771,766
Amortisation	2,553,755	1,774,436
Donation	250,000	-
<b>Staff Costs</b>		
Salaries and Allowances	50,687,438	47,161,484
Defined contribution plan (EPF and ETF)	7,197,734	6,776,976
Other Staff expenses	17,636,600	18,288,055
Ex Gratia Payment	-	1,441,000
Defined benefit plan (Gratuity)	3,472,181	3,061,564

## 9. INCOME TAX EXPENSE

The major components of income tax expense for the year ended 31 March 2020 are as follows:

### Current Income Tax

Current income tax charge (9.1)	13,320,054	10,962,768
Over provision for the year in respect of previous year	(610,418)	-

### Deferred Tax

Deferred tax charge / (Reversal)	(1,436,479)	2,995,454
	<b>11,273,157</b>	<b>13,958,222</b>

For the year ended 31 March	2020 Rs.	2019 Rs.
<b>9.1 Reconciliation between Income Tax and the Accounting Surplus</b>		
<b>Trade Income</b>		
Accounting profit before tax	87,894,146	80,088,121
NBT Expense	(2,875,975)	(4,926,752)
Net aggregate allowable items	(270,797)	3,144,117
	84,747,374	78,305,486
<b>Less :</b>		
Other income	(58,216,873)	(46,177,897)
Trade income	26,530,501	32,127,589
<b>Other Statutory Income</b>		
Interest income	58,216,873	46,177,897
Total other statutory income	58,216,873	46,177,897
<b>Taxable Income</b>		
Trade income	26,530,501	32,127,589
Other statutory income	58,216,873	46,177,897
Taxable income	84,747,374	78,305,486
Tax on taxable income from Education Service at 14%	3,714,270	4,497,862
Tax on taxable income from Investment Income at 14% (01/04/2019 - 31/12/2019)	6,112,772	6,464,906
Tax on taxable income from Investment Income at 24% (01/01/2020 - 31/03/2020)	3,493,012	-
Tax expense	13,320,054	10,962,768

# Notes to the Financial Statements

## 10. PROPERTY AND EQUIPMENT

	Freehold Land	Building	Office Equipment and Name Board	Furniture and Fittings	Computers and Communication Equipment	Library Books	Motor Vehicle	Generator	Elevator	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>At Cost</b>										
Balance as at 01 April 2018	75,435,799	92,556,613	26,214,741	28,666,864	24,656,973	416,841	9,131,040	5,069,500	2,027,221	264,175,592
Additions	-	-	1,175,027	575,003	1,412,860	-	-	-	-	3,162,890
Disposals	-	-	(234,887)	-	(498,645)	-	-	-	-	(733,532)
Balance as at 31 March 2019	75,435,799	92,556,613	27,154,881	29,241,867	25,571,188	416,841	9,131,040	5,069,500	2,027,221	266,604,950
Additions	-	1,823,345	3,725,224	427,648	1,715,839	-	-	-	-	7,692,056
Disposals	-	-	(5,297,627)	(1,494,108)	(1,405,412)	-	-	-	-	(8,197,147)
Balance as at 31 March 2020	75,435,799	94,379,958	25,582,478	28,175,407	25,881,615	416,841	9,131,040	5,069,500	2,027,221	266,099,859
<b>Depreciation</b>										
Balance as at 01 April 2018	-	45,929,740	18,979,098	15,969,129	20,755,285	416,841	1,341,995	5,069,500	2,027,221	110,488,809
Charge for the year	-	1,363,599	3,474,356	3,512,157	2,219,067	-	2,202,587	-	-	12,771,766
Disposals	-	-	(234,883)	-	(113,645)	-	-	-	-	(348,528)
Balance as at 31 March 2019	-	47,293,339	22,218,571	19,481,286	22,860,707	416,841	3,544,582	5,069,500	2,027,221	122,912,047
Charge for the year	-	1,399,946	3,143,285	2,846,241	1,580,327	-	2,162,500	-	-	11,132,299
Disposals	-	-	(5,297,598)	(1,410,918)	(1,405,328)	-	-	-	-	(8,113,844)
Balance as at 31 March 2020	-	48,693,285	20,064,258	20,916,609	23,035,706	416,841	5,707,082	5,069,500	2,027,221	125,930,502
Capital work-in progress as at 31.03.2019	-	281,445	-	-	-	-	-	-	-	281,445
Capital work-in progress as at 31.03.2020	-	-	-	-	-	-	-	-	-	-
<b>Written Down Value</b>										
As at 31 March 2019	75,435,799	45,544,719	4,936,310	9,760,581	2,710,481	-	5,586,458	-	-	143,974,349
<b>Written Down Value</b>										
As at 31 March 2020	75,435,799	45,686,673	5,518,220	7,258,798	2,845,909	-	3,423,958	-	-	140,169,357



**10.1** During the financial year, the association acquired property and equipment to the aggregate value of Rs.7,692,056/- (2019 Rs.3,162,890/-), Cash payments amounting to Rs.7,342,056/- (2019 - Rs.3,162,890/-) were made during the year for purchase of property & equipment.

**10.2** The gross carrying amount of fully depreciated property and equipment that are still in use as at 31 March 2020 was Rs.46,609,936/- (2019 - Rs.45,188,111/-)

**10.3** Based on the assessment of potential impairment carried out internally as at 31 March 2020 no provision was required to be made in the financial statements as at the reporting date.

