

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 2018



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

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President's Message



Dear Members

It gives me immense pleasure to present the 7th Annual Report and the Audited Financial Statements of the Association of Public Finance Accountants (APFASL), the Public Sector Wing of CA Sri Lanka for the year ended 31st December 2018.

Financial Management Reform for Economic Development

APFASL has been in the forefront to reform Public Financial Management with international best practices. Introduction of new professional qualification to the public sector, formulation and publication of Sri Lanka Public Sector Accounting Standards, facilitating implementation of the same through capacity development programs,

and conducting best annual report and accounts award competition are some of them. Currently performance based budgeting, accrual accounting and reporting in compliance with international best practices and standards, results based framework for performance review and risk based performance auditing are some of the reform initiatives of the countries in the region. APFASL is in the process of bringing about such changes through provision of increased training and capacity building programs amongst public sector officials.

Importance of High Professionalism

As Public Finance Managers in the country, we need to be highly educated professionals with the required skills and expertise, working with professional code of ethics and conduct in the public interest, promoting good governance, transparency and accountability.

It is in this context we have launched the new qualification to the public sector in collaboration with CIPFA London and conducting examination leading to Chartered Public Finance Accountancy (CPFA) qualification. Initially this qualification was awarded to 224 senior public sector accountants and auditors and Inland Revenue officers on merit basis in two batches and introducing policy changes to promote our members to come through the examination route. Currently we are in the process of introducing Post Graduate Diploma in Public Financial Management to be a feeder to the CPFA Membership.

We have also taken necessary steps to conduct continuous professional development programs for our members with the support of CIPFA London to update their knowledge in line with international best practices.

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First Annual Conference of APFASL and CPFA Members

First annual conference of APFASL and CPFA members was Conducted under the theme **Sustainable Public Sector Financial Management - Think Forward** to Uphold Trust and Accountability and to proliferate new ideas that will support the achievement of national objectives. The conference brought together a host of subject experts who shared their thoughts and insights at the event on Public Sector Budgeting, Budget Financing, Tax Reform, Accounting Reporting and Auditing to enhance public accountability aiming to revitalize the economy and move towards sustainable development. This will be an annual feature to provide continuous professional education to our membership.

Membership development

Currently our membership is well over 1100 serving the public sector in Ministries, Departments, Provincial Councils, Local Authorities, and Statutory Boards.

APFASL plays a pivotal role in ensuring the capacities of the public sector financial management personnel are continuously upgraded to support them to meet the demands that arises in the public sector especially when such demands are increasingly more complex and sophisticated. In fact it has introduced a learning culture in the public sector.

As we move forward we expect the entire public sector to derive benefits from the services provided by us, which will contribute towards the economic development in Sri Lanka.

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.

2. About Our Association

2.1 Establishment

The Association of Public Finance Accountants of Sri Lanka was established on 1st 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 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.

2.5 BOARD OF MANAGEMENT

President

Mr. V. Kanagasabapathy.

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

Vice President

Mr. Gamini Wijesinghe

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

Board Members

Mr. Jagath Perera

*FCA, B.Sc.(Bus Admn) Sp, CFE(USA)
President CA Sri Lanka*

Mr. Manil Jayasinghe

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

Mr. W.P.C. Wickramaratne

*FCA, B.Com (Hon) Sp, ACMA
Additional Auditor General*

Mr. P. Algama.

*MBA, B.com (Sp) , CPA, CPFA
Director General , Public Finance*

Mr. G.D.S. Jayaratne.

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

Mr. E.A.G. Ananda

*CPFA, M.Com(Aus), PGD(Act,Fin,Mgt), BA, DPFM, FPFA, CPFA
Former Deputy Auditor General*

Ms. M.T.I.V. Amarasekara

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

Treasurer

Ms. K.D.R.Olga

*BSc, MAFE
Director General of State Accounts*

Secretary

Mr. Ananda Amarawansa

*FCA, FCMA, CPFA(UK), B.Com(Sp), BA, MA(Fin.Eco)
Consultant, Public Sector, CA Sri Lanka*

Out going Members

Mr. M.R.V.R Meepura

*FCA, B.Com, (Sp HRM), MBS, Col)
Former Director, Public Enterprises,
(Former Treasurer)*

Mr. S.G. Senarathana

*FCA, FCMA, CPFA(UK), B.Com(Sp)
Former Director General, State Accounts*

Mr. D.M.L.I. Dissanayake

*Bsc, FPFA, Dip.in Eng,
Former Commissioner General,
Inland Revenue*

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 an Advisor 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.

Mr. Kanagasabapathy has over forty years of service in the public sector in several senior capacities and retired as Director General of Public Enterprises and served as Financial Management Advisor to the Ministry of Finance & Planning and Senior Financial Consultant of the Academy of Financial Studies in the Treasury. He has also served as a Financial Management Reform Coordinator in the Ministry of Finance & Planning.

He served as a member of the Board of Bank of 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. H.M. Gamini Wijesinghe **Vice President**



Mr. H.M. Gamini Wijesinghe, Auditor General of Sri Lanka holds a Master Degree in Economics from the University of Kyung He in Korea and B.Sc in Public Administration (Special) Degree from the University of Sri Jayawardenepura. He is a fellow member of the Institute of Chartered Accounts of Sri Lanka. Mr. Gamini assumed duties as the 40th Auditor General of Sri Lanka on November 27, 2015. Prior to this, he has functioned as the Director General of the Sri Lanka Accounting and Auditing Standards Monitoring Board. He has 31 years of experience in various capacities as Senior Assessor, Deputy Commissioner, Commissioner and Senior Commissioner in the Department of Inland Revenue, Sri Lanka which ascertains tax liabilities of thousands of tax payers.



