

FINZROOT

VOLUME 03



INFORMATION

PROVIDE

TAX

EVALUATION

COST

BASED

RISK

QUALITY

SKILL

ACCOUNTING

SYSTEM

FINANCE

PERFORMANCE

FINANCE

CONSULTANT

MANAGEMENT

SYSTEM

SEEKS



WELCOME TO THE THIRD EDITION OF FINROOT! OUR ACCOUNTING AND FINANCE CLUB PROUDLY PRESENTS THIS MAGAZINE AS YOUR GO-TO RESOURCE FOR ALL THINGS RELATED TO ACCOUNTING AND FINANCE. EXPLORE INSIGHTFUL ARTICLES FROM EXPERTS, LEARN ABOUT OUR CLUB'S PROGRAMS, AND STAY UPDATED ON INDUSTRY TRENDS. WHETHER YOU'RE A PROFESSIONAL, STUDENT, OR JUST CURIOUS ABOUT NUMBERS AND MARKETS, 'FINROOT' IS HERE TO HELP YOU EXPAND YOUR KNOWLEDGE AND PASSION. JOIN US ON THIS ENRICHING JOURNEY OF UNCOVERING THE CORE OF THESE IMPORTANT SECTORS.



MESSAGE FROM

THE VICE CHANCELLOR



I am delighted to extend my heartfelt congratulations on successfully publishing the Accounting and Finance Club Magazine, Department of Finance and Accountancy, Faculty of Business Studies of the University of Vavuniya.

The club's magazine holds a special place in their journey of learning and discovery. This magazine reflects our students' hard work and creativity, showcasing not only academic excellence but also the vibrant spirit of our community.

It serves as a medium to share insights, experiences, and research that contribute to the advancement of understanding of finance and its various sides.

I want to commend the editorial team for their tireless efforts in curating meaningful content that truly reflects the essence of our club.

To the writers, researchers, and contributors: your dedication to delivering informative and thought-provoking articles is truly admirable. I encourage all members to seize this opportunity to contribute and be part of this enriching journey. I am confident that the Accounting and Finance Club's magazine will continue to serve as a source of inspiration, knowledge, and collaboration for everyone involved. Thank you for your commitment to advancing the field of accounting and finance. I eagerly look forward to the upcoming editions and the valuable insights they will undoubtedly bring.

I would like to congratulate and appreciate the students of the Accounting and Finance Club for their efforts and I wish them all the best.

Prof. A. Atputharajah
Vice-Chancellor
University of Vavuniya

MESSAGE FROM DEAN



I am pleased to send a congratulatory message for the third volume of the student magazine 'FINROOT' of the Accounting and Finance Club, Department of Finance and Accounting, Faculty of Business Studies.

FINROOT encourages students to bring out their talents in various capacities. Significantly, the magazine showcases unique student creations. The club has organized many activities for students such as seminars, awareness programs, career guidance programs, community outreach activities, etc. The progress in magazine publishing and the continued success of its initiatives reflect the dedication and hard work of each member of the Accounting and finance HR team.

I congratulate the chief editor and all the other members of the publication committee for issuing this third volume of the FINROOT.

Prof. Y.Nanthagopan
Dean / Faculty of Business Studies
University of Vavuniya

MESSAGE FROM THE HEAD



Dr. Koperunthevy Kalainathan
Actg. Head/ Dept of Finance and Accounting
Faculty of Business Studies
University of Vavuniya

It is with great pleasure that I welcome the publication of FINROOT, the official magazine of the Accounting and Finance Club. This magazine provides an excellent platform for students to enhance and share their knowledge in the fields of accounting and finance. This year's edition presents fresh ideas, addresses pressing challenges, and showcases innovative solutions in these ever-evolving fields.

Our club remains committed to exploring the most critical issues and emerging trends in accounting and finance. I am confident that this publication will contribute valuable insights and advance the body of knowledge in these disciplines.

I would like to extend my heartfelt gratitude to the students who have demonstrated their expertise and dedication in creating this year's FINROOT. I am certain that the ideas and research shared in these pages will inspire new thinking, foster meaningful collaborations, and pave the way for continued growth in accounting and finance.

Message From Senior Treasurer



N. Pratheepan
Senior Treasurer
Accounting and Finance Club

Firstly, I appreciate the Accounting and Finance club members for launching the "Finroot" magazine under the Department of Finance and Accountancy. Actually, this efforts produce the creative and innovative thinking in their field. Students may engage with team works and knowledge development through their theoretical understanding in order to overcome their practical challenges.

They will improve their academic and professional writing skills as well.

Accounting and Finance club is the flat form to deliver and develop their knowledge and skills. This time all members actively participated in their projects to outreach their colours.

Therefore, I congratulate them achieve the good outcomes through this magazine. Thank you for the part of your team.

Message From President



MR.S.RIDURSHAN
PRESIDENT
ACCOUNTING AND FINANCE CLUB

I am pleased to present the latest edition of our Accounting and Finance Club magazine.

Our magazine features a collection of insightful articles, thoughtful analysis, and emerging trends in the world of finance.

I want to express my gratitude to the dedicated team of writers, editors, and designers, as well as to all members of our club, who have dedicated themselves to creating this magazine. Their passion and dedication shine through on every page.

I encourage our readers to take advantage of this opportunity to explore the ever-evolving landscape of accounting and finance.

Thank you for being a part of the Accounting and Finance Club community. Let's

continue to learn, be inspired, and grow together.

Best regards,

Message From Vice President



MR.M. HARSHAAN
VICE PRESIDENT
ACCOUNTING AND FINANCE CLUB

Dear Readers,

Accounting serves as the cornerstone of every thriving organization, offering essential insights into the financial well-being and performance of businesses.

In today's fast-paced business world, staying current with the latest industry practices is more critical than ever. This publication seeks to bridge the gap between theoretical knowledge and real-world application, introducing innovative strategies and best practices that will sharpen your skills and broaden your perspectives. We are dedicated to delivering engaging articles, case studies, and interviews with industry experts that will inspire you to achieve excellence in your career.

As the Vice President, I am committed to ensuring that we maintain the highest standards of content, offering you relevant, accurate, and thoughtful insights. Our talented team of writers and editors works diligently to bring you well-researched content that addresses the challenges and opportunities within the accounting and finance sector today.

I invite you to join us on this journey as we explore the constantly evolving landscape of accounting. Together, let's strive for innovation, excellence, and contribute to the continued success of our field.

Thank you for your support. We look forward to exceeding your expectations with each issue.

Message From Secretary



MS.W.A. S.SANDEEPA
SECRETARY
ACCOUNTING AND FINANCE CLUB

It is my pleasure to present our annual magazine as the secretary of the Accounting and Finance Club. This publication represents the effort and time of many of our team members who have given their utmost in delivering you this magazine well put together.

Within it, there are diverse pieces of information describing the activities of the Organization, reports on the activities of our club, and information on current issues of accountants and financiers.

It was also a pleasure to include a section about our members' achievements during the year which deserves to be recognized. Their achievements and development are great, and we are more than happy to depict their stories of success.

A special word of thanks goes out to all those who have contributed to this magazine. Without your dedication, it would not have been made.

From our side, we hope that reading this issue is as pleasant as we had fun working on it. And we are waiting for you and your active involvement in the activities of the Accounting and Finance Club.

Message From Treasurer



MS.N.THIVYA
TREASURER
ACCOUNTING AND FINANCE CLUB

I am thrilled to serve as the Treasurer of the Accounting and Finance Students Club at our university. Being the Treasurer, it is my duty to oversee the financial aspects of the club, ensuring that our funds are managed efficiently and transparently.

The Accounting and Finance Students Club enhances students' knowledge and skills in accounting and finance through events, workshops, and lectures, gaining insights from industry professionals and staying updated on finance trends.

We support members in professional development through events, workshops, interviews, and networking, equipping them with necessary skills and resources for future careers.

Treasurer collaborates with club executive board to create budget, track expenses, allocate resources effectively, and ensure transparency, accountability, and responsible financial transactions

Message From Editor



MS.J.F.FASRA
EDITOR
ACCOUNTING AND FINANCE CLUB

As we turn the pages of this edition, we are reminded of the dynamic world of accounting and finance that continuously shapes our understanding of business and economics. Our club has had an incredible season, filled with insightful discussions, workshops, and guest speakers who have enlightened us on the latest trends and challenges in the industry.

you will find articles that encompass a variety of topics, from the nuances of financial accounting to the emerging field of fintech. We've also included profiles of inspiring members who have made significant contributions to our club and the community.

Thank you for your continued support and enthusiasm.

Happy reading!

Message From Co Editor



MS.R.A.K. DHANUSHIKA
CO-EDITOR
ACCOUNTING AND FINANCE CLUB

Welcome to our latest edition of the Accounting and Finance Club FINROOT! we bring you the latest updates, tips, and insights in the world of accounting and finance. Whether you're a student or a professional, there's something here for everyone.

We encourage you to actively engage with the articles, ask questions, and share your thoughts. Our goal is to help you grow and stay informed about the trends and changes in the industry.

Furthermore, we're thrilled to showcase the remarkable achievements of our club members over the past year. Their accomplishments not only inspire us but also emphasize the impact of dedication and innovation in the accounting and finance realm. I invite you to delve into the pages ahead, absorbing the wisdom and insights shared by our contributors. Your feedback is crucial as we tailor our content to meet your preferences and needs.

Thank you for being a part of our community, and we hope you enjoy reading!

FACULTY OF BUSINESS STUDIES



DEPARTMENT OF FINANCE AND ACCOUNTANCY
FACULTY OF BUSINESS STUDIES
UNIVERSITY OF VAVUNIYA



EX-CO-2024
ACCOUNTING AND FINANCE CLUB
UNIVERSITY OF VAVUNIYA

DEPARTMENT OF FINANCE AND ACCOUNTANCY
FACULTY OF BUSINESS STUDIES
UNIVERSITY OF VAVUNIYA



2019/2020
Batch



2020/2021
Batch



2021/2022
Batch

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FORENSIC ACCOUNTING

By N.Shasalya
2019/BS/33

Forensic accounting is a combination of accounting and investigative techniques used to discover financial crimes. Forensic accounting utilizes accounting, auditing, and investigative skills to examine the finances of an individual or business. Forensic accountants are certified public accountants who look for evidence of crimes and commonly work for insurance companies, financial institutions, and law enforcement agencies. They may work on cases such as fraud and embezzlement and explain the nature of financial crime in court.

How does forensic accounting work?

Forensic accounting functions as an investigative process. The process starts with identifying potential financial misconduct or fraud within an organization.

Data collection and analysis: Forensic accountants collect and analyze financial data, records and transactions. And review all the relevant documents to trace irregularities.

Evidence gathering: This includes interviewing employees, examining electronic data trails and tracing financial transactions.

Forensic techniques: Utilising forensic techniques to delve deep into financial records to uncover hidden trails of frauds and misconduct.

Reporting and legal action: Forensic accountants compile their findings into comprehensive reports. These reports can be used in legal proceedings to hold wrongdoers accountable.

Key principles of forensic accounting

Principles

Objectivity: Forensic accountants must maintain impartiality and objectivity throughout their investigation.

Confidentiality: Protect sensitive financial information.

Independence: Forensic accountants should operate independently from the entities they are investigating to avoid undue influence on their findings and conclusions.

Professional skepticism: A degree of skepticism is maintained during the investigation to thoroughly question and scrutinize financial data.

Ethical conduct: Forensic accountants must uphold high ethical standards to ensure the integrity of their work and maintain public trust.

Legal compliance: Investigation must comply with relevant laws and regulations.

Clear communication: Effective communication of findings in written reports.

Application of Forensic Accounting

Financial Fraud Investigations: Forensic accounting is often considered to investigate financial fraud within organizations. This includes embezzlement, misappropriation of funds, and fraudulent financial reporting.

Litigation Support: Forensic accounting provides litigation support by analyzing financial evidence, calculating damages in legal disputes, and offering expert testimony in court to assist judges and juries in making informed decisions.

Asset Tracing: It helps trace and recover misappropriated or hidden assets in cases involving bankruptcy, or disputes over the distribution of assets.

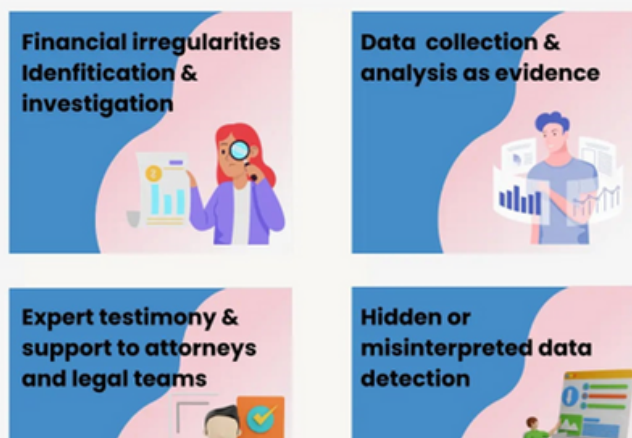
Anti-Money Laundering (AML): In the financial sector, forensic accounting assists institutions in identifying and reporting transactions that may be associated with money laundering activities.

Bankruptcy Proceedings: It also helps examine financial records in bankruptcy cases to identify preferential or fraudulent transfers and ensure equitable distribution of assets among creditors.

Due Diligence: In activities like mergers and acquisitions, forensic accountants conduct due diligence to assess target companies' financial health and integrity.

Cybercrime Investigations: With the rise of cybercrime, forensic accountants specialize in tracing financial transactions and investigating data breaches.

The Role of Forensic Accountants

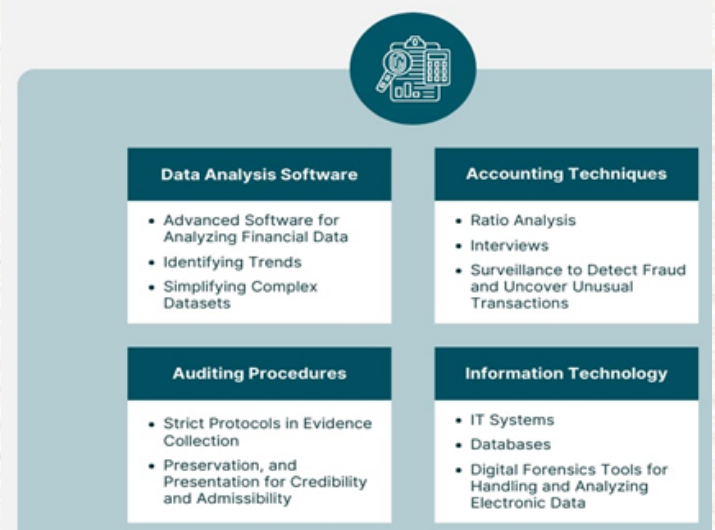


Forensic accounting in Sri Lankan context

Day by day, the number of frauds happening in the country has risen and amounts to a higher amount. To figure out these frauds, basic knowledge in the accounting field won't be enough. Forensic accounting is considered a significant field in accounting to discover scams in the global context. When it comes to the Sri Lankan context, we still question how we use forensic accounting in fraud mitigation compared to the worldwide context.