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

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

## 11. INVESTMENT PROPERTY

	Land Rs.	Building Rs.	Total Rs.
<b>Cost</b>			
As at 01 April 2018	122,500,000	66,303,202	188,803,202
Additions	-	-	-
As at 01 April 2019	122,500,000	66,303,202	188,803,202
Additions	-	-	-
Balance as at 31 March 2020	122,500,000	66,303,202	188,803,202
<b>Depreciation</b>			
As at 01 April 2018	-	41,743,156	41,743,156
Charge for the year	-	2,728,894	2,728,894
As at 01 April 2019	-	44,472,050	44,472,050
Charge for the year	-	2,728,894	2,728,894
Balance as at 31 March 2020	-	47,200,944	47,200,944
<b>Carrying Value</b>			
As at 31 March 2019	122,500,000	21,831,152	144,331,152
<b>Carrying Value</b>			
As at 31 March 2020	122,500,000	19,102,258	141,602,258

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

### Information on Investment Property

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

# Notes to the Financial Statements

## 12. INTANGIBLE ASSETS

### 12.1 At Cost

	Balance as at 01.04.2019 Rs.	Additions Rs.	Disposals / Transfers Rs.	Balance as at 31.03.2020 Rs.
Computer Software	13,083,081	4,832,625	(1,992,347)	15,923,359
	13,083,081	4,832,625	(1,992,347)	15,923,359
<b>Capital work-in progress</b>				
Website Development	2,538,500	851,980	(2,358,500)	1,031,980
	2,538,500	851,980	(2,358,500)	1,031,980
<b>Total Value of Intangible Assets</b>	<b>15,621,581</b>	<b>5,684,605</b>	<b>(4,350,847)</b>	<b>16,955,339</b>

### 12.2 Amortisation

	Balance as at 01.04.2019 Rs.	Additions Rs.	Disposals / Transfers Rs.	Balance as at 31.03.2020 Rs.
Computer Software	8,478,360	2,553,755	(1,992,346)	9,039,769
<b>Total Amortisation</b>	<b>8,478,360</b>	<b>2,553,755</b>	<b>(1,992,346)</b>	<b>9,039,769</b>

### 12.3 Net Book Values

	2020 Rs.	2019 Rs.
Computer Software	6,883,590	4,604,722
Capital work-in progress	1,031,980	2,538,500
<b>Total Carrying Amount of Intangible Assets</b>	<b>7,915,570</b>	<b>7,143,222</b>

**12.4** During the financial year, the association acquired Intangible Assets to the aggregate value of Rs.4,832,625/- for cash. (2019 - Rs.2,393,750/-)

**12.5** The gross carrying amount of fully depreciated Intangible Assets that are still in use as at 31 March 2020 was Rs.4,685,109/- (2019 - Rs.5,277,456/-)

**12.6** Based on the assessment of potential impairment carried out internally as at 31 March 2020 no provision was required to be made in the financial statements as at the reporting date.

## 13. INVENTORIES

	2020 Rs.	2019 Rs.
Practical training books	163,600	99,092
Suggested answers and other publications	439,958	1,391,742
Student guides	711,225	1,183,608
Study texts	1,550,226	7,069,870
Stationery items	983,306	1,290,078
Sundry items	1,368,647	1,336,212
	<b>5,216,962</b>	<b>12,370,602</b>

## 14. TRADE AND OTHER RECEIVABLES

	2020 Rs.	2019 Rs.
Trade Debtors	686,793	2,165,282
Other receivables	3,135,736	1,761,813
Staff Loans (Note 14.1)	3,184,380	3,657,169
	7,006,909	7,584,264

### 14.1 Staff Loans

	2020 Rs.	2019 Rs.
Staff loans	2,676,437	3,062,558
Pre paid staff expenses	507,943	594,611
	3,184,380	3,657,169

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

## 15. SHORT TERM INVESTMENTS

	2020 Rs.	2019 Rs.
Term deposits - Bank of Ceylon	239,419,877	203,432,502
- Hatton National Bank PLC	-	180,309,122
- People's Bank	120,337,753	62,451,370
- DFCC Bank	16,574,499	-
- Seylan Bank	60,055,329	-
- Sampath Bank	128,127,137	-
	564,514,595	446,192,994

Due to the volatility of interest rates in the current market, management has decided to invest funds in short term in order to avoid the exposure towards the interest rate risk and no intention to withdraw the funds within short term. On expiry/redemption of term deposits, the funds will be reinvested at best available interest rate.

## 16. DEPOSITS, PREPAYMENTS AND ADVANCES

	2020 Rs.	2019 Rs.
Prepayments / Advances	5,321,303	7,026,765
Salaries control	-	13,184
Deposits (Note 16.1)	1,693,500	1,480,000
	7,014,803	8,519,949

# Notes to the Financial Statements

## 16.1 Deposits

	2020 Rs.	2019 Rs.
Refundable deposits	512,500	302,500
Bulk postage deposit	500,000	500,000
Security deposits - Electricity	522,500	522,500
- Safe Locker	15,000	15,000
- Water	80,000	80,000
- Other	3,500	-
Rent deposit - Parking area	60,000	60,000
	1,693,500	1,480,000

## 17. CASH AND CASH EQUIVALENTS

	2020 Rs.	2019 Rs.
<b>17.1 Favourable Balances</b>		
Cash at bank	22,690,979	18,803,125
Stamps	488,922	553,657
Cash-in-hand	101,978	166,244
	23,281,879	19,523,026

## 17.2 Unfavourable Balances

People's Bank	-	(228,692)
Bank Of Ceylon	(2,206,466)	(4,783,016)
	(2,206,466)	(5,011,708)
Total cash and cash equivalents for the purpose of Statement of Cash Flow	21,075,413	14,511,318

## 18. OTHER FUNDS

	Balance as at 01.04.2019 Rs.	Contribution Rs.	Distribution Rs.	Balance as at 31.03.2020 Rs.
Scholarship fund	462,735	2,000	123,825	340,910
Member's benevolence fund	14,500	-	-	14,500
Education and training fund	6,000	-	-	6,000
Toastmasters club fund	10,100	-	-	10,100
Prize fund	712,957	136,190	239,727	609,420
Life membership fund	32,081,063	4,807,000	6,886,594	30,001,469
Achievers network fund	1,532,641	600,500	43,533	2,089,608
	34,819,996	5,545,690	7,293,679	33,072,007