Mr. Jagath Perera
Member

President of CA Sri Lanka

Mr. Jagath Perera is the President of Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) for the term 2018/2019 and has served as a Member of the Council since 2010.

Currently he serves as the chairman of Operations Review Committee of CA Sri Lanka and he was the chairman of Examination and the Student Training and Development Committee. Mr. Jagath is a member of Ethics and Independent Committee and SMP Committee of the SAFA and also a member of Public Finance Management Committee of CAPA.

He serves as a board member of Sri Lanka Accounting and Auditing Standards Monitoring Board. Mr. Jagath is a member of the Institute of Internal Auditors and a Certified Fraud Examiner of USA.

He is a Partner at KPMG in Sri Lanka since 2001 and the Partner in charge of Maldives and at present Mr. Jagath heads Risk Consulting and Forensic Services of the firm.



Mr. Manil Jayesinghe
Member

Vice president of CA Sri Lanka

Mr. Jayesinghe is a member of the International Accountancy Education Standards Boards of the International Federation of Accountants (IFAC) and member of the Committee on Education, Training and CPD and Member of the Task Force to implement Basel-II Report in SAARC Countries of South Asian Federation of Accountants (SAFA). Member of the Exemptions & Reciprocal Arrangements Committee, Financial Reporting Standards Implementation and Interpretation Committee and Curriculum Review Task Force, Member of the Auditing Standards Committee, Chairman of the Accounting Standards Committee. Ex-Officio member to the Governing council of CMA Sri Lanka. He also serves as the Chairman of the Finance & Administration Committee & International Relations Committee of CA Sri Lanka.



Mr. W.P.C. Wickramaratne
Member
Additional Auditor General

Mr. Wickramaratne 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 on 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.

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 a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA), 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 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. P. Algama
Member
Director General, Department of Public Finance

Mr. Algama holds , Master of Business Administration (MBA) 2002 Nanyan Technology (Sing) University –Mit (USA) , Bachelor of Commerce (Sp) Degree –University of Kalaniya -1984, CPA –Australia 2010 . He has participated in several training programmes in various countries . He has gained varied experiences in techniques of financial analysis and programming at International Monetary Fund , public financial management in changing at World Kennedy School of Government, Harvard University and using them in carrying out his duties efficiently.

He has worked several years at General Treasury in key positions in financial managements having gained experiences in procurement, budgeting, project evaluation, treasury managements and public finance.



Mr. E.A.G. Ananda
Member
Deputy Auditor General

Ethugalage Anura Gotabaya Ananda is a Deputy Auditor General in the Auditor General's Department of Sri Lanka. He has been working in the Department for the last 38 years. At present he is in charge of audit of the institutions under Education, Higher Education and Water Sectors. Ananda obtained his undergraduate degree and Postgraduate Diploma in Accounting and Financial Management from

the University of Sri Jayewardenepura 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 Technicians of Sri Lanka.

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



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

Jyaratne has joined the public service in 1988 as Audit Examiner in the Auditor General's Department and thereafter he has served in various capacities in Executive Grades as a Government Accountant, Assessor, Senior Assessor, Deputy Commissioner, Commissioner and a senior Commissioner during last 30 years.

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



Miss.Visakha Amarasekera

Member

Director, Department of External Resources.

Miss. Visakha Amarasekera, Director, Department of External Resources, is at present attached to the Department of External Resources of the General Treasury of the Ministry of Finance and Economic Affairs as a Director, Capital Markets and has over 15 years of experience at the Treasury.

She has represented the Treasury on the Boards of several key State Owned Enterprises including the Ceylon

Electricity Board, the Ceylon Petroleum Corporation and Peoples Bank of Sri Lanka and is at present on the Board of Bank of Ceylon.

Miss. Visakha 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



Mrs.K.D.R. Olga

Treasurer

Director General, Department of State Accounts

Mrs. K.D.R. Olga presently works as the Director General, Department of State Accounts of the General Treasury and she belongs to Sri Lanka Accountants' Service. She joined to the Sri Lanka Accountants' Service in 1990 and had served in different government departments and gathering wide experience in the field of Public Financial Management, Auditing and Public Procurement.

Mrs. K.D.R.Olga holds a Master Degree in Financial Economics awarded by the University of Colombo. She obtained her basic degree of Bsc. Business Administration (Special) from University of Sri Jayewardenepura with First Class Honors. She passed the Chartered Licentiate Examination held in 1987 by the Institute of Chartered Accountants' of Sri Lanka.

She also the Non-executive Board Member/ Commission Member (Treasury Representative) for the Board of Ceylon Petroleum Storage Terminals Ltd. (CPSTL), State Mortgage Bank, Land Reforms Commission (LRC), Gem and Jewelry Research and Training Institute(GJRTI).

In all above Institutions, she is the Chairperson for respective Audit and Management Committee.



Mr. Ananda Amarawansa
Secretary

Consultant - Public Sector , CA Sri Lanka.

Mr. Ananda Amarawansa holds a Bachelor of Arts and Bachelor of Commerce (Special) honor degree 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) London.

