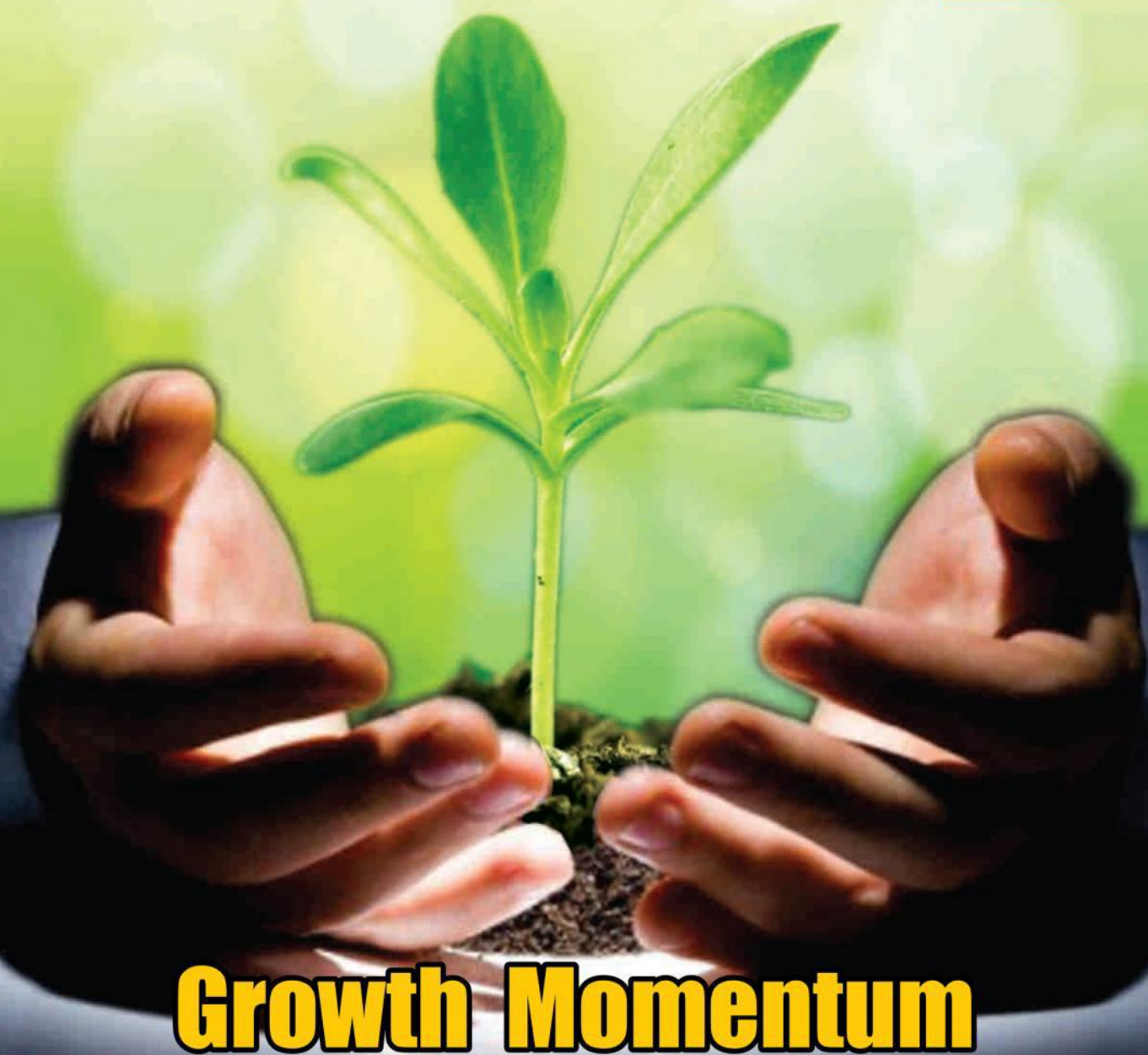




Annual Report

2015



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



APFA



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

Annual Report 2015

Association of Public Finance Accountants of Sri Lanka

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

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President's Review



I am extremely pleased to place before you the fourth annual report and accounts of the Association of Public Finance Accountants of Sri Lanka (APFASL), the public sector wing of CA Sri Lanka, on behalf of the Board of Management.