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

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

## 19. RETIREMENT BENEFIT OBLIGATION

	2020 Rs.	2019 Rs.
Balance at the beginning of the year	15,344,412	13,139,012
Current service cost	2,023,545	1,717,505
Interest cost	1,448,636	1,344,059
	18,816,593	16,200,576
Payments made during the year	(129,780)	(588,750)
(Gain) / Loss arising from changes in assumptions	195,787	(267,414)
Balance at the end of the year	18,882,600	15,344,412

The Present Value of the Retirement Benefit Obligation is estimated using Projected Unit Credit method as per the Section 28 of Sri Lanka Accounting Standard for SME.

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

	2020	2019
Discount interest rate	10%	11%
Salary increment rate	10%	10%
Staff turnover rate	5%	5%
Retirement age (years)	55	55

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

	2020 Rs.	2019 Rs.
--	-------------	-------------

### 19.1 Expenses recognised during the year in Income Statement

Current service cost	2,023,545	1,717,505
Interest cost	1,448,636	1,344,059
Actuarial (Gain)/ Losses recognised in other comprehensive income	195,787	(267,414)

### 19.2 Retirement Benefit Obligations (Net of Taxes)

(Gain)/ Loss arising from changes in assumptions	195,787	(267,414)
Tax at 14 % p.a	(27,410)	37,438
	168,377	(229,976)

### 19.3 Sensitivity Analysis - Salary Increment rate / Discount rate

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

	Changes in Retirement benefit obligation		Present value of Retirement benefit obligation	
	Rs. + 1%	Rs. - 1%	Rs. + 1%	Rs. - 1%
Rate of Discount	(1,289,005)	1,423,761	17,593,595	20,306,361
Salary Increment rate	1,410,283	(1,300,255)	20,292,883	17,582,345



# Notes to the Financial Statements

## 20. RENT RECEIVED IN ADVANCE

	2020 Rs.	2019 Rs.
Bharti Airtel Lanka (Pvt) Ltd	21,000,000	21,000,000
Mobitel (Pvt) Ltd	20,818	20,818
	21,020,818	21,020,818

## 21. DEFERRED TAX LIABILITIES

	2020 Rs.	2019 Rs.
As at the beginning of the year	5,798,154	2,765,262
Amount originated/(reversed) during the year		
Charge/ (Reversed) to profit or loss	(1,436,479)	2,995,454
Charge/ (Reversed) to other comprehensive income	(27,410)	37,438
As at the end of the year	4,334,265	5,798,154

	2020		2019	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.

### Deferred Tax Arising from

Accelerated depreciation for tax purpose	49,841,641	6,977,829	56,759,800	7,946,372
Post - employment retirement benefit	(18,882,600)	(2,643,564)	(15,344,412)	(2,148,218)
	30,959,041	4,334,265	41,415,388	5,798,154

### 21.1 Reconciliation of net deferred tax liability

	Statement of financial position		Statement of Comprehensive Income		Other comprehensive income	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Accelerated depreciation for tax purposes	6,977,829	7,946,372	(968,543)	3,867,209	-	-
Defined benefit plans	(2,643,564)	(2,148,218)	(467,936)	(871,755)	-	-
Tax effect on actuarial gains/losses on defined benefit plans	-	-	-	-	(27,410)	37,438
Deferred tax effect on profit or loss and other comprehensive income	-	-	(1,436,478)	2,995,454	(27,410)	37,438
Net deferred tax liability as at 31 March	4,334,265	5,798,154	-	-	-	-

## 22. TRADE AND OTHER PAYABLES

	2020 Rs.	2019 Rs.
Trade Payables	14,658,265	12,655,880
Other Payables	24,655,358	17,085,371
ESC Payable	-	635,310
VAT Payable	211,835	371,440
NBT Payable	-	2,182,230
Stamp Duty	7,250	7,350
WHT Payable	-	67,532
	39,532,708	33,005,112

## 23. ADVANCES AND DEPOSITS RECEIVED

	2020 Rs.	2019 Rs.
Fees received in advance	48,038,277	25,338,684
Refundable deposits	25,000	25,000
Refundable rent deposits	3,420,000	3,420,000
	51,483,277	28,783,684

## 24. INCOME TAX PAYABLE

	2020 Rs.	2019 Rs.
Balance at the beginning of the year	(2,276,102)	4,108,870
Charge for the year	12,709,636	10,962,768
	10,433,534	15,071,638
Less: Payments made during the year	(2,448,091)	(11,983,227)
Withholding tax	(2,585,750)	(3,910,461)
ESC recoverable	(917,914)	(1,454,053)
Payable/ (Refund) at the end of the year	4,481,779	(2,276,102)

## 25. BANK OVERDRAFT

	2020 Rs.	2019 Rs.
Bank of Ceylon	2,206,466	4,783,016
People's Bank	-	228,692
	2,206,466	5,011,708

## 26. EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the financial statements other than disclosed below.

After a strict lockdown period, Association has commenced its operation on 11th May 2020 subject to Health and Safety Guidelines. The Association has developed requisite Health and Safety Guidelines to ensure a safe environment for employees, students, members and other stakeholders.

The Management has developed comprehensive action plans to mitigate the future risk associated with post-lockdown economic implications and necessary steps has taken to monitor the situation closely to mitigate the potential impact of this crisis on the Association's operations and financial performance.

