

# CA



THE INSTITUTE OF  
CHARTERED ACCOUNTANTS OF SRI LANKA

# APFA



ASSOCIATION OF  
PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA  
(Public Sector Wing of CA Sri Lanka)

# Annual Report 2019



Association of Public Finance Accountants of Sri Lanka  
(Public Sector Wing of CA Sri Lanka)



# Annual Report 2019

**Association of Public Finance Accountants of Sri Lanka**

No. 30 A, Malalasekera Mawatha, Colombo 07. Sri Lanka

# President's Message



## Dear Members

It is with great pleasure I am placing before you our 8th Annual Report and Audited Financial Statements for the year ended 31st December 2019 on behalf of the Board of Management.

## Year with concerns

At the outset let me wish you all well during this unsettled time. Sri Lanka has had a turbulent period during the year under review. During early 2019 there were tragic and horrifying attacks on Easter Sunday. While we were recovering from the tragedy, COVID 19 the global pandemic irrupted, Both of which had a severe impact on our economy. The lockdown period followed by

COVID 19 has brought the economic activities to a standstill. Social distancing, restrictions on movements during the 1st two quarters of the year has resulted in delaying the publication of our Annual Report and Accounts and holding the AGM within the stipulated time period. Hope you all would have managed the situation to be safe and secured.

## Challenge faced

The challenges faced by all of us during the period was unbearable. Fortunately the government has done everything possible to bring the situation under control. Still the movements are restricted and we are expected to follow the safety regulations issued by the Health authorities. Managing public finance has become a major challenge faced by the Government. Increasing demand has been put on the Government finance functions due to the drastic measures taken by the government by giving stimulus packages to safeguard the economy. Several millions of rupees have been spent within a short period of time by way of relief measures.

## Need for high professionalism

The public sector needs high professionalism to handle the situation at this critical juncture As you are aware the association was established as a public sector using of CA Sri Lanka with a view to professionalize the public financial management practices in the country. As a part of premier National Accountancy Body in Sri Lanka with international reputation we need to raise our position by enhancing professional skills and expertise to develop the economy.

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## **Lack of enthusiasm**

We have been offering various opportunities by way of CPD programmes. Recently we conducted a Webinar on Developing the Economy Post COVID 19 where the Secretary to the Treasury and the Governor Central Bank of Sri Lanka addressed the participants. We also have conducted a webinar on Professionalizing Public Financial Management to Revive the National Economy in the Post COVID 19 era, where eminent professionals like Prof. K. D. Gunewardana from Sri Jayawardanapura University, Mr. Sivagnanasothy one of the retired top most public servant former Secretary, Ministry of National Policy, Economic Affairs, Resettlement and Rehabilitation and Mr. Manil Jayasinghe, the President of CA Sri Lanka had address the participants on the following topics

- Professionalizing Public Financial Management for Sustainable Economic Development
- Managing Development Results to boost the Economy
- Preparing Financial Statements in the Modified Cash leading to Accrual Basis

Also we have been forwarding invitation for free webinars from time to time including CIPFA online programs. But the participation had been very poor. We are at a loss of understand the course of action that we need to take in this regard. In fact in order to ascertain the challenges faced by our membership and the assistance we could provide to overcome them, we carried out a membership survey on feedback information from members. Here too the response had been very poor. Even the few feedback we received had not identified the challenges faced by them and given clear indication of what is expected from us. The enthusiasm shown by the membership is discouraging the service to the vision and the mission of the Association.

## **Performance**

Despite these constraints we have been able to march forward with improved performance, as could be seen from this annual report.

## **Invitation to work together**

We expect the entire membership to commit themselves to make full use of the offering made by us to enhance the skills and expertise and become active members towards to the vision of the Association.

## **Appreciation**

I wish to take this opportunity to express my sincere appreciation and gratitude to all those who have contributed to the success of our association. I would also like to take this opportunity to extend my sincere appreciation to all our members, Board of Management, Council of CA Sri Lanka, Secretary and Staff of the Association, CEO and the Staff of CA Sri Lanka for the support given to take the association forward.



**V. Kanagasabapathy**

President

08. October 2020.

## 2. About Our Association

### 2.1 Establishment

The Association of Public Finance Accountants of Sri Lanka (APFASL) was established on 1<sup>st</sup> January 2012 in terms of Articles of Constitution approved by the Council of CA Sri Lanka

### 2.2 Vision

Leading the way to excellence in Public Financial Management

### 2.3 Mission

Provide leadership and initiative to the members to enhance their professional status and skills thereby make a greater contribution to the Economic Development of Sri Lanka.

### 2.4 Objectives

1. Capacity building among public sector financial management professionals by launching professional qualification on public financial management and conducting professional development programmes.
2. Improving public sector financial reporting by rolling out Sri Lanka Public Sector Accounting Standards through training materials and training manuals.
3. Conducting seminars and workshops on public financial management.
4. Conducting conferences with regional participation on public sector financial reporting and public sector auditing.
5. To provide, or arrange for the provision of seminars conferences and training leading to the professional qualification of Chartered Public Finance Accountant.
6. To award scholarships, certificates and diplomas to persons who have completed the courses, and achieved proficiency.
7. To specify the qualification for membership of the Association and the standards of professional conduct to be maintained by members of the Association, and to ensure the maintenance thereof.
8. To establish and maintain libraries and documentation centers and to provide services to members in other related areas such as finance, auditing and related fields.
9. To provide a platform for Public Finance Accountants to develop their leadership and entrepreneurial skills.
10. To promote the interests, welfare, rights and privileges of the profession of Public Finance Accountants and the interest of the public in relation to that profession and of persons desiring to qualify as Chartered Public Finance Accountants.
11. To enhance the competence of members through a continuing Professional Development Programs.
12. To create opportunities for Public Finance Accountants, to build up a close relationship with the Association and its activities and also to encourage them to develop their network in the field of their own profession and other communities.
13. To conduct disciplinary inquiries related to members in case of misconduct.
14. To liaise with universities with a view to conduct programs leading to further education.

### 3 BOARD OF MANAGEMENT AS AT DATE

#### President

**Mr. V. Kanagasabapathy,**

*MPA (Harvard), CPFA (London) FCA, FPFA, FCMA  
Director, Hotel Developers (Lanka) PLC*

#### Vice President

**Mr. W.P.C. Wickramaratne**

*FCA, B.Com (Hon) Sp, FCMA, FPFA  
Auditor General*

#### Board Members

**Mr. Manil Jayasinghe**

*FCA, FCMA(UK), CPFA(London),  
President of CA Sri Lanka*

**Mr. Sanjaya Bandara**

*FCA, MBA, BSc  
Vice President of CA Sri Lanka*

**Mr. Nadun Guruge.**

*B.Com, CPFA  
Commissioner General, Department of Inland Revenue.*

**Ms. J.C.Weligamage**

*CBA, DPFM, FPFA  
Director General Public Finance*

**Mr. G.D.S. Jayaratne**

*B.Com. (Sp), MPM, (SLIDA), CPFA, MA(Fin.Eco.),  
Senior Commissioner, Inland Revenue*

**Mr. E.A.G.Ananda**

*BA, PGD, DPFM, M.Com, CPFA  
Former Deputy Auditor General*

**Ms. M.T.I.V. Amarasekara**

*BSc(Hons), MA(USA), CIMA (UK), CPFA  
Director, Dept.of External Resources*

**Mr. D.H.D. Dharmapala**

*MBA (Kalaniya), FCA, ACMA, SAT, CPFA  
Deputy Auditor General  
Treasurer  
Director General of State Accounts*

#### Secretary

**Mr. Ananda Amarawansa**

*FCA, FCMA, FPFA, CPFA (London), BA, B.Com (sp.Hons), MA(FE)  
Consultant, Public Sector, CA Sri Lanka*

#### Outgoing Members

**Mr. P.Algama,**

*MBA, B.Com(sp), CPA(Aus), MIT(USA), CPFA  
Former Director General Public Finance,  
currently Deputy Secretary to the Treasury*