In conclusion, the growing complexity of financial transactions and digital technology will increase the risk of financial fraud and misconduct. In the meantime, stricter regulations and compliance standards will necessitate robust forensic accounting to ensure adherence. However, advancements in data analytics, artificial intelligence, and blockchain technology will empower forensic accountants to detect and investigate financial misconduct with greater precision and efficiency.

Tools and Techniques Used by Forensic Accountants





VEHICLE WASH



Vehicle wash activity conducted by Accounting and Finance Club on 14th of February 2024 at the entrance of University of Vavuniya. Activities includes body washing and vacuum cleaning the vehicles. This activity was conducted successfully with the support of all faculty and nonacademic staffs as well as students. The objective of vehicle wash activity was "Fund raising". The amount collected was utilized for following club activities.



Exploring the Essence of Accounting Principles

2019/BS/211

P.H.Dilki Kaushalya

4 TH YEAR

Accounting principles are defined as, the rules and regulations that businesses and other organizations have to abide by when disclosing financial information are known as accounting principles. By standardizing the terminology and procedures that accountants must use, these regulations facilitate examining financial data.

Purpose of Accounting

Any set of accounting rules should ultimately aim to guarantee the completeness, consistency, and comparability of a company's financial statements.

Investors will find it simpler to examine and get meaningful insights from the company's financial statements as a result, including historical trend data. It also makes it easier to compare financial data from several companies. By promoting transparency and making warning signs visible, accounting principles also aid in the reduction of accounting fraud.

The following are some of the most essential accounting concepts

- **Accrual principle**
- **Conservatism principle**
- **Consistency principle**
- **Economic entity principle**
- **Going concern principle**



- **Matching principle**
- **Materiality principle**
- **Monetary unit principle**
- **Reliability principle**
- **Revenue recognition principle**
- **Time period principle**

These include the revenue recognition principle, the matching principle, the consistency principle, and the materiality principle.

The materiality principle guarantees completeness since all significant transactions should be included in the financial accounts. A company's long-term use of accounting rules is referred to as consistency.

The crucial role of accounting principles in ensuring financial integrity and transparency

Standardization:- Provides a uniform framework for financial reporting, ensuring consistency across the organization.

Accuracy: - Ensures financial statements are reliable and reflect the true financial position.

Transparency: - Requires full disclosure of all relevant financial information, preventing misleading reporting.

Ethical Reporting:- Promotes ethical practices through principles like prudence, ensuring conservative and honest financial representation.

Comparability:- Facilitates comparison of financial statements across different periods and entities, aiding stakeholder analysis.

Regulatory compliance:- Ensures adherence to legal standards, building trust with regulators and the public.

Stakeholder Confidence:- Enhances trust among investors, creditors, and other stakeholders by providing clear and accurate financial information.

These points highlight the essential role of accounting principles in upholding the integrity and transparency of financial reporting. These principles are essential for ensuring that accounting information is accurate, consistent, and useful for decision-makers. They also help maintain the credibility and reliability of financial reporting.

Basic Accounting Principles

1 Accrual principle

Economic entity principle 6

2 Conservatism principle

Full disclosure principle 7

3 Consistency principle

Matching principle 8

4 Cost principle

Materiality principle 9

5 Going concern principle

Reliability principle 10

11 Time period principle



A free juice stall was opened by Accounting and Finance club on 21st of February 2024 at University premises for the refreshment of students and staffs at the Thai pongal vizha. This charitable activity was to contribute to our students and staffs for quenching their thirst. It was refreshing experience for us and We hope this revitalized many students and staffs to face the Hight of summer.



FREE JUICE STALL



2019/BS/55

N.Thivya

All jobs have ethics. Doctors have rules and guidelines to follow when attending to a patient, architects have protocols in place to make sure their buildings are structurally sound, same for that accountants also have Ethics. that are extremely important in the financial world. If companies could create edit and change their earnings without any oversight nobody would invest in the stock market. Ethics in accounting is a crucial topic that encompasses a range of principles and standards governing the conduct of accounting professionals. ethics in accounting typically delve into specific issues, challenges, and best practices aimed at promoting integrity and trust in financial reporting. Here are fundamental principles of professional ethics applicable to professional accountants. The Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka.

Integrity- it refers to the accuracy and honesty in financial reporting and record-keeping, ensuring that stakeholders can rely on financial statements and analyses to make informed decisions. Ethics encompasses the moral principles that guide the behavior and decisions of individuals and organizations in the accounting profession.

Confidentiality- This is to ensure that information received by the accountant must be kept in secrecy and respected in the course of duty. Unless obligated by law, an accountant should not disclose or use such information unless specific authority has been given.



a professional accountant shall continue to comply with the principle of confidentiality even after the end of the relationship between the accountant and a client or employing organization. When changing employment or acquiring a new client, the accountant is entitled to use prior experience but shall not use or disclose any confidential information acquired or received as a result of a professional or business relationship.

Objectivity- Objectivity concept in accounting is referred to as the principle which states that financial statements should be objective in nature. In other words, the financial information should be unbiased and free from any kind of internal and external influence. Financial information presented in financial statements should be based on solid evidence and not just recorded based on some kind of opinion. The purpose served by this principle is that it does not let the opinions of management and accountants impact the preparation of financial statements at any given point of time.

Professional behavior- A professional accountant should comply with the relevant laws and regulations and should avoid any action that discredits the profession. It encapsulates ideals of honesty, fairness, objectivity, and responsibility in delivering financial services and information. These ethical standards guide accountants in their daily operations, shaping their professional decisions and behaviors.

Professional competence and due care-

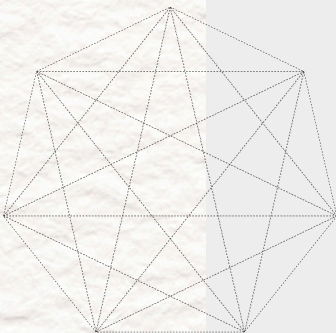
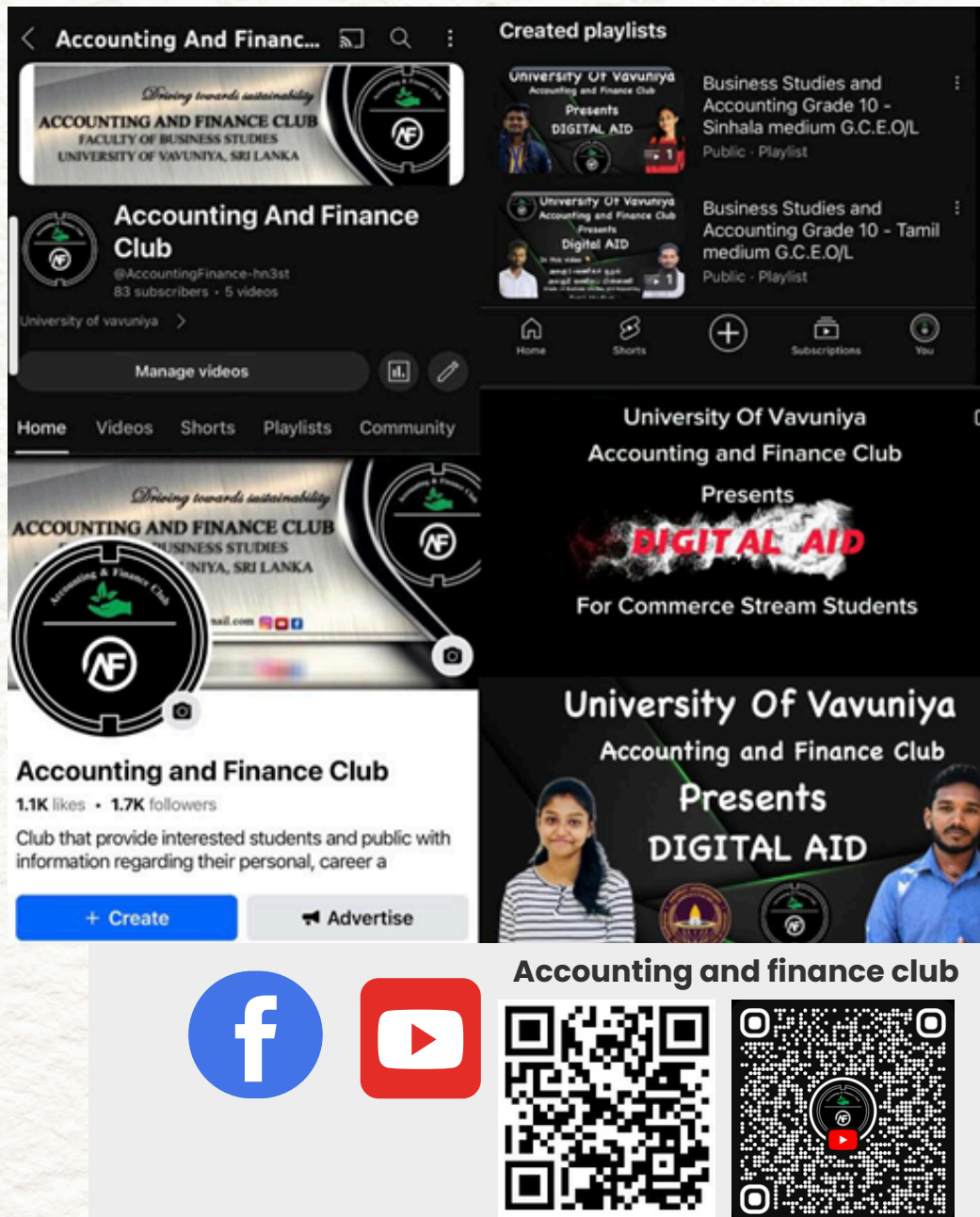
There are principles that every firm expects every professional to execute, implementing his professional knowledge and skills to move the company towards its targets. This professional competence requires the awareness of current developments in the market, in any company's field practices,

legislation changes, innovative techniques, etc. "Due Care" is a level of responsibility of the executive to be in tune with the changing business environment, moving according to the rules to successfully reach the goals of a company. ethical principles establish the standard of behavior expected of a professional accountant.

In conclusion, accounting professional ethics is the code of conduct in its field as well as the accountants' responsibility and duty to the society. For their long-term job, responsibility and job attitude, they must possess accounting ethics.



DIGITAL AID 3RD PROGRAM



Digital Aid 3rd program was organized by Accounting and Finance club on 13th of March 2024 and made a fresh step in you tube platform. You tube channel was created for Accounting and Finance Club in order to enhance the digital Aid program. It was conducted in both Sinhala and Tamil medium. This program was to improve the knowledge of the ordinary level as well as advanced level students in commerce stream.

USES OF ACCOUNTING STANDARDS FOR AN ORGANIZATION

P.A.D.N.Sewwandi
2020/BS/143

Accounting standards are essential guidelines and rules that organizations must follow when preparing their financial statements. These standards ensure consistency, transparency, and comparability in financial reporting, enabling stakeholders to make informed decisions based on reliable information. In this two-page discussion, we will explore the various uses of accounting standards for an organization.

• **Enhancing Financial Reporting Quality**

One of the primary purposes of accounting standards is to enhance the quality of financial reporting. By providing a clear framework for recording and presenting financial transactions, accounting standards help ensure that financial statements are accurate, reliable, and relevant. This improves transparency and accountability, which is crucial for building trust among stakeholders, such as investors, creditors, and regulators.



• **Facilitating Comparability**

Accounting standards promote comparability by standardizing the way financial information is reported. Organizations following the same accounting standards can be compared more easily, allowing users to assess their financial performance and position accurately. Consistent application of accounting standards also enables stakeholders to analyse trends over time and make meaningful comparisons between different entities within the same industry.

• **Ensuring Regulatory Compliance:**

Compliance with accounting standards is essential for organizations to meet regulatory requirements. Regulatory bodies such as the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) set these standards to ensure uniformity and transparency in financial reporting. Adhering to these standards helps organizations avoid legal issues, regulatory penalties, and reputational damage.

• Improving Access to Capital

Following recognized accounting standards can enhance an organization's access to capital. Investors and lenders are more likely to trust financial information prepared by established standards, as it reflects a commitment to transparency and accuracy. This can lead to increased investor confidence, improved credit ratings, and greater access to funding sources to support the organization's growth and expansion.

• Supporting Strategic Decision-Making:

Accounting standards play a vital role in supporting strategic decision-making within an organization. By providing uniform guidelines for financial reporting, these standards enable management to analyze the financial health of the organization accurately. This information is crucial for assessing performance, identifying areas for improvement, and making informed decisions to drive the organization towards its strategic objectives.

• Enhancing Stakeholder Confidence:

Adhering to accounting standards enhances stakeholder confidence in an organization's financial reporting practices. Transparent and consistent financial information instils trust among stakeholders, including investors, employees, customers, and regulatory authorities. This confidence can strengthen relationships with stakeholders and enhance the organization's reputation in the market.

In conclusion, accounting standards play a critical role in ensuring the integrity and reliability of an organization's financial reporting. By promoting transparency, comparability, regulatory compliance, and informed decision-making, these standards help organizations build trust with stakeholders, access capital markets, and achieve their strategic objectives. Compliance with accounting standards is not only a regulatory requirement but also a strategic advantage that can enhance the organization's credibility and reputation in the business world.

Benefits of Accounting Standards



Uniform accounting
methods



Makes financial
statements
reliable



Minimises
accounting fraud
risk



Allows
comparison



Establishes
accountability



Assists in
auditing

miro

THE IMPORTANCE OF MANAGEMENT ACCOUNTING IN TODAY'S BUSINESS ENVIRONMENT

R. A. N. E. Sumanasekara
2020/BS/58

What is Management Accounting?

Management Accounting is a branch of accounting that deals with presenting and providing accounting information to the management in a systematic way so that it can perform its management functions of planning, controlling, and decision-making effectively and efficiently.

Key Concepts of Management Accounting:

- **Cost Accounting:** Cost accounting involves tracking and analyzing the costs associated with producing goods or services. By understanding production costs, managers can make informed decisions regarding pricing, production levels, and resource allocation. Cost accounting helps identify cost-saving opportunities and improve profitability.
- **Budgeting and Forecasting:** Budgets and forecasts are essential tools in management accounting. Budgets outline expected revenues and expenses for a specific period, while forecasts predict future financial performance based on historical data and market trends. These tools help set goals, monitor performance, and make necessary adjustments to ensure organizational success.



- **Variance Analysis:** Variance analysis compares actual performance against budgeted or expected performance. By analyzing differences, managers can identify areas of concern and take corrective action to improve performance. Variance analysis provides insights into the reasons behind discrepancies and helps in making informed decisions for the future.

Importance of Management Accounting:

- **Strategic Decision-Making:** Management accountants play a crucial role in strategic planning and decision-making. By providing timely and relevant financial information, they enable managers to align decisions with organizational goals and objectives. Management accounting helps in setting strategic direction and making informed choices to drive business success.

- **Performance Evaluation:**

Management accounting provides a framework for evaluating organizational performance. By analyzing financial data, managers can assess the effectiveness of strategies, identify areas for improvement, and make data-driven decisions to enhance performance. Performance evaluation is essential for measuring progress towards organizational goals.

- **Cost Control and Profitability:**

Cost control is a key aspect of management accounting that helps organizations manage expenses and improve profitability. By analyzing costs through techniques like cost accounting, managers can identify inefficiencies, eliminate waste, and optimize resource allocation. Cost control is essential for maintaining competitiveness and maximizing profitability.