Mr. W.M.Ananda Amarawansa joined the Sri Lanka Accountants Service in 1982 and assumed duties at then Department of Telecommunication. He has been transferred to the General Treasury in 1992 and served as a Deputy Director Public Enterprises at the time of his premature retirement in 1997. Thereafter, he joined and served in various non-governmental institutions as a Finance Manager and international and national ADB projects as a consultant in the capacity of Financial expert and the reform specialist. He was also a visiting lecturer at Sri Jayawardanapura University and Sri Lanka Institute of Advance Technology and the author of several books in the field of Cost Management, Accountancy, Operation Research and Decision Techniques. He undertook the position of Public Sector Consultant at CA Sri Lanka in 2017 after the retirement of Mr. K.L.Perera.

Out going members



Mr. S.G. Senarathne
Former Director General, Department of State Accounts

Mr. Senarathna is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, Society of Certified Management Accountants of Sri Lanka, Institute of Accounting Technicians of Sri Lanka and the Institute of Public Finance and Development Accountancy and member of Chartered Institute of Public Finance and Accountancy, UK.

Mr. Senarathna holds a Bachelor of Commerce (Special Degree) from the University of Sri Jayawardenepura. In addition, he holds Postgraduate Diploma in Public Financial Management (SLIDA) and Higher National Diploma in Commerce (Poli Technical Institution-Kandy).

He is a Special Grade Officer of the Sri Lanka Accountant's Service counting over 33 years of service in the Department of Public Enterprises, Ministry of Finance and Planning, Sri Lanka Samurdhi Authority, Water Supply and Sanitation Project in the National

National Water Supply and Drainage Board and Auditor General's Department. Presently he holds the post of Director General in the Department of State Accounts- General Treasury.

He has a wide range of experience in Financial Management including Project Financing, Monitoring Public Enterprises to ensure Good Governance Practices and Lecturing in the Fields of Financial Management, Public Financial Management, Management Accounting, Financial Accounting and Taxation in Universities, Sri Lanka Institute of Development Administration (SLIDA), Sri Lanka Institute of Advanced Technical Education (SLIATE) and other Higher Educational Institutions.

Mr. Senarathna has served as a board member of Puttlam Salt Ltd, Manthai Salt Ltd., Lanka Mineral Sand Ltd., Government Officers' Benefit Association and presently serving as a board member in State Mortgage & Investment Bank, Association of Public Finance Accountants of Sri Lanka, Vehicular Emission Trust Fund and Judicial Infrastructure Maintenance Trust Fund.



Mr. D.M.L.I. Dissanayake

Former Commissioner General, Department of Inland Revenue.

Mr. Ivan Dissanayake plays a main role in the revenue generation process in Sri Lanka being the Commissioner General of Inland Revenue Department.

Mr. Ivan Dissanayake joined the department on 01st of August, 1984 and He has been able to reach the highest rank of the departmental hierarchy due to his tremendous commitment and dedication on work. At present being the Head of the Department, he is responsible for the overall activities of the Department of Inland Revenue. He is a graduate of Sri Jayawardenapura University in the stream of Business Administration and obtained a 2nd class Upper Division (Special) degree in Bachelor of Science, Business

Administration. Further he has successfully completed Diploma in English for Professionals, conducted by the Sri Lanka Institute of Development Administration (SLIDA) and completed Certificate Course in Taxation and Licentiate Examination in 1982 at the Institute of Chartered Accountants of Sri Lanka (ICASL). He is also a fellow Member and a Board Member of Association of Public Finance Accountants of Sri Lanka (APFASL) since 2012 and a board member of Sri Lanka Accounting & Auditing Standards Monitoring Board (SLAASMB).

While serving in the department he has participated at several training programs held in various countries from 1998 to 2018, such as Denmark, France, Japan, Malaysia, UK, Mexico on Transfer Pricing Documentation and Country by Country Reporting, Regional Cooperation to Ensure Transparency and to combat Tax Evasion, training programs on Practical Issues of Tax Policy & Tax Administration and Practical Aspects of International Tax Planning and certain forums such as Management Committee Meeting of the Commonwealth Association of Tax Administration, Asia Pacific Regional Tax Conference etc.

Mr. M.R.V.R. Meepura

Former Treasurer

Director, Department of Public Enterprises.



Mr. Meepura, M.R.V.R is currently serving as a Director to the Department of Public Enterprises in General Treasury. Additionally, he is serving in the Board of directors to Hector Kobbekaduwa Agrarian Research and Training Institute and invite to the Board of Director of Sri Lanka Accounting and Auditing Standards Monitoring Board. Mr. Meepura has completed over 18 years or government service in several public institutions including Ministries, departments and Divisional Secretariats. Moreover, he has served as a member of Directors in Chilaw Plantation and Lakdiva Engineering (PVT) Ltd. He earned MBS from University of Colombo and BSc Human Resource

Management with second Class Honors from the University of Sri Jayawardenapura. Mr. Meepura is a fellow member of the Institute of Chartered Accountants of Sri Lanka (FCA), a member of the Institute of Public Finance Accounting United Kingdom (CIPFA) and an associate member of the Institute of Certified Management Accountants of Sri Lanka (ACMA)

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 31st December 2018.

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 93 members during the year representing 46 Fellow Members and 47 Associate Members up to 31st December, 2018. Compared to the last year, member enrolment progress was increased by 145%. We have also opened CPFA membership on merit basis through CA Sri Lanka for 89 members during the year.



Members Distribution	2018	2017
Govt. Ministries	124	116
Govt. Departments	224	195
Dist. and Div. Secretaries	195	172
Provincial Councils	24	20
Local Authorities	22	12
State Owned Enterprises	247	235
Auditor General's Department	92	89
Department of Inland Revenue	108	104
Retired members	101	101
Total members	1137	1044

Composition of the membership as at 31.12.2018

- Associate 388
- Fellow 525
- CPFA 224

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.
- Secretary, APFASL co-ordinates the activities of the association and functions as the Head of the management team designated as the Consultant –Public Sector wing of CA Sri Lanka.