**Mr. H.M. Gamini Wijesinghe,**

*FCA, MA(Econ), B.Sc, FCMA, FPFA  
Retired Auditor General*

**Mr. Jagath Perera ,**

*FCA, BSc(Sp), CFE(USA)  
Past president CASL  
Mr.*

**Ms. K.D.R.Olga,**

*BSc, MAFE  
Former Director General,  
Department of State Accounts.  
Currently Secretary, Ministry of Energy*

**Mr. R.M.A.Rathnayake.**

*MPM, PGD(BFA), B.com(sp), CPFA  
Former Director General Department  
of State accounts. Currently Secretary,  
State Ministry of Capital  
Market and State Enterprise Reform.*

### 3. BOARD OF MANAGEMENT AS AT DATE AND THEIR PROFILES

**Mr. V. Kanagasabapathy**  
**President**



Mr. V. Kanagasabapathy holds a Master's Degree in Public Administration from Harvard University, U.S.A. and is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Association of Public Finance Accountants and Institute of Certified Management Accountants of Sri Lanka. He is also a member of the Chartered Institute of Public Finance Accountants (CIPFA) London. He is presently a Director to the Board of Hotel Developers (Lanka) PLC (Fully Owned Government Company Owning Hilton Colombo). In addition he serves as a member of the Finance Commission and member of the University Council of Jaffna. He is the President of the Association of Public Finance Accountants, the public sector wing of the Institute of Chartered Accountants of Sri Lanka and Past President of the Institute of Public Finance and Development Accountancy. He serves as a Chairman of the Public Sector Accounting Standards

Committee and member of the Governmental and Public Sector Enterprise Accounting Committee of the South Asian Federation of Accountants. He is now appointed as a member of the Public Sector Financial Management Committee (PSFMC) of the Confederation of Asia and Pacific Accountants (CAPA). Mr. Kanagasabapathy was the Financial Management Advisor to the Ministry of Finance & Planning and Senior Financial Consultant of the Academy of Financial Studies. He has over forty years of service in the public sector in several senior capacities such as Assistant Director, Deputy Director, Director, Additional Director General, Director General in the Treasury Departments and Financial Management Reform Coordinator in the Ministry of Finance & Planning.

He served as a member of the Board of Bank Ceylon People's Bank, State Mortgage & Investment Bank, Merchant Bank of Sri Lanka and several other Boards of Public Enterprises. He has also served as Director/Financial Consultant of the Associated Newspapers of Ceylon Limited and Executive Director of Hotel Developers (Lanka) PLC.

**Mr. W.P.C. Wickramaratne**  
**Auditor General**  
**Vice President**



Mr. Wickramaratne, is the Auditor General of Sri Lanka. He has commenced his career as an Audit Examiner in the Auditor General's Department in 1988 and left the Department in 1992 to serve as a Government Accountant for nearly one year. Later he again joined the Auditor General's Department as a Superintendent of Audit in 1992 and was appointed as Deputy Auditor General in 2007 and later on promoted to the post of Additional Auditor General. He was granted no pay leave and worked in Saudi Arabia as a Divisional Accountant in a Private Company for nearly four years. His Excellency the President has appointed Mr. Wickramaratne to act in the post of the Auditor

General for the period from 1st November 2014 to 28th November 2015. And thereafter as the Additional Auditor General until his appointment as the Auditor General in 2019.

Mr. Wickramaratne has graduated with honors from the Kelaniya University in Commerce and later qualified as a Chartered Accountant. He also holds a Diploma in Information Systems Security, Control and Audit. He is an Associate Member of the Institute of Chartered Accountants of Sri Lanka (ACA), a Qualified Accountant Member of the Chartered Institute of Public Finance & Accountancy of UK (CIPFA) and Institute of Certified Management Accountants of Sri Lanka (ACMA). He also holds Fellowship in the Institute of Financial Accountants of the United Kingdom (FFA). He is an active member of the Governing Council of CA Sri Lanka and the Public Sector Accounting Standards Committee of the Institute of Chartered Accountants of Sri Lanka and a member of the Board of Management of the Association of Public Finance Accountants of Sri Lanka, the public sector wing of the Institute of Chartered Accountants of Sri Lanka since its inception.



**Mr. Manil Jayasinghe**  
**President , CA Sri Lanka,**  
**Ex-officio**  
**Member**

Mr. Jayasinghe is the President of CA Sri Lanka for the term 2020/2021 and Partner of Earnest and Young.

He is a Board Member of the South Asian Federation of Accountants (SAFA) and chairs the SAFA Accounting and Auditing Standards Committee. He also serves as a member of the SAFA Committee on Professional Ethics and Independence and also a member of the Task Force of on BASEL-II adoption in SAARC countries.

Mr. Jayasinghe is the incumbent Chairman of the Statutory Accounting Standards Committee of CA Sri Lanka and serves in many other committees including the Statutory Auditing Committee, Finance and Administration Committee as well as the Education and Curriculum Development committee.

He is also a Commission Member of the Securities and Exchange Commission (SEC), a Council Member of CMA Sri Lanka and a Board Member of the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAAMB)

Mr. Jayasinghe is a former member of the International Accounting Education Standards Boards (IAESB) of the International Federation of Accountants (IFAC)



**Mr. Sanjaya Bandara**  
**Vice President, CA Sri Lanka,**  
**Ex-officio**  
**Member**

Mr. Sanjaya Bandara is the Vice President of CA Sri Lanka and Partner of B.R.De Silva & Co.

He is a member of the Board of Directors of the Confederation of Asian and Pacific Accountants (CAPA) and the technical adviser to the South Asian Federation of Accountants (SAFA)

Mr. Sanjaya Bandara serves on numerous committees of South Asian Federation of Accountants (SAFA), which includes the Education Committee, Training and CPD

Committee as well as the Auditing Standards and Quality Control Committee and as a member of the Task Force established to study Sustainable Development Goals (SDGs) and the role of the accountancy profession of SAFA

He is also a Board Member of the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB)

Mr. Bandara also chairs the Finance and Administration (F&A) Committee and the Board of Management of the School of Accounting and Business (SAB) of CA Sri Lanka. He is an incumbent Member of Council of the Association of Accounting Technicians of Sri Lanka (AAT)





**Mr. Nadun Guruge**  
**Commissioner General of Inland Revenue**  
**Ex-officio**  
**Member**

Mr. Nadun Guruge is the Commissioner General of Inland Revenue Department from 2019.

He joined the Inland Revenue Department in 1984 and served as an Assessor, Senior Assessor, Deputy Commissioner, Commissioner and Deputy Commissioner General before appointing to the Commissioner General.

He has participated and undergone several meetings and study programs held in foreign countries such as Japan, India, Singapore, Australia, Paris, Netherland and Indonesia in the

fields of Tax Planning and Administration, Audit & Management, E-Governance and IT System etc.

Mr. Guruge holds a Bachelor of Commerce (Special) Honor Degree from University of Jayawardanapura and Diploma in Strategic Management and Leadership from Greenwich School of Business and Finance, UK. He is also a Chartered Public Finance Accountants holding CPFA qualification in Sri Lanka and UK.



**Ms. J. C. Weligamage**  
**Director General of Public Finance**  
**Ex-officio**  
**Member**

Ms. Weligamage is a financial management professional having over 37 years of rich professional experience in Public Sector.

Ms. Weligamage joined the Public Service in 1983 as a Book Keeper at Credit Council's Department. Then she served three and half years as an Audit Examiner at Auditor General's Department and successfully accomplished audits of Mahawali Authority, Paddy Marketing Board and Colombo Municipal Council as a co-member of the audit teams. She joined the Sri Lanka Accountant's Service in

1990. After performance of duties of seven years at the Surveyor General's Department and Textile Industries Department as an Accountant, she joined the General Treasury in 1997 and completed 23 years at the Departments of State Accounts, Treasury Operations and Public Finance holding the posts of Assistant Director, Deputy Director, Director and Additional Director General until assuming duties as the Director General of Public Finance.

She has represented the General Treasury on the Boards of several key State-owned Enterprises including Sri Lanka Ports Authority, Land Reclamation and Development Corporation, Geological Survey & Mines Bureau Technical Services (Pvt.) Ltd., Ceylon Fishery Harbours Corporation, Lanka Phosphate Limited, Lanka Mineral Sands Limited, Cey-Nor Foundation Limited, National Film Cooperation, National Engineering Research and Development Center, Archer C. Clarke Center for of Modern Technology, Skill Development Fund, Tea Shakthi Fund over past 23 years.