Advantages of Management Accounting

- It assists in decision making like pricing accepting additional offer, choosing a suitable product mix and so on.
- 1. It increases activities that can be planned with the help of budgeting and forecasting.
- Different tools have provided the validity and reliability of the business concern.
- It helps communicate up-to-date information to numerous parties associated with the company.
- It analyses the best socio and economic forces and government policies, which will help to assess the impact of the business concern.

Disadvantages of Management Accounting

- It is concerned with financial and cost accounting. In case these records are not reliable; it will impact the effectiveness of management accounting.
- It is expensive. Only big concerns can adopt this.
- New rules and regulations are to be formed, hence is a probability of resistance from workers.
- It is only in the development stage.
- It provides only data and not decisions.
- It is a tool for the management not an alternative of management.

Conclusion:

In conclusion, management accounting is a fundamental function within organizations that provides managers with the financial information needed to make informed decisions. By understanding key concepts such as cost accounting, budgeting, forecasting, and variance analysis, managers can effectively manage their businesses and drive success in today's competitive business environment. Management accounting is critical for strategic decision-making, performance evaluation, cost control, and overall organizational success in the modern business landscape.



Support seminar for G.C.E Ordinary Level students



Support seminar for ordinary level for commerce subject was conducted by Accounting and Finance club on 21st of March 2024 at Vavuniya puthukulam National school for the students of Vavuniya puthukulam National school and Vavuniya tharanikkulam Ganesh Vidyalayam. Objective of this event is to provide educational support for these students in commerce subject and to face their final examination successfully.



Beyond Balance Sheets: The Accountant's Evolution in the Digital Age

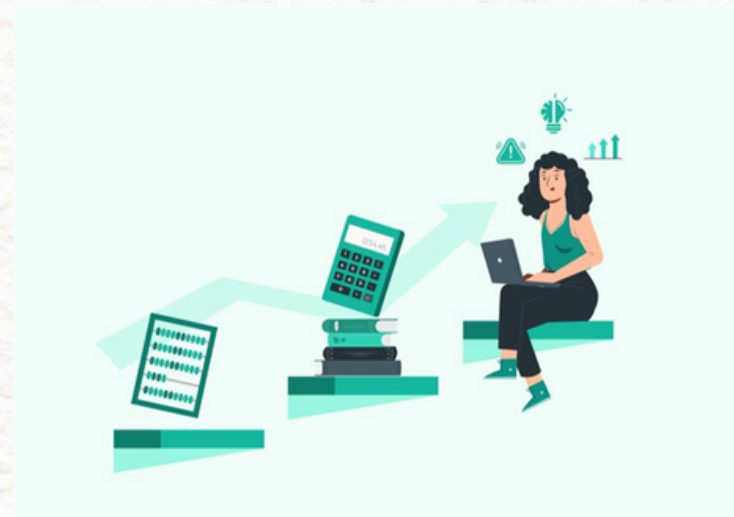
W.G.Sheshani Pramudika
2020/BS/200

The traditional role of an accountant

Traditionally, accountants were primarily tasked with recording financial transactions, balancing ledgers, and preparing financial statements. Their role revolved around ensuring accurate bookkeeping, calculating taxes, and generating reports for regulatory compliance. While these tasks remain essential, the Accountant's role has expanded beyond these functions.

Evolution of the accountant's role

The evolution of an accountant's role is a testament to the adaptability of finance professionals in a rapidly changing world. Technological advancements have elevated Accountant's capabilities, allowing them to transition from transactional roles to strategic partners. Their insights drive informed decision-making, optimize financial processes, and enhance business outcomes. Soft skills, coupled with ethical leadership, ensure that accountants are not just numbers experts but also effective communicators, problem-solvers, and ethical guardians. As businesses continue to navigate complexities, modern accountants are poised to shape the future of finance, steering organizations toward growth, stability, and success.



1.Technology's Impact:

Automation has reduced the time spent on manual tasks, allowing accountants to focus on higher-value activities such as data analysis, strategy development, and decision-making.

2.Strategic Advisors:

Modern accountants have transitioned from being data processors to becoming strategic advisors. They leverage their analytical skills to provide valuable insights that guide business decisions, identify growth opportunities, and address financial challenges.

3.Crisis Management:

Economic crises, such as the 2008 financial recession and the more recent COVID-19 pandemic, have highlighted the adaptability of accountants. In times of crisis, accountants have played a pivotal role in helping businesses navigate financial uncertainties, assess cash flow, secure funding, and access government assistance programs.

3. Emphasis on Soft Skills:

The evolving role of accountants demands more than technical expertise. Effective communication, problem-solving, and collaboration have become essential skills as accountants work closely with diverse teams across an organization.

4. Ethical Leadership:

Accountants are increasingly entrusted with upholding ethical financial practices. They ensure transparency, prevent fraud, and maintain the integrity of financial information, contributing to an organization's reputation and stakeholder trust.

The journey of an accountant's role from being a meticulous number cruncher to a strategic advisor exemplifies the adaptability and resilience of finance professionals.

Technology has propelled the field forward, enabling accountants to focus on analysis, strategy, and decision-making. As businesses continue to evolve, accountants will remain at the forefront, guiding financial strategies and contributing to overall success. In a world driven by numbers, an accountant's role extends beyond calculations – they are the architects of financial success.

As technology infiltrates the accounting domain, the Accountant's role has transformed. Automation tools and specialized accounting software have significantly reduced the time spent on manual, repetitive tasks. This shift has allowed accountants to allocate more time to value-added activities. Automation enhances accuracy and empowers accountants to engage in more strategic functions. No longer limited to data entry and basic calculations; accountants now leverage technology to become data analysts, interpreters, and strategic thinkers.



LAUNCHING OF CLUB T-SHIRT



Accounting and Finance club launched their club T-shirts on 9th of April 2024. The objective of T-shirt launch was to raise fund for conducting future club activities.

Crucial Role of Income Tax in a Nation's Well-Being

H.R.S.M.Kumari
2019/BS/01

Understanding income tax in Sri Lanka is crucial for individuals and businesses alike. Sri Lanka employs a progressive income tax system. This means tax rates increase as taxable income rises. The Inland Revenue Department (IRD) is responsible for administering income tax.

Tax Rates

- Individuals: Rates range from 6% for the lowest bracket to 30% for the highest. The specific rate depends on total taxable income for the year.
- Companies: A flat rate of 30% applies to a company's net profit.

Tax Threshold: As of June 2024, a monthly income threshold of Rs. 150,000 (approximately \$420) exists. If monthly income falls below this, won't pay income tax.

Taxable Income

This refers to total income after deducting allowable expenses and reliefs. Common income sources subject to tax include: Employment income (salaries, wages, bonuses), Business income, Interest income, Rental income, Dividend income & Capital gains (profits from selling assets) Expenses directly related to earning income deduct from income.



Examples include business expenses for the self-employed or travel expenses for work.

Tax Reliefs: Allowances granted by the government to reduce taxable income. These might include personal allowances, relief for rent, medical expenses, educational costs, and interest paid on housing loans.

Important of tax for the country

Income tax, often perceived as a financial burden, is in fact the lifeblood of a nation's progress. It acts as the primary engine, generating revenue that fuels essential public services, shapes economic landscapes, and ultimately determines a nation's well-being.

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Income tax, often perceived as a financial burden, is in fact the lifeblood of a nation's progress. It acts as the primary engine, generating revenue that fuels essential public services, shapes economic landscapes, and ultimately determines a nation's well-being.

1. The Cornerstone of Public Services:

Building a Nation's Infrastructure

Imagine a nation without functioning roads, crumbling bridges, and unreliable communication networks. This would be the harsh reality without income tax revenue. A significant portion of collected taxes goes towards building and maintaining vital infrastructure – the arteries of a nation's economy and social fabric.

- **Roads and Bridges:** Efficient transportation infrastructure is critical for the movement of goods and people. Income tax funds the construction, maintenance, and upgrades of road networks, bridges, and tunnels. This facilitates trade, promotes tourism, and connects rural and urban areas, fostering economic growth and social cohesion.
- **Public Transportation Systems:** Well-developed public transportation systems, from buses and trains to subways and trams, rely heavily on tax dollars. These systems offer affordable mobility options, reduce traffic congestion, and contribute to a cleaner environment.
- **Communication Networks:** In today's digital age, robust communication infrastructure is essential. Taxes fund the development and maintenance of telecommunication networks, ensuring citizens have access to the internet, phone lines, and other communication channels, fostering business activity and social interaction.

2. Investing in People: Education, Healthcare, and Social Safety Nets

A nation's most valuable resource is its people. Income tax plays a crucial role in nurturing this resource by funding education, healthcare, and social safety nets.

- **Education:** A well-educated population is the backbone of a thriving economy and a vibrant democracy. Income tax supports public schools, universities, and vocational training programs. This investment in education equips individuals with the skills and knowledge necessary to contribute meaningfully to society, driving innovation and economic growth.
- **Healthcare:** Access to quality healthcare is a fundamental human right and essential for a healthy and productive workforce. Income tax contributes to funding public hospitals, clinics, and public health initiatives. This ensures that preventive care, treatment for illness, and access to essential medication are available to all citizens, regardless of their income level.
- **Social Safety Nets:** Income tax plays a vital role in financing social security programs that provide a safety net for vulnerable populations. These programs include pensions for the elderly, unemployment benefits, and disability programs. They foster social stability and provide a measure of financial security for those who are unable to work or have fallen on hard times.



3. **Shaping the Economy:** Balancing Redistribution and Growth.

Income tax policies can be powerful tools for shaping a nation's economic landscape. Here's how:

- **Progressive Taxation:** A cornerstone of many income tax systems is the concept of progressive taxation. This means that tax rates increase as income rises. This approach promotes income redistribution, where wealthier individuals contribute a larger share of their income to the public purse. This helps bridge the gap between rich and poor, fostering social mobility and a more equitable distribution of resources.
- **Tax Incentives:** Income tax policies can be designed to incentivize specific economic activities. For instance, tax breaks for businesses can stimulate investment, job creation, and economic growth. Similarly, tax deductions for research and development can foster innovation and technological advancements. However, striking a balance is crucial. Excessively high tax rates can stifle investment and entrepreneurship.

4. **Building Stability and Predictability:** A Foundation for Long-Term Growth

Income tax provides a reliable and predictable source of revenue for governments. This allows for long-term planning and investment in critical areas such as infrastructure, education, and healthcare. This predictability fosters a stable economic environment that benefits businesses and citizens alike.

- **Long-Term Investments:** With a steady stream of income from taxes, governments can plan for the future and make long-term investments that have a ripple effect across society. These investments can include infrastructure projects, educational reforms, and scientific research.
- **Economic Resilience**

5. **Encouraging Economic Growth and Investment**

- Income tax policies can be crafted to incentivize economic activity and investment. For instance, tax breaks for businesses can stimulate job creation and economic growth. Similarly, tax deductions for research and development can foster innovation and technological advancements.
- However, striking a balance is crucial. Excessively high tax rates can discourage investment and entrepreneurship. A well-designed income tax system aims to raise revenue without stifling economic growth.

6. Promoting Income Redistribution and Equity

- Progressive income tax systems, where tax rates increase for higher earners, play a crucial role in income redistribution. Wealthier individuals contribute a larger share of their income, helping to bridge the gap between rich and poor. This fosters a more equitable society and promotes social mobility.
- Tax revenue can also be directed towards targeted programs for low-income earners, such as subsidies for education, housing, or childcare. These programs help to level the playing field and create a fairer society.

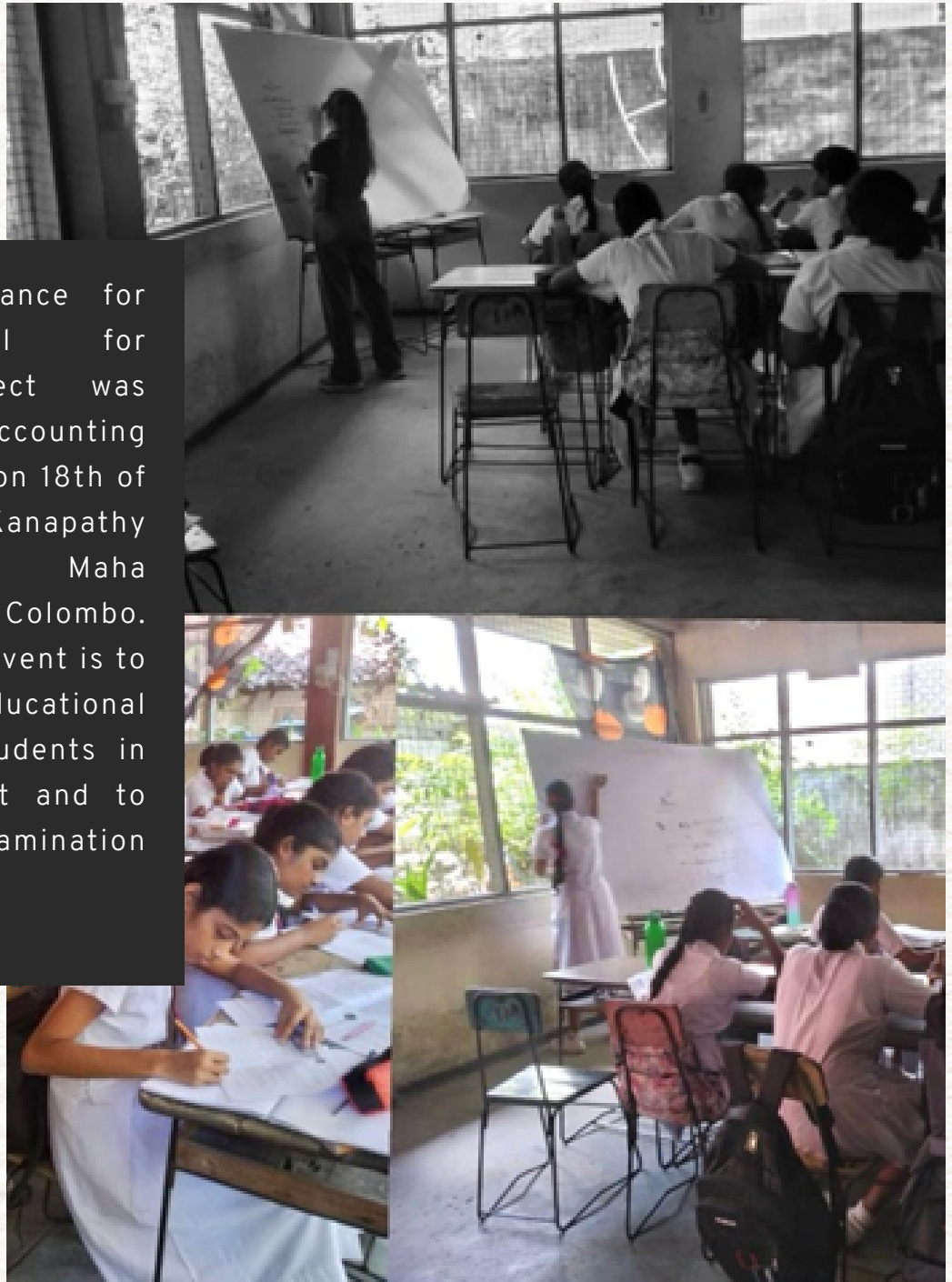
Income tax plays a multifaceted role in a nation's development. It generates revenue for essential public services, promotes social equity, encourages economic growth, and fosters a stable and predictable economic environment. While navigating the complexities of an income tax system can be challenging, understanding its importance is crucial for a nation's well-being.

