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Department of Accountancy & Finance

THE DEPARTMENT OF ACCOUNTANCY & FINANCE

GUARD AGAINST INFLATION

The key to successful investing is not predicting the future, but learning from the past

EARN RIGHT INVEST IN THE RIGHT

The stock market is a device for transferring money from the impatient to the patient

INVEST FOR THE LONG HAUL

An investment in knowledge pays the best interest

FINANCE MIRROR

MAY 2023

VOLUME 3

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FINANCE MIRROR

INVESTORS' DAY

Department of Accountancy & Finance

May 2023

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Faculty of Management Studies
Sabaragamuwa University of Sri Lanka

Contents

EDITORIAL BOARD

Cryptocurrency

A cryptocurrency can be defined as a form of digital or virtual money. Further stating, it is an alternate payment method that was developed using encryption techniques. By utilizing encryption technology, cryptocurrencies can act as both a medium of exchange and a virtual accounting system. Nevertheless, cryptography secures cryptocurrency, making it nearly hard to forge or double-spend them. However, to use cryptocurrencies, a cryptocurrency wallet is required. Blockchain technology, a distributed ledger maintained by a dispersed network of computers, is the basis of many cryptocurrency-based decentralized networks. One of the key characteristics of cryptocurrencies is that they are often not issued by any central authority, making them potentially impervious to manipulation or government intervention. They enable secure online payments without the assistance of outside intermediaries. Cryptocurrencies can be mined or purchased on exchanges. However, not all online retailers permit clients to pay using bitcoins. Even well-known cryptocurrencies like Bitcoin are hardly ever used for everyday retail transactions. Nonetheless, the value of cryptocurrencies has surged exponentially, increasing their acceptance as trading commodities.They are occasionally used for cross-border transfers as well. Nevertheless, Blockchain technology is vital to the allure and usefulness of Bitcoin and other cryptocurrencies. As its name suggests, a blockchain is essentially a collection of connected blocks or an electronic ledger. Each block consists of a collection of transactions that have all been independently verified by each network participant.

Categories of Cryptocurrencies

Currently, thousands of cryptocurrencies are available on the market. Each cryptocurrency claims to have a distinct function and specification. Banks, for instance, use XRP from Ripple to expedite transfers across borders. Since it became available to the general public in 2009, bitcoin continues to be the cryptocurrency that is traded and covered the most. Over 19 million bitcoins were used as of May 2022, with a $576 billion market valuation overall. In 2008, a white paper was introduced to the public, created and distributed by an anonymous person called Satoshi Nakamoto. Numerous “altcoins” alternative cryptocurrencies were introduced after the succession of Bitcoin. Some of these are forks or duplicates of Bitcoin, while others are brand-new currencies developed from scratch. Accordingly, Solana, Litecoin, Ethereum, Cardano, and EOS are among them. Bitcoin accounted for over 41% of the total value of all cryptocurrencies by November 2021, which was over $2.1 trillion.

Are Cryptocurrencies legal or not?

Governments or monetary authorities are considered as the sources of fiat currency authority. For instance, the dollar bill was backed by Federal Reserve. Cryptocurrencies are not, however, supported by any public or private organizations. Subsequently, in many financial jurisdictions around the world, it has proven challenging to justify their legal standing. The legality of cryptocurrencies impacts how they are used in regular transactions and trade. The Financial Action Task Force (FATF) proposed in June 2019 that wire transactions of cryptocurrencies be subject to the Travel Rule, which requires AML compliance. Only El Salvador and the Central African Republic recognized Bitcoin as legal money for financial transactions as of May 2022. In the rest of the globe, the regulation of cryptocurrencies varies per country. Accordingly, Japan’s Payment Services Act defines Bitcoin as legal property, whereas cryptocurrency trades and mining are outlawed within China’s boundaries. However, Cryptocurrencies are legal in the European Union, and India was reported to be formulating a framework for cryptocurrencies in December 2021.

The Markets in Crypto-Assets (MiCA) legislation, which defines guidelines for businesses or vendors providing financial services utilizing cryptocurrencies, was published by the European Commission in June 2021. However, Crypto derivatives like Bitcoin futures are offered on Chicago Mercantile Exchange, which is known to be the largest and most complex financial market in the world. The Securities and Exchange Commission (SEC) previously held the position that Bitcoin and Ethereum were not securities; nevertheless, SEC Chair Gary Gensler announced in September 2022 that he now thinks cryptocurrencies are securities. This position implies that the legal status of cryptocurrencies may be subjected to regulation

Are Cryptocurrencies Safe Investments?

In contemporary society, due to large investor losses, cryptocurrencies are viewed as unstable investments as a result of fraud, hacks, and vulnerabilities. Although the underlying encryption is often secure, new users may be subjected to serious issues of the technical complexity of utilizing and keeping crypto assets. Therefore, investors in cryptocurrencies should be aware of the risks and dangers associated with markets for speculative investments. Accordingly, investors need to be educated about cryptocurrency user, regulatory, counterparty, management, programming, and marketing manipulation risks to have a safe investment. However, despite these risks, the market capitalization of all cryptocurrencies has increased to more than $1 trillion. Despite the asset’s speculative nature, individuals have made significant fortunes by accepting the risk of investing in nascent cryptocurrencies.
Simultaneously, cryptocurrencies ensure a number of advantages to their investors. Accordingly, cheaper and quicker money transactions and decentralized systems without a single point of failure are benefits of cryptocurrencies. On the other hand, cryptocurrencies’ drawbacks include their unstable prices, high energy requirements for mining, and use in illegal activities.

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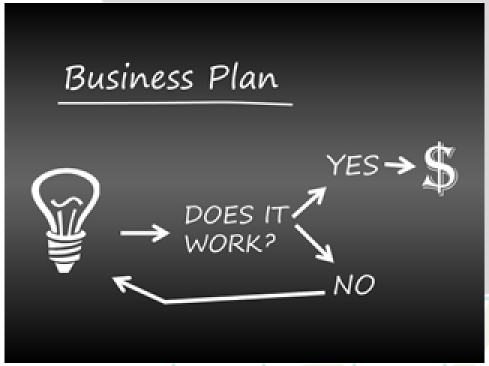
Emerging Business Models with Intellectual Property Rights in 21st Century

"Because its purpose is to create a customer, the business has two—and only two functions: marketing and innovation. Marketing and innovation produce results, all the rest are costs." – Peter F. Drucker, management consultant and author of "Innovation and Entrepreneurship."

In the contemporary world, there is an abundance of goods and services available in the market for all kinds of businesses, irrespective of how large or small they may be. As every business strives to stay ahead of its competition in this rapidly changing environment, it constantly strives to create new and improved goods and services that will be able to provide a greater value to users and customers than the products offered by its competitors. The ability of a business to create more value for the customers more it creates more value for the owners of the business. As a prerequisite for success in today's market, businesses rely on innovations that reduce production costs and/or improve product quality to ensure that their products stand out from the competition with unique value propositions. The challenge for businesses in a crowded marketplace is to make an ongoing effort to communicate the specific value offered by their products in an effective marketing program based on well-thought-out branding strategies in order to differentiate their products in the marketplace. The majority of businesses, especially those that are already successful, rely heavily on the effective use of one or more types of Intellectual Property (IP) today in order to gain and maintain a significant competitive advantage in the marketplace as well as gain a competitive edge over their competitors. For example, the exclusive rights granted by the government for a registered patent very effectively exclude the new entrants to one's territories of the business.

Interestingly, the World Intellectual Property Organization (WIPO), an agency of the United Nations tasked with the development and promotion of IP policy and cooperation, estimated that Sri Lanka filed more than 353 patents by the end of 2020. It is a remarkable increase compared to the previous years. The number of patent applications in Sri Lanka increased from 119 in 1999 to 353 in 2020, growing at a 9.54% annual rate. According to the World Intellectual Property Organization, Sri Lanka filed a total of 22 PCT applications (international filings under the Patent Cooperation Treaty) in 2020; the top applicant was Mas Innovation (Private) Limited. These statistics provide the green light that Sri Lanka is moving towards an innovative path to bring prosperity to the nation. On the other hand, the number of PCT applications signals that more innovative products from Sri Lanka will appear in the international markets before long. It is apparent that with a coordinated effort with genuine political support, the government and the private sector can deliver the best for the country sparing innovation.

Intellectual Property as a Lever for Economic Growth



It is very much clear that technological innovation is one of the primary predictors of business success. Businesses will benefit more from innovation if they consider the full range of IP issues in new product development. The effective use of IP system tools reduces risk and facilitates the process of bringing innovative technology to the market while increasing the competitiveness of technology-based enterprises. The ongoing transition to an innovation-driven and knowledge-based economy has taken to light the issue of how knowledge is generated, distributed, retained, and utilized to generate economic prosperity for the nations. IP knowledge is becoming increasingly important for firms' economic, financial performance and growth. In this new environment, which is characterized by expanding global markets, including those for IP, businesses must be able to generate financial returns from both creating and utilizing IPs in business models.

The ability of individual firms to create economic value from IP is highly dependent on their management capabilities and the implementation of appropriate business strategies incorporating IP strategies. For instance, leading firms have embraced new R&D management techniques that seek to better match R&D investment with corporate goals while relying on outside sources to get complementary knowledge and complete technology portfolios. Innovation enables a company to identify opportunities that exist or are likely to emerge in the future, focus on existing business processes and practices that improve efficiency, find potential customers, reduce waste, and increase profits.

As an evidence, Ocean Tomo, LLC, an international firm providing services centered on IP assets, conducted a study in 2015 on Intangible Asset Market Value. In particular, the study highlighted the contribution of intangible assets across a number of international indexes as one of the market value constituents. In the last 20 years, there has been a marked rise in the value of intangible assets over tangible assets, evolving from a share of the market that accounted for 17% of the market value in 1975, to one that accounted for 87% of the market value by 2015. As a result of this trend in the value of intangible assets increasing over time, we can only conclude that intangible assets, such as intellectual property, do fuel the value, growth and development of an enterprise in a particular and large industry in general.

IP-Driven Business Models

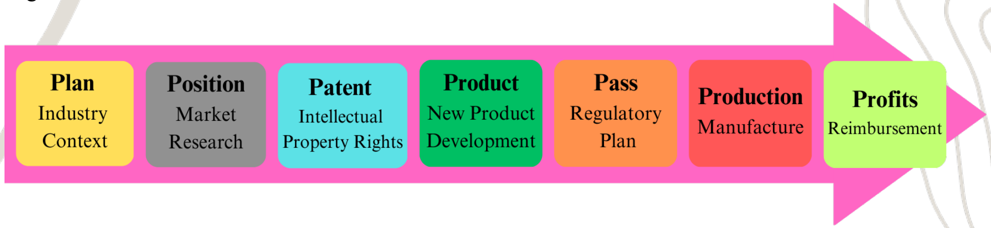
IP-Driven Business Models to gain and maintain a significant competitive advantage in the marketplace, all businesses, particularly those that are already successful, now rely on the effective use of one or more types of IP; those businesses are also recognized as IP holding companies. The enterprises leverage the use of IP-based business models to increase their market share and achieve competitive differentiation at increasing trends in the world. For instance, the world's top five companies by market cap; Apple, Amazon, Google, Microsoft, and Facebook are IP driven. More importantly, enterprises can monetize their technology assets and source these assets from their partners using IP-based business models, or they can discover entirely new business models leveraging external assets.

There are mainly three IP-based business models; monetization, sourcing, and transformation. Existing technological assets after IP protection are converted to profitable through IP monetization. IP sourcing is the process of acquiring or developing technological assets with the assistance of partners in order to stay ahead of the competition.