She was also a core team member appointed to revise the Financial Regulations (FR) of the Democratic Socialist Republic of Sri Lanka, implement the Treasury Single Accounting (TSA) System and Computerized Integrated Government Accounting System (CIGAS) - Accounting Software Package at National level in Sri Lanka during the period of year 1996 to 2015.

Having obtained the Bachelor of Commerce (Special) Degree from the University of Sri Jayewardenepura, Sri Lanka, she has obtained the fellowship of Association of Accounting Technicians of Sri Lanka, The Association of Public Finance Accountants of Sri Lanka (Public Sector wing of Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)) and The Institute of Public Finance and Development Accountancy Sri Lanka.

Further, she has undergone foreign trainings in UK, Australia, Singapore, China, Philippines, India, Japan, Malaysia and Korea in the fields of Management, Development Economics, Leadership and Information Technology. Also, she has performed as a trainer for more than two thousand accounting personals at SLIDA (Sri Lanka Institute of Development Administration) and InGAF (Institute of Government Accounts and Finance) for the implementation of CIGAS during the period of year 1996 to 2005.

**New DG State Accounts.  
Ex-officio Member and the Treasurer**

# Vacant



**Mr. G.D.S. Jayaratne**  
**Senior Commissioner, Department of Inland Revenue**  
**Member**

Mr. G.D.S. Jayaratne has joined the public service in 1988 as Audit Examiner in the Auditor General's Department and thereafter he has served in various capacities As a Government Accountant, Assessor, Senior Assessor, Deputy Commissioner, Commissioner and a Senior Commissioner during last 32 years. From 1991 he has been served in Executive Grades.

He has a B Com (special) 2<sup>nd</sup> class degree, Master of Public Management (SLIDA), Master in Financial Economics ( University of Colombo), Diploma in English, Chartered Licentiate and MAAT ( AAT Sri Lanka)



**Ms. M.T.I.V. Amarasekare**  
**Director , Department of External Resources,**  
**Member**

Ms. Visakha Amarasekere, Director, Department of External Resources, is at present attached to the Department of External Resources of the General Treasury of the Ministry of Finance as a Director, Capital Markets and has over 18 years of experience at the Treasury.

She has represented the Treasury on the Boards of several key State Owned Enterprises including the Bank of Ceylon, Ceylon Electricity Board, the Ceylon Petroleum Corporation and Peoples Bank of Sri Lanka and is at present on the Boards of Hotel Developers Ltd and Selendiva Investments Ltd..

Ms Amarasekere, holds a BSc (Hons) in Economics and Management (UoL UK) (2002), MA in Development Economics (2007) (Vanderbilt University USA). She is a Member of the Chartered Institute of Management Accountants (UK) and is also a Chartered Public Finance Accountant (2018).



**Mr. Dharmapala Gammanpila**  
**Deputy Auditor General,**  
**Member**

Mr. Dharmapala Gammanpila has joined the Auditor General's Department in 1995 as an Audit Examiner and appointed as Superintendent of Audit in 2002. Later he has appointed as Deputy Auditor General of the National Audit Office of Sri Lanka. At present he is the in-charge of the State Owned Companies and City Planning and Water Supply Sector and also worked as Information Officers of the National Audit Office.

He holds a Master's Degree in Public Administration from University of Kelaniya, and is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Associate Member of Public Finance Accountants and Certified Management Accountants of Sri Lanka and also Senior member of the Association of Accounting Technicians of Sri Lanka.



**Mr. E.A.G. Ananda**  
**Retired Deputy Auditor General,**  
**Member**

Mr. E.A.G. Ananda was a Deputy Auditor General in the Auditor General Department of Sri Lanka at the time of his retirement. He had been working in the Department 39 years and the last he was in charge of audit of the institutions under Education, Higher Education and Water Sector. Mr. Ananda obtained his under graduate degree and Post Graduate Diploma in Accounting and Financial Management from the University of Sri Jayawardanapura and Diploma in Public Finance Management from the Sri Lanka Institute of Development Administration. He has also obtained the Master of Commerce by

Research degree from the La Trobe University, Melbourne, Australia. He is a Chartered Public Finance Accountant, Associate Member of the Association of Public Finance Accountants of Sri Lanka and a Fellow Member of the Association of Accounting Technician of Sri Lanka.

During the period of service in the Auditor General Department he has attended several training programmes and seminars held in various countries such as Australia, Russia, Turkey, Brazil, Indonesia, India and Malaysia on Value for Money, Auditing, Environmental Auditing, Public sector Accounting and Financial Management and Performance Auditing etc.



**Mr. Ananda Amarawansa**  
**Consultant- Public Sector, CA Sri Lanka,**  
**Secretary**

Mr. W.M. Ananda Amarawansa joined the Sri Lanka Accountants Service in 1982 and assumed his duties at then Department of Telecommunication. He was transferred to the General Treasury in 1992 and promoted as a Deputy Director, Public Enterprises. He got his premature retirement from Government Accountant service in 1997. Thereafter, he served as a finance Manager in various non governmental institutions and as a national and international finance

expert and a consultant in donor funded projects and reform specialist in local government sector also. He undertook the position of Public Sector Consultant at CA Sri Lanka in 2017 after the retirement of Mr. K.L. Perera and became as the Secretary of the APFASL too.

Mr. Ananda Amarawansa holds a Bachelor of Arts and Bachelor of Commerce (Special) Honor degrees from the University of Sri Jayawardanapura and post graduate degree in financial economics from the University of Colombo and he is a fellow member of the Institute of Chartered Accountants of Sri Lanka, Certified Management Accountants of Sri Lanka and the Association of Public Finance Accountants of Sri Lanka. He is also a member of the Chartered Institute of Public Finance Accountancy (CIPFA) UK.

## 4. REPORT OF THE BOARD OF MANAGEMENT

### 4.1 Introduction

The Board of Management is pleased to submit the Annual Report and Audited Financial Statements of your Association for the financial year ended 31<sup>st</sup> December 2019.

### 4.2 Membership of the Association

Our members serve in Government Institutions, Provincial Councils, Local Authorities and State Owned Enterprises as financial management personnel in various capacities. We have enrolled 59 members during the year representing 29 Fellow Members and 30 Associate Members. Compared to the last year, the number of members increased by 76. We have also offered CPFA membership on merit basis through CA Sri Lanka for 32 members during the year.



Members Distribution	2019	2018
Govt. Ministries	127	124
Govt. Departments	229	224
Dist. and Div. Secretaries	213	195
Provincial Councils	29	24
Local Authorities	22	22
State Owned Enterprises	267	247
Auditor General's Department	100	92
Department of Inland Revenue	106	108
Retired members	101	101
Direct CPFA Members From CA	17	-
<b>Total members</b>	<b>1213</b>	<b>1137</b>

Composition of the membership as at 31<sup>st</sup>.12.2019

- Associate 394
- Fellow 563
- CPFA 256

## 4.3 Organization and Staff

- The management of the affairs of your Association is vested in the Board of Management appointed in terms of the Articles of Constitution.
- The Association is managed under the directions of the Board of Management by a Technical Manager, Administrative Assistant and a Programme Assistant under the supervision of the Secretary.
- Secretary, APFASL co-ordinates the activities of the association and functions as the Head of the management team while serving as the Consultant –Public Sector wing of CASri Lanka.

## 4.4.Governance

Board of the Management meets regularly and during the year there had been 5 meetings held. It operates as an independent body under the direction and control of CA Sri Lanka in terms of the Articles of Constitution. It prepares separate set of Accounts which is audited by a qualified Chartered Accountant appointed at the Annual General Meeting.

## 4.5 Taking leadership in strengthening public financial management practices.

During the year the association has undertaken following professional development activities in strengthening public financial management practices in the country.

- (I) implementation of Public Sector Accounting Standards (SLPSAS) and Financial Reporting In addition to the existed accounting standards 1-10 (Volume I and II), 10 Sri Lanka Public Sector Accounting Standards 11-20 (Volume III) already formulated and published by APFASL, which came into effect from 2018, the Sinhala version of Volume III was published in 2019 and made available at the CA Sri Lanka counter.