The role of taxation in promoting economic growth and development



EDUCATIONAL GUIDANCE FOR G.C.E ORDINARY LEVEL STUDENTS

Educational guidance for ordinary level for commerce subject was conducted by Accounting and Finance club on 18th of April 2024 at Kanapathy Hindu Ladies Maha Vidyalayam Colombo. Objective of this event is to provide educational support these students in commerce subject and to face their final examination successfully.



FINANCIAL TECHNOLOGY

2019/BS/78

K.U.M.Silva

The term "financial technology" refers to new technologies that aim to enhance and mechanize the provision and utilization of financial services. Fintech is primarily used to assist organizations, entrepreneurs, and customers manage their financial operations, procedures, and lives more effectively. It is made up of algorithms and specialized software that are utilized by computers and smartphones. The term "financial technology" has been simplified to "fintech."

When fintech emerged in the twenty-first century, it referred to the technology used in well-known financial institutions' backend systems, such as banks. There was a movement toward consumer-oriented services between roughly 2018 and 2022. Fintech includes various fields and businesses, including investment management, retail banking, education, nonprofit fundraising, and fundraising.

The development and usage of cryptocurrencies, like Bitcoin, is also included in fintech. Even though that particular fintech sector may garner the most attention, the multitrillion-dollar market capitalization of the traditional global banking sector still holds the key to success.

Blockchain, AI, and big data are the main forces behind modern fintech, and they have all fundamentally changed how businesses move, store, and safeguard digital cash.



In particular, companies can gain significant insights into consumer behavior and spending patterns via AI, which will help them comprehend their clientele. Big data analytics can assist companies in forecasting market shifts and developing fresh, data-driven business plans. Blockchain is a more recent financial technology that facilitates decentralized transactions without the need for input from a third party. A network of blockchain participants can monitor potential additions or changes to encrypted data.

Fintech companies aim to disrupt and eventually replace existing financial services providers by offering superior or faster service, catering to underrepresented populations, or being better adaptable.

For instance, banking startup Affirm provides customers with quick, short-term loans for purchases to remove credit card providers from the online shopping experience. Affirm promises to give customers with bad or no credit a method to get credit and establish a credit history, even though their rates can be expensive.

Fintech companies aim to disrupt and eventually replace existing financial services providers by offering superior or faster service, catering to underrepresented populations, or being better adaptable.

Similarly, GreenSky aims to connect banks and home repair borrowers by assisting customers in avoiding lenders and lowering interest rates by providing interest-free promotional periods.

Tala provides micro-loans to customers in the developing world who have bad credit by thoroughly investigating their smartphone usage for transaction history and seemingly irrelevant information, such as the mobile games they play. Tala aims to provide these customers with more options than unregulated lenders, local banks, and other microfinancing companies.

In short, fintech likely has an answer for you if you've ever wondered why a certain area of your financial life was so uncomfortable or felt like it wasn't quite the right match. There are four broad categories of users for fintech:

- Business-to-business (B2B) for banks
- Clients of B2B banks
- Business-to-consumer (B2C) for small businesses
- Consumers

Regarding customers, the younger you are, the more probable it is that you understand what fintech is and can define it precisely. Due to their large numbers and increasing earning potential, Gen Z and millennials are the primary target market for consumer-oriented fintech.

A business owner or startup would have gone to a bank to acquire finance or startup money prior to the introduction of fintech. They would need to get in touch with a credit provider and even set up infrastructure, like a landline-connected card reader, if they wanted to take credit card payments. With the development of mobile technology, these hurdles disappeared.

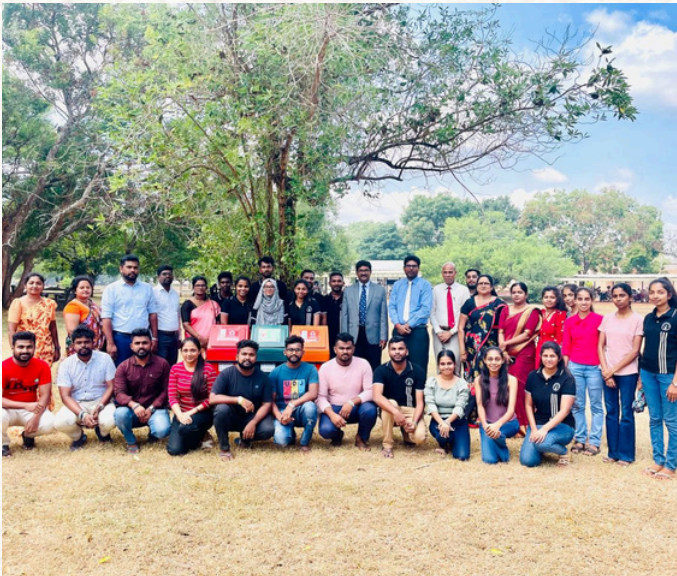
One of the industries with the highest levels of regulation worldwide is financial services. Therefore, as fintech companies grow, governments' top concern now seems to be regulation.

Fintech companies offer businesses and consumers new capabilities and opportunities, but they also bring new risks that need to be considered. The two primary issues are data privacy and regulatory arbitrage.

Another issue in the developing world of cryptocurrencies is regulation. Through initial coin offers (ICOs), entrepreneurs can directly raise funds from the general public. They are mostly unregulated and have developed into havens for fraud and scams. Due to regulatory uncertainties around initial coin offerings (ICOs), businesses have been able to avoid fees and compliance costs by passing security tokens under the pretense of utility tokens past the U.S. Securities and Exchange Commission (SEC). It is challenging to create a unified, all-encompassing solution to these issues due to the variety of fintech solutions and the various industries they affect. Generally speaking, governments have regulated fintech by utilizing already-existing laws and, occasionally, customizing them.



WASTE MANAGEMENT PROGRAM



Accounting and finance club implemented waste management program on 31st of July 2024 and fixed permanent dustbins in University premises. Dustbins for this program was donated by Vavuniya South tamil pradeshya sabha. The main objective of this program is to maintain a proper waste management system in University premises.



Unlocking the Hidden Magic of Asset Management

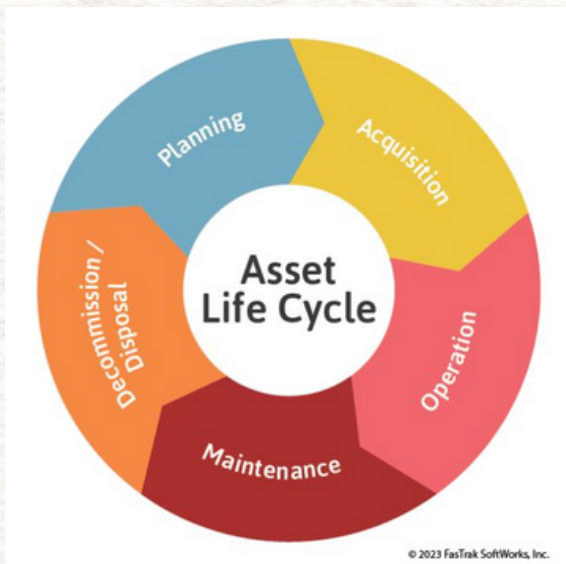
U.P.K.S Pathirathna
2019/BS/88

What is asset management?

Asset management is the process of planning and controlling the acquisition, operation, maintenance, renewal, and disposal of organizational assets. This process improves the delivery potential of assets and minimizes the costs and risks involved. Adequate maintenance and proper deployment of systems, people, and processes ensure a positive enhancement of capital over the asset lifecycle.

The asset lifecycle: what is it?

The number of phases that an organization's asset goes through over the course of its ownership is known as the asset lifecycle. It's the time frame in which a company can use a resource to achieve its objectives both profitably and efficiently. The lifecycle of an asset usually includes all stages of the asset's existence, from purchase to upkeep and disposal.



Asset Management Types.

- **Management of Physical Assets:** Physical asset management ensures efficient use and long life of infrastructure, machinery, and buildings through upkeep, modernization, and management for business investments.
- **Management of Financial Assets:** Financial asset management oversees diverse investment portfolios, aiming to optimize returns while controlling risks across real estate, securities, stocks, and other instruments.
- **Management of Enterprise Assets (EAM):** Enterprise asset management combines financial and material techniques, covering the entire asset lifecycle to ensure every asset advances organizational objectives.
- **Important Asset Management Asset Inventory Elements:** Keeping a thorough record of every asset, including information about its location, value, and state. The planning and decision-making processes depend on this inventory.
- **Monitoring Performance:** Regularly evaluate asset performance by monitoring KPIs and using analytics to forecast future trends, ensuring expectations are met.

- **Management of Maintenance:** creating and putting into practice maintenance plans to extend the life of assets and avert unplanned failures. This covers maintenance techniques that are reactive, predictive, and preventive.
- **Life Cycle Supervision:** Oversee asset acquisition, use, and disposal to ensure value, manage end-of-life disposal, plan future needs, and optimize current assets.

Benefits of asset management

- 1. Improved Asset Utilization:** Asset management helps organizations optimize the use of their assets, ensuring they are used efficiently and to their full potential. This can lead to cost savings and increased productivity.
- 2. Extended Asset Lifespan:** Effective maintenance and monitoring through asset management can help extend the useful life of assets, delaying the need for costly replacements.
- 3. Reduced Downtime:** Proactive maintenance and monitoring can help identify and address issues before they lead to equipment failures or breakdowns, reducing unplanned downtime and associated costs.
- 4. Better Decision-Making:** Asset management provides data and insights that can inform strategic decision-making around asset purchases, replacements, and investments.
- 5. Enhanced Risk Management:** Asset management helps organizations identify and mitigate safety, compliance, and environmental risks associated with their assets.

- 6. Improved Compliance:** Asset management can help ensure that assets are properly maintained and operated in compliance with relevant regulations and standards.

Drawback of asset management

- 1. Fees and Expenses:** Management fees, typically charged by asset management firms, can diminish investment returns, potentially exceeding what self-directed investors could achieve independently.
- 2. Lack of Control:** Entrusting assets to a management company may relinquish control over investment choices, potentially conflicting with personal risk tolerance and objectives.
- 3. Potential Conflicts of Interest:** Asset management companies might be motivated to advise clients to make investments that are better for the company than for them. Conflicts of interest may result from this, which may not always be in the investor's best interest.
- 4. Complexity and Opacity:** With a wide range of investment strategies, products, and reporting, asset management can be a complicated and opaque field. Investors may find it challenging to completely comprehend the risks and performance of their portfolios as a result.
- 5. Dependency on the Manager:** The performance and expertise of the asset management team may have a significant impact on the success of your investments. Your portfolio may suffer significantly if the company or a specific manager underperforms.
- 6. Lack of Personalization:** Bigger asset management companies might provide more universal, generic investing options as opposed to highly personalized portfolios made to meet your unique requirements and objectives.

Accounting Information System

J.K.D.N.Sasanka

2020/BS/014

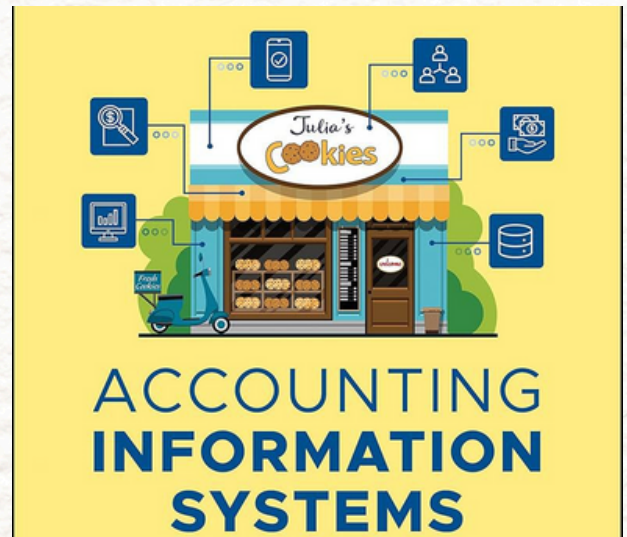
In the dynamic realm of modern business, agility, efficiency, and accuracy are paramount. At the heart of every successful enterprise lies a robust financial infrastructure, and accounting software emerges as the cornerstone of this foundation. Let's embark on a journey to unravel the indispensable need for accounting software and how it empowers businesses to thrive in today's competitive landscape.

Maximizing Efficiency:

In a world where time is money, efficiency is non-negotiable. Accounting software liberates businesses from the shackles of manual processes, automating repetitive tasks such as data entry, invoicing, and reconciliation. By streamlining workflows and eliminating human error, accounting software enables teams to focus their efforts on value-added activities, driving productivity and innovation across the organization.

• Real-time Insights:

Informed decision-making is the lifeblood of any successful enterprise. Accounting software provides businesses with real-time visibility into their financial health, empowering stakeholders to make strategic decisions with confidence and agility. Whether it's tracking cash flow, monitoring expenses, or forecasting future trends, access to timely and accurate data enables businesses to stay ahead of the curve and seize opportunities as they arise.



• Ensuring Compliance:

Navigating the labyrinth of regulatory requirements and tax obligations can be a daunting task for businesses of all sizes. Accounting software simplifies compliance by automating tax calculations, generating compliant financial reports, and ensuring adherence to industry-specific regulations. By reducing the risk of errors and non-compliance, accounting software helps businesses avoid costly fines and penalties while maintaining the trust and confidence of stakeholders.

• Facilitating Growth:

As businesses scale and evolve, so too do their accounting needs. Traditional accounting systems struggle to keep pace with growth, leading to inefficiencies and bottlenecks. Accounting software, on the other hand, is highly scalable and adaptable, capable of growing with the business and accommodating increased transaction volumes, new revenue streams, and expanding operations. Whether it's adding new users, integrating with other business systems, or customizing reports, accounting software provides the flexibility businesses need to scale seamlessly.

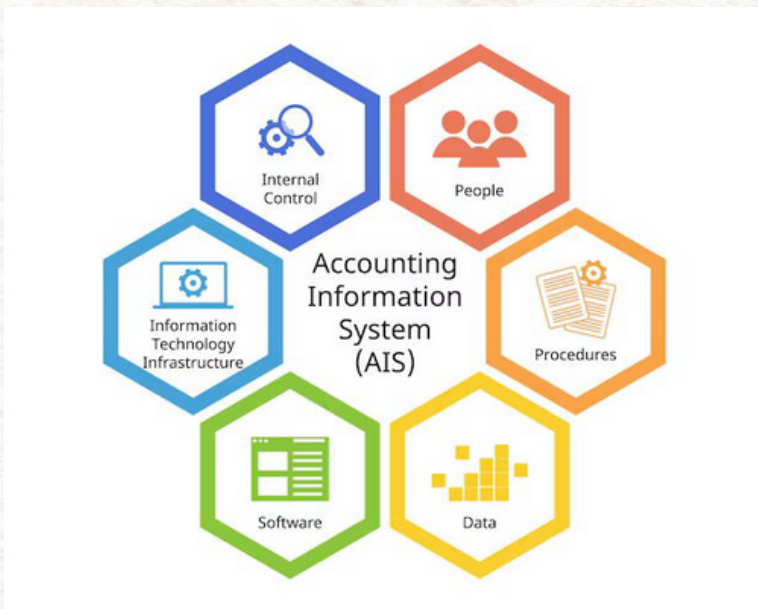
- **Enhancing Collaboration:**

In today's interconnected world, collaboration is key to success. Accounting software facilitates collaboration by centralizing financial data in a secure, accessible platform that can be accessed anytime, anywhere, from any device. With features such as multi-user access, document sharing, and audit trails, accounting software fosters communication and collaboration across departments, ensuring alignment and accountability throughout the organization.

