

The Members,
Sri Lanka Association of Professional Conference Exhibition & Event Organizers,
04th Floor,
Hotel School Building,
No. 78, Galle Road,
Colombo 03.

Ladies/Gentlemen,

MANAGEMENT LETTER

The purpose of this document is to set out the key points arising from our audit of Sri Lanka Association of Professional Conference Exhibition & Event Organizers, for the year ended 31st December 2016. This report is provided on the basis that it is for your information only and that it will not be quoted or referred to, in whole or in part, without our prior written consent. In addition to this memorandum, the result of our work and our opinions will be set out in the Auditors' Report on the Financial Statements.

As part of an examination of financial statements, we perform a study and evaluation of Company's system of internal accounting control to the extent we consider necessary to evaluate the system as required by Sri Lanka Auditing Standards. The purpose of such a study and evaluation is to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on business financial statements. Our study and evaluation is more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

An organization's management is responsible for establishing and maintaining of a system of internal accounting control. In fulfilling this responsibility, estimates and judgments must be made by management to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or dispositions, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with Sri Lanka Accounting Standards.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. A study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, an opinion on the system of internal accounting control taken as a whole cannot be expressed.

B. R. DE SILVA & CO.
Chartered Accountants

Date.....

Membership Fees Receivable

An amount of Rs. 50,000.00 which is shown in the financial statements (Note 07) remains unrecovered for over one year. Action must be taken to recover this long outstanding debt.

Cash in Hand

A certificate for the Cash in Hand of Rs. 10,000.00 was not obtained. The Cash in Hand should be physically verified regularly.

DOCUMENTS NOT PROVIDED FOR THE AUDIT

1. Confirmation for Petty Cash Balance as at 31st December 2016.
2. Letter of Representation.

SRI LANKA ASSOCIATION OF PROFESSIONAL CONFERENCE EXHIBITION AND EVENT ORGANIZERS

(Company Limited by Guarantee)

**COMPUTATION OF ADJUSTED PROFIT/(LOSS) FOR
INCOME TAX PURPOSES BASED ON ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2016**

	<u>Note</u>	Rs.
Net Profit as per Accounts		1,151,893
<u>Less: Income which does not form part of Profit from Trade or Business</u>		
Interest Income		(127,973)
		<u>1,023,920</u>
<u>Add: Disallowed Expenses</u>		
Book Depreciation	2,795	<u>2,795</u>
		<u>1,026,715</u>
<u>Less: Depreciation Allowances on Fixed Assets</u>	(01)	(2,795)
Profit from Trade or Business		<u><u>1,023,920</u></u>

Note

According to the Section 101 of the Inland Revenue Act No. 10 of 2006, the association is not deemed to carry on a business where less than half its receipts by way of entrance fees and subscription (Membership Fee) is less than its total receipts. Therefore the association is liable to tax on its investment income.

	Rs.	
Member Income	340,000	
Total Receipts	2,033,144	
% of the Member Income	<u>340,000</u>	
	<u>2,033,144</u>	x 100
	<u><u>17%</u></u>	
Statutory Income from Interest	(02)	162,945
(-)WHT		<u>(162,945)</u>
Taxable Income		<u><u>-</u></u>

SRI LANKA ASSOCIATION OF PROFESSIONAL CONFERENCE EXHIBITION AND EVENT ORGANIZERS
(Company Limited by Guarantee)

NOTES TO THE TAX COMPUTATION
FOR THE YEAR OF ASSESSMENT 2016/2017

(01) DEPRECIATION ALLOWANCES ON FIXED ASSETS

<u>Asset</u>	<u>Year of Purchase</u>	<u>Cost</u>	<u>Rate</u>	<u>Amounts Claimed up to 01.01.2016</u>	<u>Amounts Claimed for the Year</u>	<u>Total Amounts Claimed up to 31.12.2016</u>	<u>Balance Amount to be Claimed</u>
		Rs.		Rs.	Rs.	Rs.	Rs.
Plastic Cupboard	2013/2014	13,975	20%	8,385	2,795	11,180	2,795
		<u>13,975</u>		<u>8,385</u>	<u>2,795</u>	<u>11,180</u>	<u>2,795</u>

(02) INTEREST INCOME

	<u>Gross</u>	<u>WHT</u>	<u>Net</u>
	Rs.	Rs.	Rs.
HNB	<u>162,945</u>	<u>13,036</u>	<u>149,909</u>