The third IP-driven business model is IP-led transformation. In this model, using the service provider's IP or technology assets and entity can improve an enterprise's competitive advantage via an as-a-service model.

and potential return on investment. Many companies have to navigate through some form of the regulatory process before they launch a novel product in the market. The final result of commercialization is that the innovation becomes available to be exploited for profit in order to enable it to continue to grow.

Figure 1: Value Creation Process

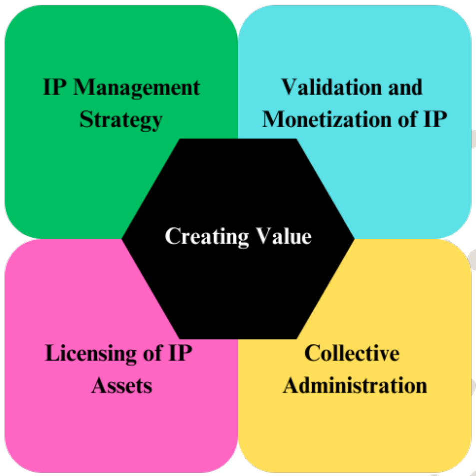


The linear roadmap in Figure 1 shows the components that need to be assessed in order to make sure that a sound commercialization plan is built. Often, companies start with newly developed technology and a general idea of how that technology will be applied. In the planning stage, companies should articulate the value proposition, i.e. the value created for users by the product or service containing the novel technology. In the process of inventing a novel product, there is the influence of market research on development plans and how a product will be marketed. It should identify the market need, a specific indication of interest, market size and segments, and product characteristics. On the other hand, it is necessary to identify what complementary processes, organizations, and assets are needed. For a product or technology to be able to get to the market and stay there, it is crucial to make sure that it can go through this process. Despite the fact that patents are designed to protect innovative inventions, they have long been considered to be proxies for the innovations that organizations produce. Patents communicate value. As an example, submitting a patent application and having a "patent pending" designation on the patent application signifies that a specific phase of technology is in progress. The term "issued patent" refers to the government granting the company the exclusive right to perform the invention that is identified by that patent.
The patented product can be developed into a physical product if the new product concept passes the business test. This ensures that the product concept can be turned into a workable market offering. At this stage, the firm would be able to estimate sales

This profit would be poured back into the firm for research and would be distributed among the inventors encouraging them to invent more market-viable technologies.

Creating Value and Smart Decision-Making

Figure 2: Creating Value through IPs



There is no doubt that IP assets must be effectively managed in today's highly competitive commercial environment, which has never been more challenging. Over the years, IP law has been closely intertwined with companies' commercial strategies, resulting in the development of comprehensive IP management strategies and specific licensing policies adapted to the different sectors of the economy.
There is a need for businesses to manage their intellectual property (IP) assets in a proper manner. The best way for businesses to gain a good return on their creative activity investment is for them to take steps in the following directions, in a strategic manner: (i) to acquire intellectual property, (ii) to monitor the IP of their competitors (for instance, to avoid being sued or paying license fees when launching new products or services) and (iii) to ensure that they protect their intellectual property interests when dealing with suppliers, customers, and collaborators. In some cases, a business may be able to generate significant revenue from licensing intellectual property. As a result, IP signals a company's worth to investors and can be a influential factor in attracting additional funding from third parties to fund a company, especially if the company is a start-up.
A collective management of innovations can improve the access and quality of innovation to consumers, rights holders, and users in the form of efficient licensing and minimal transaction costs, which will allow users and consumers to benefit from innovations by using and distributing them across a variety of platforms in new business models. In appropriate cases, licensing innovations collectively is advantageous to both rights holders and users, provided that such collective administration of innovations occurs within a framework that provides transparency, permits pricing at rates that would be freely negotiated in the marketplace, and gives rights holders control over when and how to license their rights collectively. International enterprises must get permits in every relevant territory since innovation is a national phenomenon. In the right circumstances, collective management can make it easier to obtain such a license in each country, and cooperation between collectives through reciprocal agreements can make it easier to obtain a license internationally.
Any sort of asset which can be specifically identified and clearly separated from other assets employed in the business, including an IP asset, can be valued to help its owner determine the best cost-effective strategy to utilize, protect, insure, sell, leverage, or exchange that asset in the market. However, IP assets are and will always be difficult to value; this may be why many people view IP valuation as a combination of art and science. IP valuation is a deliberate procedure that aims to estimate the monetary value of the underlying intellectual property asset(s) and is based on techniques currently in use for the evaluation of the tangible property.
Organizations must have a business model that supports and encourages innovation in order to achieve breakthrough innovation; this comprises having the right combination of people, processes, and resources. It also necessitates some risk-taking and experimentation. Success is not assured, though, even with the strongest business concept in place. By creating and implementing IP asset management plans, clever businesses have successfully exploited the intellectual property (IP) system to produce, extract, or leverage the value of the majority of their intangible assets over the past years.

Final Remarks

In conclusion, the capacity to create value from intellectual property is greatly dependent on the management skills of particular businesses and the application of effective business strategies. To commercialize an innovative technology, the creators must first decide what product or service to incorporate it into and then select an appropriate market to target. Thus; businesses should always pay attention to the ways to improve their business models based on their innovative performances either by incorporating a uniqueness that distinguishes it from other completive products or changing the way that products are priced or marketed.

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DEBIT CREDIT

Debit credit credit debit
About coming in accounting
Elements, ...
Here is the story..........
Lucca pacioli is farther of accounting
Like our left and right
There is a debit and credit in this
The owner's right is said to be
capital
If it is increased, it will be credited
If it is reduced, it will be debited
It is hard work,
Assets are precious....
If it is increased, you will be debited
If it is less, it will be credited
Being responsible
Pay it right

If it is increased, you will be credited
If it is less, it will debited
What ever these things,
Income is the biggest thing
If it increases, it will be credited
If it is less, it will be debited
Earnings,
Move the expenses little by little
If it increases, it becomes debited
If it is less it will be credited
Fundamental of accounting
It was brought like this........
Learn guys,,,,,,,
This is so precious

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CLOUD ACCOUNTING

For many years, businesses have regarded financial accounting as a formal and common source of information (Chapellier, 1994). As a result, it can be referred to as the language of business because

it offers financial information that helps stakeholders make decisions. Information on the financial status, revenue, and cash flows is made available through the financial statements. In a fast-paced business environment, accountants should always take use of new technologies to complete their The Association of Chartered Certified Accountants has highlighted cloud computing as one of the developing technologies. Due to the effects of company digitization and widespread internet use, a new apex known as cloud computing has evolved (Dimitriu & Matei, 2014). Through the usage of the cloud, service providers can remotely and on demand share their computing resources with a large number of consumers. Software as a Service (SaaS),

Infrastructure as a Service (IaaS), Platforms as a Service (PaaS), and Business Process as a Service (BPaaS) are the four most popular cloud services (Mell & Grance, 2011). It is true that cloud computing is gaining a lot of attraction since it gives companies more flexibility and lowers their initial infrastructure expenditures. This cutting-edge technology has realistically changed the accounting industry. Cloud computing technologies has enabled accounting on the cloud to become a modern field. Although it is carried out on servers providing online services and users can access them through web browsers, cloud accounting, also known as online accounting, is defined as software that functions similarly to an accounting application installed on users' computers (Dimitriu & Matei, 2015). Accounting professionals can access financial data using cloud technologies from any location as long as they have internet connectivity. The introduction of cloud accounting will mitigate the effects of and offer solutions to problems brought on by standardization, big data, rapid technological advancements, and globalization (Dimitriu & Matei, 2015). Accounting professionals should be prepared to embrace changes in the business environment with vigor because it's crucial to adapt to the realities of today. In other hand cloud computing has been dubbed a paradigm-shifting invention. It links together many pieces of technology and processing resources to form a unified ecosystem over the internet. It enables users to access data and run apps from a variety of devices in different locations across the world (Buyya et al., 2008).

Many studies on cloud computing technology have been embraced in the adoption of cloud computing by businesses. Its related costs, benefits, advanced security and privacy issues, measures for security solutions, and reasonableness with technology have all been analyzed.

Cloud computing has now made its way into the accounting profession (Sharma, 2016). Cloud accounting is the use of software for data collection and processing via Internet-based cloud supplier apps. In this way, accounting software and data are stored on a distant server, with no need for individual computers or support on each customer's part. Data "retrieval" by many customers is possible at any time from a variety of devices (Dimitriu & Metei, 2014).

Accounting functions have changed because of the use of cloud technology in comparison to traditional applications. Traditional accounting software is purchased as a license to utilize the software through the internet. As a result, cloud accounting solutions are revolutionizing the way companies utilize their computer systems. Emerging accounting trends can have a positive and negative impact on an organization's bottom line, but it is important to consider the cost-benefit analysis as well as the perceived benefits that are reaped by the company implementing these trends into its operations (Rao et al., 2012) Manufacturing was one of the first industries to completely embrace business computing in the 1960s. Most today's manufacturing business systems were conceived and implemented in the 1980s and 1990s.

Manufacturing has been embracing the internet of things and artificial intelligence in recent years (Deloitte Touche Tohmatsu Limited, 2016). Cloud computing is more suited to this dynamic environment than traditional on-premises systems that take years to build, and are incapable of adapting to market, organizational, or process changes. These antiquated engineering, manufacturing, and commercial systems have become a roadblock to advancement, in my opinion. Moving apps and the vast amounts of data they manage is liberating, as other sectors have discovered. They can arrange data without relying on the program and optimize it for advanced analytics. Cloud-based technologies may be implemented fast anywhere in the world on either public or private clouds.

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THE DARK HORSE

The Dark Horse
In a dark dark wood,

There was a dark dark house
And in that dark dark house,

There was a dark dark room
And in that dark dark room,

There was a dark dark
cupboard
And in that dark dark
cupboard,

There was a dark dark shelf
And in that dark dark shelf,

There was a dark dark box
And in that dark dark box,

There was a ghost.

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CROWDFUNDING

The Future of Impact Investing

The crowd funding concept runs back to 1997 and this was originally used by the villagers when they are lack with funds to maintain their day-to-day activities. Always they have been backed by the relations or some closed ones. Furthermore, the concept was there even from so many years but was only standardized in late 1990's. Crowd funding means the raising of the funds by collecting small portions from so many people either through physical means or through virtual platforms. The crowd funding concept is good for both profit and non-profitable business activities and it is said that young potential entrepreneurs in developed countries have more knowledge about crowd funding, characteristics of crowd funding and use of online platforms but the natives from developing countries like Sri Lanka are lack in these concepts. The young potential entrepreneurs tend to use this concept in more developed countries due to the perceived benefits such as visibility of the project/ entrepreneur, feedback from future customers, lower financial cost, easy and fast access to capital and the unrequired collateral during the financial process.

Lots of online platforms for crowd funding initiation can be seen in order to support the entrepreneurs in worldwide and the best platform will be the one which is having highest number of visitors. Kickstarter, Indiegogo, Crowdcube, Seedrs, Crowdfunder and Circle up was mentioned as the most popular online platforms. Each of these platforms, have been specialized in specific areas such as equity crowd funding, nonprofits, business loans and etc. It furthermore disclosed that the platform should be selected to align with the goals of the business and the funding requirement.
When it comes to the developing contexts like Sri Lanka, some positives and negatives which can derive from crowd funding campaigns. Convenient and easy access to back new ventures, greater alternatives to the traditional lending mechanism of banks, online accessibility to the platforms, control over decisions, accessibility to fulfill capital gap in the country, building the momentum, to test the marketability of an idea, open access to new networks, laying solid foundations to future projects, reduced financial risk can be highlighted as the major positives of the crowd funding mechanism. Apart from that inability to make alterations to the initial project and campaign, conclusions based on false negative results, poor marketing and lack of understanding, taking significant time and preparation in successful crowd funding campaigns, administrative and accounting challenges in times of profit sharing, frauds and thefts, difficulties in non-consumer projects, opening up of financial and sensitive information to the public, increased transparency and platform fees can be highlighted as major drawbacks.