4.4 Governance

Board of the Management regularly meets and during the year and there had been 6 meetings held. It operates as an independent body under the direction and control of the Council of CA Sri Lanka in terms of the Articles of Constitution. It prepares separate set of Accounts and 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:

APFASL has published through CA Sri Lanka Volume III of Sri Lanka Public Sector Accounting Standards comprising 10 new standards effective from 01.01.2018 jointly with the Ministry of Finance.

These standards are also made applicable to government entities which are on full accrual system, while the remaining government entities could apply them once they migrate to full accrual system, but they are also encouraged to be aware of the contents of the standards to be implemented when the accrual system is tracked by the Government with a view to modernize the public sector accounting practices.

Consequent to the introduction of simplified public sector accounting standard for Local Authorities (SLPSAS for LAs) on the request of the Ministry of Provincial Councils and Local Governments with the financial assistance from the NELSIP project, Government is keen to implement the standard at Local authorities in 9 Provinces under the supervision of the public sector wing. (APFASL). Training of Local Authority staff has been undertaken by SLILG joining hands with the Association.

The application of accounting standards will ensure high quality financial statements reflecting fair view of financial performance, financial position and cash flows promoting uniformity and comparability ensuring transparency, accountability and good governance. Government institutions are encouraged by the Association in several ways to be in the fast track of implementation of the accrual based accounting compliance with the standards.

APFASL has been conducting a series of training programs, including training of trainers on SLPSAS for LAs, to educate professionals from the public sector on the standards, to facilitate implementation

(ii) **Best Annual Reports and Accounts Awards Competition:**

APAFSL has conducted its 2nd Best Annual Reports and Accounts Awards competition for the public sector during the year . Number of participants increased over 100% in this year.

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

Government entities classified under the categories of; Ministries, Departments, Provincial Councils, Universities, Statutory Boards, Municipal Councils, Pradeshiya Sabhas, Foreign Funded Projects, could apply for the honours. A total of 3 awards were given under each category, namely the Best Annual Report, followed by two runners up, at the awards ceremony for complying with the requirements as per the guidelines issued for this purpose. Finance commission has sponsored three awards pertaining to Provincial Councils and Local Authorities.





The awards were made on the following basis at the CPFA convocation ceremony held at the BMICH

Winner	1 st Runner up	2 nd Runner up	Compliance Awards
Universities			
University of Moratuwa	University of Peradeniya	University of Sri Jayawardenapura	Open University Wayamba University Buddhist and Pali University University of Colombo University of Sabaragamuwa.
Statutory Boards			
Sri Lanka Accreditation Board	Marine Environment Protection Board	Coconut Cultivation Board	-
Research Institutes			
National Engineering Research and Development Center of Sri Lanka	Industrial Technology Institute.	-	-
Ministries			
Ministry of Provincial Councils and Local Governments	-	-	-
Departments			
Excise Department of Sri Lanka	Sri Lanka Air Force	-	-
Provincial Councils			
North Central Provincial Council	Northern Provincial Council	-	-
Urban Councils			
Balangoda Urban Council	Kaluthara Urban Council	-	-
Municipal Councils			
Dehiwala-Mount Lavenia Municipal Council	Kandy Municipal Council	-	-
Pradeshiya Sabhas			
Mannamunai Pradeshiya sabha.	Naththandiya Pradeshiya Sabha.	Karuwalagas wewa Pradeshiya Sabha.	Nickeweratiya Pradeshiya Saba.

(iii) Introduction of New Professional Qualification

With a vision of raising the bar of the professionals in the public sector and to further enhance their standing in the professional arena, CA Sri Lanka together with APFASL launched the Chartered Public Finance Accountancy (CPFA), a new professional qualification exclusively for professionals in the public sector and the examination is being conducted based on the syllabuses, curriculum and the study materials obtained from CIPFA (London).

In the mean time as an initial step to enhance the standing of the country's public sector accountants, auditors and assessors and elevate their professional standing among their peers, CA Sri Lanka's public sector wing conferred founder memberships of the CPFA qualification at second time to 89 members of public sector wing on merit basis considering their qualifications and experiences.

Convocation ceremony was held at BMICH, together with the Best Annual Report award ceremony, at the presence of distinguished gathering.

Further step has been taken in the year to formulation of policies to offer the qualification in direct route and expansion of student populations to sit for CPFA examination in order to produce more professionals to the public sector through examination route, specially from the young public servants in the field, to strengthen the public financial management service in the country.

CA Sri Lanka with the APFASL had taken the initiatives with the CIPFA (London) to recognize of our CPFA members as members of the Chartered Institute of Public Finance and Accountancy (CIPFA) London. The 1st batch of members who got this dual qualification was conferred CIPFA member certificate at the convocation ceremony in 2018. This will enhance the professional status of our members with internationally recognized chartered public finance accountancy qualification.

With these developments the council of CA Sri Lanka has recognized the CPFA qualification in the public sector as equivalent to the Chartered Accountancy qualification offered by the Institute.



(iv) CPD Programs

APFASL conducts continuous professional development programs(CPD) , specially for the CPFA members as a compulsory requirement. CPD policy of the APFASL has been formulated and distributed among members and follow up actions are being taken to monitor and evaluate the progress . Several opportunities have been offered to the members to participate to the seminars, workshops and study programmes accredited for CPD and conducted by the Institute . The public forums organized by National Human Resource Development Council with CA Sri Lanka on Human resource Development were also opened to our members by invitations to build up their capacities. In similar manner, avenues have been opened to follow up on line study courses conducted by a resource recognized by CIPFA .