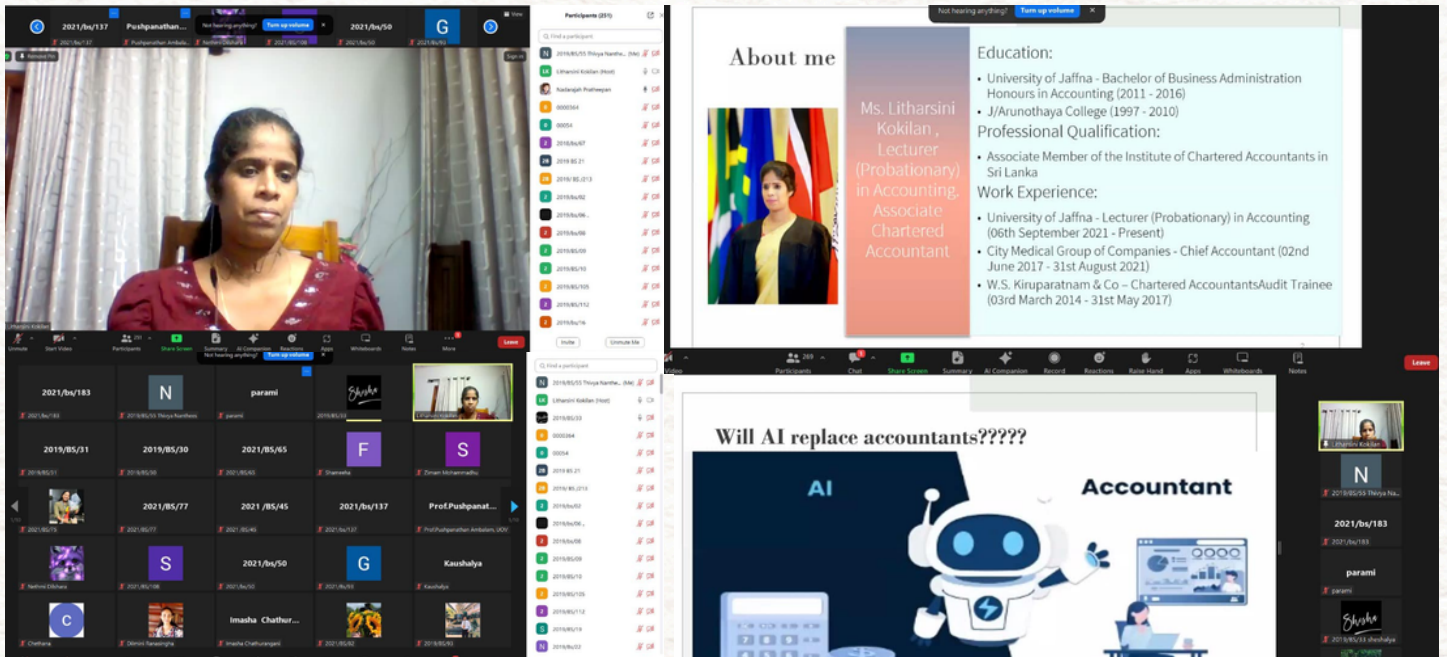
- **Embracing Innovation:**

The pace of technological innovation shows no signs of slowing down, and businesses that fail to adapt risk being left behind. Accounting software harnesses the power of emerging technologies such as artificial intelligence, machine learning, and blockchain to deliver cutting-edge solutions that drive efficiency, accuracy, and insight. Whether it's automating repetitive tasks, analyzing data to uncover trends and patterns, or securing transactions with cryptographic protocols, accounting software empowers businesses to embrace innovation and stay ahead of the curve.

In conclusion, the need for accounting software in today's business landscape cannot be overstated. By maximizing efficiency, providing real-time insights, ensuring compliance, facilitating growth, enhancing collaboration, and embracing innovation, accounting software empowers businesses to succeed in an increasingly competitive and complex environment. As the digital revolution continues to unfold, accounting software will remain a cornerstone of financial infrastructure, enabling businesses to adapt, innovate, and thrive in the years to come.



WEBINAR ON ROLE OF ARTIFICIAL INTELLIGENCE IN ACCOUNTING



ACCOUNTING AND FINANCE CLUB
INVITES YOU TO
WEBINAR
ROLE OF ARTIFICIAL INTELLIGENCE IN ACCOUNTING

Jun 18th, 2024
7.00PM-8.30PM

MS.LITHARSINI KOKILAN
Lecturer(Probationary) UOJ
BBA(Hons) in Accounting, ACA

JOIN US
ZOOM
MEETING ID: 947 1524 1054
Passcode: UoV*2024

0765486852

A webinar on Role of Artificial intelligence in accounting was organized by Accounting and Finance club, University of Vavuniya.

Webinar was conducted via zoom on 18th of June 2024 from 7.00PM to 8.30PM. Ms.Litharsini Kokilan lecturer(Probationary)in Accounting at University of Jaffna was invited as a resource person to conduct this webinar.

It was organized in the motive of providing knowledge on Artificial Intelligence in Accounting mainly focused for Accounting and Finance specialization students.

And the session was successfully conducted with 270+ participants.

Financial Engineering

J.K.D.N.Sasanka
2019/BS/70

Introduction

Financial engineering is a dynamic field that applies mathematical and computational tools to design, analyze, and price financial instruments. It's essentially the engineering process applied to the world of finance, where complex problems are tackled with innovative solutions. This article delves into the world of financial engineering, exploring its core concepts, applications, and its impact on the financial landscape.

The Toolkit of Financial Engineering.

1. **Stochastic Calculus:** This branch of mathematics allows for modeling the random behavior of financial markets, enabling the pricing and risk assessment of complex instruments.
2. **Computational Finance:** Leveraging coding and powerful computing resources, financial engineers build intricate models to simulate market scenarios and analyze financial products.
3. **Optimization Techniques:** These methods help identify the most efficient solutions, such as optimal portfolio allocations or risk management strategies.
4. **Financial Derivatives:** These contracts, derived from the value of underlying assets like stocks or bonds, are a basis of



financial engineering. Options, futures, and swaps are all examples of derivatives used to manage risk, speculate on price movements, and create new investment opportunities.

Applications of Financial Engineering.

Financial engineering finds applications across various sectors of the financial industry. Here are some prominent examples:

1. **Risk Management:** By building sophisticated risk models, financial engineers help institutions like banks and hedge funds identify, measure, and mitigate financial risks. This ensures stability and protects against potential losses.
2. **Product Development:** Financial engineers are instrumental in designing new financial instruments tailored to specific investor needs. This could involve structured products, which combine different asset classes into a single investment, or customized derivatives for managing specific exposures.

3. Investment Banking: Financial engineers play a crucial role in investment banking activities like mergers and acquisitions, by valuing companies and structuring complex financial deals.

4. Asset Management: Portfolio managers leverage financial engineering tools to optimize asset allocation, build diversified portfolios, and track performance against benchmarks.

Financial engineering has revolutionized the financial world by:

1. Enhancing Market Efficiency: By creating new instruments and facilitating risk transfer, financial engineering has increased market efficiency and liquidity.

2. Expanding Investment Opportunities: The introduction of complex financial products offers investors a wider array of investment options to meet their risk-return preferences.

3. Managing Risk: Sophisticated risk models have improved the ability of financial institutions to manage risk, promoting financial stability.

Despite its benefits, financial engineering has also drawn criticism.

1. Complexity and Opacity: The intricate nature of some financial instruments can be difficult for investors to understand, potentially leading to misinformed investment decisions.

2. Potential for Systemic Risk: The interconnectedness of complex derivative markets can amplify risks, as witnessed during the 2008 financial crisis.

3. Short-Termism: The focus on maximizing short-term profits through complex financial trick can overshadow long-term investment strategies.

Challenges and Future Directions.

1. Model Risk

One of the significant challenges in financial engineering is model risk, which arises from the potential inaccuracies in financial models. Ensuring model robustness and accuracy is crucial for effective financial decision-making.

2. Technological Advancements

Continuous advancements in technology, such as artificial intelligence and machine learning, are shaping the future of financial engineering. These technologies offer new opportunities for innovation in areas like predictive analytics, automated trading, and fraud detection.

Uses of Financial Engineering

- Behavioural finance
- Investment analysis
- Risk management and analytics
- Credit management and Credit risk
- Quantitative portfolio management
- Structured financial products and personalized financial vehicles
- Pricing of options and additional financial derivatives

3. Regulatory Changes

The financial industry is subject to constant regulatory changes, which can impact financial engineering practices. Staying abreast of regulatory developments and adapting models and strategies accordingly is essential for financial engineers.

- Financial engineering is a powerful tool that has fundamentally reshaped financial markets. By understanding its applications, limitations, and future prospects, we can harness its potential to create a more efficient, stable, and inclusive financial system.

Conclusion

Financial engineering is a dynamic and evolving field that combines finance, mathematics, and technology to solve complex financial problems. Its applications are vast, ranging from risk management and portfolio optimization to corporate finance and regulatory compliance. As technology continues to advance and financial markets become more sophisticated, the role of financial engineering will undoubtedly grow, driving innovation and efficiency in the financial industry.

Financial Engineering

Financial engineering denotes executing scientific and mathematical techniques to decipher business problems.



Fresh & Delicious Corn Stall



Corn stall was put by Accounting and Finance club on spirit cricket match day 3rd August 2024 at University grounds. The objective of this event is to raise fund for further club activities.



Evolution of the Accountant's Role

W.G.Sheshani Pramudika
2020/BS/200

The traditional role of an accountant

Traditionally, accountants were primarily tasked with recording financial transactions, balancing ledgers, and preparing financial statements. Their role revolved around ensuring accurate bookkeeping, calculating taxes, and generating reports for regulatory compliance. While these tasks remain essential, the Accountant's role has expanded beyond these functions.

The evolution of an accountant's role is a testament to the adaptability of finance professionals in a rapidly changing world. Technological advancements have elevated Accountant's capabilities, allowing them to transition from transactional roles to strategic partners. Their insights drive informed decision-making, optimize financial processes, and enhance business outcomes. Soft skills, coupled with ethical leadership, ensure that accountants are not just numbers experts but also effective communicators, problem-solvers, and ethical guardians. As businesses continue to navigate complexities, modern accountants are poised to shape the future of finance, steering organizations toward growth, stability, and success.

1. Technology's Impact:

Automation has reduced the time spent on manual tasks, allowing accountants to focus on higher-value activities such as data analysis, strategy development, and decision-making.



1.Strategic Advisors:

Modern accountants have transitioned from being data processors to becoming strategic advisors. They leverage their analytical skills to provide valuable insights that guide business decisions, identify growth opportunities, and address financial challenges.

2. Crisis Management:

Economic crises, such as the 2008 financial recession and the more recent COVID-19 pandemic, have highlighted the adaptability of accountants. In times of crisis, accountants have played a pivotal role in helping businesses navigate financial uncertainties, assess cash flow, secure funding, and access government assistance programs.

3. Emphasis on Soft Skills:

The evolving role of accountants demands more than technical expertise. Effective communication, problem-solving, and collaboration have become essential skills as accountants work closely with diverse teams across an organization.

4. Ethical Leadership:

Accountants are increasingly entrusted with upholding ethical financial practices. They ensure transparency, prevent fraud, and maintain the integrity of financial information, contributing to an organization's reputation and stakeholder trust.

The journey of an accountant's role from being a meticulous number cruncher to a strategic advisor exemplifies the adaptability and resilience of finance professionals. Technology has propelled the field forward, enabling accountants to focus on analysis, strategy, and decision-making. As businesses continue to evolve, accountants will remain at the forefront,

guiding financial strategies and contributing to overall success. In a world driven by numbers, an accountant's role extends beyond calculations – they are the architects of financial success.

As technology infiltrates the accounting domain, the Accountant's role has transformed. Automation tools and specialized accounting software have significantly reduced the time spent on manual, repetitive tasks. This shift has allowed accountants to allocate more time to value-added activities. Automation enhances accuracy and empowers accountants to engage in more strategic functions. No longer limited to data entry and basic calculations; accountants now leverage technology to become data analysts, interpreters, and strategic thinkers.



GUIDANCE PROGRAM ON UNDERGRADUATE RESEARCH AND INTERNSHIP

Accounting and finance club organized a Guidance program on undergraduate research and internship for all the Final year students of Faculty of business studies on 7th August 2024 by senior lecturer Mr.G.R.M.Gamlath. Main aim of this program is to provide a clear understanding on research and internship related information.



The Role of Management Accounting in Driving Organizational Success

B.A.A.P.Samarakoon
2020/BS/145

What is the Management Accounting?

Management accounting is a vital component of any organization's financial management strategy. It involves the analysis, interpretation, and presentation of financial information to aid in decision-making processes within an organization. By providing valuable insights and data-driven recommendations, management accountants play a crucial role in driving organizational success and ensuring financial sustainability.

Key Functions of Management Accounting.

1. Cost analysis and control - By systematically analyzing the costs associated with various business activities, products, and services, management accountants can identify opportunities for cost savings, process improvements, and efficiency enhancements. This information is crucial for organizations looking to optimize their operations and enhance profitability. Through cost analysis, management accountants help managers make informed decisions about resource allocation, pricing strategies, and cost reduction initiatives.

2. Budgets and financial forecasts

- Management accountants play a key role in developing budgets and financial forecasts that align with the organization's strategic objectives. By preparing detailed budgets that outline expected revenues, expenses, and cash flows, management accountants provide a roadmap for financial planning and control. Budgets serve as a benchmark for measuring performance, monitoring variances, and identifying areas for improvement. Financial forecasting enables organizations to anticipate future trends, risks, and opportunities, allowing them to make proactive decisions and adapt to changing market conditions.

3. Evaluation and reporting - By analyzing key performance indicators (KPIs) and financial metrics, management accountants provide insights into the organization's overall performance and financial health. Performance reports help management assess the effectiveness of their strategies, evaluate the efficiency of their operations, and track progress towards achieving goals.



4. Strategic planning and decision making -

Management accountants contribute to strategic planning and decision-making processes by providing accurate and timely financial information to support management's decision-making. Through financial analysis, scenario modeling, and risk assessment, management accountants help management evaluate alternative courses of action, assess potential risks, and make informed decisions that align with the organization's strategic goals. Their insights and recommendations enable organizations to navigate complex business challenges, seize opportunities for growth, and sustain long-term success.