The regulatory provisions with respect to crowd funding cannot be seen within the Sri Lanka and the Security Exchange Commission should consider monitoring investor protection issues and new developments like crowd funding in Sri Lanka. Innovative financial services have replaced the existing traditional financial services when it comes in the global context. USA, UK, Germany, Hong Kong, Singapore, China, India and Australia can be considered as countries which are in the foremost place when it comes to the financial technology. We cannot find any sophisticated Fintech innovation, peer to peer lending platforms, mobile payments and fund transfer platforms in Sri Lanka.

Lending or investing via online platforms is still in the developing stage within the country due to many reasons such as lack of regulations and as well lack of investors in Sri Lanka. Cash Wagon, Lotus loan, heliosp2p, P 2 P Lending platforms were introduced by the foreign investors with the collaborations with domestic investors in order to boost online investing platforms in Sri Lanka. Although there is a tendency to emerge new trends within the country, no any strong regulatory environment could be seen within the country. Insufficient regulatory environment, lack of involvement by the government, lack of both financial and information technology literacy, low bandwidth internet connections, lack of proper infrastructure facilities can be highlighted as the nearest reasons to implement and develop crowd funding in Sri Lanka.

When it formulates the regulations, more consideration should be drawn towards the risks which can emerge out of these online fund-raising methods. Investors tend to join for these platforms either to raise funds for their projects or else build a strong network with the co investors. Fraud can be highlighted as the mostly seen risk in crowd funding campaigns. Investors can invest in small amounts in order to have the diversification as well to manage the risk at a minimum level. Rather from intentional fraudulent activities, some projects can be failed due to the in competencies of the entrepreneurs. Lack of efficient secondary market could not be seen for the crowd funding. Many investors try to recoup their investments either by selling to the other investors or to the entrepreneur. Hence when developing the rules and regulations, more consideration should be drawn towards the secondary markets. And also, proper regulations should be developed for the tax purposes in order to help the investors to frame their crowd funding campaigns. In overall aspect, regulations should be formulated to protect the crowd, the crowd funding platform and the campaigner. When it comes to the global context; France, Italy, and the United Kingdom have addressed those aspects in their regulations while other European members tend to use the US regulations.
With respect to all of these factors, crowd funding provides an important contribution to financial development in developing countries and as well more pronounced in developed and the advanced economies.

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MOTHER NATURE

The freshness of the dawn breeze refreshes one's body n mind,
making ready him to face the visisitudes of the day that has dawned,
amidst the hustle n bustle of the days life for his spirits not to wane,
nor his efforts for the day not to go vain,
for him to take benefit from mother nature,
making mother nature to nurture him,
as his mother natured him in her belly…….

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Digital Revolution and New Dynamics of Accounting

It is hard to know what will happen in the future, and that is never more true than when you are talking about emerging accounting trends. Accounting practices change over time as new technologies emerge and old ways of doing things become obsolete. Many accounting firm owners feel the impact of automated accounting processes and high-tech systems on their business. Here are the top accounting trends to watch out for your future. Let's look at these a little closer.

1. Remote Workforce

The traditional workforce is changing. Employees are no longer bound to a physical office, and businesses are taking advantage of this. The accounting industry is no exception and is one industry that can do it more easily than others. More and more accountants are working remotely due to the implementation of cloud-based software, allowing employees to complete their assigned tasks without being in the same building. And this trend is likely to continue.

2. Data & Cyber Security

As more data is shared electronically between accounting firms and their clients, hackers are also stepping up their games. Cloud-based software provides a cost-effective, scalable solution for secure online data storage, making it easier for accountants to access work when on the go or at home. Accounting firms should also implement systems with two-factor authentication requirements so only authorized users can access sensitive data. With the level of confidential financial data shared between accountants and clients, even a minor security breach can lead to identity theft. Focusing on data security will help decrease risk exposure by protecting organizations' most valuable assets - their customers' financial information.

3. Automated Processes & Artificial Intelligence

The days of manually inputting data into a spreadsheet are coming to an end. Accounting firms that want to stay competitive need to automate their processes as much as possible to save time and money. Automation can be achieved through software like robotic process automation (RPA), which uses artificial intelligence (AI) bots to complete repetitive tasks quickly and accurately. It can even play a role in analyzing documents and preparing reports. Not only will this save your firm time and money, but it will also free up employees' time so they can focus on higher impact and higher-value activities. As artificial intelligence continues to evolve, so will the role of accountants within organizations. AI is already being used in several industries to automate tasks done manually. Accounting firms should begin preparing for the day when AI can perform more complex functions currently handled by human beings.

Some of the processes that are being automated include approval workflows, bank reconciliation, journal entries, inter-company consolidation, revenue recognition, lease accounting and depreciation. But those that take the leap are reaping the benefits.

4. Blockchain Technology

The blockchain is a distributed ledger technology that allows for secure, transparent and tamper-proof transactions. Accounting firms should pay close attention to the potential implications of this new technology as it could potentially revolutionize how businesses operate. Blockchain records and stores assets, liabilities, transactions and provides methods of recording cash flow and reconciling accounts. It is essential for people in the accounting industry to understand blockchain technology and how it will affect the industry moving forward.

Blockchain is already changing the accounting sector by lowering the costs of reconciling and maintaining ledgers. It also provides the needed accuracy in ownership and history of assets. Accountants can better understand their firm's obligations and available resources.

5. Big Data

As data becomes increasingly more complex, the need for accountants who can effectively manage and analyze it will also increase. Big data is a term used to describe the large volume of data organizations collect from various sources. Accounting firms need to find ways to store this data, mine it for insights, and turn it into actionable knowledge to remain competitive. The use of big data analytics can help identify future trends and correlations that would otherwise be missed. Accounting firms that can harness the power of big data will provide their clients with more valuable insights and recommendations. By analyzing massive datasets, accountants can analyze risk levels to predict future consequences on an organization's finances and make plans instantly. Business models are more proactive when analyzing big data.

6. Data Analytics and Forecasting

In addition to big data, accountants also need to use advanced analytics and forecasting techniques. The demand for data specialists in the accounting industry will skyrocket soon. Data analytics help identify operational inefficiencies and manage risks better. More businesses will invest in data analysis to help with data-backed decisions. Organizations should strongly consider investing in data science training programs that provide knowledge on effective strategies used by industry leaders and hands-on experience with various tools commonly used at accounting firms, including SQL, Excel, and Python. Accountants now benefit from having unique skills in data analysis or a background in data science. More and more businesses are moving to the cloud, and accounting firms are following suit to meet their needs. Cloud-based accounting systems allow you to access your data from any device with an internet connection. This is an excellent option for firms with multiple locations or employees who work remotely. Cloud-based solutions also make it easy to share files and collaborate with others. It allows all accountants on the team to have instant access to their accounting data saving valuable time. It has saved businesses from substantial upfront costs for traditional in-house accounting services and software, as well as increased security.Cloud-based software also creates workflows, saving businesses valuable time duplicating work and recreating repeatable tasks. Overall, this accounting trend saves time, costs and increases accessibility and security.

8. Accountants with Diverse Skills

To keep up with the changing accounting landscape, firms are looking for Accountants who have diverse skills. Accounting is no longer just about preparing financial statements, and tax returns as more transactional work will become automated. To be successful, accountants must utilize technology, understand data analytics, and communicate effectively with w. They also need to be well-versed in business concepts to provide valuable insights to their clients. As the world becomes more complex, businesses will require more specialized services from their accountant, which means that accountants must continually update their skill set to stay ahead of the curve.

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Product Life Cycle Stages & Pricing Strategies

Price can be defined as the monetary value that a good or service can be sold to maximize the profit. Therefore pricing decisions should be effective to a product to survive in the existing market, increase the market share or enter into a new market. Indeed business organization have the ability to use a variety of pricing strategies when selling a product or service. Further, before determining the most effective pricing strategy for a product, company's pricing position, pricing segment, pricing capability and their competitive pricing reaction strategy should be considered. Mainly there are 07 pricing strategies can be seen. Such as, Value based pricing, Competitive pricing, Price skimming, Cost plus pricing, Penetration pricing, Economy pricing and Dynamic pricing.

When considering the value based pricing, business entities set prices for the products based on the actual value or perceived value of the considered good or service. Generally highly competitive and price sensitive markets follow this pricing strategy. Competitive pricing is associated with setting price to the goods and services in relation to the similar products which are sold by other business entities. If a company follows competitive pricing method, they have to keep their eye on the competitors, constantly. This is because, under this technique it is important to know when the competitors drop their prices or offer promotions. Price skimming technique is setting a higher price for a new product to capitalize on consumer demand and then eventually lowering the settled price over the time. Mainly this method is for the unique products which are highly anticipated, innovative and higher quality. Then, Cost-plus pricing is one of the most used pricing method. Mainly this technique is used by grocery and department stores with a wide range of common products and smaller businesses who are not willing to spend huge amounts on market researches. Therefore under this method, at first the cost of the product is calculated and then the mark-up is added according to the expected profit to the determined cost. Penetration pricing is the opposite approach of price skimming. In here, companies offer a low initial price point to attract customers towards their product from the competitors. After the product established in the market then the company will increase the price of the product gradually. Indeed, Economy pricing, technique can be seen with budget products. In here the production cost is low, where the prices of those goods can be kept low. This method works with the products manufactured at scale and big business like pharmaceutical companies which can take advantages of sideline the competition and drive sales. Dynamic pricing is an agile price system to help in order to maximize the profit. This is where the businesses would change the price of the goods depending on where, when and to whom they sale the product.

When considering the relationship between product life cycle and pricing strategies, it can be generally seen that companies set prices for their products considering the product life cycle stage that their products are currently positioned.

If the product is in the introduction stage, penetration pricing, price skimming or competitive pricing can be used to set a price, based on the nature and the qualities of the product. If the product is in the Mid-life or growth stage, the companies might think about increase the price to have more profits. They have to think about some important factors before changing the pricing strategy, such as the production cost and the level of competition. In here, dynamic pricing, value-based pricing and competitive pricing methods can be applied based on the nature of the product.

If the product is in later life or maturity stage, the competition is rather higher. Therefore to remain competitive, adding extras to existing product at a low cost is considered to make the product worth for the money. In here competitive or cost-plus pricing can be used. Then, when a product passing its declining point, usually customer no longer need that product. Therefore economy pricing would be appropriate. Indeed pricing strategy is one of the essential functions that organizations engage on the way of profit making since it defines the value of the product to be made by the company and its worth for the customers to use it. Therefore selecting pricing strategies based on the stages of the product life cycle, have a significant impact on the profitability of a company.

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EVOLUTION OF THE CURRENCY IN SRI LANKA

Even though, we call our country as a country that has fallen into an economic abyss at present, Sri Lanka is a country with a long history and an equally long and rich economic history. Studying that history will undoubtedly be useful not only for economists but also for all those who take the initiative to pull the country's economy into the abyss as well as everyone in the society. While studying the history of a country, it is also essential to study the currency units and currencies used in different periods of that country. It will also help to create the methods of dealing in a country in the future.