INDEPENDENT AUDITOR'S REPORT TO THE SHARE HOLDERS OF
SRI LANKA ASSOCIATION OF PROFESSIONAL CONFERENCE EXHIBITION AND
EVENT ORGANIZERS
(Company Limited by Guarantee)

1. Report on the Financial Statements

We have audited the accompanying financial statements of Sri Lanka Association of Professional Conference Exhibition & Event Organizers, ("the Company"), which comprise the Balance sheet as at 31st December, 2016, and the statement of Income, statement of changes in equity and, Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Board's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

3. Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

4. Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31st December 2016, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

5. Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
 - We have obtained all the information and explanations that were required for the audit and as far as it appears from our examination, proper accounting records have been kept by the Company.
 - The financial statements of the Company, comply with the requirements of section 151 of the Companies Act.

B. R. DE SILVA & CO.
Chartered Accountants

Colombo 05.

Date :

LCP/NM/ds

**SRI LANKA ASSOCIATION OF PROFESSIONAL CONFERENCE EXHIBITION AND
EVENT ORGANIZERS**

(Company Limited by Guarantee)

**INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER,**

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		Rs. Cts.	Rs.
<u>INCOME</u>			
Membership Fee		340,000.00	485,000
Joining Fee		15,000.00	-
SNAV Income		1,340,171.50	-
Tour Income		210,000.00	
Other Income	(03)	127,972.71	887,765
		<u>2,033,144.21</u>	<u>1,372,765</u>
<u>EXPENDITURE</u>			
Depreciation		2,795.00	2,795
AGM Expenses		58,228.09	90,840
Domain Registration		3,450.00	6,690
Members' Get-Together Expenses		150,410.00	-
Web Developer		67,500.00	-
Secretary Fee		84,060.00	84,000
Bank Charges		1,600.00	1,950
Audit Fee		45,000.00	64,741
Accounting Fee		-	37,500
Sponsorship Charges		-	50,000
Transport Charges		-	200,000
Audit fee under Provision		47,846.30	-
Membership Receivable- Write off		30,000.00	-
SNAV expense		390,361.50	-
Singapore Agent's Visiting Expenses		-	-
Total Expenditure		<u>881,250.89</u>	<u>538,516</u>
Excess of Income over Expenditure before Taxation		1,151,893.32	834,249
Taxation	(04)	-	(2,438)
Excess of Income over Expenditure after Taxation		<u><u>1,151,893.32</u></u>	<u><u>831,811</u></u>

**SRI LANKA ASSOCIATION OF PROFESSIONAL CONFERENCE EXHIBITION AND
EVENT ORGANIZERS**

(Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER

<u>AS AT 31ST DECEMBER</u>		<u>2016</u>		<u>2015</u>
	<u>Notes</u>	Rs.	Cts.	Rs.
<u>ASSETS</u>				
<u>Non-Current Assets</u>				
Property, Plant & Equipment	(05)	2,795.00		5,590
Financial Assets	(06)	2,649,909.59		2,521,937
		2,652,704.59		2,527,527
<u>Current Assets</u>				
Membership Fee Receivable	(07)	95,000.00		50,000
Cash at Bank & In Hand	(08)	1,272,526.92		245,811
Total Assets		4,020,231.51		2,823,338
<u>EQUITY AND LIABILITIES</u>				
Accumulated Fund		3,975,231.51		2,823,338
<u>Current Liabilities</u>				
Audit Fee Payable		45,000.00		-
Total Current Liability		45,000.00		-
Total Equity and Liabilities		4,020,231.51		2,823,338

These Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.


.....
Chief Financial Officer

27.06.2017
.....
Date

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

Signed for and on behalf of the Board by,

	<u>Name</u>	<u>Signature</u>
DIRECTORS }	M. S. A. M. ZIYAN	
	Nalin Ariyaratne	
	27.06.2017	

Date of Approval by the Board

SRI LANKA ASSOCIATION OF PROFESSIONAL CONFERENCE EXHIBITION AND EVENT ORGANIZERS

(Company Limited by Guarantee)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2016

	<u>Accumulated</u> <u>Fund</u>
	Rs. Cts.
Balance as at 31st December, 2014	1,991,527.24
Excess of Income over Expenditure	831,810.95
Balance as at 31st December, 2015	<u>2,823,338.19</u>
Excess of Income over Expenditure	1,151,893.32
Balance as at 31st December, 2016	<u>3,975,231.51</u>