Currently, the accrual reporting system is being fast-tracked by the Government with a view to modernizing public sector financial reporting practices. All provincial Councils, Departments and Ministries are encouraged to adopt the concept as a gradual process. The treasury has taken a step to moderate cash-based accounting to accrual concept. In this context, the Government is making an attempt to ensure assets and liability reporting on accrual basis. Further initiatives are being taken to adopt interim measures in the road map to transform the system to full accrual basis by consulting professional accountants. APFASL is always prepared to give assistance and recommendations to the treasury in this regard.

As per the request of the Ministry of Provincial Councils and Local Governments, the trainers' training programmes on simplified single Public Sector Accounting Standard for local authorities have been conducted in order to implement the specific standard at local authorities across the country. In 2019, implementation related problem solving sessions were conducted by the Ministry together with the participation of APFASL consultants.

It is apparent that the application of accounting standards and best practices in the accounting and auditing fields is proliferating within the public sector. An enabling environment has been created by the APFASL by conducting various awareness programmes and discussions with public sector institutions.

Assistance to Co - Operative sector.

The Department of Co-operative Development has sought assistance from APFASL to streamline accounting and financial reporting on accrual basis at co-operative societies and for enhancing the audit skills of cooperative auditors by conducting workshops and awareness programmes.

In this regard, APFASL has initiated several preliminary programmes in 2019 to gain a thorough understanding on the sector's requirements.

## **(II) Third Best Annual Reports and Accounts Awards Competition:**

Having Committed to infuse excellence in financial reporting by preparing and presenting financial statements in compliance with the Sri Lanka Public Sector Accounting Standards, APAFSL has organized the Best Annual Reports and Accounts Awards competition for the third time, for the benefit of the public sector. Overall, 22 public sector organizations were honoured at the awards ceremony held on 25th October 2019 at BMICH Colombo, under the patronage of the Secretary to the President and the Secretary to the Internal & Home Affairs and Provincial Councils & Local Government Ministry. APFASL also noted tremendous improvements in preparation of annual reports and the increasing number of participants at the competition held in 2019. In addition, an awareness programme for 200 officers on preparation of quality annual reports and accounts was also conducted. Similar programmes are being planned at provincial levels as well.

The main objective of the competition is to improve the quality of annual reports and bring excellence in financial reporting in the public sector, thereby helping improve transparency and accountability of ministries, departments, statutory boards, local authorities' as well as foreign funded projects.



## Awards made under each category 2019

Winner	1 <sup>st</sup> Runner up	2 <sup>nd</sup> Runner up	Compliance Awards
<b>Universities</b>			
University of Sri Jayewardenepura	University of Moratuwa	University of Peradeniya	<ul style="list-style-type: none"> <li>• Buddhist and Pali University Sabaragamuwa University</li> <li>• University of Colombo</li> <li>• Wayamba University</li> <li>• The Open University of Sri Lanka</li> <li>• University of Jaffna</li> </ul>
<b>Statutory Boards</b>			
Employee Trust Fund Board	Coconut Cultivation Board	Marine Environment Protection Authority	<ul style="list-style-type: none"> <li>• Western Province Road Passenger Transport Authority</li> <li>• Sri Lanka Accreditation Board</li> </ul>
<b>Research Institutes</b>			
National Science Foundation	National Engineering Research and Development Center of Sri Lanka (NERD).	Industrial Technology Institute	
<b>Ministries</b>			
Ministry of Internal Home Affairs & Provincial Councils and Local Government & Home Affairs ( Finance Division)	-	-	-
<b>Departments</b>			
Sri Lanka Air Force	Sri Lanka Air Force	-	-
<b>Provincial Councils</b>			
Office of the Chief Secretary - Northern Province	Office of the Chief Secretary - North Central Province	Office of the Chief Secretary – Eastern Province	<ul style="list-style-type: none"> <li>• Office of the Chief Secretary - Southern Province</li> <li>• Office of the Chief Secretary - Uva</li> </ul>
<b>Urban Councils</b>			
Urban Council - Balangoda	Urban Council - Vavuniya	Urban Council - Kalutara	<ul style="list-style-type: none"> <li>• Urban Council - Point Pedro</li> <li>• Urban Council - Wattala Mabolaha</li> </ul>
<b>Municipal Councils</b>			
Dehiwala Mt. Lavinia Municipal Council	Colombo Municipal Council	-	-
<b>Pradeshiya Sabhas</b>			
Nattandiya Pradeshiya Sabha	Karuwalagaswewa Pradeshiya Sabha	Passara Pradeshiya Sabha	<ul style="list-style-type: none"> <li>• Ganga Ihala Korale - Pradesiya Saba</li> <li>• Puththalama Pradesiya Sabha</li> </ul>



### (III) CIPFA (London) Recognizes CPFA Professional Qualification

Dedicated to enhancing the status of professionals in the public sector and to raise the bar in the sector, CA Sri Lanka together with APFASL introduced Chartered Public Finance Accountancy (CPFA), a new professional qualification. CIPFA (London) has recognized APFASL members who received the CA Sri Lanka CPFA qualification as being on par with their members and issued its membership certificates as a dual qualification, which was a strategic step taken to strengthen the qualifications offered within the public sector. The second batch of the CA Sri Lanka CPFA members were conferred the CPFA designation at the Convocation ceremony held at BMICH in 2019. The event was held alongside the Best Annual Report award ceremony.

CA Sri Lanka's intention through APFASL is to create more qualified professionals within the public service for sustainable development in public finance by adopting a pragmatic professional approach. The Council has taken a policy decision to confer CPFA qualifications directly to CA members who are attached to the public sector, based on their experience. Furthermore, apart from conferring the qualification based on experience, an examination route has also been developed to obtain the CPFA in line with the CA Curriculum 2020 with 4 specific subjects in public finance.



### (IV) Training Programmes and Seminars

APFASL always looks to enhance the knowledge and skills of their members and public servants generally in collaboration with Ministries, Department, Provincial Councils and other partner organizations such as NHRDC and organizes seminars, workshops and training programmes across the island.

A seminar on 'Ethical Responsibility of Professional Accountants' was held on 10th September 2019 at the Institute, coinciding with the visit of the President of CIPFA (London) to Sri Lanka. Ethics for professionals is a fundamental pillar of performance which is based on the value of integrity, transparency and accountability. The seminar covered a wide area of subjects and focused on eradicating corruption and irregularities in public finance as well as the expectations of the public who expect a high level of integrity from public sector professionals in the conduct of their duties. Ms. Carolyn Williamson, President CIPFA and Mrs. Dilrukshi Dias Wickramasinghe, Former Solicitor General also addressed the audience. In 2019, nearly 950 of participants were benefited from 12 seminars focusing on different core subjects held across the country.

## Training programs conducted

The following Programs have been conducted during the year 2019

### Training Programs - 2019

	Name of the Program	Date	No. of Participants
1	Program on Public Sector Financial Reporting	4,11,18,25 January & 8 February 2019	85
2	SLPSAS 11-20 – Southern Province	1,2,8 & 9 March 2019	79
3	SLPSAS 11-20 – Sabaragamuwa Province	14,15,25 & 26 March 2019	53
4	How to Answer Audit Queries Effectively- National Science Foundation	28 March 2019	45
5	Capacity Development Training Program on for Registrars	19,20 & 21 June 2019	40
6	SLPSAS 1-10 Mahaweli Authority -Rathmalana	5,6,& 7 August 2019	27
7	SLPSAS 1-20 DTET	22,23,29 & 30 August 2019	80
8	Ethical Responsibility of Professional Accountants	10th September 2019	142
9	SLPSAS 1 - 10 – Labour Department	17,20,24 September 01.08,11,18,21.Oct.2019	30
10	Preparation of Annual Reports & Accounts - DTET	26 Nov.2019	180
11	Preparation of Annual Reports & Accounts - Galle	10 Dec.2019	100
12	Audit Procedures of Dept. of Co-operative Societies	30,Nov.2,3 Dec. 2019	50

### Seminars held with NHRDC at CA Sri Lanka for public officers

	Name of the Program	Date
1	Making the Employment Laws Conducive for Investment in Sri Lanka	22.02.2019
2	Restructuring the Tertiary and Vocational Education Sector in Sri Lanka	21.05.2019
3	Seminar on Emerging Careers for the Future	13.11.2019
4	Seminar on defying Retirement at 55 years	18.07.2019



## (V) APFASL Newsletter

APFASL launched a bi-annual newsletter at the Convocation ceremony held at BMICH on 25th October 2019 which also incorporated messages from the CA President and the APFASL President. The articles in the newsletter on core subjects of finance, accounts and management are accredited for CPD hours. The bi-annual Newsletter is sponsored by Bank of Ceylon.