Sri Lanka had become a center of world trade routes in the past. Therefore, a huge number of tourists came into Sri Lanka. The Greek, Roman and Chinese texts provide a wealth of evidence for it. When looking at the irrigation projects and agriculture activities of the time, it is clear that an efficient trade system was in place in the island. All these facts make it clear that local currency as well as foreign currency circulated in the country. The primary evidence related to the economic history of Sri Lanka can be found in chronicles, ancient books and inscriptions. Those sources
also provide information about coins, epigraphs and past trading mechanisms used in Sri Lanka.

The use of currency in Sri Lanka was different in each period.

1. Anuradhapura Era
2. Polonnaruwa to Kotte Era
3. Kandy Era
4. Colonial Era
5. Post-Independence Period since Establishment of the Central Bank of Ceylon
6. Digital Money

Anuradhapura Era

•Kahapana
"Kahapana" can be called the first currency used in the Sri Lankan history. Those coins are produced by weight using different symbols. Over five hundred unique marks are used on these "Kahapana" coins. Silver has primarily been identified as the metal of the "Kahapana". Initially, these coins were produced in India, and with trade the use of these coins migrated to Sri Lanka.

• Swastika Coins
"The tusker and swastika coin" is another type of coin used in the Anuradhapura period apart from the "Kahapana". As far as the structure of the coin is concerned, although the structure is different from the "Kahapana", as a currency it is in the same category as the "Kahapana".

Apart from them, Maneless Lion coins, Lakshmi Plaques, Kahavanu or Lankeshvara coin, Foreign Coins like Greek, Roman, Chinese, Arabic and Indian coins were also the types of coins that could be seen in the Anuradhapura Era.

Polonnaruwa Era

The currencies used in the Polonnaruwa Era can be called Massa Coins, Dambadeni Coins / Coins of the Middle Ages, Lion Coins, Cetu Coins. In addition to the symbols used during the Anuradhapura Era, the mention of kings' names on coins during this era is a special feature. Similarly, Rajaraja, Nissankamalla, Rajadhiraja, Codaganga, Rajendradeva, Lilawathie, Vijayabahu I, Sahassamalla, Parakramabahu I, Dharmasoka can be mentioned as the kings whose name was applied to the coins.

Kandy Era

During the Kandy Era, a type of gold coin called "Masuran" came into use. It is a very rare and precious metal, so it gradually fell out of use.
Instead, coins such as Angutu Massa/Koku Coins/ Laarin, Dambadeni kasi, Salli, Indian 'Waragama', Tuttu, Panama, Tangama made of copper were used. These hook-shaped coins are thought to have been brought to Sri Lanka by merchants from Persia. The term "Laarin" also applied to these Persian coins.

Colonial Era

In each era, the country was ruled by different kings. During the colonial era, foreign people came to trade and occupied different parts of the country. The currency unites used by the Europeans who came in this way also circulated among the people in Sri Lanka.
Examples of such currency unites are Malakka, Ginimassa, Panam, Rix Dollar, Stuivers, British Stuiver, Half Rupee, Rupee, Duits etc.
Until the last half of Dutch rule in Sri Lanka, only coins were used. But, as a result of the increase in defencse expenses, the banknotes were emptied, which led to the introduction of currency notes.

Post-Independence Period since Establishment of the Central Bank of Ceylon

In accordance with the provisions of the Monetary Law Act No. 58 of 1949, the Central Bank of Ceylon was created on August 28th, 1950. The establishment of a Monetary Board was mandated by the Monetary Law Act in order to oversee, among other things, the issuance of currency, which included both notes and coins.
The obverse of this coin series debuted the Emblem of Ceylon. This series included coins with the following denominations:
One cent, Two cents, Five cents, Ten cents, Twenty-five cents, Fifty cents, One rupee.

Rupees two and rupees five were introduced in 1984. And nowadays we can see ten rupees coin also instead ten rupees note.
Apart from that, rupee 20, 50, 100, 500, 1000, 5000 notes are in use at present.

Digital money

Digital money is any form of payment that is entirely electronic. Coins and notes are not physically touched when using digital currency. The cryptocurrency Bitcoin is one prominent example of digital money. Technologies like smartphone, credit cards, debit cards are digital means of exchange.
Digital currencies are of several types that can be adapted for multiple purposes. For examples, Central Bank Digital Currencies (CBDCs), Cryptocurrencies, Stablecoins.
One of the main advantages of these digital money is the increased speed of transactions and reduce the costs. Apart from that, the safety of money increases, simplifies the accounting process and record keeping of businesses.

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I HATE MONEY

I hate money
It is the cause of sorrow
Young and old
committing crime to get
cash

Where they sleep they
are just dreaming about
money
Who invented this
moolah?

Did he/she know it was
going to be source of
hatred
between people?

In the churches people
are dreaming about
money
Even god's offering they
steal Can we be human
enough for once.

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EVOLUTION OF THE INTELLECTUAL CAPITAL

Global business environment has been changed from industrial era to knowledge based era. In knowledge based modern economies strategic resources plays vital role rather than the physical assets in achieving sustainable competitive advantage. In knowledge based economy intellectual capital helps to create the value for the organization. So organizations are able to achieve their expected benefits only if they can properly manage the strategic resources including intellectual capital and the other knowledge assets.

With the development of the knowledge based products and services in the global business it is needed to concern about the intellectual capital. According to the Bontis (1999) "intellectual capital is the summation of the human capital, structural capital, and the relational capital". Nikolaj et al (2005) identified intellectual capital as "a thought of mobilizer of employees, assets, technology which keep various assets together in the value creation process". When it's considering the evolution of the intellectual capital it can be discussed at three stages of resources named as intangible resources, knowledge resources and intellectual resources. The role of the intangible assets has been ignored in past, but priority was given to physical assets of the firms' balance sheet.

Therefore, most of the firms tried to keep up their physical assets which influenced on the firms' net worth. But today's context, the success of the many organizations depends on the effective use of their intangible resources and it includes the employees' knowledge and skills, as well as patent and copyrights. According to the Edvinsson and Malone (1997), with the fast development in information technology knowledge has become the major resource of the firms' in achieving sustainable competitive advantage and it has dominated the physical assets and the factors of production. Significance changes in the resource structure were visible during 1990s since firms were relying more on intangibles rather than physical assets such as land, building, equipment, plant and machinery etc. Further, modern business organizations are preferred to mix physical assets with intangible resources to create more value addition for the firm. In twentieth century, only physical assets are considered as the wealth of the organization. However, this situation was changed in twenty first century and intangible assets such as innovation capability, investment in research and development and knowledge have dominated the physical assets of the organization. The international Accounting Standard Board (2006) has defined intangible assets as identifiable non-monetary assets which do not have physical existence. Major characteristics of intangible assets are non-physical can be an idea on the mind and self-renewable once they are used.

The next stage of the evolution of intellectual capital is the knowledge resources. Knowledge workers means the employees of the organizations that use their knowledge to increase the productivity of the firm. So knowledge management is sharing of knowledge among employees and groups within the firm. Further, knowledge sharing between departments and business units within the firm add more value than sharing with external parties such as customers and the suppliers. Without transferring the ownership, knowledge based assets can be disseminated and transferred knowledge has more value than the original knowledge. Knowledge is essential part of the intellectual capital which adds new skills and talents when effectively used with the human capital to the firm.

The third stage of the evolution of intellectual capital is intellectual resources. It is a broader term than the intangible assets and knowledge concepts. Intellectual capital includes a variety of resources such as human resources, customer relations, data bases, structural capital and organizational culture. Also all the assets which do not have physical existence but significantly contributing to the value of the firm are considered as the intellectual capital. The special characteristics of the knowledge is that it increase when shared and ultimately increase the value of intellectual capital, but physical resources decrease with the usage. According to the Stewart in 1997, the book of "intellectual capital: the new wealth of organization" described three elements of intellectual capital with case studies. That is human capital, structural capital and customer capital. Further the value added intellectual coefficient (VAIC) model considered the human capital and the structural capital as the components of the intellectual capital. In addition to that organizational capital, customer capital, relational capital, innovational capital and social capital also concern as the components of intellectual capital. And intellectual capital is the main strategic resource of the firm in many ways and effective management of intellectual capital has become critical to the firm in maintaining sustainable competitive advantage. As the example, investment in research and development can create knowledge to improve the efficiency of the operational process.

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CREDIT INFORMATION BUREAU OF SRI LANKA CRIB

The Monetary Board of the Central Bank of Sri Lanka holds the majority of the shares in CRIB, a public-private partnership and independent statutory organization. The remaining shares are divided among the bureau's other shareholder members. CRIB has been a pillar of Sri Lanka's robust financial architecture for more than three decades and has made a silent contribution to bolstering the country's basis for a disciplined credit culture, safeguarding the stability of the banking and financial sector as a whole. As required by the CRIB Act, maintaining their legal obligations to CRIB shareholder member lending institutions (shareholder members) and the general public is their primary statutory goal. Their obligation as a provider of credit information services

The Credit Information Bureau of Sri Lanka Act No. 18 of 1990, as amended by Act No. 8 of 1995 and Act No. 42 of 2008, established the CRIB as the first credit bureau in the South Asian region.

binds them quite tightly. for all of their users, enhanced with value-added services. They preserve and provide current credit information to our shareholder members using cutting-edge information and communication technology. By boosting the operational effectiveness of credit bureaus, fostering the development of a disciplined credit culture, and advancing the social and economic well-being of the populace, they are confident that they can increase investors' confidence in the banking and financial sector. Additionally, CRIB is steadfastly devoted to fostering a professional and ethical workplace culture and environment within the company. The CRIB is governed by a Board of Directors made up of ex-officio shareholder members and the nominated representatives from the respective member lending institution categories. Together with their shareholders, which include all licensed public and private Commercial banks, specialized banks, finance companies, leasing companies, and other designated member institutions, the CRIB is governed. They gather, compile, and publish credit information about all current and potential borrowers from all of their shareholder member institutions. Upon request, they return this information to the individual or business concerned as well. All borrowers whose data they store are specifically guaranteed by their practice the right to view their own personal and credit-related information.

The CRIB is able to provide effective data management and process administration while maintaining the greatest degree of data quality, confidentiality, and process integrity thanks to the application of cutting-edge information and communication technology. Specifically, those designed to enhance the credit and risk management procedures of their shareholder member lending institutions in order to increase the distribution of credit to all sectors of the economy, with a focus on the informal sector in particular, are the products and services that they at CRIB aspire to develop.

By 2025, they want to be one of the burgeoning credit bureaus in the Asia-Pacific region and a leading credit bureau in South Asia.