It gives me great sense of satisfaction that we have been able to achieve the main objective of offering a new professional qualification, Chartered Public Finance Accountancy (CPFA), to the public sector accountants with the involvement of the Chartered Institute of Public Finance & Accountancy (CIPFA) London the only world body of Professional Accountants specializing in Public Finance.

As you are aware professionalizing the public sector has been a long felt need to enhance the public financial management practices in the Country. It was with this motive we approached CA Sri Lanka the premier national accountancy body with international repute to establish the public sector wing and we have been able to achieve this milestone within this short period.

We had the distinguished patronage of the Hon Minister of Finance and the Secretary to the Treasury in launching this new qualification. This prestigious qualification incorporates four public sector specialized subjects into the CA Sri Lanka curriculum. The syllabus and the study materials were obtained from CIPFA London and localized to meet our requirements with their approval in terms of the MOU signed with them.

Our achievement of this milestone at a time when the Government is taking several initiatives to enhance the Governance and Accountability is remarkable. We are fully committed to support the Government in improving the financial management practices in the Country. We are confident that enhancing the financial management practices in the country would lead to transparency, accountability and good governance and promote sustainable economic management and public service delivery.

We have also taken the following initiatives enhance professionalism in the public sector financial management practices in the Country with the support of the Asian Development Bank.

- 1.) Adoption and publication of ten Sri Lanka Public Sector Accounting Standards (SLPSAS) based on International Public Sector Accounting Standards (IPSAS).
- 2.) Adopting further ten standards for publication before the end of 2016.
- 3.) Creating awareness and conducting training programs to facilitate implementation of these standards.

Contd.....

- 4.) Developing a comprehensive website for the public sector wing to provide online resource to our members to make maximum use of the activities undertaken to upgrade the professional skills and expertise of our members.
- 5.) Conducting series of training programs to the public sector financial management personnel in the Ministries, Departments, Provincial Councils, Local Authorities and Statutory Boards.
- 6.) Organizing Best Annual Report award competition in collaboration with the Ministry of Finance and the Auditor General's Department.

We have been working very closely with the South Asian Federation of Accountants (SAFA) and the SAFA Board considering the initiatives taken by us to enhance the public sector financial management practices in the country, requested us to conduct an International Seminar on Accrual Accounting and Financial Reporting in compliance with Public Sector Accounting Standards with the participation of Controller Generals of Accounts and Supreme Audit Institutions in the SARRC region. We will be conducting this International Seminar in November 2016 along with the SAFA meeting to be held in Sri Lanka. It would be noted that we are setting an example for the countries in the region in providing professionalism in the Public Financial Management Practices.

We need the support of all concerned to move forward. We invite all our members to take active role in the activities of our association in order to carry out our mandate effectively. It is your support that can lead the institute go forward and implement the planned activities successfully.

I would like to take this opportunity to extend our sincere appreciation and gratitude to all those who have contributed to the success to our organization in particular to all our members, the Board of Management, the Council of CA Sri Lanka, the staff of our association, the CEO and the staff of CA Sri Lanka for the support extended to us in taking the association forward.



V. Kanagasabapathy
President

About Our Association

a) 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

b) Vision

Leading the way to excellence in Public Financial Management

c) 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.

d) 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.

BOARD OF MANAGEMENT



President
Mr. V. Kanagasabapathy

MPA (Harvard) FCA, CPFA (UK),
FPFA, FCMA, FMAAT, Advisor,
Hotel Developers (Lanka) PLC



Vice President
Mr. Gamini Wijesinghe

(Appointed as Vice President
with effect from 01 January 2016)
B.Sc, MA, FCA, CMA, FPFA
Auditor General -
Former Director General
(SLAASMB)



Board Member
Mr. Lasantha Wickramasinghe

FCA, FMAAT,
President - CA Sri Lanka



Board Member
Mrs. Kalyani Dahanayake

B.Com, MPM, DIT, FPFA
Commissioner General,
Inland Revenue



Board Member
Mr. G.D.S. Jayaratne

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



Board Member
Mr. M.D.A. Harold

HNDip.A., MAAT, DPFM,
FPFA, President, IPFDA



Mr. V.M. Ameen

ACA, B.Com, Sp.(Hons), FCMA,
FPFA Consultant - World Bank and
Board Member up to 31st Dec. 2015