Distinguished guests with first copies of the newsletter in their hands at the convocation ceremony

## 4.6 Recognition of our members to top positions

- (i) International Recognitions and Appointments to top level Committees having recognized the service rendered and the high profile
  - (a) Our President Mr. V. Kanagasabapathy has been appointed to the Public Sector Financial Management Committee (PSFMC) of Confederation of Asian and Pasific Accountants (CAPA)
  - (b) Our Consultants of the Public Sector Accounting Standards Committee of the CA Sri Lanka Mr. Ajith Rathnayake has been appointed as a member of the International Public Sector Accounting Standards Board ( IPSASB)
- (ii) Promotion in Public Service to top positions.  
The government having recognized the services of our CPFA members promoted them to the top positions in public service as follows
  - (a) Mr. P. Algama - Deputy Secretary to the Treasury
  - (b) Ms. K.D.R.Olga - Secretary to the Ministry of Energy
  - (c) Mr. R.M.A.Rathnayaka - Secretary to the State Ministry of Money & Capital Market and State Enterprise Reforms

APFASL extends its heartiest congratulations to them for their achievements.

## 4.7. Taskforce Services

The Taskforces of APFASL were established at central level as well as at provincial Level on 16/12/2017 and have been operative from 2018 and continued in 2019. The main objective of the taskforce is to assist the association to take off the ground effectively and progressively by performing its tasks . Central taskforce has three sub committees as listed below operating at the center with input from Provincial Task Forces.

- i. Membership Relation, Promotion and CPD Committee
- ii. Educational and Professional Development Committee
- iii. Financial Reporting ( Accrual based) and service Improvement Committee

Provincial taskforces operate at each province with minimum 10 members drawn from respective provinces to give input to the sub committees and to the service in the region under the chairmanship of Deputy Chief Secretary (Finance) . Following provincial taskforces have already been established and the rests are still to be established.

- i. Membership Relation, Promotion and CPD Committee
- ii. Educational and Professional Development Committee
- iii. Financial Reporting ( Accrual based) and service Improvement Committee

Provincial taskforces operate at each province with minimum 10 members drawn from respective provinces to give input to the sub committees and to the service in the region under the chairmanship of Deputy Chief Secretary (Finance) . Following provincial taskforces have already been established and the rests are still to be established.

- i. Northern Province
- ii. North Central province
- iii. North Western Province
- iv. Southern Province
- v. Uva Province
- vi. Sabaragamuwa Province
- vii. Western Province

## 4.8 Amendment to the Articles of Constitution

### (i) Section 3 - Membership

As the resolution passed at the 7th AGM of APFASL In order to accommodate eligibility criteria of new members as approved by the Council on recommendation of the Board of Management of APFASL to strengthen the CPFA qualification among public servants , the following amendment has been made to the Section 3 (membership) of the Articles of Constitution of the Association of Public Finance Accountants of Sri Lanka.

1. Include following eligibility requirements under section 3.1 in addition to the existing clause (i) and (ii) of the Article of Constitution of APFASL
  - (iii). The public servants who are working in the finance ,accounts and audit related services with basic degrees or equivalent professional qualifications in finance and accounts subjects, irrespective of designations, possessing a minimum of 3 years experience in the relevant field.
  - (iv) The public servants who are working in finance ,accounts and audit related services with advance level qualification , similar to the criteria applicable for CA examination, shall be offered student memberships in order for them to enter the CPFA examination from the beginning and offered APFASL membership once they passed the Executive level examinations
2. At the end of the sub section 3.1 following clause shall be added.
  - (v) All APFASL members who became CPFA members would not be required to pay APFASL membership fee additionally.
3. Add the following sentence at the end of the sub section 3.2( Subscription)  
“ except from student members who have to pay a nominal amount as decided by the Board of Management “

## **(ii) Section 4.2 Composition**

The Board of Management of APFASL has approved the suggestion of the Governing Council of CA Sri Lanka to increase the number of appointed members by the council to the Board of Management of APFASL from six to eight enabling more young members to be accommodated in the Board. Accordingly, the section 4.2 of the Articles of Constitution of APFASL is read as follows.

The Board of Management shall consist of 14 members i.e President of ICASL, Vice President of ICASL, Auditor General, Director General of State Accounts, Director General of Public Finance and Commissioner General of Inland revenue as ex-officio members and eight members appointed by the Council of ICASL ,from the members of APFASL.

## **4.9 Activities planned for the years to come**

### **(i) Training programs scheduled in the Prospectus**

Several capacity building programmes have been scheduled to be conducted to update the working knowledge of the public sector financial management personnel in the coming year. It has been planned to conduct 12 programs in the year in addition to the training programmes to be conducted for co-operative auditors and accounting staff under the purview of the Department of Co-operative Development at their request. In addition to the Audit Manual prepared for them in 2019, Illustrated Accounting Manual for Co-operative societies is yet to be prepared in 2020.

### **(ii) Continuing Professional Development Programmes**

It has been planned to conduct continuous professional development programs in collaboration with CIPFA (London) and CA Sri Lanka for the CPFA members and APFASL members. They are allowed to participate for CPD programmes accredited and conducted by the Institute in addition to the programmes conducted by APFASL. On line programmes are conducted by CIPFA (London) for which our CIPFA members are also allowed to participate. Current development of the knowledge sharing IT platform, APFASL will also organize Webinar type virtual sessions on demand from the members.

### **(iii) Fourth Best Annual Reports and Accounts Awards Competition 2020**

APFASL in an effort to bring about excellence in financial reporting by preparing and presenting financial statements in compliance with Sri Lanka Public Sector Accounting Standards and best practises, is organizing the Best Annual Reports and Accounts Awards competition for the public sector as a continuous activity. Having conducted the 3rd competition during the year in respect of the annual reports and accounts pertaining to the year 2017, 4th competition is to be held in the year 2020 for the year 2018 Annual reports and accounts.

### **(iv) Publication of news letter.**

Second edition of our newsletter was released only last month in view of the COVID 19. Education and Professional Development sub committee of the taskforce is in the process of publishing the 3rd edition of the news letter.

### **(v) Membership enrollment activities .**

APFASL with the consent and the approval of CA Sri Lanka has introduced new policies to expand the opportunities to develop the knowledge and skills of the public servants through CPFA examination route while improving the professional status in the service. In the new policy, APFASL membership has been opened to the public servants, irrespective of the designation, who are having qualifications in finance and accounts field to enter to the CPFA examination route and also student membership to the advance level qualified public servants who are in service from the beginning of the examination route. APFASL implements these policies and

expects to increase the membership from the year 2020 onwards aiming to recognize the financial management service in the public sector as a professional service coming under one umbrella with seniors and juniors

#### **(vi) Scholarship scheme**

APFASL has planned to introduce a scholarship scheme using the operational surplus of the association for the members those who are following examination path to become Chartered Public Finance Accounts(CPFA), on first pass first serve basis. At the initial stage of the scheme, registration fees, one time renewal fees, course and examination fees paid to CASL at the attempt of passing the examination will be reimbursed to the students stage wise.

#### **(vii) Introducing qualification of Professional Diploma in Public Financial Management**

APFASL has identified the gap of finance and accountancy qualifications in the three services, Accountant Service, Audit Service and the Inland Revenue Service. No suitable certificate courses are available in service to fill this gap. A proposal was made to introduce a Professional Diploma in Public Financial Management (PDiPFM) course by APFASL under the purview of CA Sri Lanka as approved by the Council. The curriculum of the course has been developed to the post graduate level with required credits to be approved by the Ministry of Higher Education. APFASL expects to enroll 1st intake at the end of the year 2020. The curriculum covers all aspect of public financial management requirements at the present and the future.