(v) Capacity Building Programs

Several capacity building programmes to update the working knowledge of the public sector financial management personnel have been introduced by a letter of prospectus, identifying required training on key areas selected on the need basis. The Association communicated to its members and relevant institutions via e-mails and letters calling applications for these programmes as and when the programmes are scheduled . Works shops on demand and need basis of the members and the Institutions are being organized and resource persons are deployed on the subjects

(vi) Training programs conducted

The following Programs have been conducted during the year 2018

Training Programs - 2018

No.	Name of the Program	Date	No of Participants
01.	SLPSAS Program - Postal Services- Kandy	1,2,3 February 2018	23
02.	Procurement Program - CTB	13,20,27 February, 6 & 13 March 2018	35
03.	SLPSAS Program -Defence	22, 23 June 2018	50
04.	SLPSAS Program - Anuradhapura	5,6,7,13 & 14 July 2018	100
05.	Tax Seminar - TITP	9 & 10 July 2018	58
06.	ER/RR for SLIATE	11 & 12 July 2018	25
07.	Training on Procurement Management - TITP	20, 26 July & 3, 9,17 August 2018	60
08.	SLPSAS Program - Local Govt.	10 , 11 September 2018	
09.	SLPSAS 1 - 10 - Trincomalee	13, 14 ,15 September 2018	50
10.	National Audit Act - CA Sri Lanka	19 November, 2018	400



(vii) 1st Annual Conference of CPFA and APFASL members

1st Annual conference of CPFA and APFASL was conducted on 15th February 2019. The theme of the conference was " Sustainable Public Sector Financial Management – THINK FORWARD! " Key note address was given by Mr. C.J.P Siriwardana, Deputy Secretary General attached to National Economic Council of Sri Lanka and five papers were presented by eminent scholars.





4.6. 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. The main objective of the taskforce is to assist the association to take off the ground progressively by performing its tasks effectively. Structurally the 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 to operate at each province with minimum 10 members drawn from respective provinces to give input to the sub committees and the area service 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

4.7 Activities planned for the years to come

(i) Training programs scheduled in the Prospectus

Several capacity building programme 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 15 programs in the coming year in addition to the training programmes to be conducted for local authority staff on new standard formulated by us.

(ii) Continuing Professional Development Programmes

It has been planned to conduct continuous professional development programs in collaboration with CIPFA (London) for the newly elected CPFA members and our APFASL members and CPD programmes accredited by the Institute in addition to the programmes conducted by APFASL

(iii) Best Annual Reports and Accounts Awards Competition 2019

APFASL in an effort to bring about excellence in financial reporting by preparing and presenting financial statements in complacence with Sri Lanka Public Sector Accounting Standards and best practises , APFASL is organizing the Best Annual Reports and Accounts Awards competition for the public sector as a continuous activity. Having conducted the 2nd competition during the year in respect of the annual reports and accounts pertaining to the year 2015, now in the process for the 3rd competition to be held during the year 2019 in respect of the year 2017.

(iv) Publication of news letter.

Education and Professional Development sub committee of the taskforce is in the process of publishing a news letter including materials collected from the members in 2019 . This will be published quarterly.

(v) Membership enrollment activities .

APFASL with the consent of CA Sri Lanka has introduced 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 policy, APFASL membership will be 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 servants in service from the beginning of the route. APFASL expects implement these policies from the year 2019 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) Introducing Post Graduate 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 course is available in service to fill this gap. A proposal is being made to introduce a Post Graduate Diploma in Public Financial Management course by APFASL under the purview of CA Sri Lanka in the year to come. Syllabus contents will be based on the CPFA examination syllabuses and other relevant modules. This is expected to be a stepping stone to reach CPFA qualification through examination route. Recognition and financing arrangement for the participants is to come from the government.

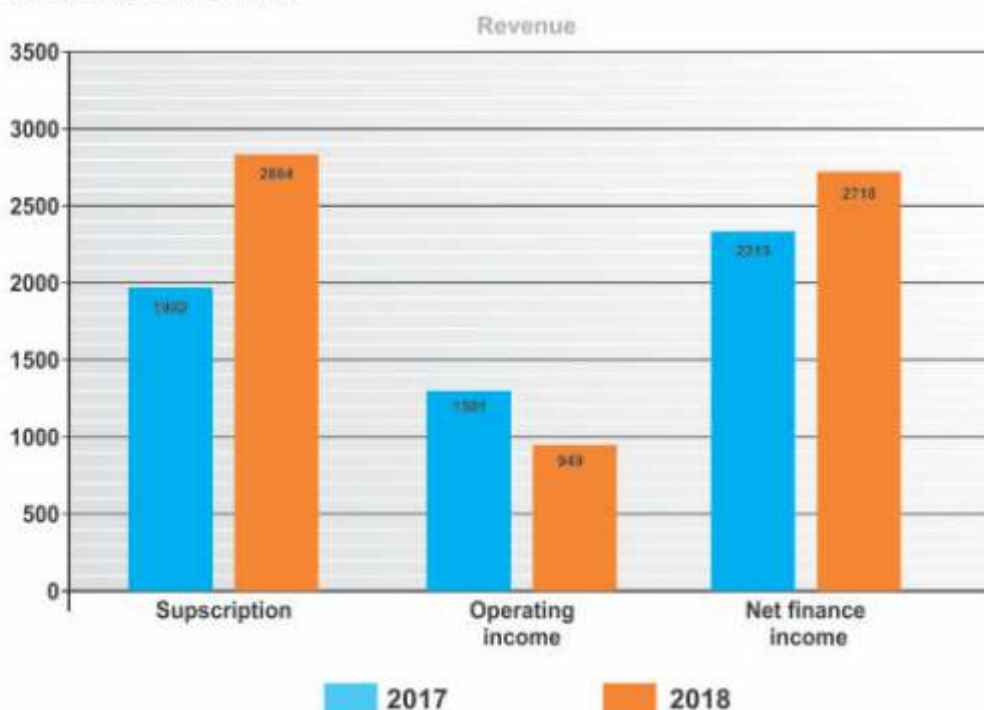
(vii) Second Annual conference of CPFA and APFASL Members.