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I AM THE WIND

I am the wind
Running a reckless race
Through the town and countryside,
Over the hills across the fields,
Over the ocean, beside rivers.
Blowing clouds across Sun's face
Buffeting bird flying home.
I fight the trees, taking away
Their covering of leaves.
Stealing boats and filling the sails
Of a sailing yacht.
I am the wind running a reckless race
Against myself

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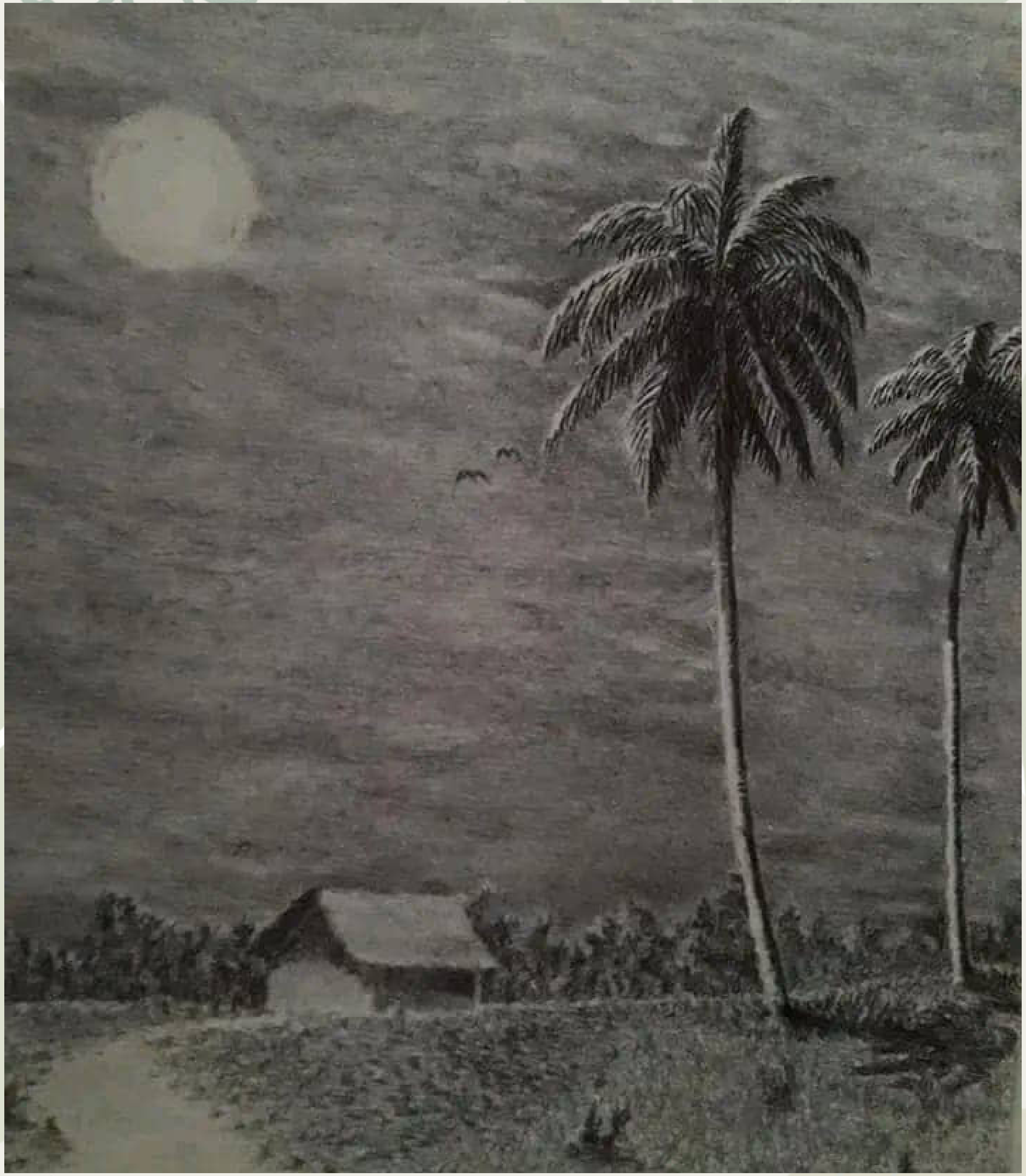

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CAPITAL STRUCTURE THEORIES

Capital is the main consideration in a company and it is a crucial decision for any business organization due to various reasons. Capital structure is the combination debt capital and equity capital which represent the total capital of the business. Most of companies have fulfilled their capital requirements through the equity capital and debt capital. The equity, debt, or hybrid securities are the available options for financing capital of a company. Further, capital structure is most wondering concept in the corporate finance literature. Profitability is the final outcome of the all activities of the business. Profitability is mainly affected by the various types of costs such as sales and distribution cost, administration cost, and finance cost. There it can identify capital structure theories as follows;

Modigliani-Miller (MM) proposition

Modigliani and Miller's theorem was the firsvt generally accepted capital structure theory. As per the MM proposition, capital structure or financing decision is not relevant when deciding the firms' value since there is no optimal capital structure. Therefore this theory is called as "capital structure irrelevance principle". MM theory assumes efficient market condition, asymmetric information, absence of taxes, agency costs and bankruptcy costs for MM theorem. According to Miller and Modigliani, 1961 as cited by Luigi and Sorin (2009) classic arbitrage-based irrelevance propositions and "given a firm's investment policy, the dividend payout it chooses to follow will affect neither the current price of its shares nor the total return to its shareholders".

Trade-off Theory

Tax shield has been incorporated in to MM theorem as a determinant of the capital structure in the traditional trade off theory. The trade-off theory is an extension of the MM theory and it considers the effects of taxes and bankruptcy costs. In the trade of theory it identifies the importance of debt as valuable signaling device in a firm and agency cost reducer of a firm. Moreover it can be identified unfavorable facts of debts such as managers have act on the interest of debt holders, debt overhang problems and debt holders suffer due to high payout to shareholder. Management should choose a debt ratio that maximizes corporate value as per the tradeoff theory. And profitable companies have higher target debt ratios to ensure higher tax savings. This is identified as static trade off theory. Difference to above static trade off theory, dynamic trade off theory has been constructed to make right funding decision, usually depends on the funding margin that the company expects for the next period and Trade- off theory identified as an optimal capital structure is achieved when there is no benefits and cost of debt. Dynamic trade-off theory suggests that companies let to change the leverage ratio within the optimal range. Also most of profitable firms try to change their debt ratio in order to obtain tax benefit as predict by the dynamic trade off theory.

Pecking order theory

Myers (1984) presented sequence of financing under the pecking order theory as internal sources of finance, debt financing, hybrid security financing and equity financing as the final alternative financing method. Pecking order theory suggested that small firms are able to get more debt capital than equity capital if they have more growth opportunities. According to the Pecking order theory issuance of common stock is the final alternative option of fund raising. Pecking order theory provides chance for "critically thinking" to occur.

Market timing theory

The Market Timing Theory (MTT) was introduced by Baker and Wurgler (2002). According to the market timing theory, optimal capital structure will be decided based on the capital accumulation outcomes relevant to the time of consideration. The market timing theory explains equity issuances are implemented by companies in the event of overvalue the stock prices and buying stock price of stock is undervalued. Saad (2010) identified two time preference under market timing theory as investors' sentiment and the financial distress.

Agency Theory

Jensen and Meckling (1976) developed the agency theory by examining the financial leverage and corporate performance. It can identify the agency model as a combination between principal and agent. According to them Agency theory identified the conflict between managers and shareholder. Mainly this is occurs due to the separation of ownership and management of a corporation. Moreover, the agency cost can be mitigated by increasing the leverage and it provides a positive effect on profitability of the firm. Agency problem widely appears in many fields such as accounting, marketing, finance, political science, sociology.

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THE EFFORT

The one who created the human
has created them
as they can do anything in life...
But, all of them are not shown in the life
since the man is too stupid as much as not to know
the value of their born gifts....
But the man is given the effort to find them in the life
as the world love so much them...
Understanding these things
is a characteristic of a successful person....
The effort is the greatest gift
that only receive for a human

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Financial Risk

Financial risk is a type of risk that could cause interested parties to lose money. The potential for financial loss in an investment or commercial enterprise. Credit risk, liquidity risk, operational risk, and market risk are a few of the more prevalent and diverse financial hazards. Risk is generally perceived as exposure to danger or potential losses - uncertainty of a return and the potential for financial loss Financial risk is a term for multiple types of risk – it can arise from several factors

Types of Financial Risk

Credit Risk
The possibility of the Debtor not paying the Creditor the amount owed, include interest.
This type of risk includes:

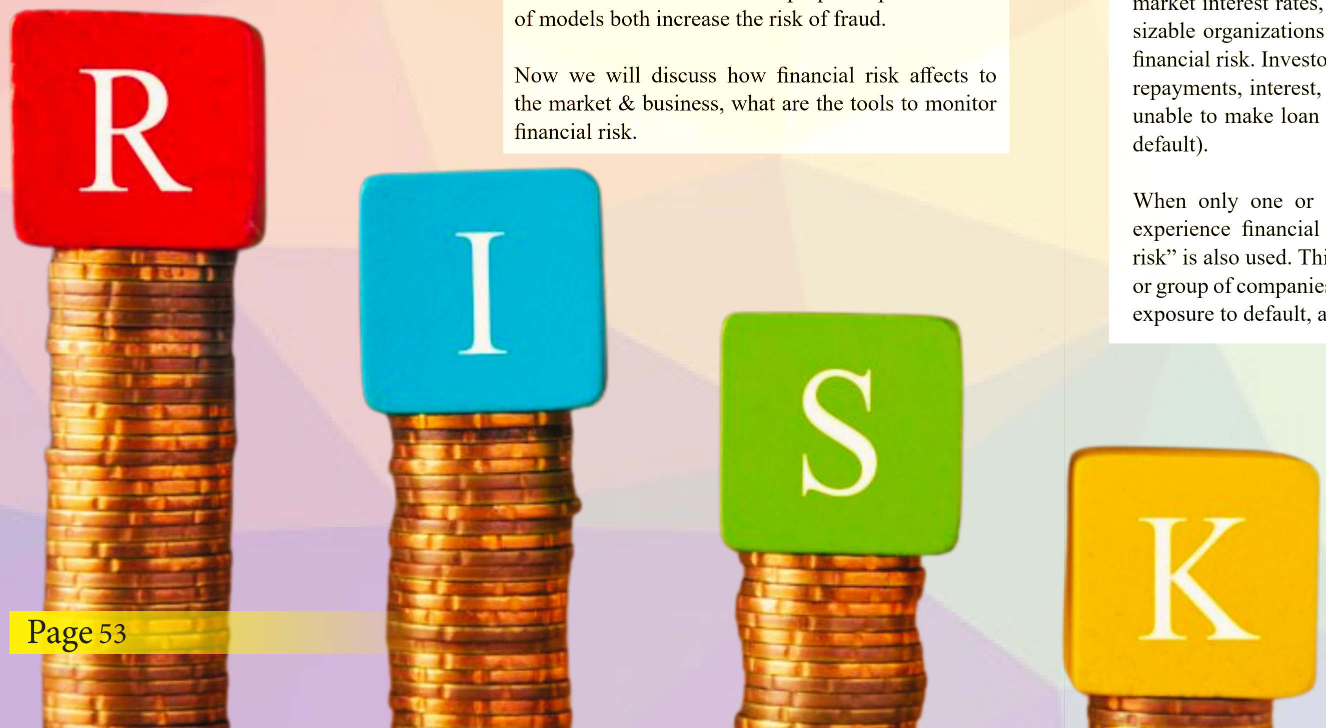
The Insolvency Risk- the possibility of a company in which we have invested ceasing, to trade, declaring insolvency and therefore not meeting its commitments.

Liquidity Risk
The possibility of not being able to buy or sell a certain asset for lack of sellers or buyers, or of suffering an excessive loss in relation to its real worth in a transaction on a market where there are few sellers or buyers.

Market Risk
The possibility of a fall in value or price of assets traded on financial markets.
This type of risk includes:
The Exchange Risk- the possibility of a fall in the value or assets denominated in a foreign currency due to the variations in the exchange rate.
The Interest Rate Risk- the possibility of a fall in the value or asset due to the variations in market interest rates.

Operational Risk
This kind of risk results from operational failures like poor management or technological errors. Fraud risk and model risk are two categories for operational risk. Lack of controls and improper implementation of models both increase the risk of fraud.