BOARD OF MANAGEMENT



Board Member
Mr. Jagath Perera

FCA, B.Sc.(Bus. Admin)
Sp. CFE (USA)
Vice President - CA Sri Lanka



Board Member
Mr. W.P.C. Wickramaratne

FCA, B.com(Hon) Sp, ASCMA
Additional Auditor General
(Vice President up to 31 Dec. 2015))



Board Member
Mrs. D.M.A. Harasgama

M.Com, BA, PGD, FPFA
Director General,
State Accounts



Treasurer
Mr. M.R.V.R. Meepura

ACA, B. Sc.Sp (HRM),MBS (Col),
Director Public Enterprises,
General Treasury



Secretary
Mr. K.L. Perera

B.Com, FCA, CPFA (UK),
FPFA Consultant,
Public Sector, CA Sri Lanka



Mr. Arjuna Herath

FCA, FPFA, Senior Partner
(E&Y), President, CA
Sri Lanka and Board Member
up to 31st Dec. 2015



Mr. M.S.M. Suhair

B.Sc (Bus. Adm.) DPFM, FPFA
Retired Consultant, Coconut
Development Authority, Secretary,
IPFDA and Board Member
up to 31st December 2015

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 : Mr. S.M.N.L. Senanayake
Ms. Tudor V Perera & Co.
P.O. Box 1177
De Mel Building, 3rd Floor,
No. 103, Chatham Street,
Colombo 01

Registered Office : No. 30A, Malalasekera Mawatha, Colombo 07

REPORT OF THE BOARD OF MANAGEMENT

4. REPORT OF THE BOARD OF MANAGEMENT

a) Introduction

The Board of Management is pleased to submit to its members the Annual Report and Audited Financial Statements of your Association for the financial year ended 31st December 2015.

b) 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 904 members representing Fellow Members and Associate Members up to 31st December, 2015.

| Members Distribution | 2015 | 2014 |
|------------------------------|------------|------------|
| Govt. Ministries | 102 | 99 |
| Govt. Departments | 178 | 167 |
| Dist. and Div. Secretaries | 141 | 129 |
| Provincial Councils | 8 | 7 |
| Local Authorities | 10 | 10 |
| State Owned Enterprises | 178 | 140 |
| Auditor General's Department | 84 | 82 |
| Department of Inland Revenue | 102 | 102 |
| Retired members | 101 | 98 |
| Total members | 904 | 834 |

c) Organization and the 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 the Secretary to the Board, Technical Manager, Administrative Assistant and a Programme Assistant facilitated by Management Committees.
- Administrative Officer Mr. Nimal Perera passed away due to a sudden sickness on 20th April 2015. We appreciate the valuable service rendered by Mr. Perera and letter of appreciation of his service was sent to his family.
- Institute appointed a Technical Manager Mr. Susantha Galgodage to look after the technical aspects of APFASL in May 2015.
- Member Relations Committee Chaired by Mr. W.M.G. Wijesinghe Alternate Chairman Mr. V. M. Ameen assisted the management by scrutinizing new membership applications to submit to the Board of Management for approval.
- Technical Committee chaired by Mr. W.A.K.S. De Alwis Technical Committee assisted to finalize APFASL requirements for the proposed website and Mr. M.S.M. Suhair, Mr. A.J.L. Wimalaratne, Mr. P. Nandana Kumara, Mr. J.S. De Silva & Mr. V.G. Samarasinghe, performed as members of the Technical Committee.

- Public Financial Reporting & Best Annual Report Award Committee chaired by Mr. M.D.A. Harold Mr. W.A.K.A. De Alwis, Mr. P. Nandana Kumara, Mr. N. Nagendra Kumar, Mr P. Ariyasena, Mr. P.L.K. Perera, Mr. V.M. Ameen, Ms. Hiranthi Fonseka, Mr. D.M.G.S.K. Dissanayake, Mr. Mahesh Ranawaka, Mr. A. Chandrapala assisted Best Annual Reports & Accounts Awards Committee to finalize Invitation sent to Participate at the Best Annual Reports & Accounts Awards competition and check lists for the Competition.
- Public Sector Accounting Standards Committee Chaired by Mr. V. Kanagasabapathy Committee conducted 5 meetings to finalize 10 additional Sri Lanka Public Sector Accounting Standards (SLPSAS) during the year which are planned to adopt and publish before end of 2016.
- Mr. K L Perera the Secretary, APFASL co-ordinates the activities of the Management Committees and functions as the Head of the management team.