5. Risk Management - Risk management is an integral part of management accounting that involves identifying, assessing, and mitigating risks that could impact the organization's financial performance. Management accountants conduct risk assessments, analyze potential threats, and develop strategies to minimize risks and uncertainties. By proactively managing risks, organizations can enhance their resilience, protect their financial assets, and safeguard their long-term viability. Risk management is essential for ensuring business continuity, compliance with regulations, and protection against unforeseen events.

conclusion

management accounting plays a critical role in enhancing organizational performance and driving strategic decision-making. From cost analysis and budgeting to performance evaluation and risk management, management accountants provide valuable insights, recommendations, and support to help organizations achieve their financial goals and objectives. By leveraging their expertise, analytical skills, and forward-thinking approach, management accountants empower organizations to make informed decisions, optimize their resources, and create sustainable value in today's rapidly evolving business landscape. Embracing the strategic role of management accounting is essential for organizations seeking to enhance their competitiveness, mitigate risks, and achieve long-term success in a complex and challenging business environment.





SHRAMADANA CAMPAING



Accounting and Finance club conducted a shramadana campaign in VAROD on 28th August 2024. The main objective of conducting this shramadana campaign is to promote community service and Foster a sense of social responsibility, build community cohesion.



USES OF ACCOUNTING STANDARDS FOR AN ORGANIZATION

P.A.D.N.Sewwandi

2020/BS/143

Accounting standards are essential guidelines that regulate how financial information is recorded, presented, and disclosed by organizations. Here are some key uses of accounting standards for an organization:



1. Uniformity and Consistency:

One of the primary purposes of accounting standards is to enforce uniformity in financial reporting practices. By following standardized accounting principles, organizations ensure consistency in the way financial transactions are recorded and presented. This consistency facilitates comparability between different entities and periods, enabling stakeholders to make meaningful assessments and decisions based on financial information.

2. Transparency and Accountability:

Accounting standards promote transparency by requiring organizations to provide accurate and relevant financial information to stakeholders. Transparent financial reporting helps build trust and confidence among investors, creditors, employees, and other interested parties. It enhances accountability by holding organizations accountable for their financial performance and position.

3. Access to Capital:

Adherence to accounting standards can improve an organization's access to capital. Lenders and investors rely on financial statements prepared in accordance with established accounting principles to assess the financial health and creditworthiness of an organization. Compliance with accounting standards increases credibility and reduces the perceived risk associated with providing capital to the organization.

4. Regulatory Compliance:

Organizations are often legally required to comply with specific accounting standards set by regulatory authorities or standard-setting bodies. For example, publicly traded companies in the United States must follow Generally Accepted Accounting Principles (GAAP) issued by the Financial Accounting Standards Board (FASB). Compliance with accounting standards ensures that organizations meet regulatory reporting requirements and avoid penalties for non-compliance.

5. Facilitation of Decision-making:

Accounting standards provide a framework for organizing financial information in a structured manner, making it easier for management to analyse and interpret the data. Consistent financial reporting allows for better decision-making regarding investments, resource allocation, pricing strategies, and other critical aspects of business operations. It enables management to evaluate performance, identify areas of improvement, and make informed strategic decisions.

6. Risk Management:

Accounting standards help organizations identify, measure, and manage financial risks effectively. By following established accounting principles, organizations can accurately assess their financial position, cash flow, and profitability. This information is crucial for identifying potential risks, such as liquidity issues, solvency concerns, or fraud indicators. Proper risk management practices supported by reliable financial reporting contribute to the overall stability and sustainability of the organization.

Benefits of Accounting Standards



Uniform accounting methods



Makes financial statements reliable



Minimises accounting fraud risk



Allows comparison



Establishes accountability



Assists in auditing

In conclusion, adherence to accounting standards is vital for organizations seeking to maintain credibility, transparency, and accountability in their financial reporting practices. By following these standards, organizations can enhance stakeholder confidence, facilitate decision-making, ensure regulatory compliance, and ultimately support their long-term success and sustainability.

Support seminar for G.C.E Advance Level students



Support seminar for Advance level for Accounting subject was conducted by Accounting and Finance club on 30th of August 2024 at Vavuniya puthukulam National school for the students of Vavuniya puthukulam National school and Vavuniya tharanikkulam ganesh Vidyalayam. Objective of this event is to provide educational support for these students in commerce stream and to face their final examination successfully.



Equity method of Accounting

K. A. C. T. Jayangani
2020/BS/18

Meaning of Equity Method

The Equity Method is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. And it is the book value of the company, which is the difference between liabilities and assets on the balance sheet. This is also known as owner's equity as it is the value the owner of a business has left after deducting liabilities. This method is applied when a company's ownership interest in another company is valued at 20%-50% of the stock in the investee.

Basics of the Equity Method

Definition and scope – The equity method is an accounting approach where the investor recognizes its share of the investee's net assets and income. It is used when the investor can significantly influence the operating and financial policies of the investee.

Significant Influence – Significant Influence can be exerted through ownership, board representation, participation in policy-makers, material intercompany transactions, interchange of managerial personnel or technological dependency. Ownership of 20% to 50% of voting stock typically indicates significant influence.



What Is the
Equity Method of
Accounting?

Applications of the Equity Method

Initial Recognition – It refers to the process of recording the investment in the investor's financial statements for the first time, at the point of acquisition. This process involves determining and recording the initial cost of the investment, ensuring it accurately reflects the economic transaction and complies with accounting standards.

Subsequent Accounting – It refers to the ongoing process of adjusting the carrying amount of an investment after its initial recognition. This includes recognizing the investor's profits or losses, adjusting for dividends received and reflecting any impairments or changes in the fair value of the investment. These adjustments ensure that the investment's value in the investor's financial statements accurately represents the underlying economic reality.

Adjustments for changes in ownership – It refers to the modifications made to the carrying amount of an investment when there is a change in the investor's ownership percentage in the investee. These changes can occur due to events such as the purchase or sale of additional shares, issuance or repurchase of shares by the investee or other transactions that alter the investor's ownership stake. Adjusting for these changes ensures that the carrying amount of the investment accurately reflects the investor's proportionate share of the investee's net assets.

As a practical example,

Assume Company A acquires a 30% stake in Company B for 1 million. During the year, Company B reports a net income 500000 and pays dividends of 100000.

- **Initial Recognition** – Company A records the investment at 1 million.
- **Income Recognition** – Company A records 150000 as investment income ($500000 \times 30\%$).
- **Dividend Adjustment** – Company A reduces the investment by 30000 for the dividends received ($100000 \times 30\%$).

At the year-end, the carrying amount of the investment would be:

$$1000000 + 150000 - 30000 = 1120000$$

The equity method of accounting offers several advantages that make it a valuable approach for reporting investments where the investor has significant influence over the investee. Here are the benefits:

- **Reflects Economic Reality**

Alignment with Influence – the equity method accurately represents the economic impact of the investee's performance on the investor.

True Performance Reflection – This method ensures that the investor's financial statements reflect the investee's operational results, providing a realistic view of the investment's performance.

- **Better Financial Transparency**

Detailed Reporting – The equity method enhances transparency by providing detailed information about the financial activities and results of the investee.

Avoid Misrepresentation – By recording the investor's share of the investee's profits or losses, the equity method prevents the overstatement or understatement of earnings that could occur if the investee's results were not properly accounted for.

- **Enhanced Decision Making**

Informed Investment Decisions – The detailed insights provided by the equity method help management and external investors make better informed decisions regarding the investment.

Strategic Planning – The equity method supplies valuable data for strategic planning, resource allocation and long-term financial forecasting.

While the equity method offers several advantages, it also presents various challenges and considerations that must be managed to ensure accurate financial reporting. Here are some of the key challenges and considerations:

- **Complexity in implementation**

Requires detailed information about the investee's financial, which may not always be readily available.

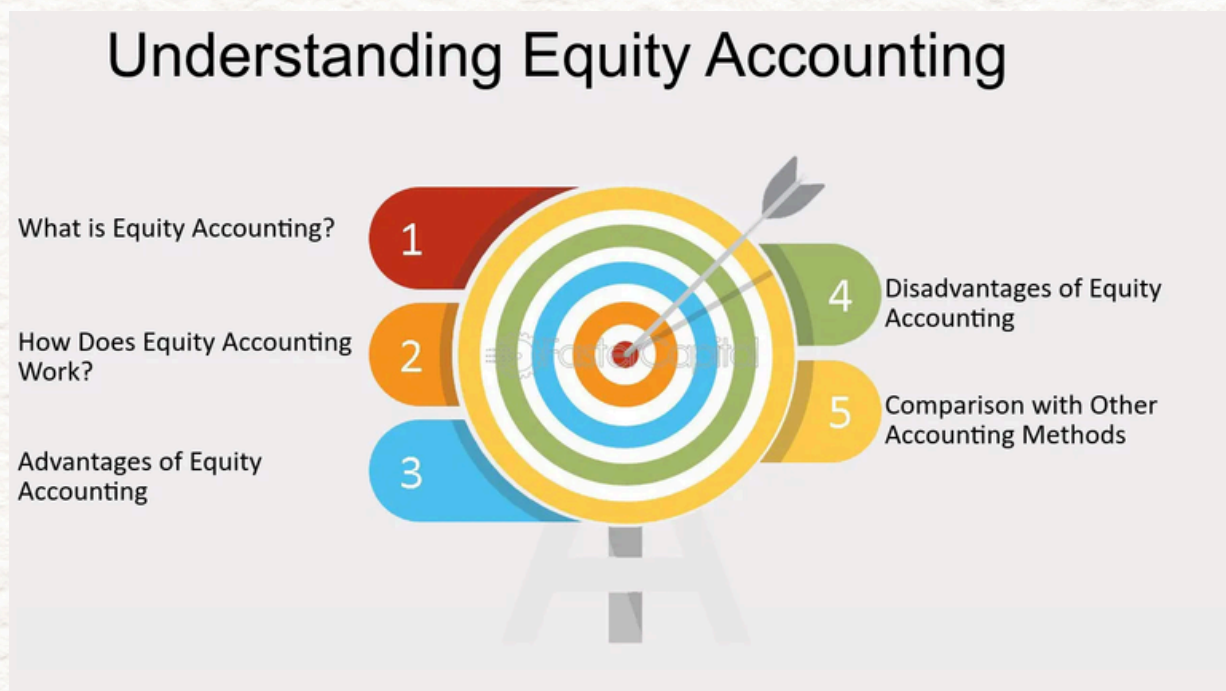
- **Impact of Investee's performance**

The investor's financial statements are directly impacted by the investee's performance, leading to potential volatility.

- **Impairment and Fair Value Adjustments**

If the value of investment declines, impairment tests may be necessary, adding another layer of complexity.

The equity method of accounting is a critical approach for reporting investments where the investor has significant influence over the investee. This method provides a realistic representation of the economic relationship between the investor and investee by recognizing the investor's share of the investee's profits or losses and adjusting for dividends received and challenges in ownership.



5S Project Implementation



5s implementation done Accounting and Finance Club in faculty canteen area, Carparking, and common areas. The overall objective of implementing the 5S system is to enhance workplace organization and efficiency, leading to improved productivity and quality.



Financial Management

P.H.D.Kaushalya
2019/BS/211

Financial Management

Financial management is strategic planning, organizing, directing, and controlling of financial undertakings in an organization or an institute. It also includes applying management principles to the financial assets of an organization, while also playing an important part in fiscal management.

Financial management encompasses a range of activities aimed at ensuring an organization can meet its financial goals. These activities include budgeting, forecasting, investment analysis, risk management, and financial reporting. Effective financial management helps organizations maximize profits, ensure liquidity, and achieve long-term sustainability.

Key Principles of Financial Management

- **Planning and Budgeting:** Effective financial management starts with sound planning and budgeting. This involves forecasting revenues, estimating expenses, and allocating resources efficiently. A well-prepared budget serves as a roadmap for the organization, guiding financial decision-making and performance evaluation.
- **Financial Analysis:** Regular financial analysis is crucial for understanding the organization's financial health. This involves analyzing financial statements, ratios, and key performance indicators (KPIs). Financial analysis helps identify trends, assess profitability, and make informed decisions.



- **Cost Control:** Managing costs is essential for maintaining profitability. This involves monitoring expenses, implementing cost saving measures, and optimizing operational efficiency. Effective cost control ensures that the organization can maintain a healthy profit margin.
- **Revenue Management:** Maximizing revenue is a primary goal of financial management. This involves pricing strategies, sales forecasting, and market analysis. By effectively managing revenue streams, organizations can ensure steady cash flow and profitability.
- **Risk Management:** Identifying and mitigating financial risks is a critical aspect of financial management. This includes assessing credit risk, market risk, and operational risk. Implementing risk management strategies helps protect the organization from potential financial losses.

Best Practices in Financial Management

- **Use of Technology:** Leveraging technology, such as financial management software, can streamline financial processes and improve accuracy. Automation of routine tasks, real-time data analysis, and advanced reporting tools enhance decision-making capabilities.

- **Continuous Monitoring and Reporting:** Regular monitoring of financial performance and timely reporting are essential for effective financial management. This involves preparing accurate financial reports, conducting variance analysis, and providing insights to stakeholders.
- **Stakeholder Communication:** Transparent communication with stakeholders, including investors, employees, and customers, builds trust and ensures alignment with the organization's financial goals. Regular updates on financial performance and strategic plans foster confidence and support.
- **Training and Development:** Investing in the continuous education and training of financial staff ensures they stay updated with the latest financial regulations, tools, and best practices. A knowledgeable team can navigate complex financial landscapes effectively.
- **Strategic Financial Planning:** Aligning financial management with the organization's strategic goals ensures that financial resources are allocated effectively to support growth and innovation. This involves long-term planning, investment in strategic initiatives, and regular review of financial strategies.

Conclusion

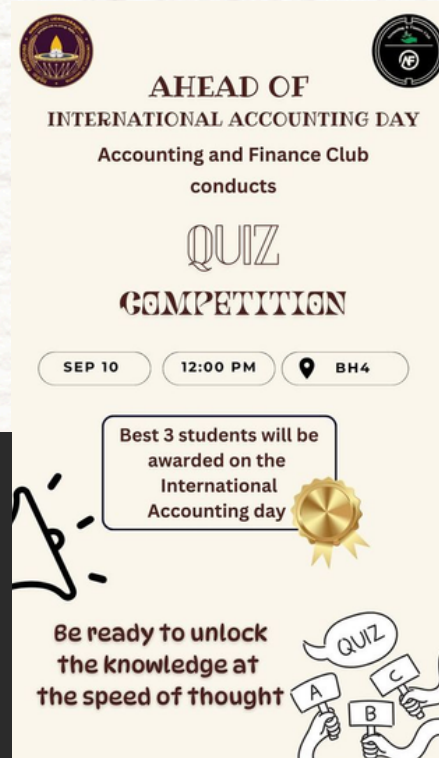
Financial management is a dynamic and essential function that requires a blend of strategic planning, analytical skills, and effective communication. By adhering to key principles and adopting best practices, organizations can achieve financial stability, enhance profitability, and secure long-term success. For accountants and financial managers, staying abreast of the latest trends and continuously improving financial practices is crucial in today's ever-evolving business environment.

In summary, the effective management of financial resources is not just about maintaining the bottom line but about driving the organization toward its broader strategic objectives. With a solid foundation in financial management, organizations can navigate challenges, seize opportunities, and thrive in the competitive marketplace.