SRI LANKA ASSOCIATION OF PROFESSIONAL CONFERENCE EXHIBITION AND EVENT ORGANIZERS

(Company Limited by Guarantee)

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER

	<u>2016</u>	<u>2015</u>
	Rs.	Rs.
Profit/(Loss) before Tax	1,151,893	834,249
<u>Adjustment for,</u>		
Depreciation	2,795	2,795
Interest Income	(127,972)	
Prior year Adjustment	-	-
Operating Profit / (Loss) before working Capital Changes	1,026,716	837,044
(Increase)/Decrease in Member Ship Fee Receivable	(45,000)	(35,000)
(Increase)/Decrease in Payables	45,000	
Net Cash Flow after working Capital Changes	1,026,716	802,044
<u>Cash Flow from/ (Used in)</u>		
Purchase of Property, Plant & Equipment	-	-
Investment in Financial Assets	-	(2,521,937)
Net Cash from Investing Activities	-	(2,521,937)
WHT Paid	-	(2,438)
Tax Paid	-	(146,579)
	-	(149,017)
Net (Increase)/Decrease in Cash & Cash Equivalents	1,026,716	(1,868,910)
Cash & Cash Equivalents at the beginning of the Year	245,811	2,114,721
Cash & Cash Equivalents at the end of the Year	<u>1,272,527</u>	<u>245,811</u>
Petty Cash	3,240	-
Hatton National Bank	1,269,287	245,811
	<u>1,272,527</u>	<u>245,811</u>

**SRI LANKA ASSOCIATION OF PROFESSIONAL CONFERENCE, EXHIBITION
& EVENT ORGANIZERS**
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2016

1. CORPORATE INFORMATION

1.1 General

Sri Lanka Association of Professional Conference, Exhibition & Event Organizers is a Limited liability Company (Guarantee) incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 4th Floor, Hotel School Building, No. 78, Galle Road, Colombo 03. Sri Lanka Association of Professional Conference, Exhibition & Event Organizers had been operated as an Association for over 05 years. However with effect from 10th February, 2012 it was incorporated as a Company limited by Guarantees.

1.2 Principal Activities and Nature of Operations

During the year, the principal activity of the Company is development of Professional Meetings, Conventions, Seminars and Events of the MICE Industry in Sri Lanka.

- 1.3 The notes to the Financial Statements on pages (05) to (10), form an integral part of the Financial Statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General Policies

2.1.1 Basis of Preparation

The Statement of Financial Position, Income & Expenditure Account, Changes in Equity and Cash Flow, together with accounting policies and notes ("Financial Statements") of the Company as at 31st December 2016 and for the year then ended comply with all material aspects of the applicable Sri Lanka Accounting Standards.

These financial statements presented in Sri Lanka Rupees have been prepared on a historical cost basis.

The Directors have made an assessment on the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

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**SRI LANKA ASSOCIATION OF PROFESSIONAL CONFERENCE, EXHIBITION
& EVENT ORGANIZERS**
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2016

2.1.2 Taxation

(a) Current Taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

2.1.3 Borrowing Costs

Borrowing Costs are recognized as an expense in the period in which they are incurred.

2.2 Valuation of Assets and their Measurement Bases

2.2.1 Trade and Other Receivables

Other receivables are stated at the amounts that they are estimated to realize. A provision has not been made for bad debts.

2.2.2 Cash and Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investment with short maturities i.e. three months or less from the date of acquisitions is also treated as cash equivalents.

2.2.3 Property, Plant & Equipment

(a) Cost

Property, Plant & Equipment are recorded at cost less accumulated depreciation.

(b) Deprecation

The provision for depreciation is calculated using a straight line method on the cost of revaluation of all Property, Plant and Equipment in order to write off such amounts over the following estimated useful lives. The principle annual rates used are;

Furniture	20%
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Depreciation is provided for in the financial statements from the date the assets are available for use and up to the date of disposal.

Contd.....

**SRI LANKA ASSOCIATION OF PROFESSIONAL CONFERENCE, EXHIBITION
& EVENT ORGANIZERS**
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2016

2.3 Liabilities and Provisions

- 2.3.1 All known liabilities have been accounted for in preparing the financial statements.