d.) Meetings of the Board of Management

Summary of the meetings attended by the Board members are given in the table below.

| Name of Member | No. of Meetings Attended | No. of Meetings to be Attended |
|---|--------------------------|--------------------------------|
| Mr. V. Kanagasabapathy | 7 | 7 |
| Mr. Gamini Wijesinghe | 4 | 7 |
| Mr. Arjuna Herath | 4 | 7 |
| Mr. Lasantha Wickramasinghe | 5 | 7 |
| Mrs.D.M.A. Harasgama | 2 | 7 |
| Mrs.Kalyani Dahanayake (Appointed 02.04.2015) | 3 | 6 |
| Mrs.R.M.R.W. Manchanayake (Retired 09.03.2015) | 1 | 1 |
| Mr. W.P.C. Wickramaratne | 2 | 7 |
| Mr. M.D.A. Harold | 7 | 7 |
| Mr. M.S.Mohamed Suhair | 6 | 7 |
| Mr. V.Mohamed Ameen | 5 | 7 |
| Mr. K.L. Perera | 7 | 7 |

e.) Press Conference

A press conference was held on 20th October 2015 to give publicity to the activities performed by APFASL.



f.) Activities performed by APFASL

The Association of Public Finance Accountants of Sri Lanka (APFASL) – the Public Sector Wing of CA Sri Lanka continued to play a pioneering role by launching several initiatives to strengthen the Public Financial Management Practices in Sri Lanka to help the government to enhance transparency, accountability and good governance in the public sector.

These initiatives include the launch of the Chartered Public Finance Accountancy qualification, adoption and implementation of the public sector accounting standards, launch of the Best Annual Reports and Accounts Awards Competition, developing a comprehensive website for the Public Sector Wing and conducting capacity building programmes for public sector accounting and finance professionals.

● Launching New professional Qualification

Having understood the important role played by the public sector accountants in the country, CA Sri Lanka together with APFASL launched the Chartered Public Finance Accountancy (CPFA), a new professional qualification exclusively for professionals in the public sector in February this year with the blessings of the Hon. Minister of Finance and the Secretary to the Treasury.

The first examination leading to this qualification was conducted in December 2015. Those who have enrolled could obtain the study materials for the Business Level examination from CA Sri Lanka sales center.

The CPFA qualification will help to enhance the financial management practices in the public sector, while raising professional status of the accountants.

● Adoption and implementation of Public Sector Accounting Standards:

APFASL together with the Ministry of Finance launched and implemented ten Sri Lanka Public Sector Accounting Standards, while an additional ten standards is in the process of being adopted, based on the current requirements.

The standards are 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. Currently the accrual system is being fast tracked by the Government with a view to modernize the public sector accounting practices.

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.

APFASL has also been conducting a series of training programmes to educate professionals from the public sector on the standards, and how to adopt and implement them.

● Best Annual Reports and Accounts Awards Competition:

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, APFASL is organizing the inaugural Best Annual Reports and Accounts Awards competition for the public sector in collaboration with the Ministry of Finance and the Auditor General's Department.

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 foreign funded projects.

Although, we planned to conduct the inaugural competition by the end of 2015, there were delays in finalizing annual reports and accounts by Government entities it was not possible to conduct the same as planned. It will now be conducted in 2016.

All government entities which have finalized their financial statements and annual reports for the year ended on 31st December 2014, can apply for the Best Annual Report and Accounts Awards competition organized by AAPFASL. Closing date for applications for the competition has been extended until 30th September 2016 to enable more participation, while the awards ceremony will be held in November 2016 to coincide with the International Seminar that has been planned with the participation of Controller Generals of Accounts and Supreme Audit Institutions of SAARC Countries.

Government entities classified under the categories of; Ministries, Departments, Provincial Councils, Universities, Statutory Boards, Municipal Councils, Pradeshiya Sabhas, Foreign Funded Projects, can apply for the honours. A total of 3 awards will be given under each category, namely the Best Annual Report, followed by two runners up, while there will also be an Overall Winner at the awards ceremony for complying with all the requirements as per the guidelines issued for this purpose.

- **A comprehensive website for the Public Sector Wing:**

A comprehensive website is currently been developed to provide online resources to members of APFASL to make maximum the use of activities undertaken by the Public Sector Wing of CA Sri Lanka to upgrade their professional skills and expertise.