QUIZ COMPETITION

Quiz competition organised by Accounting and Finance club ahead of International Accounting day. And best performers were awarded on International Accounting day celebrated on 13th of September 2024.



Effect of Green Accounting on Financial Performance

H.S.Kavindya

2020/BS/150

In recent years, the concept of green accounting has gained prominence as businesses and society become increasingly aware of environmental issues. Green accounting, also known as environmental accounting, involves incorporating environmental costs and benefits into traditional financial accounting. This approach helps organizations recognize the environmental impact of their operations and make more sustainable decisions. But how does green accounting influence a company's financial performance? Let's explore this in simple terms.

Understanding Green Accounting

Green accounting goes beyond traditional financial accounting by including environmental costs, such as waste management, resource depletion, and pollution control. It also accounts for the benefits of environmentally friendly practices, like energy savings and improved public image. By integrating these factors, green accounting provides a more comprehensive view of a company's performance.

Enhancing Financial Performance through Green Accounting

1. Cost Savings: One of the primary ways green accounting can improve financial performance is through cost savings.



For example, by identifying areas where resources are wasted, companies can implement measures to reduce consumption. A manufacturing company might discover that investing in energy-efficient machinery reduces electricity costs, leading to significant savings over time.

2. Regulatory Compliance and Avoidance of Penalties:

Governments worldwide are imposing stricter environmental regulations. Companies practicing green accounting are better prepared to comply with these regulations, avoiding fines and penalties. For instance, a factory that tracks and reduces its emissions will likely stay within legal limits, avoiding costly fines and potential shutdowns.

3. Attracting Investment: Investors are increasingly interested in companies that demonstrate sustainable practices. Green accounting provides transparent reporting on environmental impact, making these companies more attractive to socially responsible investors. A tech company that highlights its efforts to minimize e-waste might attract more investment than a competitor ignoring such issues. .

4. Improved Public Image and Customer Loyalty:

Loyalty: Consumers today are more environmentally conscious and prefer to support businesses that prioritize sustainability. By adopting green accounting, companies can showcase their commitment to the environment, enhancing their brand image and fostering customer loyalty. For example, a retail chain promoting its use of recycled materials in packaging can attract eco-conscious shoppers, boosting sales.

5. Innovation and Competitive Advantage:

Green accounting often leads to innovation as companies seek new ways to minimize their environmental footprint. This can result in the development of new, eco-friendly products and processes, giving companies a competitive edge. An automotive company investing in electric vehicle technology not only reduces its environmental impact but also positions itself as a leader in a growing market.

Real-World Examples

- Patagonia: The outdoor clothing company Patagonia is a prime example of how green accounting can enhance financial performance. By focusing on sustainable materials and transparent environmental reporting, Patagonia has built a loyal customer base willing to pay a premium for its products.
- Tesla: Tesla's commitment to sustainable energy solutions, including electric vehicles and solar energy products, reflects green accounting principles. This commitment has not only bolstered Tesla's public image but also attracted substantial investment, driving the company's financial success.

Challenges and Considerations

While green accounting offers numerous benefits, it also presents challenges. Implementing green accounting requires initial investments in technology and training. Additionally, measuring environmental impact accurately can be complex.

Conclusion

Green accounting is more than just a trend; it is a vital approach for businesses aiming to thrive in an environmentally conscious world. By integrating environmental costs and benefits into financial decision-making, companies can achieve cost savings, regulatory compliance, enhanced public image, and innovation. Ultimately, green accounting not only supports environmental sustainability but also drives financial performance, making it a win-win strategy for modern businesses.

Objectives Of Green Accounting



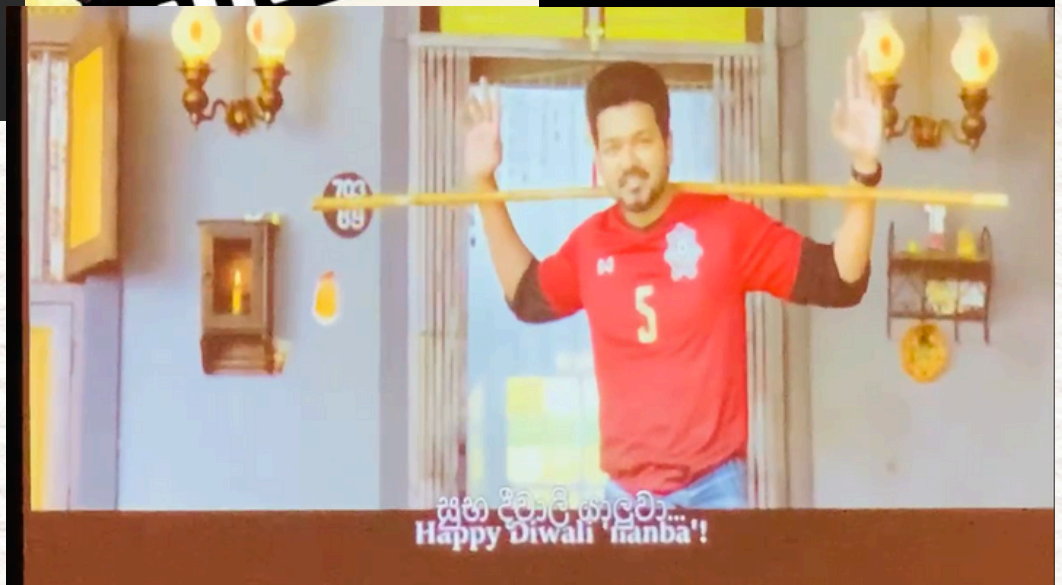
Capture value of natural resources

Assess sustainability performance

Quantify and value environmental assets



Film festival organised by Accounting and Finance club on 12th of September 2024. The objective of this event is to entertain students along with social messages.



INTERNATIONAL FINANCE

A.P.N.Thakshila
2019/BS/18

The administration of financial transactions on a worldwide scale is the focus of the research and practice of international finance. It entails examining the relationships that exist between the financial markets, institutions, economies, and currencies of various nations. International commerce, foreign investment, capital flows, exchange rates, and global financial organizations like the World Bank and the International Monetary Fund (IMF) are important factors. In addition, issues like risk management, hedging tactics, and the legal frameworks governing international financial transactions fall under the purview of international finance. Essentially, it involves comprehending and maneuvering through the intricacies of the worldwide financial system to promote economic expansion and stability among various countries.

Important Of International Finance.

- International finance is an important tool to find the exchange rates, compare inflation rates, get an idea about investing in international debt securities, ascertain the economic status of other countries and judge the foreign markets.
- Exchange rates are very important in international finance, as they let us determine the relative values of currencies. International finance helps in calculating these rates.
- Various economic factors help in making international investment decisions. Economic factors of economies help in determining whether or not investors' money is safe with foreign debt securities.



- Utilizing IFRS is an important factor for many stages of international finance. Financial statements made by the countries that have adopted IFRS are similar. It helps many countries to follow similar reporting systems.
- IFRS system, which is a part of international finance, also helps in saving money by following the rules of reporting on a single accounting standard.
- International finance has grown in stature due to globalization. It helps understand the basics of all international organizations and keeps the balance intact among them.
- An international finance system maintains peace among the nations. Without a solid finance measure, all nations would work for their self-interest. International finance helps in keeping that issue at bay.

Specific Areas of Study

- **The Mundell-Fleming Model**- which studies the interaction between the goods market and the money market, is based on the assumption that price levels of said goods are fixed.
- **International Fisher Effect**- is an international finance theory that assumes nominal interest rates mirror fluctuations in the spot exchange rate between nations.
- **The optimum currency area theory**- states that certain geographical regions would maximize economic efficiency if the entire area adopted a single currency.
- **Purchasing power parity**- is the measurement of prices in different areas using a specific good or a specific set of goods to compare the absolute purchasing power between different currencies.
- **Interest rate parity**- describes an equilibrium state in which investors are indifferent to interest rates attached to bank deposits in two separate countries.

Example Of International Finance.

- **The Euro** - The euro is the official currency of the European Union (EU). The euro is used by 19 of the 28 member states of the EU, as well as by a number of non-EU countries.
- **The International Monetary Fund (IMF)** - The IMF is an international organization that provides financial assistance to member countries. The IMF also provides advice on economic and financial policies.
- **The World Bank** - An international organization that provides loans to member countries for development projects.
- **Regional Development Banks** - Regional organizations that provide financing for development projects in their member countries. Asian Development Bank (ADB) and the Inter-American Development Bank (IADB).
- **The World Trade Organization (WTO)** - The WTO is an international organization that promotes trade between member countries. The WTO also sets rules and regulations for international trade



WALK FOR GREEN FUTURE

Quiz competition organised by Accounting and Finance club ahead of International Accounting day. And best performers were awarded on International Accounting day celebrated on 13th of September 2024.



Quantitative Finance

J.M.K.T.Wijerathna
2019/BS/92

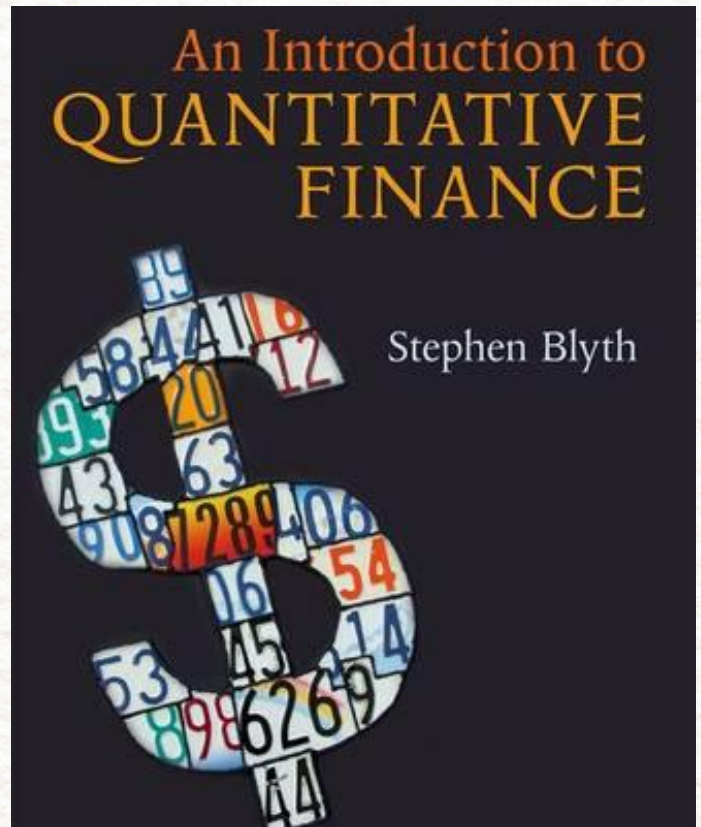
Quantitative finance arose in the mid to late 20th century as the financial markets evolved and became larger and more complex. However, some of the key models and theories appeared even earlier. Explore an outline of some of the key quant finance milestones and practitioners below.

What is Quantitative finance?

Quantitative finance is a field that uses mathematical and statistical models to analyze financial markets, investments, and risk management. It involves applying quantitative methods to financial data in order to make informed decisions about trading, portfolio management, and risk assessment. Quantitative finance often involves the use of complex mathematical models to understand and predict the behavior of financial markets and assets. This field is also known as financial engineering or mathematical finance.

History of quantitative finance

In the early 1970s, American economist, Eugene Fama, built on this foundation and advanced the field with his efficient market hypothesis (EMH) in the early 1970s. Fama is often referred to as the 'Father of Finance' as his work developed much of the groundwork for financial economics today. Since Fama's work, the development of a diverse range of quantitative models has been a natural progression for those seeking to analyze stocks, assess the efficient risk-reward frontier, and engage in portfolio optimization.



Another notable quant of this period was Emanuel Derman, one of the first physicists on Wall Street, who developed a number of models that remain in use today – including the Black-Derman-Toy model (BDT). With the rise of option pricing and quant trading in the 1970s and 1980s, following the work of Fischer Black, Myron Scholes, and Robert Merton on the eponymous Black Scholes (Merton) equation in 1973, quant methods and advanced computing became ubiquitous in the derivatives market.

Today, quant finance approaches are applied in all markets, from equities and bonds to structured products, derivatives, commodities, and even approaches to venture capital and private equity investment. Models have proliferated, with critiques, improvements, implementations, and performance analysis in papers and journals, beyond the results coming from the market its

What needs of quantitative finance in the present business world?

1. Risk Management: Quantitative finance provides sophisticated tools and models for assessing and managing various types of financial risks, such as market risk, credit risk, and operational risk. By using quantitative techniques, businesses can better understand and mitigate their exposure to risk, ensuring financial stability and resilience.

2. Investment Strategies: Quantitative finance is essential for developing and implementing effective investment strategies. Through quantitative analysis of historical data, market trends, and other factors, investors can make informed decisions about asset allocation, portfolio optimization, and trading strategies to maximize returns and minimize losses.

3. Financial Modeling: Quantitative finance enables businesses to create complex financial models that help in forecasting future performance, evaluating investment opportunities, and making strategic decisions. These models incorporate mathematical and statistical techniques to analyze data and simulate various scenarios, providing valuable insights for decision-making.

4. Algorithmic Trading: Quantitative finance is instrumental in the development of algorithmic trading strategies that use mathematical models and algorithms to execute trades automatically based on predefined criteria. Algorithmic trading allows for faster and more efficient execution of trades, improved liquidity, and reduced transaction costs.

One practical example of quantitative finance in the business world is the use of quantitative models for pricing and risk management in the derivatives market. Financial institutions and investment firms rely on quantitative finance to develop sophisticated models for valuing complex financial instruments such as options, futures, and swaps.

For instance, a hedge fund may use quantitative finance techniques to develop a model for pricing and hedging options on a particular stock. By analyzing historical price data, implied volatility, and other relevant factors, the fund can calculate the fair value of the option and determine the optimal hedging strategy to manage the associated risk.

Another example is the application of quantitative finance in high-frequency trading. Quantitative analysts and traders use mathematical models and algorithmic strategies to exploit small price differentials in financial markets, executing a large number of trades at high speeds. These quantitative techniques enable firms to capitalize on market inefficiencies and generate profits through rapid and automated trading activities.

Furthermore, banks and financial institutions utilize quantitative finance for credit risk modeling and stress testing. By developing quantitative models that assess the creditworthiness of borrowers and simulate adverse economic scenarios, these institutions can effectively manage credit risk exposure and meet regulatory requirements.



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FACULTY OF BUSINESS STUDIES
UNIVERSITY OF VAVUNIYA



Undergraduate Research Symposium on Accounting and Finance – 2024

“Sharpening the Knowledge on Sustainable Development through Accounting and Finance”

URSAF-2024

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- The abstracts of all accepted papers will be published in the Symposium Proceedings.
- Abstract Submission Deadline: 13th of August 2024

SYMPOSIUM DAY : 13th OF SEPTEMBER 2024

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Undergraduate research symposium on accounting and finance and International Accounting day celebrated by Accounting and Finance club on 13th of September 2024. The objective of this event is to provide a platform for students to present their research findings, enhance their understanding of key concepts, and engage in academic discourse.