# Notes to the Financial Statements

## 27. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	2020 Rs.	2019 Rs.
ERP project	-	2,879,375
Website Development	300,000	761,500
Curriculum Development	10,923,000	14,345,500
	11,223,000	17,986,375

## 28. FINANCIAL RISK MANAGEMENT

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

28.1 Credit Risk

28.2 Liquidity Risk

28.3 Market Risk

### 28.1 Credit Risk

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

#### Credit risk exposure

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

	2020 Rs.	2019 Rs.
As at 31st March		
Term Deposits	564,514,595	446,192,994
Receivables & Deposits	14,021,712	16,104,213
Cash at Bank	20,484,513	13,791,417
Total credit risk exposure	599,020,820	476,088,624

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

#### Balances with banks

	2020 Rs.	2019 Rs.
Fitch Rating		
AA+	362,843,458	269,315,458
AA-	33,857,590	190,656,734
A+	128,242,731	12,219
A-	60,055,329	-
	584,999,108	459,984,411

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

## 28.2 Liquidity Risk

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

### Maturity analysis of financial assets and liabilities

Description	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets</b>					
Trade and Other Receivables	3,822,529	-	-	-	3,822,529
Staff Loan	-	44,923	500,296	2,131,218	2,676,437
Short Term Investments	-	279,028,461	285,486,134	-	564,514,595
Refundable Deposits	-	3,500	-	1,690,000	1,693,500
Cash and Cash Equivalents	23,281,879	-	-	-	23,281,879
	27,104,408	279,076,884	285,986,430	3,821,218	595,988,940
<b>Financial Liability</b>					
Trade and Other Payables	23,058,994	16,473,714	-	-	39,532,708
Refundable Deposits	25,000	-	420,000	3,000,000	3,445,000
Bank Overdraft	2,206,466	-	-	-	2,206,466
	25,290,460	16,473,714	420,000	3,000,000	45,184,174

Governing Council is satisfied that the Association have adequate liquidity and business plans to continue the operation and to mitigate the increased liquidity risks arising from the movement restrictions made due to COVID-19 pandemic, for the next 12 months from the reporting date.

## 28.3 Market Risk

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

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

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

## 29. RELATED PARTY DISCLOSURES

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

### 29.1 Transactions with Governing Council Members of the Association

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

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

	2020 Rs.	2019 Rs.
Reimbursement of travelling expenses of all members of the Governing Council	782,318	535,000

# Notes to the Financial Statements

## 29.2 Transactions with Related Entities

	2020 Rs.	2019 Rs.
(a) CFO Consultants (Pvt) Ltd	-	280,000

CFO Consultants (Pvt) Ltd has provided IT consultancy services during the last financial year. Mr. J.A. Choliya De Silva is a Governing Council member of AAT Sri Lanka and also Director of CFO Consultants (Pvt) Ltd.

No other significant transactions had taken place during the year with the Governing Council Members or their close family members were involved.

### (b) CA Sri Lanka

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

	2020 Rs.	2019 Rs.
<b>Payments to CA Sri Lanka</b>		
Best annual report competition expenses	181,500	176,000
<b>Receipts from CA Sri Lanka</b>		
Advertisement in Organizer	-	30,000
Sponsorships	1,250,000	750,000
Seminar Participation	116,900	-

## 30. COMPARATIVE RECLASSIFICATION

The presentation and classification of following item in these Financial Statements are amended to ensure comparability with the current year.

### Accounting policy

The accounting policies have been consistently applied by the Association with those of the previous financial year in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities on "Presentation of Financial Statements". Comparative information is reclassified wherever necessary to comply with the current presentation. The presentation and classification of the following items in these financial statements are amended to ensure the comparability with the current year.

	As disclosed in previous year (2018/2019) Rs.	Classification Rs.	As disclosed in this year (2019/2020) Rs.
Statement of comprehensive income			
Cost of Services	133,260,954	3,593,098	136,854,052
Finance Charges	1,832,273	(488,213)	1,344,060
Administration and Establishment Expenses	93,108,354	(3,104,886)	90,003,468

The above reclassification did not have any impact on statement of comprehensive income, operating, investing and financing cash flows for the year ended 31 March 2019.