Now we will discuss how financial risk affects to the market & business, what are the tools to monitor financial risk.



Financial Risks for the Market

When a crucial market sector experiences a financial crisis, it has an impact on the overall market's financial situation. Implied volatility is a measure of volatility. It provides information on markets that are expanding and those that are contracting. Therefore, stock market share prices may see large movements due to volatility risk. Financial hazards can arise from defaults and fluctuations in market interest rates. Defaults happen when issuers or businesses neglect to make their debt payments. Market interest rate changes can cause individual securities to become unprofitable for investors. Negative returns or lower-paying debt securities are pushed upon them.

Financial Risks for Businesses

People who own businesses incur the danger of losing money if they make choices that will make it difficult for them to make payments on their obligations or earn an income. Macroeconomic factors, changing market interest rates, and the potential for default by sizable organizations or sectors can all contribute to financial risk. Investors have lower income from loan repayments, interest, and principal if the borrower is unable to make loan installments (the loan goes into default).

When only one or a small number of businesses experience financial difficulties, the term "specific risk" is also used. This kind of threat to a corporation or group of companies involves financial transactions, exposure to default, and capital structure.

The uncertainty of investors on obtaining profits and probable financial loss is reflected in specific risk. Businesses furthermore face operational risk. This kind of risk arises when organizations make poor managerial or financial decisions, failing to succeed in their endeavors due to internal issues. Different types and sizes of enterprises are impacted by financial risks. It is crucial to understand financial risk. However, while being aware of the risks and having self-defense techniques lessens the likelihood of unfavorable results, it does not completely eliminate the risk.
Tools to Monitor Financial Risk Numerous methods are available to assist people, organizations, and governments in determining the potential severity of their financial risks. The following are a few strategies that are frequently used to examine financial risks:

Measures all facets of a company's underlying operations, including its assets and earnings. Historical returns, share prices, trade volumes, and other performance information are taken into account in quantitative analysis. Utilizing particular financial ratio calculations, quantitative analysis assesses the historical performance of an organization. Utilizing statistical techniques, this research locates probable dangers. It's crucial to realize that a risk past does not inevitably portend additional danger in the future. Make sure to examine trends over a lengthy period of time if you use any of the analysis methods mentioned above to assess financial risk. By doing so, you'll be able to comprehend fluctuation tendencies better and move closer to a more advantageous financial objective.

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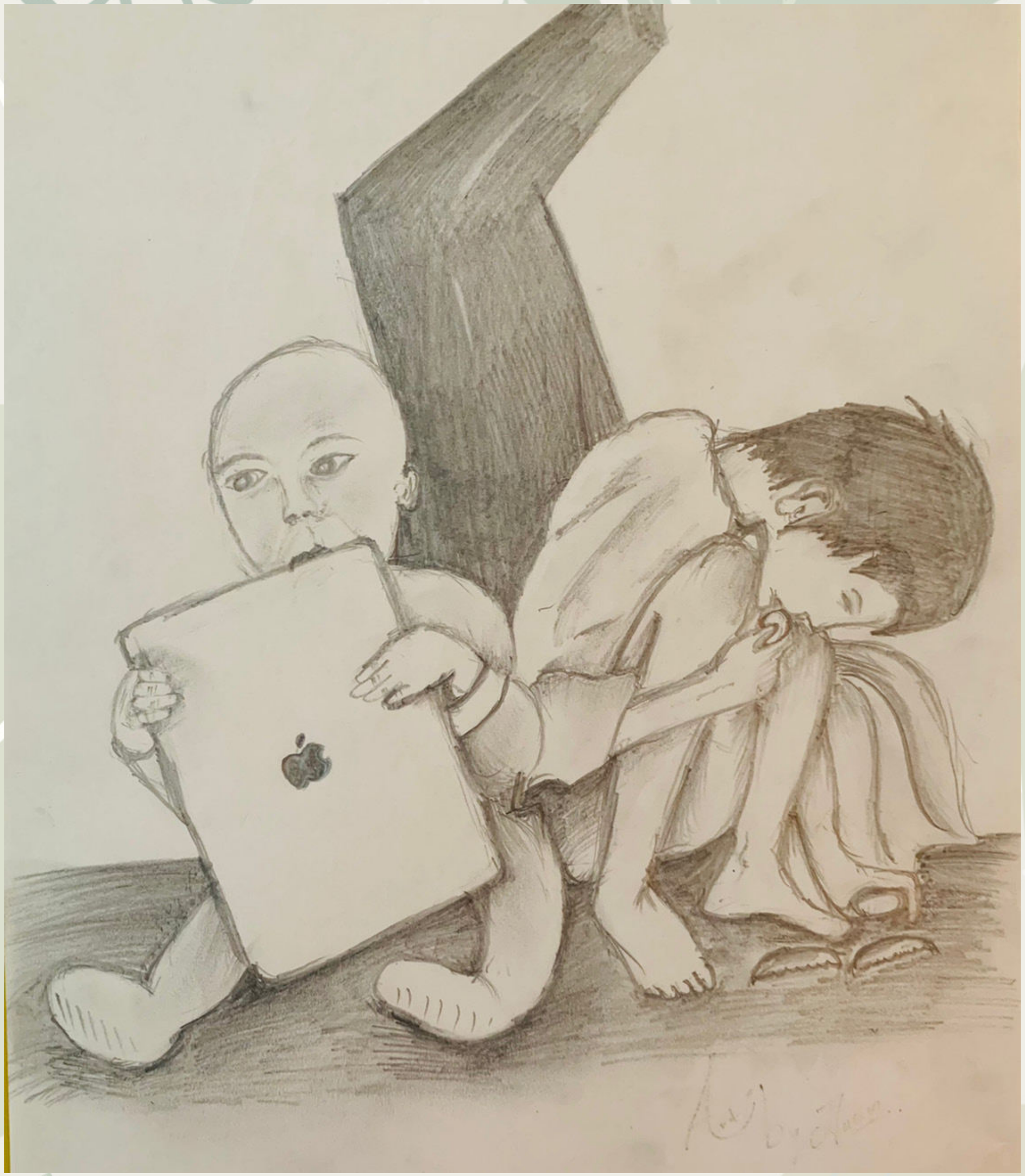

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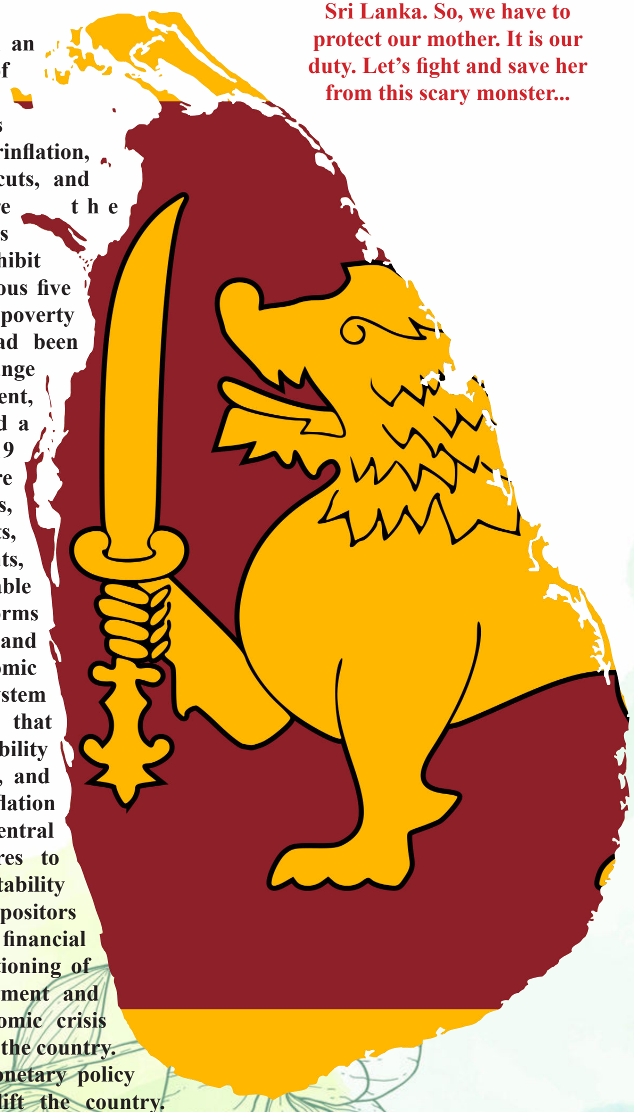
How to Affect the Current Economic Crisis to Financial System Stability in Sri Lanka

We are the children of Mother Sri Lanka. So, we have to protect our mother. It is our duty. Let's fight and save her from this scary monster...



At the present, Sri Lanka is in an economic downward because of its economic crisis. The past few months have seen extreme fuel and gas shortages, currency depreciation, hyperinflation, shortage of medicines, long power cuts, and shortage of foreign exchange. Before the COVID-19 outbreak, Sri Lanka's economy was already beginning to exhibit indications of decline. Over the previous five years, both growth and the decrease in poverty had slowed. External imbalances had been exacerbated by an unmanaged exchange rate, a weak investment environment, periods of weak monetary policy, and a restrictive trade regime. Tax cuts in 2019 and ongoing fiscal disparities, which are mostly caused by low revenue collections, have all contributed to huge fiscal deficits, significant gross financing requirements, and a quick increase in unsustainable debt. Therefore, the country needs reforms to achieve economic and price stability and financial system stability as well. Economic and price stability and financial system stability are very essential factors that any economy should have. Price stability safeguards the value of the currency, and the economy performs well when inflation is low and expected to be low. The central bank uses monetary policy measures to control inflation. And also, financial stability creates a favorable environment for depositors and investors, encourages efficient financial intermediation and the effective functioning of markets, and hence promotes investment and economic growth. Sri Lanka's economic crisis directly affects the financial stability of the country. By today, Sri Lanka needs sound monetary policy and administration decisions to uplift the country.

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INNOVATION ACCOUNTING

This article discusses innovation accounting and what it means for companies' potential growth.

There are many discussions on how to use innovation and how to evaluate it. How can a business innovate to get the most benefits in the current era of fast innovation?