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

4.8 Financial Management

Financial management comes under the purview of the Treasurer who submits quarterly Accounts to the Board of Management

(i) Financial Performance



Financial performance of the Association for the year under review has resulted in a net surplus of Rs. 2.480 million compared with Rs. 1.624 million in the previous year. Surplus has tremendously increased mainly due to the increase of the income. Member subscription income has increased by 44% due to the enrolment of CPFA members.

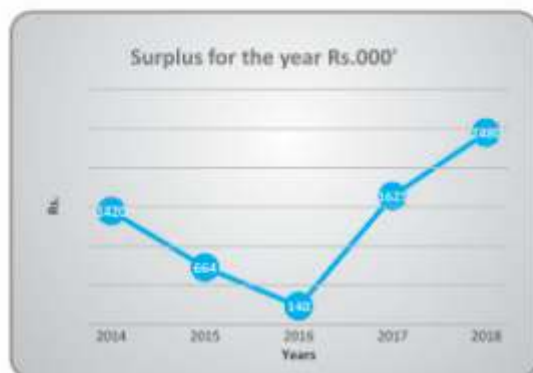
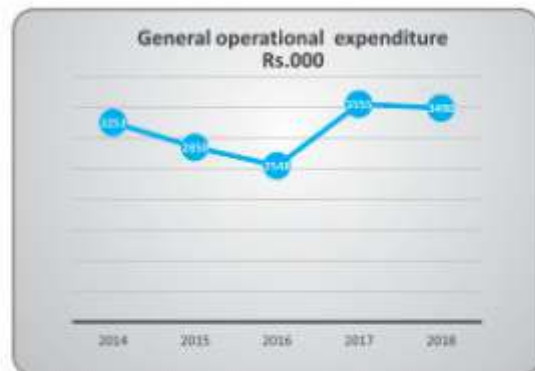
Operating income decreased by 27%, mainly due to annual report competition income recorded in 2017 and net interest income increased by 17%. Administration expenses has increased only by 9% and other expenses has decreased by 21%.

Sources of Income	2018 Rs. (000)	2017 Rs. (000)
Members Subscription	2,864	1,982
Other operating Income	949	1301
Interest on Fixed Deposits	2,718	2,313
Total	6,115	5,596

(ii) Financial Position

In terms of the Articles of Constitution, both the Institute of Public Finance & Development Accountancy (IPFDA) and CA Sri Lanka have contributed of Rs. 10 million each to the funds of the Association and the accumulated fund as at 31st December 2018 amounted to Rs. 29.146 million which represent the net assets of the Association as at 31st December 2018. This includes Rs. 27.769 million of Investments held in Bank of Ceylon in the form of fixed deposits. Association has purchased tangible fixed assets for Rs. 23,900 during the year. Association has purchased CIPFA Patent Right (study material) worth Rs. 1.337 million in 2015 and the amortized carrying value of .Rs .339 Million which is shown as intangible assets in the Balance Sheet. Working capital at the year end is Rs 1 million and the equity has increased by 10%

PERFORMANCE HIGHLIGHTS



4.09 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 the said 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 maximum exemptions.

5. Management Team



Mr. V. Kanagasabapathy
President



Mr. Ananda Amarawansa
Secretary



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 December 31, 2018, 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 December 31, 2018, and financial performance of the Association 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 ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to my audit of the financial statements, 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.

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 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.

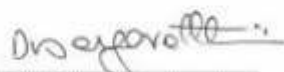
Auditor's Responsibilities for the Audit of the Financial Statements

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's 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.



D.V. Dayarathna
Chartered Accountant
Colombo 06.
Date : 03-04-2019

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

For the Year Ended 31st December,

		2018	Restated 2017
	Notes	Rs.'000	Rs.'000
Revenue		2,865	1,982
Direct Expenditure		(563)	(417)
Surplus		2,302	1,565
Other Operating Income	2	949	1,301
Contribution before Operating Expenses		3,251	2,866
Administration Expenses	3	2,493	2,289
Other Expenses	4	996	1,265
Total Operating Expenses		3,489	3,554
Net Finance Income	5	2,718	2,313
Surplus for the Year		2,480	1,625

Figures in Brackets indicate Deductions.