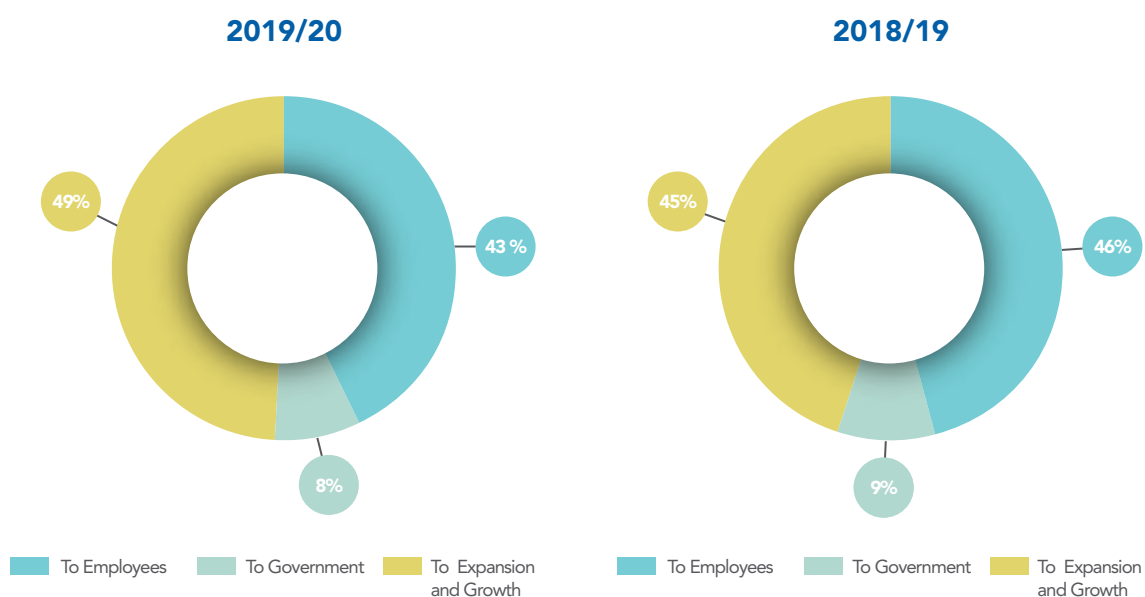




# **SUPPLEMENTARY INFORMATION**

# Value Added Statement

For the year ended 31 March	2020 Rs.	2019 Rs.
<b>VALUE ADDITION</b>		
Revenue	289,545,122	275,000,161
Income from Investment property	17,169,900	15,972,000
Other income	64,743,994	52,754,726
Total	371,459,016	343,726,887
Less: Operating expenses	185,255,600	175,662,938
Value added	186,203,416	168,063,949
<b>DISTRIBUTION OF VALUE ADDITION</b>		
To employees as salaries and other benefits	78,993,953	76,729,078
Total to Employees	78,993,953	76,729,078
Income Tax	12,709,636	10,962,768
NBT	2,875,975	4,926,752
<b>Total to the Government</b>	15,585,611	15,889,520
<b>TO EXPANSION AND GROWTH</b>		
As depreciation and Amortisation	16,414,948	17,275,096
As reserves	73,745,014	61,203,147
Deferred Taxation	1,463,889	(3,032,892)
Total to the Expansion and Growth	91,623,851	75,445,351
	186,203,416	168,063,949



# Ten Year Summary

## Statement of Comprehensive Income

Year ended 31 March	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000
Income	289,545	275,000	232,717	219,122	212,410	226,401	209,769	200,412
Cost of services	(155,117)	(136,854)	(135,133)	(123,980)	(129,853)	(112,510)	(98,042)	(95,147)
<b>Gross surplus</b>	<b>134,428</b>	<b>138,146</b>	<b>97,584</b>	<b>95,142</b>	<b>82,557</b>	<b>113,891</b>	<b>111,727</b>	<b>105,265</b>
Other income	6,527	6,577	12,332	6,061	24,785	5,529	5,978	5,966
Net income from investment property	14,300	13,045	12,237	11,112	10,823	9,832	10,096	8,518
Administration, Establishment and Finance Expenses	(90,032)	(91,348)	(86,982)	(81,358)	(80,565)	(73,000)	(58,975)	(51,963)
Student Promotion and Best Annual Report Expenses	(35,546)	(32,510)	(15,489)	(19,874)	(20,526)	(23,290)	(16,583)	(14,174)
Finance income	58,217	46,178	39,308	29,794	15,540	17,586	22,525	23,001
<b>Surplus for the year before tax</b>	<b>87,894</b>	<b>80,088</b>	<b>58,991</b>	<b>40,878</b>	<b>32,614</b>	<b>50,549</b>	<b>74,768</b>	<b>76,613</b>
Tax expense	(14,149)	(18,885)	(16,407)	(8,314)	(4,999)	(9,927)	(11,608)	(11,613)
<b>Surplus for the year after tax</b>	<b>73,745</b>	<b>61,203</b>	<b>42,584</b>	<b>32,564</b>	<b>27,615</b>	<b>40,622</b>	<b>63,160</b>	<b>65,000</b>
<b>Other comprehensive income</b>								
Gain / (Loss) arising from changes in assumptions in retirement Benefit Obligations	(168)	230	(2,208)	2,298	2,888	(1,917)	381	-
<b>Total comprehensive income for the year</b>	<b>73,577</b>	<b>61,433</b>	<b>40,376</b>	<b>34,862</b>	<b>30,503</b>	<b>38,705</b>	<b>63,541</b>	<b>65,000</b>

Year ended 31 March	2012 Rs.'000	2011 Rs.'000
<b>Income</b>		
Registration fees, exemption fees, renewals & subscriptions	55,036	47,588
Examinations	46,370	36,046
<b>Net surplus from main activities</b>	<b>101,406</b>	<b>83,634</b>
Net surplus from other activities	7,682	3,142
Other income	15,853	8,183
Surplus / (Deficit) from investment property	6,553	5,476
<b>Total net surplus</b>	<b>131,494</b>	<b>100,435</b>
<b>Expenses</b>		
Administration & establishment expenses	(60,781)	(54,029)
Publicity & other expenses	(13,620)	(16,045)
<b>Surplus for the year before tax</b>	<b>57,093</b>	<b>30,361</b>
Income tax expense	(5,419)	(1,610)
<b>Surplus for the year after tax</b>	<b>51,674</b>	<b>28,751</b>

Figures in 2011 to 2012 are presented under the Sri Lankan Accounting Standards. These figures can not be compared with 2013 to 2020 due to the difference application of Sri Lanka Financial Reporting Standards for Small and Medium size entities (SLFRS for SMEs)