#### **(viii) Second Annual Conference of CPFA and APFASL Members.**

APFASL, in an effort to bring all the members together, has planned to conduct conference of CPFA and APFASL members annually and its 2<sup>nd</sup> Annual Conference will be held in 2020.

#### **(ix) Impact of of COVID 19 pandemic.**

Unexpected situation faced by the world as a result of COVID 19 outbreak from March 2020, which had a heavy impact on the above planned activities of APFASL 2nd Annual Conference scheduled to be held in April was delayed. Planned CPD programmes, training activities and workshops also become uncertain. However, APFASL with the assistance of the CASL, will take every steps to overcome the situation before the end of the year. Virtual sessions on IT platform are expected as alternatives to the planned workshops and seminars. Fourth Best Annual Reports and Accounts Competition has been delayed due to this situation.

#### **(x) Strategies to widen the service for the Public Sector**

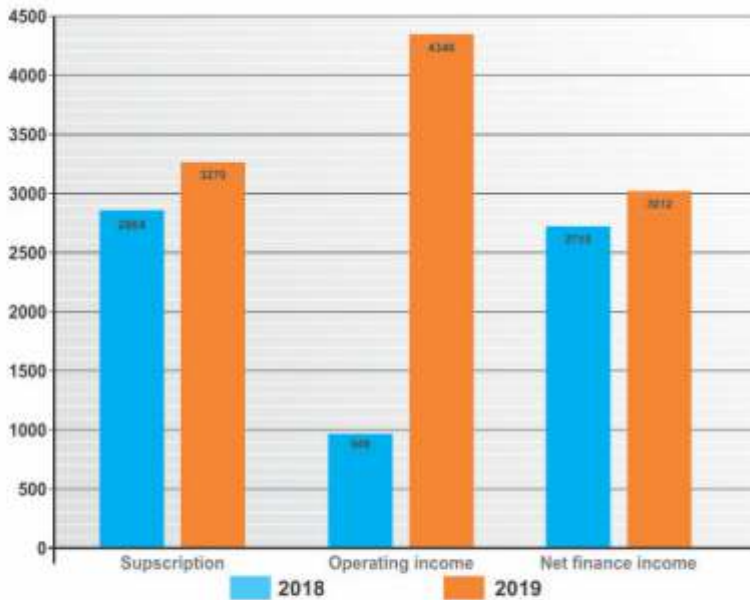
APFASL is stepping to spread its service to entire public sector, including public enterprises and other public financial services, getting more involvements of Professionals in the sector to achieve the common goal in the vision.

## 4.10 Financial Management

Financial management comes under the purview of the Secretary and his staff supervised by the Treasurer who submits quarterly Accounts to the Board of Management

### (i) Financial performances.

Financial performance of the Association for the year under review has resulted in a net surplus of Rs. 4.498 million compared with Rs. 2.480 million in the previous year. Surplus has tremendously increased mainly due to the Operating Income. While member subscription income increased by 14% and Net interest income increased by 11%, other operating income has increased by 358%. Administration expenses decreased by 3.5% and other operating expenses increased by 138% due to the activity increases.



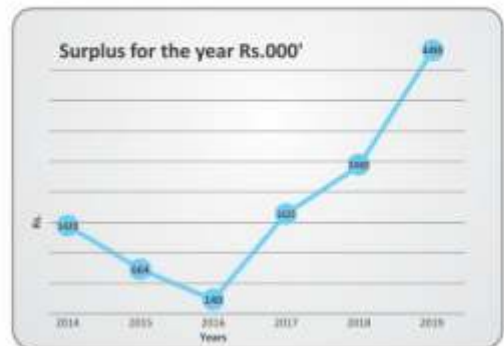
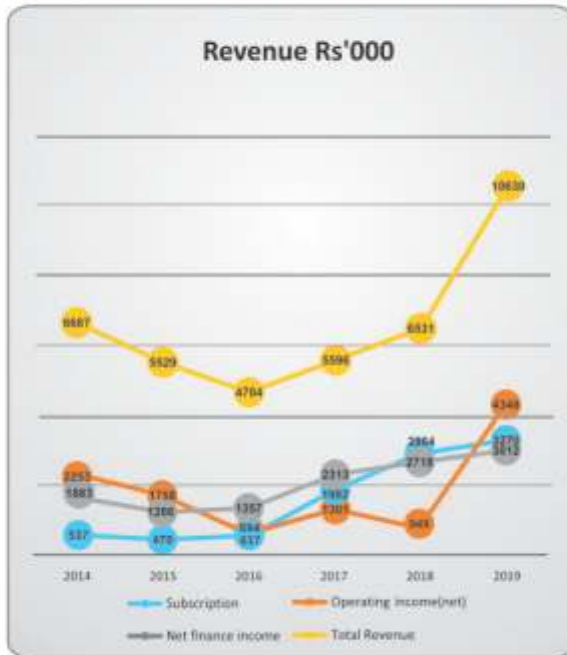
Sources of Income	2019 Rs. (000)	2018 Rs. (000)
Members Subscription	3,270	2,864
Other operating Income	4,348	949
Interest on Fixed Deposits	3,012	2,718
<b>Total</b>	<b>10,630</b>	<b>6,531</b>

### (ii) Financial Position

The accumulated fund as at 31st December 2019 amounted to Rs 33.664 million which represent the net assets of the Association as at 31st December 2019. This includes Rs 29.521 million of Investments held in Bank of Ceylon in the form of fixed deposits. Association has purchased tangible fixed assets for Rs 44,000 during the year. Association has purchased CIPFA Patent Right (study material) worth Rs. 1.337 million in 2015 and the amortized carrying value is a nominal figure at the year end. Working capital at the year end is Rs 4 million and the equity has increased by 15.5%



## 4.11 PERFORMANCE HIGHLIGHTS



## 4.12 Invitation to become members of the Association

The APFASL is inviting all financial management personnel in the public sector to obtain membership of the Association in order to obtain maximum benefit from its activities. Accountants, Auditors and Assessors in the public sector who have not applied for membership of the APFASL can submit their applications and obtain their membership which will help to enhance their professional skills and competence and to have CPFA qualification through the examination route with possible exemptions.

## 5. Management Team



**Mr. V. Kanagasabapathy**  
President



**Mr. Ananda Amarawansa**  
Secretary



**Mr. Susantha Galgodage**  
Technical Manager - Public Sector



**Mr. Ruchira Perera**  
Programme Assistant



**Mrs. Shanika Weerasekera**  
Administrative Assistant

# 6. Audited Financial Statements

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA

#### Report on the audit of the financial statements

##### Opinion

I have audited the financial statements of The Association of Public Finance Accountants of Sri Lanka, ('The Association'), which comprise the statement of financial position as at 31<sup>st</sup> December 2019, and the statement of comprehensive income, statement of changes in funds and reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31<sup>st</sup> December 2019 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

##### Basis for opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Association in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Other Information

Management is responsible for other information. The other information comprises the information included in the Annual report, but does not include the financial statements and my auditors' report thereon.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management 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, management 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 management 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**

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.



**S.M.N.L. SENANAYAKE**  
Chartered Accountant  
Colombo 06.

Date : .....17/6/2020.....

ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA  
STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31st December,

		<u>2019</u>	<u>2018</u>
	Notes	Rs.'000	Rs.'000
Revenue	7	3,270	2,865
Direct Expenditure	8	<u>(1,349)</u>	<u>(563)</u>
<b>Surplus</b>		<u>1,921</u>	<u>2,302</u>
Other Operating Income	9	<u>4,348</u>	949
<b>Contribution before Operating Expenses</b>		<u>6,268</u>	<u>3,251</u>
Administration Expenses	10	2,404	2,493
Other Expenses	11	<u>2,375</u>	996
<b>Total Operating Expenses</b>		<u>4,779</u>	<u>3,489</u>
Net Finance Income	12	<u>3,008</u>	2,718
<b>Surplus for the Year</b>		<u>4,498</u>	<u>2,480</u>

Figures in Brackets indicate Deductions.