The Significant Accounting Policies and Notes to the Financial Statements from pages 34 to 38 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	2018 Rs.'000	Restated 2017 Rs.'000
ASSETS			
Non Current Assets			
Property, Plant & Equipment	6	24	-
Intangible Assets - Educational Material	7	335	669
Investment in Fixed Deposits		27,769	23,255
Total Non Current Assets		28,128	23,924
Current Assets			
Receivables	8	2,408	4,104
Cash and Cash Equivalents	9	485	1,309
Total Current Assets		2,893	5,413
Total Assets		31,021	29,337
FUNDS AND LIABILITIES			
Accumulated Funds and Liabilities			
Accumulated Fund		29,146	26,666
		29,146	26,666
Current Liabilities			
Accrued Expenses	10	203	221
Refundable Membership Fees		-	3
Subscriptions Received in Advance		45	14
Seminar Fees Received in Advance		262	102
NLCIP Project in advance		1,365	1,491
Provision for annual report competition expenses		-	840
Total Current Liabilities		1,875	2,671
Total Funds and Liabilities		31,021	29,337

The Significant Accounting Policies and Notes to the Financial Statements from pages 34 to 38 form an integral part of these Financial Statements. 2017 accounts have been restated due to the policy changes to record the member subscriptions on accrual basis.


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 : 03-04-2019

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

For the Year Ended 31st December 2018

	Accumulated Fund	Total
	Rs.'000	Rs.'000
Balance as at 1st January 2017	25,041	25,041
Surplus for the Year - Restated	1,625	1,625
Balance as at 1st January 2018 - Restated	26,666	26,666
Surplus for the Year	2,480	2,480
Balance as at 31st December 2018	29,146	29,146

Figures in Brackets indicate Deductions.

The Significant Accounting Policies and Notes to the Financial Statements from pages 34 to 38 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>2018</u>	Restated
	Rs. '000	2017 Rs.'000
Cash Flow from Operating Activities		
Surplus / (Deficit) before Tax	2,480	1,625
Adjustments for ;		
Amortization for the Year	334	334
Finance Income	(2,867)	(2,323)
Finance Cost	-	10
Operating Surplus / (Deficits) before Working Capital Changes	<u>(53)</u>	<u>(354)</u>
(Increase) / Decrease in Refundable Membership Fees	(3)	-
(Increase) / Decrease in Trade and Other Receivables	1,696	(1,430)
Increase / (Decrease) in Accrued Expenses	(18)	(33)
Increase / (Decrease) in Subscriptions Received in Advance	31	5
Increase / (Decrease) in Seminar Fees Received in Advance	160	5
Increase / (Decrease) in refundable membership fee	-	(1)
Increase / (Decrease) in NLCIP Project Received	(126)	1,491
Increase / (Decrease) in Provision for Annual Report Competition Expenses	(840)	840
Cash Generated from / (Used in) Operations	<u>899</u>	<u>877</u>
Net Cash Flow from / (Used in) Operating Activities	<u>846</u>	<u>523</u>
Cash Flows from / (Used in) Investing Activities		
Interest Income Received	2,867	2,323
Investment in Fixed Deposits	(4,514)	(939)
Purchase of Property, Plant & Equipment	(24)	-
Net Cash Flow from / (Used in) Investing Activities	<u>(1,671)</u>	<u>1,384</u>
Cash flow from financing activities		
Interest paid	-	(10)
Net cash flow from financing activities	<u>-</u>	<u>(10)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	<u>(824)</u>	1,897
Cash and Cash Equivalents at the Beginning of the Year	1,309	(588)
Cash and Cash Equivalents at the End of the Year (NoteA)	<u>485</u>	<u>1,309</u>
Note A:		
Cash at Bank	365	1,299
Cash in Hand	10	10
Saving Accounts	104	-
Cash in hand Committee Meeting Travelling	6	-
	<u>485</u>	<u>1,309</u>

Figures in Brackets indicate Deductions.

The Significant Accounting Policies and Notes to the Financial Statements from pages 34 to 38 form an integral part of these Financial Statements.

5. Annual Financial Statements

ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

Note 1. SIGNIFICANT ACCOUNTING POLICIES

1.1 General Policies

1.1.1 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.

1.1.2 Date of Authorization for Issue

The financial statements were authorised for issue by the Board of Management on 12th February 2019.

1.1.3 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.

1.1.4 Basis of Preparation

(a) Statement of Compliance

The financial statements comprise the Statement of Financial Position ("SOFP"), Statement of Comprehensive Income ("SOCI"), Statement of Changes in Funds and Reserves ("SOCIFR"), 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.

(b) 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.

(c) 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.

(d) 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.

(f) **Depreciation Policy**

APFASL does not expect to purchase more assets. However, the depreciation method of the association to be adopted when the assets are purchased is straight line method and the rate will be decided on the life time and the usage of the assets. Assets are not depreciated in the year of purchase.

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.

1.2 ASSETS AND THE BASES OF THEIR VALUATION

1.2.1 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.

1.2.2 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.

1.2.3 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.

1.2.4 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'.

1.3. LIABILITIES & 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.

**ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

1.3.1 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.

1.4 STATEMENT OF COMPREHENSIVE INCOME

1.4.1 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.

1.4.2 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.

1.5 Depreciation

The assets purchased during the year have not been depreciated

1.5 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.

1.6 Restated accounts.

When the policies are changed corresponding accounts pertaining to the police would be readjusted and restated the accounts. In the reporting year of 2018, Board of Management considered to apply accrual base reporting in the accounts, including member subscriptions. Accordingly, 2017 accounts have been restated and presented.