# Ten Year Summary

## Statement of Financial Position

As at 31 March	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000	2012 Rs.'000	2011 Rs.'000
<b>NON-CURRENT ASSETS</b>										
Property and Equipment	140,169	143,974	153,687	154,437	157,057	137,089	123,936	54,117	59,494	65,200
Investment Property	141,602	144,331	147,060	149,789	152,518	155,247	157,976	160,705	165,125	171,199
Intangible Assets	7,916	7,143	3,985	1,211	1,696	416	-	-	-	-
	289,687	295,449	304,732	305,437	311,271	292,752	281,912	214,822	224,619	236,399
Deferred tax assets	-	-	-	-	-	744	2,485	2,260	2,429	-
<b>Total Non-Current Assets</b>	289,687	295,449	304,732	305,437	311,271	293,496	284,397	217,082	227,048	236,399
<b>CURRENT ASSETS</b>										
Inventories	5,217	12,371	10,058	10,727	10,940	4,897	7,225	8,490	7,650	9,823
Trade and Other Receivables	7,007	7,584	8,000	7,896	2,279	3,269	1,812	1,989	3,030	7,375
Short Term Investments	564,515	446,193	352,076	261,705	232,963	221,125	210,100	208,113	132,892	53,505
Deposits, Prepayments and Advances	7,015	8,520	8,253	19,422	27,043	16,814	7,989	7,057	4,533	6,854
Non-Current Assets Held for Sale	-	-	-	-	-	9,198	-	-	-	-
Income Tax Receivable	-	2,276	-	-	433	-	-	-	-	158
Cash and Cash Equivalents	23,282	19,523	21,610	44,183	23,602	27,109	6,193	8,923	3,989	4,897
<b>Total Current Assets</b>	607,035	496,467	399,997	343,933	297,260	282,412	233,319	234,572	152,094	82,612
<b>Total Assets</b>	896,722	791,916	704,729	649,370	608,531	575,908	517,716	451,654	379,142	319,011
<b>FUNDS AND LIABILITIES</b>										
Accumulated Fund	721,708	648,132	586,698	546,323	511,461	480,958	442,253	378,613	312,713	261,038
Other Funds	33,072	34,820	34,264	32,683	30,959	28,346	25,229	16,062	12,522	10,820
<b>Total Funds</b>	754,780	682,952	620,962	579,006	542,420	509,304	467,482	394,675	325,235	271,858
<b>NON-CURRENT LIABILITIES</b>										
Retirement Benefit Obligation	18,883	15,344	13,139	8,934	9,894	11,463	8,259	7,089	6,766	6,139
Rent Received in Advance	21,021	21,021	21,021	21,443	21,422	21,402	21,382	21,365	21,347	21,331
Deferred Tax Liabilities	4,334	5,798	2,765	2,103	2,216	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	44,238	42,163	36,925	32,480	33,532	32,865	29,641	28,454	28,113	27,470
<b>CURRENT LIABILITIES</b>										
Trade and Other Payables	39,533	33,005	22,820	21,246	23,602	20,535	17,632	24,089	18,588	19,683
Advances and Deposits Received	51,483	28,784	17,212	6,257	5,496	7,345	-	-	-	-
Income Tax Payable	4,482	-	4,109	4,255	-	1,182	2,960	4,434	7,088	-
Bank Overdraft	2,206	5,012	2,701	6,126	3,481	4,677	-	2	118	-
<b>Total Current Liabilities</b>	97,704	66,801	46,842	37,884	32,579	33,739	20,592	28,525	25,794	19,683
<b>Total Funds and Liabilities</b>	896,722	791,916	704,729	649,370	608,531	575,908	517,716	451,654	379,142	319,011

Figures in 2011 to 2012 are presented under the Sri Lankan Accounting Standards. These figures can not be compared with 2013 to 2020 due to the difference application of Sri Lanka Financial Reporting Standards for Small and Medium size entities (SLFRS for SMEs)

# Statement of Cash Flows

As at 31 March	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000	2012 Rs.'000	2011 Rs.'000
<b>Cash Flows from / (used in) Operating Activities</b>										
Net Surplus before Tax	87,894	80,088	54,657	40,878	32,614	50,550	74,767	77,613	57,093	30,360
<b>Adjustments for</b>										
Depreciation - Property and Equipment	11,132	12,772	12,078	11,202	9,176	5,411	3,691	8,228	8,383	12,193
Depreciation - Investment Property	2,729	2,729	2,729	2,729	2,729	2,729	2,729	4,420	6,074	2,590
Amortisation - Intangible Assets	2,554	1,774	1,238	485	120	123	-	-	-	-
(Gain) / loss on Disposal of Property and Equipment	(268)	(28)	(4,864)	2	(17,163)	(51)	235	-	-	(5)
Provision for Gratuity	3,472	3,062	2,521	2,160	2,511	2,159	1,802	1,609	986	1,507
Interest Income	(58,217)	(46,178)	(39,308)	(29,794)	(15,540)	(17,391)	(22,525)	(23,002)	(9,500)	(4,110)
Income from Investment Property- before charging depreciation	(17,029)	(15,773)	(14,966)	(13,841)	(13,553)	(12,562)	(12,825)	(12,939)	(12,627)	(11,727)
<b>Operating Surplus before Changes in Working Capital</b>	<b>32,267</b>	<b>38,445</b>	<b>14,084</b>	<b>13,821</b>	<b>894</b>	<b>30,968</b>	<b>47,874</b>	<b>55,929</b>	<b>50,409</b>	<b>30,808</b>
<b>(Increase)/Decrease in Working Capital</b>										
Inventories	7,154	(2,313)	669	212	(6,077)	2,328	1,264	(839)	2,172	(5,476)
Trade and Other Receivables, Prepayments and Deposits	2,083	149	11,065	2,004	(41)	(9,940)	(757)	(1,481)	406	(6,193)
Trade and Other Payables	6,528	10,571	1,573	(2,354)	3,066	7,135	(5,834)	5,501	(1,096)	(11,269)
Advances and Deposits Received	22,700	11,571	10,955	761	(1,848)	3,113	(623)	-	-	-
<b>Cash Generated from Operations</b>	<b>70,730</b>	<b>58,423</b>	<b>38,346</b>	<b>14,444</b>	<b>(4,006)</b>	<b>33,604</b>	<b>41,924</b>	<b>59,110</b>	<b>51,891</b>	<b>7,870</b>
Tax Paid	(8,828)	(22,274)	(11,311)	(3,994)	(4,780)	(9,582)	(13,378)	(14,099)	(600)	(1,619)
Gratuity Paid	(130)	(589)	(770)	(567)	(68)	(1,255)	(80)	(1,386)	(359)	-
<b>Net Cash from/ (used in) Operating Activities</b>	<b>61,772</b>	<b>35,560</b>	<b>26,265</b>	<b>9,883</b>	<b>(8,854)</b>	<b>22,767</b>	<b>28,466</b>	<b>43,625</b>	<b>50,932</b>	<b>6,251</b>
<b>Cash Flows from/ (used in) Investing Activities</b>										
Acquisition of Property and Equipment	(7,342)	(3,163)	(11,328)	(10,169)	(38,852)	(27,849)	(73,518)	(2,850)	(2,676)	(3,545)
Acquisition of Intangible Assets	(4,833)	(2,394)	(4,012)	-	(1,400)	(540)	-	-	-	-
Movement in Capital Working Progress - Intangible Asset	1,507	(2,539)	-	-	-	-	-	-	-	-
Movement in Capital Working Progress - Property & Equipment	281	(281)	-	1,584	-	-	-	-	-	-
Interest Income	58,217	46,178	39,308	29,794	15,540	17,391	22,525	23,002	9,500	4,110
Income from Investment Property	17,029	15,773	14,966	13,841	13,553	12,562	12,825	12,939	12,627	11,727
Net Movement in Short-term Investments	(118,322)	(94,117)	(90,371)	(28,741)	(21,838)	(23,866)	10,513	(70,221)	(73,128)	(14,968)
Sales Proceeds on Disposal of Property and Equipment	2	28	4,864	-	26,907	139	(226)	-	-	5
<b>Net Cash Flows from/ (used in) Investing Activities</b>	<b>(53,460)</b>	<b>(40,514)</b>	<b>(46,572)</b>	<b>6,309</b>	<b>(6,090)</b>	<b>(22,163)</b>	<b>(27,881)</b>	<b>(37,130)</b>	<b>(53,677)</b>	<b>(2,671)</b>