The above activities aim to bring best practices and strengthen public financial management in the country. The Asian Development Bank (ADB) has been providing financial support to handle the above activities.

g.) Capacity Building Programmes

The Public Sector Wing also conducted several capacity building programmes to update the working knowledge of the public sector financial management personnel. In this connection a prospectus, identifying training programmes on key areas selected on the need basis has been published on the website. The Association will communicate to its members and relevant institutions via e-mails and public notices as and when the programmes are scheduled. These programmes along with any other programme in relation to public financial management could be conducted at the request of individuals, and or groups, provided the sufficient number of participants are available for the programmes.

- **Training Programs conducted on Public Procurements:**

The following Programs on Procurement Procedure have been conducted in collaboration with the Ministry of Education.

| S No. | Title of the programme | Date | No of Participants attended |
|-------|---|-----------------------|-----------------------------|
| 01. | Procurement Training Programme - WP Battaramulla | 23– 27 February 2015 | 35 |
| 02. | Procurement Training Programme - NCP - Anuradhapura | 2 - 4 March 2015 | 25 |
| 03. | Procurement Training Programme NCP - Anuradhapura | 23 - 27 March 2015 | 30 |
| 04. | Procurement Training Advance Programme EP - Trincomalee | 6 - 8 April 2015 | 35 |
| 05. | Procurement Training Advance Programme - Sabaragamuwa | 25 - 29 May 2015 | 45 |
| 06. | Procurement Training Programme - WP | 19,21,22 October 2015 | 30 |
| 07. | Procurement Training Programme - Sabaragamuwa | 12 - 14 November 2015 | 30 |
| 08. | Procurement Training Advance Programme EP | 30 Nov. - 2 Dec 2015 | 30 |
| 09. | Procurement Training Programme - Southern | 10-12 December 2015 | 30 |
| 10. | Procurement Training Programme - Uwa Province | 14-16 December 2015 | 30 |



● **Awareness Programs conducted on Sri Lanka Public Sector Accounting Standards (SLPSAS).**

| S No. | Title of the programme | Duration | No of Participants attended |
|-------|--|--------------------------------------|-----------------------------|
| 01. | SLPSAS Training Programme Dept. of Local Government Western Province | 15 - 16 June 2015 | 148 |
| 02. | Sri Lanka Public Sector Accounting Standards (SLPSAS) (ADB) | 9,10,16,17,23,24 & 25 October 2015 | 30 |
| 03. | Sri Lanka Public Sector Accounting Standards (SLPSAS) (ADB) | 13,14,20,21,27,28 & 29 November 2015 | 30 |

Training programmes conducted in other disciplines

| | | | |
|-----|-------------------------------|------------------|----|
| 01. | Internal Control & Audit | 3 - 4 Sept. 2015 | 52 |
| 02. | Public Procurement Management | 28-29 Sept. 2015 | 97 |



h.) Activities planned for the years to come

● Training Programs scheduled in the Prospectus

Programmes scheduled in the Prospectus include Advanced Diploma in Public Financial Management, Advanced Diploma in Procurement and Management of Contract Administration, Certificate Course in Accrual Accounting and Sri Lanka Public Sector Accounting Standards (SLPSAS), Seminar on Financial Accounting & Reporting for Public Sector Entities and many other selected training programs conducted on the need basis for Government agencies which shows interest in the programmes.

● International Seminar on Accrual Accounting and Financial Reporting in compliance with Public Sector Accounting Standards.

We will be conducting an International Seminar on accrual accounting and financial reporting in compliance with Public Sector Accounting Standards with the participation of Controller Generals of Accounts and Supreme Audit Institutions in the SAARC Region in November 2016 at the request of the Board of South Asian Federation of Accountants (SAFA Board) when its Board meetings are held in Sri Lanka.

● Best Annual Reports and Accounts Awards Competition

Association has planned to conduct the best annual reports and accounts awards competition for the Ministries, Departments, Statutory Boards, Local Authorities and Foreign Funded Projects to encourage excellence in the presentation of information in the Annual Reports and Accounts.

The competition has also been planned to be held annually commencing from the year 2014. The awards for the best annual reports and accounts for the year ended 31st December 2014 will be made at a Ceremony to be held in November 2016 along with the International Seminar on Accrual Accounting.