The Significant Accounting Policies and Notes from page 33 to 37 form an integral part of these Financial Statements.

ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA  
STATEMENT OF FINANCIAL POSITION

As at 31st December,


	Notes	2019 Rs.'000	2018 Rs.'000
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	13	60	24
Intangible Assets - Educational Material	14	1	335
Investment in Fixed Deposits		29,521	27,769
<b>Total Non Current Assets</b>		<b>29,582</b>	<b>28,128</b>
<b>Current Assets</b>			
Receivables	15	2,665	2,408
Cash and Cash Equivalents	16	2,313	485
<b>Total Current Assets</b>		<b>4,978</b>	<b>2,893</b>
<b>Total Assets</b>		<b>34,560</b>	<b>31,021</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Accumulated Funds and Liabilities</b>			
Accumulated Fund		33,664	29,146
		<b>33,664</b>	<b>29,146</b>
<b>Current Liabilities</b>			
Accrued Expenses	17	31	203
Subscriptions Received in Advance		59	45
Seminar Fees Received in Advance		102	262
Newsletter Sponsorship Received in Advance		100	-
NELSIP Project in Advance		604	1,365
<b>Total Current Liabilities</b>		<b>896</b>	<b>1,875</b>
<b>Total Funds and Liabilities</b>		<b>34,560</b>	<b>31,021</b>

The Significant Accounting Policies and Notes to the Financial Statements from pages 33 to 37 form an integral part of these Financial Statements.

  
.....  
Secretary

The Board of Management is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board.

  
.....  
President

  
.....  
Treasurer

Colombo

Date : ...16/6/2020.

ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA  
STATEMENT OF CHANGES IN FUNDS AND RESERVES

For the Year Ended 31st December 2019

	Accumulated <u>Fund</u> Rs.'000	<u>Total</u> Rs.'000
Balance as at 1 <sup>st</sup> January 2018 - Restated	26,666	26,666
Surplus for the Year	2,480	2,480
<b>Balance as at 1<sup>st</sup> January 2019</b>	<b>29,146</b>	<b>29,146</b>
Surplus for the Year	4,498	4,498
Refund of Expenditure Incurred in Best Annual Report	20	20
<b>Balance as at 31<sup>st</sup> December 2019</b>	<b>33,664</b>	<b>33,664</b>

Figures in Brackets indicate Deductions.

The Significant Accounting Policies and Notes from page 33 to 37 form an integral part of these Financial Statements.

**ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA**  
**STATEMENT OF CASH FLOW**

**For the Year Ended 31st December,**

	<u>2019</u> Rs. '000	<u>2018</u> Rs.'000
<b>Cash Flow from Operating Activities</b>		
Surplus before Tax	4,498	2,480
<b>Adjustments for ;</b>		
Amortization for the Year	334	334
Depreciation	8	-
Refund of Expenditure Incurred in Best Annual Report	20	-
Finance Income	(3,158)	(2,867)
<b>Operating Surplus / (Deficits) before Working Capital Changes</b>	<u>1,702</u>	<u>(53)</u>
(Increase) / Decrease in Trade and Other Receivables	(257)	1,693
Increase / (Decrease) in Accrued Expenses	(172)	(18)
Increase / (Decrease) in Subscriptions Received in Advance	14	31
Increase / (Decrease) in Seminar Fees Received in Advance	(160)	160
Increase / (Decrease) in NLCIP Project Sponsorship in Advance	100	-
Increase / (Decrease) in NLCIP Project Received	(761)	(126)
Increase / (Decrease) in Provision for Annual Report Competition Expenses	-	(840)
<b>Cash Generated from / (Used in) Operations</b>	<u>(1,236)</u>	<u>900</u>
<b>Net Cash Flow from / (Used in) Operating Activities</b>	<u>466</u>	<u>847</u>
<b>Cash Flows from / (Used in) Investing Activities</b>		
Interest Income Received	3,158	2,867
Investment in Fixed Deposits	(1,752)	(4,514)
Purchase of Property, Plant and Equipment	(44)	(24)
<b>Net Cash Flow from / (Used in) Investing Activities</b>	<u>1,362</u>	<u>(1,671)</u>
<b>Cash Flow from Financing Activities</b>	-	-
<b>Net Cash Flow from Financing Activities</b>	-	-
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<u>1,828</u>	<u>(824)</u>
Cash and Cash Equivalents at the Beginning of the Year	<u>485</u>	<u>1,309</u>
<b>Cash and Cash Equivalents at the End of the Year (Note A)</b>	<u>2,313</u>	<u>485</u>
<b>Note A:</b>		
Bank of Ceylon - A/C No. 0072937259	544	365
Cash in Hand	10	16
Bank of Ceylon (Savings) - A/C No. 83109954	1,759	104
	<u>2,313</u>	<u>485</u>

Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes from page 33 to 37 form an integral part of these Financial Statements.



For the Year Ended 31<sup>st</sup> December 2019

**1. General Information**

**1.1. Reporting Entity**

The Association of Public Finance Accountants of Sri Lanka (hereafter referred to as the "Association") was established in terms of Articles of Constitution approved by the Council of the Institute of Chartered Accountants (hereafter referred to as "CA") of Sri Lanka and operates as the Public Sector Wing of CA Sri Lanka.

The registered office of the Association is at No. 30A, Malalasekara Mawatha, Colombo 07.

**1.2. Date of Authorization for Issue**

The financial statements were authorised for issue by the Board of Management on .....

**1.3. Principal Activities and Nature of Operations**

The functions of the Association are to strengthen the financial management practices of the public sector and uplift the quality of public sector financial management.

**2. Basis of Preparation**

**2.1. Statement of Compliance**

The financial statements comprise the Statement of Financial Position ("SFP"), Statement of Comprehensive Income ("OCI"), Statement of Changes in Funds and Reserves ("OCIFR"), Cash Flow Statement and Notes to the Financial Statements. These statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS & LKASs) issued by the Institute of Chartered Accountants of Sri Lanka.

**2.2. Basis of Measurement**

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to the fair value clarified by relevant notes.

**2.3. Functional and Presentation Currency**

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the Association. All financial information presented in Sri Lankan Rupees has been given to the nearest thousand, unless stated otherwise.

**2.4. Use of Estimates and Judgements**

The preparation and the presentation of financial statements in conformity with Sri Lanka Accounting Standards requires the Association to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income & expenses.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and the future period, if the revision affects both current and future periods.

Contd.....

For the Year Ended 31<sup>st</sup> December 2019

**2.5. Depreciation Policy**

APFASL does not expect to purchase more assets. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Assets are not depreciated in the year of purchase.

The Property, Plant and Equipment, depreciation rates and their useful lives are as follows.

<u>Asset</u>	<u>Rate</u>	<u>Useful Life</u>
Furniture and Fittings	20%	over 5 years
Computers	33.33%	over 3 years

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are included in the notes to the financial statements.

**3. Assets and the Bases of their Valuation**

**3.1. Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in financial income in the statement of comprehensive income. The losses arising from impairment are recognised in the income statement in finance costs. Loans and receivables comprise of trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

**3.2. Short Term Investments**  
**Investments in Fixed Deposits**

Investments in fixed deposits are stated at cost and interest accrued is accounted as a receivable in the financial statements.

**3.3. Patent Rights (CIPFA Study Material)**

Amount paid to purchase CIPFA study materials is stated at cost and will be amortised over a period of four years on the straight line method.

**3.4. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand and deposits at bank.

Bank overdraft is included as a component of cash and cash equivalents for the purpose of the statement of cash flows, which has been prepared using the 'indirect method'.

**4. Liabilities and Provisions**

All known liabilities as at the date of statement of financial position are included in the financial statements and adequate provisions are made for liabilities which are known to exist, but not the amount of which cannot be determined accurately.

Obligations payable on demand or within one year of the date of statement of financial position are treated as current liabilities in the statement of financial position. Liabilities payable after one year from the date of statement of financial position are treated as non-current liabilities in the statement of financial position.

For the Year Ended 31<sup>st</sup> December 2019

**4.1. Defined Contribution Plans**

Obligations for contributions to defined contribution plans are recognised as expenses in the statement of comprehensive income as incurred.