# Ten Year Summary

## Statement of Cash Flows

As at 31 March	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000	2012 Rs.'000	2011 Rs.'000
<b>Cash Flows from / (used in) Financing Activities</b>										
Net Movement of Rent Advances	-	-	(422)	21	20	19	18	17	17	331
Net Movement in Other Funds	(1,748)	556	1,581	1,724	2,612	3,117	9,167	3,540	1,701	1,259
<b>Net Cash Flows from / (used in) Financing Activities</b>	(1,748)	556	1,159	1,745	2,632	3,136	9,185	3,557	1,718	1,590
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	6,564	(4,397)	(19,148)	17,937	(12,312)	3,740	9,770	10,052	(1,027)	5,170
Cash and Cash Equivalents at the Beginning of the Period (Note A)	14,511	18,909	38,057	20,120	32,432	28,692	18,922	8,870	4,897	(273)
<b>Cash and Cash Equivalents at the End of the Period (Note B)</b>	21,075	14,511	18,909	38,057	20,120	32,432	28,692	18,922	3,870	4,897
<b>Note A</b>										
<b>Cash and Cash Equivalents at the Beginning of the Period</b>										
Cash and Bank Balances	19,523	21,610	44,182	23,602	37,109	28,692	18,924	8,988	4,897	1,177
Bank Overdraft	(5,012)	(2,701)	(6,125)	(3,482)	(4,677)	-	(2)	(118)	-	(1,450)
	14,511	18,909	38,057	20,120	32,432	28,692	18,922	8,870	4,897	(273)
<b>Note B</b>										
<b>Cash and Cash Equivalents at the End of the Period</b>										
Cash and Bank Balances	23,282	19,523	21,610	44,182	23,602	37,109	28,692	18,924	3,988	4,897
Bank Overdraft	(2,206)	(5,012)	(2,701)	(6,125)	(3,482)	(4,677)	-	(2)	(118)	-
	21,075	14,511	18,909	38,057	20,120	32,432	28,692	18,922	3,870	4,897

# Branches

## AAT Sri Lanka Branches

### Kurunegala

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

### Jaffna

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

### Anuradhapura

No: 514/4A, 2nd Floor,  
New Bus Stand, Anuradhapura.  
Tel: 025-7559669  
Email: anuradhapura@aatsl.lk

### Matara

No: 274, 2nd Floor, Sagara Building,  
AnagarikaDharmapala Mw, Matara.  
Tel: 041-7559669  
Email: matara@aatsl.lk

### Ratnapura

No. 66, 1st Floor,  
Bandaranayake Mw, Ratnapura.  
Tel: 045-7559669  
Email: rathnapura@aatsl.lk

### Kandy

No 788 B, Peradeniya Road,  
Kandy.  
Tel: 081-7559669  
Email: kandy@aatsl.lk



*During the year under review Kandy branch was added to the branch network*

# Corporate Sponsors - 2019/20



# GRI Content Index

GRI Standards :	Disclosure		Page Number	Omission
Core option				

GRI 101: Foundation  
2016 (does not include  
any disclosure)

## General Disclosures

GRI 102: General Disclosures 2016	102-1	Name of Organisation	IBP	-
	102-2	Activities, brands, products and services	06-09	-
	102-3	Location of headquarters	IBP	-
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	102-5	Owenship and legal form	06,IBP	-
	102-6	Markets served	46,56	-
	102-7	Scale of the organisation	10,12	-
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	102-10	Significant changes to the organisation and its supply chain	39	-
	102-11	Precautionary principle	-	we have not formally adopted the principle
	102-12	External initiatives	07,54-71	-
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	102-23	Chair of the highest governance body	88	-
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	102-40	List of stakeholder groups	40	-
	102-41	Collective bargaining agreements	07	-
	102-42	Identifying and selecting stakeholder groups	40	-
	102-43	Approach to stakeholder engagement	40-45	-
	102-44	Key topics and concerns raised	40-45	-
	102-45	Entities included in the consolidated financial statements	-	Not applicable
	102-46	Defining report content and topic boundaries	05,48	-
	102-47	List of material topics	48	-
	102-48	Restatement of information	-	Not applicable
	102-49	Changes in reporting	05	-
	102-50	Reporting period	05	-
	102-51	Date of most recent report	05	-
	102-52	Reporting cycle	05	-
	102-53	Contact point for questions regarding the report	05	-
	102-54	Claims of reporting in accordance with the GRI Standards	05	-
	102-55	GRI Content index	149-151	-
	102-56	External assurance	05,114	-