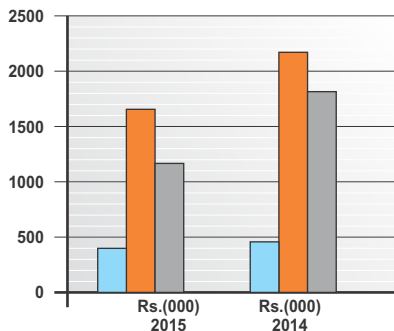
The main objective of the competition is to ensure timely reporting of annual performance in a comprehensive manner to enhance transparency, accountability and good governance in the public sector.

I.) Financial Management

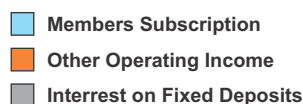
Financial management comes under the purview of the Treasurer who submits quarterly Accounts to the Board of Management for review.

● Financial Performance

Main source of income of the Association had been the seminar income, interest income from deposits held in the banks and the subscriptions received from members amounting to Rs.1.758 million, Rs 1.286 million and Rs. 0.470 million respectively as against 2.253 million, Rs. 1.883 million and Rs. 0.537 million previous year as shown below.



Financial performance of the Association for the year under review has resulted in a net surplus of Rs. 0.664 million compared to Rs.1.42 million in the previous year, mainly due to the reduction of interest income, because of severe reduction in bank interest rates.



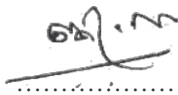
| Sources of Income | 2015 Rs. (000) | 2014 Rs. (000) |
|----------------------------|-------------------|-------------------|
| Members Subscription | 470 | 537 |
| Seminar Income | 1,757 | 2,253 |
| Interest on Fixed Deposits | 1,286 | 1,883 |
| Total | 3,513 | 4,673 |

● 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 2015 amounted to Rs 24.9 million which represent the net assets of the Association as at 31st December 2015. This includes Rs 21.982 million of investments held in the Bank of Ceylon in the form of fixed deposits and other assets of Rs. 1,337 million. Association has not acquired any tangible fixed assets during the year.

J.) Membership enrollment drive to derive maximum benefit

The APFASL is inviting all financial management personnel in the public sector to obtain membership of the Association in order to derive maximum benefit from the above 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.



.....
K.L. Perera
Secretary
APFASL



Management Team

Left to Right

Mr. Ruchira Perera, Mr. Susantha Galgodage, Mr. V. Kanagasabapathy, Mr. K.L. Perera, Mrs. Shanika Weerasekera,

Financial Statements

THE REPORT OF THE AUDITOR

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

Report on the Financial Statements

I have audited the accompanying 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, 2015, and the statement of comprehensive income, statement of funds and reserves and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board’s Responsibility for the Financial Statements

The Board of Management (“Board”) is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards ,and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility,

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial statements that give a true and fair view 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Association as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.



S.M.N.L.Senanayake
Chartered Accountants
3rd Floor, De Mel Building
103, Chatham Street,
Colombo 1.

15-03-2016

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

For the Year Ended 31st December,

| | Notes | <u>2015</u> Rs. | <u>2014</u> Rs. |
|---|-------|--------------------|--------------------|
| Revenue from Member Activities | | 470 | 537 |
| Direct Expenditure on Member Activities | | (151) | (172) |
| Surplus from Member Activities | | <u>319</u> | <u>365</u> |
| Other Operating Income | 2 | 1,758 | 2,253 |
| Contribution before Operating Expenses | | <u>2,077</u> | <u>2,618</u> |
| Administration Expenses | 3 | 1,835 | 2,750 |
| Other Expenses | 4 | 865 | 331 |
| Total Operating Expenses | | <u>2,699</u> | <u>3,081</u> |
| Net Finance Income | 5 | 1,286 | 1,883 |
| Surplus for the Year | | <u>664</u> | <u>1,420</u> |

Figures in Brackets indicate Deductions.

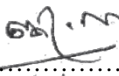
The Significant Accounting Policies and Notes from pages 23 to 27 form an integral part of these Financial Statements.