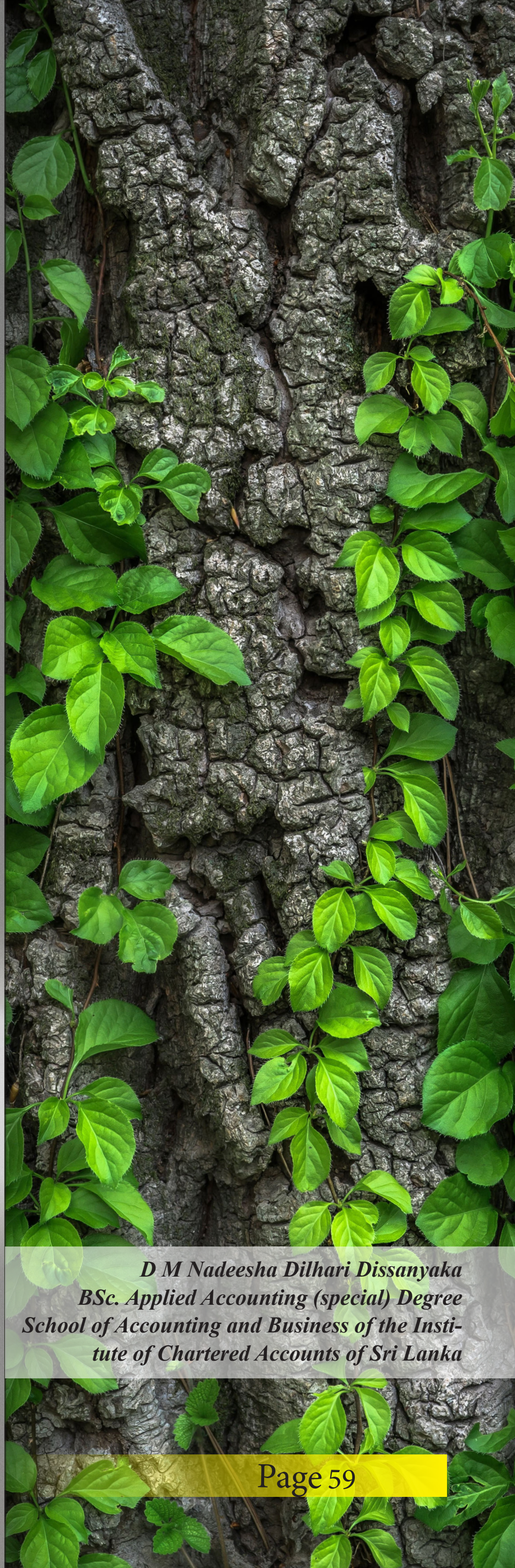
By now, it should be clear from innovation accounting that a startup process is manageable and not chaotic and unpredictable. Everything that has to be handled requires measurement. The traditional method of measuring success using financial accounting becomes invalid during the early stages of growth, thus it needs to be assessed as a unit of verified learning. We might pick the startup environment, high uncertainty, and imprecise predictions. The practice of scientifically proving that a team has learned important truths about an entrepreneur's present and future company prospects is known as validation learning. It keeps you away from doing anything the customer doesn't want. Startups can adopt innovation accounting to objectively prove that they are learning to grow a sustainable business. Along with the building, measure the learning loop.

During the non-linear decision-making process, how do we measure value and progress for a project that is not bringing in any revenue and has no customers? Eric Ries author of the lean startup advocates this " To truly transform an organization and its way of working, we need to change our accounting systems too, we need to align finance with all other parts of the company being redesigned and to support the discovery and growth of innovative ideas further". This new accounting system is called innovation accounting. Eric Reis defines it like this "Innovation accounting is a way of evaluating progress when all the metrics typically used in an established company like revenue, customers, Return on Investments and market share are effectively zero. Reis Knows that metrics and measuring performance is often a tricky science and has suggested that three organizational structures should we developed consecutively each building on the last with further complexity.

At the first level, the key is to start with metrics that are easy to track and relate to activities that are part of a digital projects development process the purpose her is to keep the process of development closely aligned with user needs and feedback metrics like these act as a measure of the level of involvement of users during project development while innovating. we have to make assumptions about the product and development in the market which is meant to receive it. Level two of innovation accounting is all about measuring the truth of those assumptions. There are generally two types of assumption. We make value assumptions about what customers will get from the product and growth assumptions which are about how new people find the product. Testing these assumptions is at the core of the lean startup approach which is done through prototyping and minimum viable products used to get the product's development path. At this level, we look at what product in development is worth right now. Your business plan may aim for the product to be worth a specific amount in a certain amount of time but the net present value is meant to tell you what it is worth now unlike conventional net present value calculations which include assumptions around the market size market share, product cost so on. The innovation accounting net present value is based on long term drivers of your products future performance the purpose of this third level is to create a focus on the products financial performance.

There are three steps in innovation accounting. The first one is to set the baseline data obtained from the initial MVP test, for each hypothesis the baseline data is checked for some kind of baseline data. The second is engine tuning the offer is considered good if there is positive customer behavior toward a change. Multiple numbers of these changes are made throughout the BML loop.

It is important to follow the three A's to have the best metrics while testing the hypothesis. The first one is actionable. It must demonstrate a clear cause-and-effect relation judging which hypothesis made the customer behavior change will become straightforward. the second one is Accessible. The results should be presented in a simple and comprehensible way. The third one is auditable, the data used to gain the results needs to be credible employees need to be able to rely on the decision based on this data. Innovation accounting is very important when we are measuring the activities of the innovation process of a business. This is an emerging trend in the business world nowadays.



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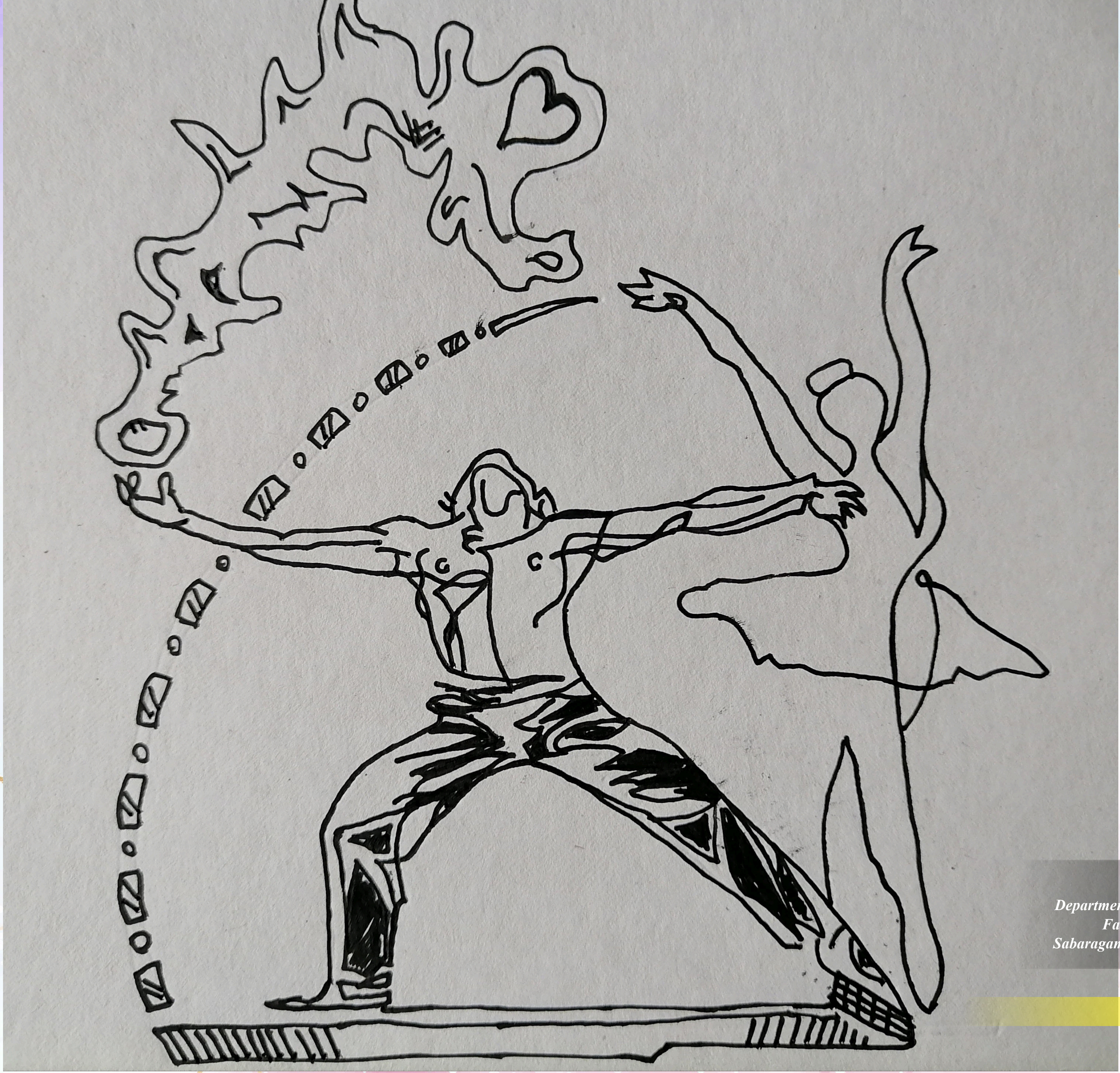

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HOME WORK!
Oh HOME WORK!

Home work! Oh home work!
I hate you! You stink
I wish I could wash you
Away in the stink
If I only a bomb
Would explode you to bits
Home work! Oh home work!
You're giving me fits
I'd rather take baths
With a man - eating shark,
Or wrestle a lion
Alone in the dark,
Eat spinach and liver
Pet ten porcupines
Then tackle the home work
My teacher assigns
Home work! Oh home work!
You're lost on my list
I simply can't see
Why you even exist,
If you even exist
If you just disappeared
It would tickle me pink!
Home work! Oh home work!
I hate you! You stink.

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Lean Six Sigma

What is Lean Six Sigma?

This article discusses Lean Six Sigma and what it means for companies' potential growth. The Lean six sigma method is a combination of two quality management methodologies. It is a structured problem-solving method. And it has a high-demand method in structured problem-solving methodology. The lean method and the six sigma method. This method is used by managers to reduce wastage and control the supply chain issues of a company. and reduce customer dissatisfaction. and also to increase the perceived value of the customers on your production services. And also it maximizes efficiency and dramatically improves profitability.

The lean manufacturing methodology is famous for its ability to handle the waste. The Lean method is focused on providing value to the customers, eliminating waste, continnous improvements, reducing cycle time.The six sigma methodology is famous for process improvements. So the combination of lean and six sigma can solve all the issues of the companies. Lean and six sigma both handle the waste.

What is waste?

Any action in a process that users do not gain any value from or things that users would not want to pay for. The waste can be 8 categories, transportation wastage, inventory wastage, motion wastage, waiting, overproductions, overprocessing, Defects, and skills waste. Waste is created due to over-products than required, waste due to more processes and more steps in a product service than required, waste originating from a product or service that fails to meet customers' expectations, and waste of underutilizing human capabilities.

Most companies use the Lean methodology to identify and handle different kinds of waste and improve working conditions to provide better products to customers' needs. The more effective method is JIT (Just in Time), 5S, and kanban.The JIT method is focusing on reducing the amount of time the production system takes to provide an output. 5S is focusing on cleanliness and organization while improving profits and efficiency. Kanban is also another popular methodology to achieve lean.

Lean Six Sigma in Sri Lanka

Mr. Dumidu Ranaweera is the Global Director of the Six Sigma management Instsutue. This Instsutue provide a service to Sri Lankan companies to establish Lean Six Sigma concept in their business. More than 500 enterprises received training from Dumindu Ranaweers and his team, who helped them implement the six sigma approach and save 3 billion rupees as a result. 70%-90% of companies listed in the Fortune 500 companies used this Six Sigma method to solve their problems. Most Sri Lankan companies shift to the Six Sigma method these days.

How Dialog Axiata Used Lean Six Sigma

One of the Sri Lankan businesses that has incorporated six sigma into its operations to save waste is Dialog Axiata. Prepaid cards were the first thing they offered to their clients. However, these cards are large in size. Large size refers to cards that are the same size as credit cards. Customers just require the pin digits to add the card to their phones, therefore that card is a tremendous waste of money. So they identify this wastage and they shift to a small card that we are using today to recharge. And also these small cards also have a distribution cost so they introduced reload machines to reduce the distribution cost. So after introducing the reload machines the company has to pay a commission to the retail owners. Because of that, they introduced their own application "dialog app" That is how they reduced their wastage.