# GRI Content Index

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Core option				
<b>Material topics</b>				
<b>Economic performance</b>				
GRI 103:	103-1	Explanation of material topics and its boundaries	38,48	-
Management Approach 2016				
	103-2	The Management Approach and its components	38,48	-
	103-2	Evaluation of the Management Approach	12,38,48	-
	201-1	Direct economic value generated and distributed	39	-
GRI 201:Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	124	-
<b>Energy</b>				
GRI 103:	103-1	Explanation of material topics and its boundaries	82	-
Management Approach				
	103-2	The Management Approach and its components	82	-
	103-2	Evaluation of the Management Approach	82	-
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	82	-
	302-4	Reduction of Energy consumption	82	-
<b>Water</b>				
GRI 103:	103-1	Explanation of material topics and its boundaries	83	-
Management Approach				
	103-2	The Management Approach and its components	83	-
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GRI 303: Water 2016	303-1	Water withdrawal by source	83	-
<b>Environmental Compliance</b>				
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GRI 307 : Environmental Compliance 2016	307-1	Non- compliance with environmental laws and regulations	82-84	-
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GRI 404: Employment 2016	401-1	New employee hires and turnover	78	-



GRI Standards :	Disclosure		Page Number	Omission
Core option				
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<b>Training and Education</b>				
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GRI 404: Training and education	404-1	Average hours of training per year per employee	12,78	-
	404-2	Programs for upgrading skills and transition assistance programmes	78	-
	404-3	Percentage of employees receiving regular performance and career development reviews	78	-
<b>Local Communities</b>				
GRI 103:	103-1	Explanation of material topics and its boundaries	68	-
Management Approach				
	103-2	The Management Approach and its components	68-71	-
	103-2	Evaluation of the Management Approach	68-71	-
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessment and development programmes	68-71	-
<b>Occupational Health and Safety</b>				
GRI 103:	103-1	Explanation of the material topic and its Boundary	78	-
Management Approach				
	103-2	The management approach and its Components	78	-
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GRI 403:	403-1	Occupational health and safety management system	78,79	-
Occupational health and safety management system				
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	403-3	Occupational health services	78-80	-
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	403-5	Worker training on occupational health and safety	78-80	-
	403-6	Promotion of worker health	78-80	-
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	78-80	-
	403-9	Work-related injuries	78-80	-

# Glossary

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

# Notice of Annual General Meeting

Notice is hereby given that the 32nd Annual General Meeting of the Association of Accounting Technicians of Sri Lanka will be held on 16th November 2020 from 5.00 p.m. onwards for the following purposes.

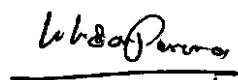
- 1 To receive and consider the Annual Report of the Governing Council for the Financial Year 2019/20.
- 2 To receive and consider the Audited Financial Statements of the Association and Report of the Auditors thereon for the year ended 31st March 2020.
- 3 To re-appoint M/S. Ernst & Young, Chartered Accountants as Auditors of the Association for the Financial Year 2020/2021 and to authorise the Governing Council to determine their remuneration.
- 4 To authorise the Governing Council to determine contribution to charity and donations for the Financial Year 2020/21 and up to the date of the next Annual General Meeting.

In line with the regulations issued by the Health Authorities only 40 members can be accommodated at the Prof. Lakshman R. Watawala Auditorium, AAT Centre, No.540, Ven. Muruththettuwa Ananda Nahimi Mawatha, (Thimbirigasyaya Road) Colombo 05 with prior registrations,

which is mandatory as we will not be able to accommodate walk-in members. For the benefit of other members we have made arrangements via Microsoft Teams online platform. For prior registrations please contact Ms. Harshani by emailing harshani@aatsl.lk. Registrations will be on first come, first served basis and the link to the AGM is not to be shared with any party. For more details contact Ms. Harshani on 112559669 Ext. 324.

By Order of the Governing Council

Association of Accounting Technicians of Sri Lanka



**K. L. Jagath N. Perera**  
Secretary

22nd October 2020

## Notes

[illegible]



## Notes

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# Corporate Information

<b>Company Name</b>	: Association of Accounting Technicians of Sri Lanka
<b>Legal form</b>	: Limited Liability Company (Guarantee)
<b>Company Registration number</b>	: GA90
<b>Registered Office &amp; Principal Place of Business</b>	: 540, Ven. Muruththettuwe Ananda Nahimi Mawatha, (Thimbirigasyaya Road), Narahenpita, Colombo 05.
<b>Contact</b>	: +94 11 2559669, 2552662, 2595857
<b>Fax</b>	: +94 11 2559299
<b>Email</b>	: aatsled@sltnet.lk
<b>Website</b>	: www.aatsl.lk
<b>External Auditors</b>	: Ernst & Young – Chartered Accountants
<b>Internal Auditors</b>	: KPMG – Chartered Accountants
<b>Company Secretaries</b>	: Integrated Management Systems (Pvt.) Limited
<b>Bankers</b>	: Bank of Ceylon DFCC Bank Hatton National Bank PLC People's Bank National Savings Bank Sampath Bank PLC Seylan Bank PLC
<b>Lawyers</b>	: F. J. G. De Saram & Company