DEPARTMENT OF FINANCE AND ACCOUNTANCY

FACULTY OF BUSINESS STUDIES

UNIVERSITY OF VAVUNIYA





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“Sharpen the Knowledge on Sustainable Development through Accounting and Finance”

URSAF-2024

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SYMPOSIUM DAY : 13th OF SEPTEMBER 2024



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The Evolution Of The Traditional Accounting Methods.

B.G.H.K.Batupitigoda
2020/BS/013

The evolution of traditional accounting methods has been a gradual process shaped by various factors such as technological advancements, changes in business practices, and regulatory requirements. Traditional accounting methods refer to the conventional practices used for decades to record, analyze, and report financial information. These methods have evolved to meet the changing needs of businesses and to adapt to the dynamic business environment.

1. Introduction of double-entry accounting:

Double-entry accounting is one of the oldest accounting methods that dates back to the 15th century. This method revolutionized the way financial transactions were recorded by introducing the concept of debits and credits. It provided a systematic way to track the flow of money in and out of a business, which was essential for ensuring accuracy and reliability in financial reporting.

2. Development of accounting standards:

The establishment of accounting standards such as Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) has played a significant role in shaping traditional accounting methods. These standards provide guidelines for how financial information should be recorded, reported, and disclosed, ensuring consistency and comparability across different organizations.



3. Introduction of computerized accounting systems:

The advent of computers and accounting software has revolutionized the way accounting information is processed and managed. Computerized accounting systems have automated many accounting tasks, such as bookkeeping, payroll processing, and financial reporting, making the process more efficient and accurate.

4. Shift towards accrual accounting:

Traditionally, businesses used cash-basis accounting, where revenue and expenses were recorded when cash was received or paid. However, there has been a shift towards accrual accounting, where revenue and expenses are recognized when they are earned or incurred, regardless of when cash is exchanged. This method provides a more accurate picture of a company's financial performance and position.



Benefits of the evolution of traditional accounting methods:

1. Increased efficiency: The use of accounting software and automation tools has made it easier for accountants to record and analyze financial information. This has helped to streamline the accounting process and reduce the time and effort required to complete tasks.

2. Improved accuracy: The use of technology has also helped to improve the accuracy of financial reporting. Automated systems can perform complex calculations quickly and accurately, reducing the risk of errors in financial statements.

3. Better decision-making: The availability of real-time financial data has made it easier for businesses to make informed decisions.

Challenges of the evolution of traditional accounting methods:

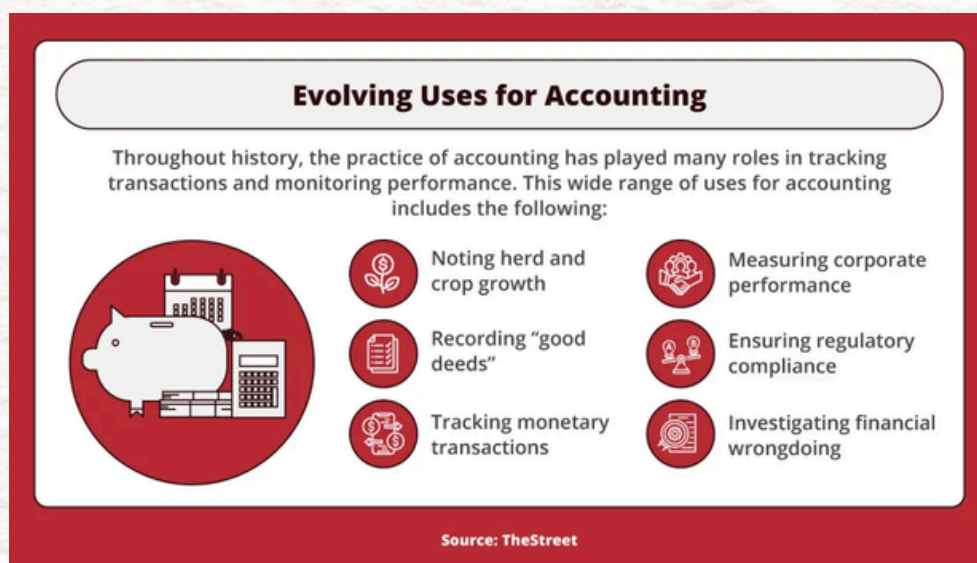
1. Cost: Implementing new accounting technologies can be expensive, especially for small businesses. The cost of purchasing software, training staff, and maintaining systems can be a barrier for some companies looking to modernize their accounting practices.

2. Security concerns: With the increasing use of cloud-based accounting systems, there are concerns about the security of financial data. Companies need to ensure that their systems are secure and protected from cyber threats to prevent unauthorized access to sensitive information.

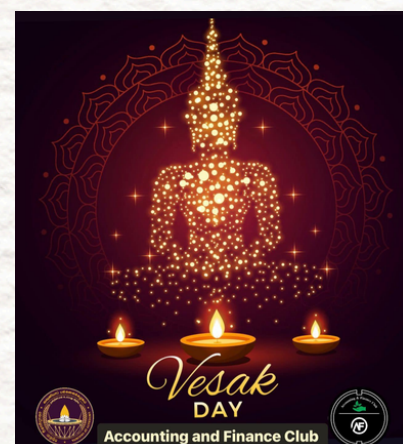
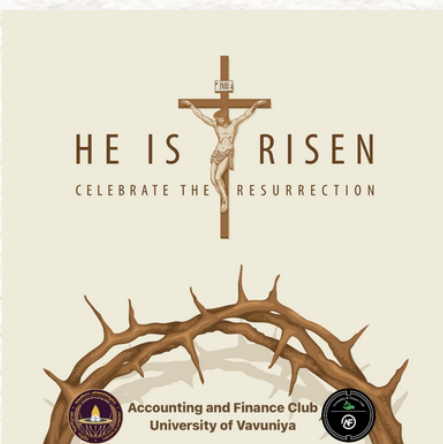
3. Resistance to change: Some accountants may be resistant to adopting new technologies and practices. This can be a challenge for companies looking to modernize their accounting processes, as they may face pushback from staff who are comfortable with traditional methods.

Conclusion:

The evolution of traditional accounting methods has been driven by a combination of technological advancements, changes in business practices, and regulatory requirements. These changes have transformed the way financial information is recorded, analyzed, and reported, making accounting more efficient, accurate, and transparent. As businesses continue to evolve, traditional accounting methods will likely continue to adapt to meet the changing needs of the business environment.



POSTERS FOR WISHES



Wishes posters for festival days and other important days posted by accounting and finance club. The objective of this is to kept peace and harmony among the Sinhala, Tamil and Muslim students and aware about the important days.

The Impact of Tax Administration on Revenue Generation

P.A.I.Pathirana

2020/BS/047

Efficient tax administration is crucial for the economic stability and growth of any nation. It encompasses the processes, regulations, and institutions responsible for assessing, collecting, and managing taxes. Effective tax administration ensures the financial health of the government, influences taxpayer compliance, and shapes the overall investment climate. This article explores how tax administration impacts revenue generation, focusing on efficiency, transparency, compliance, and technological integration.

Efficiency in Tax Administration

Efficiency in tax administration directly affects the ability to generate revenue. An efficient tax system minimizes compliance costs for taxpayers and reduces the administrative burden on tax authorities. Streamlined processes for filing and paying taxes, along with robust dispute resolution mechanisms, enhance revenue collection. Modernizing tax administrations by adopting digital platforms for tax filing and payment has led to significant improvements in many countries. For instance, Estonia's e-tax system has dramatically reduced the time and cost associated with tax compliance, leading to higher revenue collection.



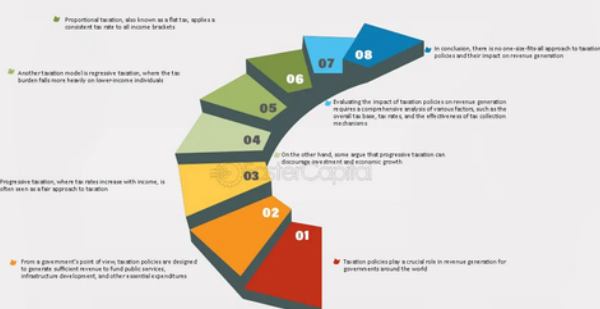
Transparency and Trust

Transparency in tax administration builds trust between taxpayers and the government. When taxpayers perceive the tax system as fair and transparent, they are more likely to comply voluntarily. Transparent tax systems provide clear information on tax obligations, the use of tax revenues, and procedures for reporting and auditing. This reduces opportunities for corruption and evasion, thus enhancing revenue generation. Countries like New Zealand and Denmark, which rank high in transparency, also enjoy high levels of tax compliance and robust revenue streams.

Compliance and Enforcement

Compliance is a cornerstone of effective tax administration. Ensuring that taxpayers adhere to tax laws and regulations involves a mix of education, assistance, and enforcement. Tax administrations must educate taxpayers about their obligations and provide assistance to help them comply. Additionally, effective enforcement mechanisms, such as audits and penalties for non-compliance, are crucial. The use of risk-based audit systems, where the likelihood of audits increases with the potential risk of non-compliance, has proven effective in many countries.

The Impact of Taxation Policies on Revenue Generation



For example, the United States Internal Revenue Service (IRS) uses data analytics to identify high-risk cases, improving compliance rates and revenue collection.

Technological Integration

The integration of technology into tax administration has revolutionized the way taxes are collected and managed. Advanced technologies, including big data analytics, artificial intelligence, and blockchain, are being leveraged to enhance tax administration. These technologies improve the accuracy of tax assessments, reduce fraud, and streamline tax collection processes. For instance, India's Goods and Services Tax Network (GSTN) uses a sophisticated IT platform to manage the country's GST, resulting in increased efficiency and higher revenue collection. Similarly, blockchain technology can enhance transparency and reduce tax evasion by providing immutable records of transactions.

Impact on Economic Growth

The impact of effective tax administration extends beyond immediate revenue generation. A well-administered tax system fosters a conducive environment for economic growth. By ensuring a steady flow of revenue, governments can invest in infrastructure, education, healthcare, and other public services, which are essential for economic development. Moreover, a fair and transparent tax system encourages investment by providing certainty and stability for businesses. Countries with efficient tax administrations tend to attract more foreign direct investment, further boosting their economic growth.

Challenges and the Way Forward

Despite the clear benefits, many countries face significant challenges in achieving efficient tax administration. These challenges include limited resources, corruption, lack of technical expertise, and resistance to change. Addressing these challenges requires a multifaceted approach. Governments need to invest in capacity building for tax officials, adopt modern technologies, and implement policies that promote transparency and accountability. International cooperation and the exchange of best practices can also play a crucial role in enhancing tax administration globally.

Conclusion

The impact of tax administration on revenue generation is profound. Efficient, transparent, and technologically integrated tax systems not only improve revenue collection but also foster economic stability and growth. As governments continue to modernize their tax administrations, the focus should remain on enhancing efficiency, building trust, ensuring compliance, and leveraging technology. By doing so, they can create a robust tax environment that supports sustainable development and prosperity.



Insurance as a Tool for Personal Financial Risk-Guard

K.L.T.D.Randunu

2019/BS/93

Insurance is a critical component of financial planning that offers individuals, businesses, and organizations protection against various risks and uncertainties. Let's delve deeper into the key aspects of insurance to gain a comprehensive understanding:

Types of Insurance:

1. Life Insurance: Life insurance is a contract that pays out a sum of money to designated beneficiaries upon the insured individual's death. It provides financial security to loved ones and can help cover funeral expenses, outstanding debts, or estate taxes.

2. Health Insurance: Health insurance covers medical expenses incurred by policyholders for services such as doctor visits, hospitalization, surgery, prescription medications, and preventive care. It helps individuals manage healthcare costs and access necessary treatment.

3. Auto Insurance: Auto insurance offers protection against financial losses resulting from vehicle damage, theft, or accidents. It typically includes coverage for property damage, bodily injury liability, medical payments, and uninsured motorists.

4. Homeowners Insurance: Homeowners insurance safeguards homes and personal belongings from risks like fire, theft, vandalism, and natural disasters. Additionally, it provides liability coverage for injuries or damages on the property.



5. Property Insurance: Property insurance covers losses related to damage or destruction of property caused by specific perils such as fire, theft, vandalism, or weather-related events like hurricanes or floods.

6. Liability Insurance: Liability insurance protects policyholders from legal claims and financial losses arising from injuries or damages caused to others. It can cover costs associated with legal defense, settlements, or judgments.

Key Insurance Concepts:

1. Premium: The premium is the amount paid by the policyholder to the insurer in exchange for coverage. Premiums can be paid monthly, quarterly, or annually, and the cost is determined based on various factors, including the level of coverage, the insured individual's risk profile, and the insurer's underwriting criteria.

2. Deductible: A deductible is the initial amount that the policyholder is responsible for paying out of pocket before the insurance coverage takes effect. Choosing a higher deductible typically leads to lower premiums but requires the policyholder to cover more of the initial costs in the event of a claim.

3. Policy Limit: The policy limit refers to the maximum amount that an insurance policy will pay for covered losses. Policyholders need to understand their coverage limits to ensure they have adequate protection in case of significant losses.

4. Policy Exclusions: Policy exclusions are specific events, circumstances, or types of damage that are not covered by the insurance policy. Policyholders must review these exclusions to understand the scope of coverage provided by their policy.

5. Rider: A rider is an optional add-on to a standard insurance policy that provides additional coverage for specific risks or items not included in the base policy. Policyholders can customize their coverage by adding riders tailored to their individual needs.

Benefits of Insurance:

1. Financial Protection: Insurance offers financial protection by covering the costs associated with unexpected events such as accidents, illnesses, or property damage. It helps mitigate the financial impact of such events and prevents individuals from facing significant financial burdens.

2. Risk Management: Insurance serves as a risk management tool, allowing individuals and businesses to transfer potential risks to an insurance company in exchange for a premium. By shifting risk to insurers, policyholders can protect themselves against unforeseen events and uncertainties.

3. Legal Compliance: Certain types of insurance, such as auto insurance, are mandatory by law to ensure that individuals comply with legal requirements and financial responsibility regulations. Maintaining insurance coverage helps protect both individuals and society as a whole.

4. Peace of Mind: Having insurance coverage provides peace of mind by offering a sense of security and protection against life's uncertainties. Knowing that you have financial support in place in case of emergencies or unexpected events can alleviate stress and anxiety.

Choosing the Right Insurance:

1. Assess Your Needs: Start by evaluating your risks, assets, and financial situation to determine the type and amount of coverage you require. Consider factors such as your health, lifestyle, dependents, property, and potential liabilities when assessing your insurance needs.

2. Research and Compare: Obtain quotes from multiple insurers to compare coverage options, premiums, deductibles, and policy terms. Research the reputation and financial strength of insurance companies to ensure you select a reliable provider that can meet your needs.

3. Understand the Policy: Carefully read and understand the terms, conditions, and exclusions of the insurance policy before making a purchase. Pay attention to coverage limits, deductibles, policy terms, exclusions, and any optional riders that may be available.

4. Review Annually: Regularly review your insurance coverage to ensure it aligns with your current circumstances and needs. Update your policies as necessary when major life events occur, such as marriage, the birth of a child, a home purchase, or a change in employment, to ensure you have adequate protection in place.

"Your career in accounting is not just about balancing books; it's about balancing your passion and purpose."



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