2.4 Income Statements

2.4.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognising of revenue.

(a) Membership Fee

Membership fee is recognized on an accrual basis.

(b) Interest Income

Interest Income is recognized on an accrual basis.

2.4.2 Expenditure Recognition

- (a) Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.
- (b) For the purpose of presentation of the Income Statement the Directors are of the opinion that the function of expenses method, presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

(Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER,**

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		Rs. Cts.	Rs.
(3) <u>OTHER INCOME</u>			
Income from IAPCO Meeting			-
"Sancharaka Udawa"			-
Income from Indian MICE Operator Meeting			-
Interest Income		127,972.71	24,375
MICE- Mart Income -Net	(3.1)	-	853,370
Income from Spice Garden			10,020
		<u>127,972.71</u>	<u>887,765</u>
(3.1) <u>MICE - Mart Income - Net</u>			
MICE Mart Income		-	8,506,723
MICE Mart Expenses		-	(7,653,353)
		<u>-</u>	<u>853,370</u>
(4) <u>TAXATION</u>			
Income Tax B/F		-	146,579
<u>Add:</u> Provision for the year		-	2,438
		-	149,017
<u>Less: Payments during the year</u>			
1st Installment		-	(56,899)
2nd Installment		-	(10,606)
3rd Installment		-	(79,074)
WHT		-	(2,438)
Balance at the end of the year		<u>-</u>	<u>-</u>

SRI LANKA ASSOCIATION OF PROFESSIONAL CONFERENCE EXHIBITION AND EVENT ORGANIZERS

(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER, 2016

(05) PROPERTY, PLANT & EQUIPMENT

Cost

<u>Depreciation</u>	<u>Cost as at</u> <u>01.01.2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance as at</u> <u>31.12.2016</u>
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Furniture & Fittings	13,975.00	-	-	13,975.00
	<u>13,975.00</u>	<u>-</u>	<u>-</u>	<u>13,975.00</u>

Accumulated Depreciation

<u>Depreciation</u>	<u>Balance as at</u> <u>01.01.2016</u>	<u>Depreciation</u> <u>during</u> <u>the Year</u>	<u>Disposals</u>	<u>Balance as at</u> <u>31.12.2016</u>
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Furniture & Fittings	8,385.00	2,795.00	-	11,180.00
	<u>8,385.00</u>	<u>2,795.00</u>	<u>-</u>	<u>11,180.00</u>
Written down Value	<u>5,590.00</u>			<u>2,795.00</u>

**SRI LANKA ASSOCIATION OF PROFESSIONAL CONFERENCE EXHIBITION AND
EVENT ORGANIZERS**

(Page 10)

(Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER,**

	<u>2016</u>	<u>2015</u>
	Rs. Cts.	Rs.
(6) <u>FINANCIAL ASSETS</u>		
Fixed Deposit - HNB	2,649,909.59	2,521,937
	<u>2,649,909.59</u>	<u>2,521,937</u>
(7) <u>MEMBERSHIP FEE RECEIVABLE</u>		
Diethelum Travels Lanka (Pvt) Ltd	10,000.00	-
Walkers Tours Limited	10,000.00	-
Taj Lanka Hotels PLC	5,000.00	-
Asia Tours (Pvt) Ltd	10,000.00	-
DAV Technologies (Pvt) Ltd	10,000.00	-
Cinnamon Lakeside Colombo	5,000.00	-
Galadari Hotel	5,000.00	-
M&S Travel Solition (Pvt) Ltd	10,000.00	-
Beyond Boundaries Global (Pvt) Ltd	10,000.00	-
CITRUS Vacations (Pvt) Ltd	20,000.00	-
Victory Exhibitions & Conventions (Pvt) Ltd	-	10,000
Imagination Strategic (Pvt) Ltd	-	10,000
BMICH	-	20,000
MAS Fabric Park (Pvt) Ltd	-	10,000
	<u>95,000.00</u>	<u>50,000</u>
(8) <u>CASH AT BANK</u>		
Petty Cash	3,240.00	-
Hatton National Bank	1,269,286.92	245,811
	<u>1,272,526.92</u>	<u>245,811</u>

(9) EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.

(10) COMMITMENTS

(a) Capital Commitments

There have been no material capital commitments that require disclosure in the Financial Statements.

(b) Financial Commitments

There have been no material financial commitments that require disclosure in the Financial Statements.