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

As at 31st December,

| | Notes | <u>2015</u> Rs. 000' | <u>2014</u> Rs. 000' |
|--|-------|----------------------------|----------------------------|
| ASSETS | | | |
| Non Current Assets | | | |
| Investment in Fixed Deposits | | 21,982 | 21,953 |
| Intangible Assets - Educational Material | | 1,337 | 1,337 |
| Total Non Current Assets | | <u>23,319</u> | <u>23,290</u> |
| Current Assets | | | |
| Receivables | 6 | 2,811 | 107 |
| Cash and Cash Equivalents | 7 | 6 | 494 |
| Total Current Assets | | <u>2,817</u> | <u>601</u> |
| Total Assets | | <u>26,136</u> | <u>23,891</u> |
| FUNDS AND LIABILITIES | | | |
| Accumulated Funds and Liabilities | | | |
| Accumulated Fund | | 24,900 | 23,228 |
| | | <u>24,900</u> | <u>23,228</u> |
| Current Liabilities | | | |
| Loan Payable within One Year | | - | 469 |
| Accrued Expenses | 8 | 926 | 41 |
| Refundable Membership Fees | | 4 | - |
| Subscriptions Received in Advance | | 3 | 8 |
| Seminar Fees Received in Advance | | 97 | 145 |
| Bank Balance Overdrawn | 9 | 206 | - |
| Total Current Liabilities | | <u>1,236</u> | <u>663</u> |
| Total Funds and Liabilities | | <u>26,136</u> | <u>23,891</u> |

The Significant Accounting Policies and Notes from pages 23 to 27 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 : 17/02/2016

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

For the Year Ended 31st December 2015

| | Accumulated Fund | Total |
|---|-----------------------------|---------------|
| | Rs. | Rs. |
| Balance as at 1 st January 2014 | 21,808 | 21,808 |
| Surplus for the Year | 1,420 | 1,420 |
| Balance as at 1st January 2015 | 23,228 | 23,228 |
| Previous Year Adjustment-Receipt from World Bank | 1,007 | 1,007 |
| Surplus for the Year | 664 | 664 |
| Balance as at 31st December 2015 | 24,900 | 24,900 |

Figures in Brackets indicate Deductions.

The Significant Accounting Policies and Notes from pages 23 to 27 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>2015</u> | <u>2014</u> |
|--|----------------|----------------|
| | Rs. | Rs. |
| Cash Flow from Operating Activities | 000 | 000 |
| Surplus / (Deficit) before Tax | 664 | 1,420 |
| Adjustments for ; | | |
| Previous Year Adjustment | 1,007 | - |
| Financial Income | <u>(1,286)</u> | <u>(1,883)</u> |
| Operating Surplus / (Deficits) before Working Capital Changes | 385 | (463) |
| Increase / (Decrease) in Trade and Other Receivables | (2,704) | 210 |
| Increase / (Decrease) in Loan Payable within One Year | (469) | 469 |
| Increase / (Decrease) in Accrued Expenses | 889 | (36) |
| Decrease in Subscriptions Received in Advance | (5) | (32) |
| Increase / (Decrease) in Seminar Fees Received in Advance | <u>(48)</u> | <u>145</u> |
| Cash Generated from / (Used in) Operations | (2,337) | 756 |
| Net Cash Flow from / (Used in) Operating Activities | (1,952) | 293 |
| Cash Flows from / (Used in) Investing Activities | | |
| Acquisition of Educational Materials | - | (1,337) |
| Interest Income Received | 1,286 | 1,883 |
| Investment in Fixed Deposits | <u>(29)</u> | <u>(452)</u> |
| Net Cash Flow from / (Used in) Investing Activities | 1,258 | 94 |
| Net Increase / (Decrease) in Cash and Cash Equivalents | (695) | 387 |
| Cash and Cash Equivalents at the Beginning of the Year | <u>494</u> | <u>107</u> |
| Cash and Cash Equivalents at the End of the Year (Note A) | (201) | 494 |
| Note A: | | |
| Cash in Hand | 6 | 10 |
| Cash at Bank | <u>(206)</u> | <u>484</u> |
| | <u>(200)</u> | <u>494</u> |

Figures in Brackets indicate Deductions.

The Significant Accounting Policies and Notes from pages 23 to 27 form an integral part of these 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 17th February 2016.

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 (“SOFPP”), Statement of Comprehensive Income (“SOCPI”), 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.

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 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.

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.

(Contd..)

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.

- (a) Membership fees from members are recognised as revenue on receipt basis. The subscription year runs from 1 January to 31 December. Only those membership fees and subscription payments that are attributable to the current financial year are recognized as 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.
- (b) Interest income is recognised on effective interest rate according to LKAS 39.