The Association contributes a sum not less than 15% and 3% of the gross emoluments of employees to Employees' Provident Fund (EPF) and to the Employees' Trust Fund (ETF) respectively.

**5. Statement of Comprehensive Income**

**5.1. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to Association and that it can be reliably measured.

Membership fees from members are recognised as revenue on accrual basis from 2018 onwards. That is treated as a policy change and the corresponding entries in the previous year has been restated. The subscription year runs from 1 January to 31 December and revenue is accrued only from active members. Any arrears received from non-active members are accounted as the year revenue. Fees and subscription payments that relate to future periods are shown in the statement of financial position as subscriptions and fees received in advance under current liabilities.

**5.2. Expenditure**

- (a) Expenses are recognised in the statement of comprehensive income on the basis of direct association between the costs incurred and the earning of specific items of income.
- (b) Expenditure on examinations, seminars, courses, and other educational and members' activities is recognized in the statement of comprehensive income on accrual basis.

**6. Events after the Reporting Date**

The materiality of events occurring after the reporting date has been considered and appropriate adjustments, wherever necessary, have been made in the accounts.

ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA  
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December,

	2019 Rs. '000	2018 Rs. '000
<b>7. Revenue</b>		
APFASL Subscription	740	1,097
CPFA Subscription	2,530	1,768
	<u>3,270</u>	<u>2,865</u>
<b>8. Direct Expenditure</b>		
AGM Expenses	(248)	(310)
CPFA Remittance	(1,101)	(253)
	<u>(1,349)</u>	<u>(563)</u>
<b>9. Other Operating Income</b>		
Training Income	6,381	3,109
Training Expenses	(3,114)	(2,207)
	<u>3,267</u>	<u>902</u>
Best Annual Report Award Income	976	50
Annual Report Income Not Recovered	-	(30)
Newsletter Sponsorship	100	-
Staff Loan Interest	5	9
Write Off of Long Outstanding Payables	-	18
	<u>1,081</u>	<u>47</u>
NLCIP Project Income	761	979
NLCIP Project Expenses	(761)	(979)
	<u>-</u>	<u>-</u>
	<u>4,348</u>	<u>949</u>
<b>10. Administration Expenses</b>		
Wages and Salaries	989	967
Insurance	-	38
Allowances	33	31
Overtime	53	169
Bonus and Ex-gratia	283	196
Medical Re-imbursment	83	79
Employees' Provident Fund	148	141
Employees' Trust Fund	30	28
Equipment Maintenance	83	150
Rent	360	360
Depreciation	8	-
Amortization Charge	334	334
	<u>2,404</u>	<u>2,493</u>
<b>11. Other Expenses</b>		
Bank Charges	7	3
Printing and Stationery	160	211
Communication Expenses	60	73
Audit Fees	20	24
Audit Fees Under Provision	6	-
Transport Charges	22	12
Committee Meeting	180	173
Best Annual Report	1,195	262
CPFA Expenses	532	-
Task Force Expenses	51	238
News Letter Printing	142	-
	<u>2,375</u>	<u>996</u>
<b>12. Net Finance Income / (Cost)</b>		
<b>Finance Income</b>		
Interest Income on Held - To -Maturity Investments		
Gross Income	3,158	2,867
Withholding Tax	(146)	(149)
	<u>3,012</u>	<u>2,718</u>
<b>Finance Cost</b>		
Interest on Overdraft	(4)	-
	<u>(4)</u>	<u>-</u>
<b>Net Finance Income</b>	<u>3,008</u>	<u>2,718</u>

Contd.....

ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA  
NOTES TO THE FINANCIAL STATEMENTS

As at 31st December,

	<u>Balance as at</u> <u>01.01.2019</u>	<u>Additions during</u> <u>the Year</u>	<u>Balance as at</u> <u>31.12.2019</u>
	Rs. '000	Rs. '000	Rs. '000
<b>13. <u>Property, Plant &amp; Equipment</u></b>			
<u>Cost</u>			
External Hard Disk	15	-	15
Scanner	9	-	9
Office Equipments	-	44	44
	<u>24</u>	<u>44</u>	<u>68</u>
<u>Accumulated Depreciation</u>			
External Hard Disk	-	5	5
Scanner	-	3	3
	<u>-</u>	<u>8</u>	<u>8</u>
<b>Written Down Value</b>	<u>24</u>		<u>60</u>
<b>14. <u>Intangible Assets</u></b>			
<u>Cost</u>			
Educational Material	1,337	-	1,337
	<u>1,337</u>	<u>-</u>	<u>1,337</u>
<u>Amortization</u>			
Educational Material	1,002	334	1,336
	<u>1,002</u>	<u>334</u>	<u>1,336</u>
<b>Written Down Value</b>	<u>335</u>		<u>1</u>
		<b>2019</b>	<b>2018</b>
		Rs. '000	Rs. '000
<b>15. <u>Receivables</u></b>			
Festival Advance		2	2
Interest Income		1,914	1,768
Seminar Income		212	96
Staff Loans		80	164
Subscription Receivables		457	378
		<u>2,665</u>	<u>2,408</u>
<b>16. <u>Cash and Cash Equivalents</u></b>			
Bank of Ceylon - A/C No. 0072937259		544	365
Bank of Ceylon (Savings) - A/C No83109954		1,759	104
Petty Cash		10	10
Cash in Hand - Committee Meeting Travelling		-	6
		<u>2,313</u>	<u>485</u>
<b>17. <u>Accrued Expenses</u></b>			
Audit Fees		20	18
Seminar Expenses		8	-
Communication Expenses		3	5
Rent		-	180
		<u>31</u>	<u>203</u>

## 7. CORPORATE INFORMATION

<b>Name of the Association</b>	: ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA
<b>Affiliations:</b>	: Affiliated to CA Sri Lanka (Public Sector Wing of CA Sri Lanka)
<b>Address</b>	: 30A, Malalasekera Mawatha, Colombo 07.
<b>Telephone</b>	: (011) 2055857 / 2352000
<b>Facsimile Number</b>	: (011) 2055857 / 2352060
<b>E- Mail</b>	: <a href="mailto:apfasl@casrilanka.org">apfasl@casrilanka.org</a>
<b>Web Site</b>	: <a href="http://www.casrilanka.com">www.casrilanka.com</a>
<b>APFASL Web Site</b>	: <a href="http://wisdom.casrilanka.com/apfasl/">http://wisdom.casrilanka.com/apfasl/</a>
<b>Banker</b>	: Bank of Ceylon
<b>Auditor</b>	: S.M.N.L. SENANAYAKE Tudor V. Perera & Co Chartered Accountants No 296/20 Shanthi Mawatha, High Level Road, Kirulapona, Colombo 06.
<b>Registered Office</b>	: No. 30A, Malalasekera Mawatha, Colombo 07

## 8. Notice for the Annual General Meeting

Dear Member,

### NOTICE OF 8<sup>th</sup> ANNUAL GENERAL MEETING. APFASL

Notice is hereby given for the 8th Annual General Meeting of the Association of Public Finance Accountants of Sri Lanka (APFASL) to be held at the Auditorium of the Institute of Chartered Accountants of Sri Lanka, 30 A, Malalasekara Mawatha Colombo 07 on 12<sup>th</sup> Monday, October 2020 at 3.00 p.m.

### AGENDA

1. Arrival of Members.
2. Welcome Address by the President.
3. Felicitations for the members who achieved higher designations in the public service
4. Submission of the minutes of the 7<sup>th</sup> AGM and matters, if any, arising from the minutes.
5. Presentation of the Annual Report and Accounts for 2019.
6. Discussion and adoption of Annual Report and Accounts for 2019.
7. To approve the appointment of Auditors and to authorize the Board of Management to determine the remuneration of the auditors
8. Members views
9. Members Resolutions (Resolution by members should reach the APFASL Office on or before 30th September 2020 )



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Ananda Amarawansa  
Secretary APFASL





**ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA**

Public Sector Wing of CA Sri Lanka

30 A, Malalasekera Mawatha, Colombo 07.

Tel: 0112-352000, 0112-055857 Email : [apfasl@casrilanka.org](mailto:apfasl@casrilanka.org)