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

For the Year Ended 31st December,

	2018	Restated
	Rs. '000	2017 Rs. '000
2 Other Operating Income		
Training Income	3,109	1,146
Training Expenses	<u>(2,207)</u>	<u>(950)</u>
	<u>902</u>	<u>196</u>
Best Annual Report Award Income	50	840
Annual Report income not recovered	(30)	-
Staff Loan Interest	9	12
Write off of long outstanding payables	<u>18</u>	<u>-</u>
	<u>47</u>	<u>852</u>
NLCIP Project Income	979	6,182
NILCIP Project Expenses	<u>(979)</u>	<u>(5,929)</u>
	-	253
Total	<u>949</u>	<u>1,301</u>
3 Administration Expenses		
Wages and Salaries	967	882
Insurance	38	38
Allowances	31	20
Overtime	169	110
Bonus and Ex-gratia	196	201
Medical Re-imbursment	79	73
Employees' Provident Fund	141	132
Employees' Trust Fund	28	26
Equipment Maintenance	150	113
Rent	360	360
Amortization Charge	<u>334</u>	<u>334</u>
Amortization Charge	<u>2,493</u>	<u>2,289</u>
4 Other Expenses		
Bank Charges	3	2
Printing and Stationery	211	97
Communication Expenses	73	78
Audit Fees	24	18
Transport Charges	12	4
Committee Meeting	173	157
Best Annual Report	262	69
Provision for annual report and Convocation Exp.	-	840
Task Force Expenses	<u>238</u>	<u>-</u>
	<u>996</u>	<u>1,265</u>
5 Net Finance Income /(Cost)		
Finance Income		
Interest Income on Held - To -Maturity Investments		
Gross Income	2,867	2,553
Withholding Tax	<u>(149)</u>	<u>(230)</u>
	<u>2,718</u>	<u>2,323</u>
Finance Cost		
Interest on Overdraft	-	(10)
	-	(10)
Net Finance Income	<u>2,718</u>	<u>2,313</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>01.01.2018</u>	<u>Additions during</u> <u>the Year</u>	<u>Balance as</u> <u>at 31.12.2018</u>
	Rs. '000	Rs. '000	Rs. '000
6 <u>Property, Plant & Equipment</u>			
<u>Cost</u>			
External Hard Disk	-	15	15
Scanner	-	9	9
	<u>-</u>	<u>24</u>	<u>24</u>
	<u>Balance as at</u> <u>01.01.2018</u>	<u>Additions during</u> <u>the Year</u>	<u>Balance as</u> <u>at 31.12.2018</u>
	Rs. '000	Rs. '000	Rs. '000
7 <u>Intangible Assets</u>			
<u>Cost</u>			
Educational Material	1,337	-	1,337
Total	<u>1,337</u>	<u>-</u>	<u>1,337</u>
	<u>Balance as at</u> <u>01.01.2018</u>	<u>Charged during the</u> <u>Year</u>	<u>Balance as</u> <u>at 31.12.2018</u>
	Rs. '000	Rs. '000	Rs. '000
<u>Amortization</u>			
Educational Material	668	334	1,002
	<u>668</u>	<u>334</u>	<u>1,002</u>
W.D.V	<u>669</u>		<u>335</u>
			Restated
		2018	2017
		Rs. '000	Rs. '000
8 <u>Receivables</u>			
Festival Advance		2	2
Seminar Expense Receivable from ADB		-	1,760
Interest Income		1,768	1,513
Seminar Income		96	96
Staff Loans		164	249
Subscription Receivables		378	239
Best Annual Report Award Competition Income Receivable		-	245
		<u>2,408</u>	<u>4,104</u>
9 <u>Cash and Cash Equivalents</u>			
Favorable Balances			
Cash at Bank		365	1,299
Cash in Hand		10	10
Saving Accounts		104	-
Cash in hand Committee Meeting Travelling		6	-
		<u>485</u>	<u>1,309</u>
10 <u>Accrued Expenses</u>			
Audit Fees		18	18
Seminar Expenses		-	18
Communication Expenses		5	5
Rent		180	180
		<u>203</u>	<u>221</u>

7. CORPORATE INFORMATION

Name of the Association	: ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA
Affiliations:	: Affiliated to CA Sri Lanka (Public Sector Wing of CA Sri Lanka)
Address	: 30A, Malalasekera Mawatha, Colombo 07.
Telephone	: (011) 2055857 / 2352000
Facsimile Number	: (011) 2055857 / 2352060
E- Mail	: apfasl@casrilanka.com
Web Site	: www.casrilanka.com
Banker	: Bank of Ceylon
Auditor	: D.V. Dayarathna Chartered Accountant Wickramasinghe Dayananda & Co. No. 111 1/1, Maya Avenue, Colombo 06.
Registered Office	: No. 30A, Malalasekera Mawatha, Colombo 07

8. Notice for the Annual General Meeting

03.04.2018

Dear Member,

NOTICE OF 7th ANNUAL GENERAL MEETING. APFASL

Notice is hereby given for the 7th Annual General Meeting of the Association of Public Finance Accountants of Sri Lanka (APFASL) to be held at Level 6 of CA Sri Lanka on **26th April 2019 at 3.00 p.m.**

AGENDA

1. Arrival of Members.
2. Welcome Address by the President.
3. Submission of the minutes of the 6th AGM and matters, if any, arising from the minutes.
4. Presentation of the Annual Report and Accounts for 2018.
5. Discussion and adoption of Annual Report and Accounts for 2018.
6. To approve the appointment of Auditors made by the Board of Management and to authorize the Board of Management to determine the remuneration of the auditors
7. Submission of proposed amendment to the Article of Constitution.
8. Registration matter of APFASL as an Association under the purview of CA Sri Lanka
9. Members views
10. Members Resolutions (Resolution by members should reach the APFASL Office on or before 20th April 2019)



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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, Malalasekara Mawatha, Colombo 07.

Tel: 0112-352000, 0112-055857 Email : apfasl@casrilanka.com