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 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,

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| | Rs. | Rs. |
| 2 <u>Other Operating Income</u> | 000 | 000 |
| Training income | 3,748 | 3,938 |
| Service Fees | - | 15 |
| Training expenses | (1,990) | (1,700) |
| | <u>1,758</u> | <u>2,253</u> |
| 3 <u>Administration Expenses</u> | | |
| Wages and Salaries | 745 | 1,708 |
| Casual Wages | 294 | - |
| Allowances | 14 | 19 |
| Overtime | 79 | 42 |
| Bonus and Ex-gratia | 63 | - |
| Medical Re-imburement | 64 | 207 |
| Defined Contribution Cost | | |
| - Employees' Provident Fund | 114 | 238 |
| - Employees' Trust Fund | 23 | 48 |
| Building Maintenance | - | 6 |
| Equipment Maintenance | 79 | 122 |
| Rent | 360 | 360 |
| | <u>1,835</u> | <u>2,750</u> |
| 4 <u>Other Expenses</u> | | |
| Bank Charges | 2 | 2 |
| Postage and Postal Charges | 45 | 5 |
| Printing and Stationery | 357 | 134 |
| Communication Expenses | 54 | 97 |
| Audit Fees | 18 | 18 |
| Audit Fee Under Provision - 2014 | 1 | - |
| Transport Charges | 3 | 16 |
| Cleaning Service | 2 | - |
| Press Conference | 332 | - |
| CPFA Advertising Expenses | 21 | - |
| Committee Meeting | 19 | - |
| Best Annual Report Advertising | 12 | - |
| Consultancy Fees | - | 60 |
| | <u>865</u> | <u>331</u> |
| 5 <u>Net Finance Income/(Cost)</u> | | |
| Finance Income | | |
| Interest Income on Held - To - Maturity Investments | | |
| Gross Income | 1,431 | 2,046 |
| Withholding Tax | (130) | (163) |
| | <u>1,301</u> | <u>1,883</u> |
| Finance Cost | | |
| Interest on Overdraft | (2) | - |
| Interest Expenses | (13) | - |
| | <u>(15)</u> | <u>-</u> |
| Net Finance Income | <u>1,286</u> | <u>1,883</u> |

Contd.....

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

As at 31st December,

| | <u>2015</u> | <u>2014</u> |
|---|--------------|-------------|
| | Rs. | Rs. |
| 6 <u>Receivables</u> | 000 | 000 |
| Festival Advance | 2 | - |
| Seminar Expense Receivable from ADB | 1,264 | - |
| Interest Income | 803 | 12 |
| Seminar Income | 742 | 95 |
| | <u>2,811</u> | <u>107</u> |
| | | |
| 7 <u>Cash and Cash Equivalents</u> | | |
| Favorable Balances | | |
| Cash at Bank | - | 484 |
| Cash in Hand | 6 | 10 |
| | <u>6</u> | <u>494</u> |
| Unfavorable Balances | | |
| Bank Overdraft | (206) | - |
| | <u>(200)</u> | <u>494</u> |
| | | |
| 8 <u>Accrued Expenses</u> | | |
| Audit Fees | 18 | 18 |
| Seminar Lecture Fees | 311 | - |
| Seminar Expenses | 591 | 18 |
| Communication Expenses | 6 | 5 |
| | <u>926</u> | <u>41</u> |

7 April 2016

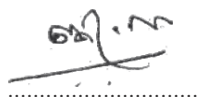
Dear Member,

NOTICE OF 4TH ANNUAL GENERAL MEETING - ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA (APFASL)

Notice is hereby given for the 4th Annual General Meeting of the Association of Public Finance Accountants of Sri Lanka (APFASL) to be held at Old Library (first floor – old building) of CA Sri Lanka on **28 (Thursday) April 2016 at 5.00 p.m.**

AGENDA

1. Arrival of Members.
2. Induction of the new Board of Management Members
3. Welcome Address by the President.
4. Tabling of the minutes of the 3rd AGM .
5. Matters, arising from the minutes..
6. Presentation of the Annual Report and Accounts for 2015
(Soft copy of the Annual Report will be emailed.)
7. Discussion and adoption of Annual Report and Accounts for 2015.
8. 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 auditor
9. Members views
10. Resolutions (Resolution by members should reach the APFASL Office on or before 20 April 2016
11. Vote of Thanks.
12. Refreshments.



.....
K.L. Perera
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