How Toyota Adopted Lean Six sigma

Toyota used the lean manufacturing concept to produce cars with efficient production, profitable, and high quality. In the early stages, they used wood to prepare the vehicle. But there are not enough resources to fulfill the total production. After 1950 they introduced the JIT method to their production process. They ordered the material when it is needed. They did not continue the stores to materials. They were able to reduce their cost from this. And they build a very efficient assembly line to continue production. From this method, they tried to reduce wastage. If they identify a problem with the products they correct it in that time. They are spending another time or cost on that. So they are able to produce high-quality products with minimum errors. And also they introduced a quality control system to improve the quality. Such as the Kaizen method, and quality curves. So they could able to become the number one best quality cars in the world. In 1962 they produces more than 1 million cars. In 1972 they produces more than 10 million cars.

So Any kind of business can use this lean six sigma method to improve their business The Lean six sigma methodology offers many benefits for the business.

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UNTIL THE SUCCESS

A life has so many bad times
They will put you down in everywhere
Sometimes, you will fed-up with everything in your life
Sometimes, you will feel how worse unlucky you are
Sometimes, you will stuck in a same place in the life for long time...
Sometimes, you will slowdown in your every work...

But...

Be sure not to give up at all these times
Because goods things comes after long trouble periods...
Hold on... hold on yourself... accept your faults...
And the biggest thing is
Believe in yourself...
Think, I can do this always
Take a long breath and work hard...
The life will show you the path you should go on....

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Financial System Instability and the Economic Crisis

Today Sri Lanka is facing to a huge economic crisis that never have been faced earlier. It means economic performance of the Sri Lankan economy has fallen drastically due to declining of production and demand, rising unemployment and bankruptcy of businesses. This condition automatically led to the high poverty level with in the country. Also, it led to decrease the level of quality of life of the every and each people. Therefore, people have to face various types of difficulties with in their day do day life.

There are so many reasons behind this economic crisis. But the most important thing is financial system instability that has been occurred due to the Economic Crisis. Overall economic crisis mostly depends on the financial system instability. Because if the financial system does not function well, it causes to a financial system instability. Simply financial system instability means inability to perform the key functions of the financial system smoothly. Such key functions are intermediation of financial funds, management of risks and setting of payments.

To overcome this situation, it is suitable to look back and should identify the root causes behind the current economic crisis. For that as the first step should have to identify root causes that have been influenced for the Economic Crisis. After going through the careful observation about the information of past few years can identify some major reasons for the Financial System Instability. Some of them are; Money printing, External debt and fall of foreign reserves.

Central bank of the Sri Lanka created the worst currency crisis in its 70 years old history by printing money. Central bank has printed 588 billion rupees in first quarter of 2022. The money injected to the banking system does not include central bank profit transfers. It led to create a currency pressure and a balance of payment deficit when the reserves are sold to defend the peg. When the money is printed it is difficult to control the inflation. Therefore, rupee has fallen steeply and led to instability of the financial system.

External debt obligations are the key contributor to the economic crisis in Sri Lanka. In the last second quarter of 2022 Sri Lanka has barrowed 48730.71 USD millions of external debts. External debt may impact nonlinearly on economic growth. In the high levels of the indebtedness, increase the proportion of external public debt to GDP and it can hurt to the economic growth.

Foreign remittance is a major component of foreign exchange reserves. Shifting to informal means of sending money and a lack of thrust in the government have led to a drastic drop foreign remittance. It causes to create a shortage of medicine, fuel and other consumption goods. Because it is unable to import those goods without having foreign reserves to pay for those things. Also, unable pay the instalments for the foreign debt. Therefore, falling of foreign remittances led to the current economic crisis.

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WHY WERE YOU SO CRUEL ?

We loved her,
We enjoyed ourselves with her,
We shared our grief with her,
We wrote poems for her,

But,

Someone has engrossed her with frightful thoughts,
For the wrong done by one,
She took revenge all.....
Without giving a couple of minutes,
In a second,
She changed The Pearl of the Indian Ocean,
She was a dreadful catastrophe.....

Dear sea,
Why were you so cruel?

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Importance Of Human Resource Accounting

Any organization that wants to grow and develop must improve the efficiency of its people in the right way. Without human resources, none of the other resources can do their jobs well. Human behavior variables, such as group loyalty, skill, motivation, and the ability to interact, communicate, and make decisions in a good way, show how healthy an organization was. An organization needs Men, Materials, Machines, Money for the operation. These resources can be put into two main groups as animate and inanimate resources. Men, who are also called "human resources" are known as "animate resources." Others, like materials, machines, money, and methods, are considered inanimate or physical resources. The success of an organization depends on how well the human resource use the limited physical resources. What's important is that the human resources are making the physical resources work, since the physical resources can't do anything on their own. So, the efficient and effective use of inanimate resources depends a lot on the quality, skills, caliber, perception, and character of the people and those are the human resources.

Human Resource Accounting is the process of finding, measuring, and sharing information about human resources with the interested parties. At a macro level, the term "human resource" refers to the sum of all the things that people have, such as skills, creative abilities, innovative thinking, intuition, imagination, knowledge, and experience. Even if an organization has a lot of physical resources, it may fail horribly if it doesn't have the right people, or human resources, to run its business. Also, human resource accounting helps to figure out how much each employee is worth, which helps the management to make important decisions about human resources so they can increase the production. It needs to know how well an organization is doing and how to make the best use of the resources. So finding a way to measure this valuable resource is even more important. Around 1691, Sir William Petty may have been the first person to try to figure out how to account for HR. He considered labor as generators of wealth. After the 1960s, there was a big change in the way, business people and academics worked together to find good ways to account for human resources. Because of this, a number of models or ways of measuring and valuing human resources have been made and suggested. These approaches can mostly be put into two groups as

1. HR Cost Accounting (HRCA)

2. HR Value Accounting (HRVA)

HR Cost Accounting (HRCA) may be defined as the process of keeping track of and reporting the costs of getting and training people as organizational resources. It involves keeping track of how much an organization has spent on hiring and training people, as well as how much it would cost to hire new people in their place.

HR Value Accounting (HRVA) is the idea that the difference in earnings between two similar companies now and then in the future due to differences in their human capital or assets. The present value of the company's future earnings can be used to figure out how much money it is worth. Several models have been made to figure out the value of future earnings at the present time.

Even though human resource accoun ting is so much important it also have some challenges and they are,

1. Costs associated with using an HR accounting software are prohibitive for most sole proprietorships and small businesses.

2. Because it is not acknowledged by tax authorities, human resource accounting is mostly used for academic interest. Just the Indirect or Direct Tax Authorities will care about HR Accounting if the accounting standards board requires disclosure of the values of Human capital or Human Assets.

3. Human resource measurements are open to interpretation because every company has its own way of calculating them. There is no globally accepted or used approach for valuing Human Assets.

4. Several distinct objective approaches exist for choosing which elements to include when determining a human resource's worth.

5. Workers and unions alike may be opposed to human resource accounting, if it leads to internal strife in the workplace. Sometimes, factors outside of management's control can cause a team of workers to be undervalued. People working there may be unwilling to accept being considered as second-rate citizens despite their long service.

6. Human resource accounting has not been shown to be a reliable method of calculating employees' monetary worth to a company. Very little evidence suggests that it improves or even maintains the quality of human resource management.

Because of this, the overall evaluation is important for making decisions that will help the organization reach its goals and improve its output. So, it is impossible to ignore how important human resources are. Human resources are an important asset, but there isn't yet a system that everyone agrees on for keeping track of them. For a long time, organizations' top management did not pay enough attention to identify how important human resources were.

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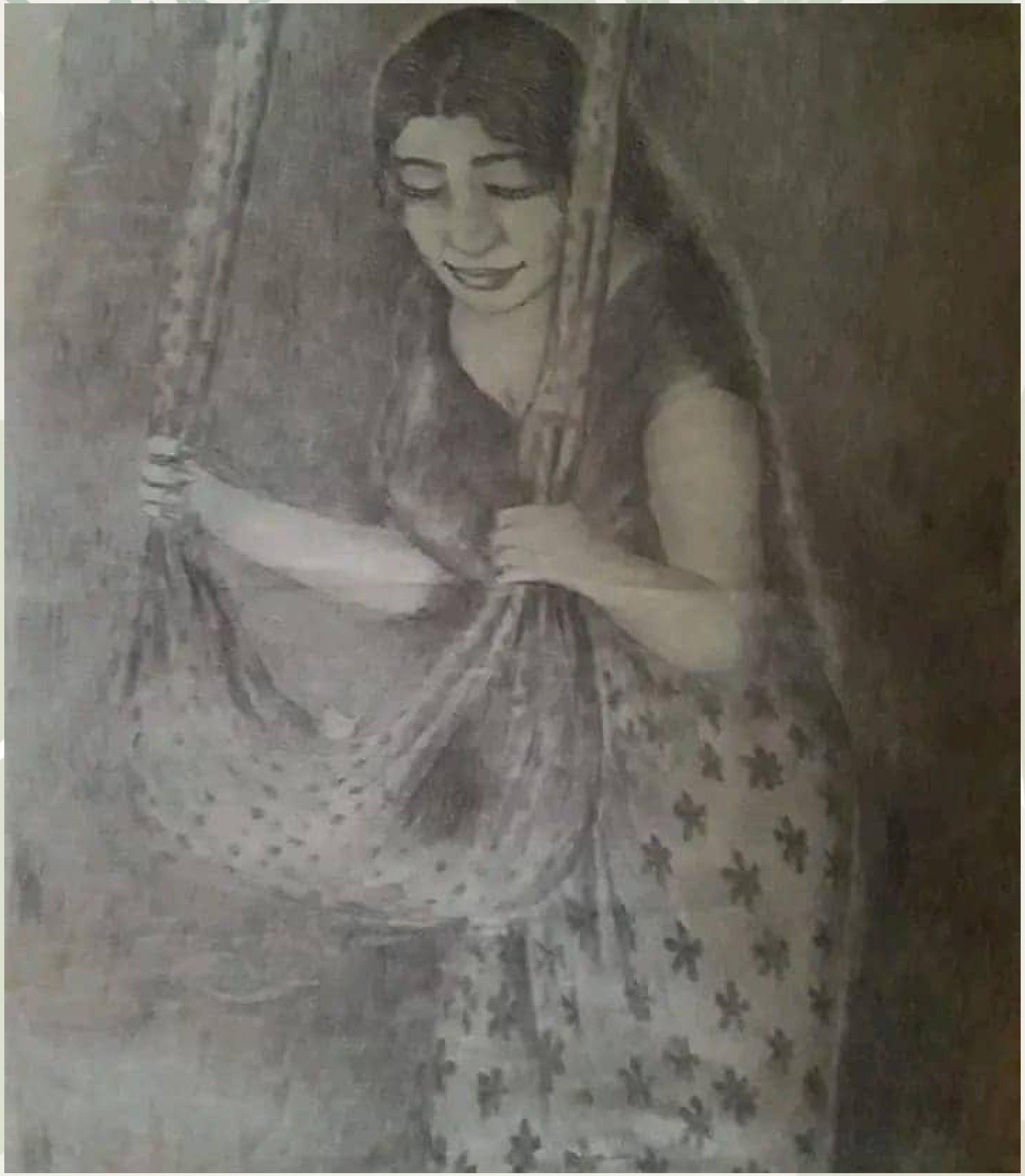

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LIFE

Life is a long journey
with full of problems and solutions
To face each and every problem
we need an understandable heart…
As my opinion…
You are the best understandable heart for yourself
so keep a little time for you…
Express Gratitude to yourself
for being strong in all ups and downs
for being supportive in every obstacle
for never giving up in every bad situation
for believing yourself after all these time
for being the best friend always…..
Trust me…
You can change your faith…
Be the creator of yourself
Don't let anyone to do it….

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The implementation of Activity-Based Costing (ABC)

Introduction

Activity-based costing is one of the best tools for costing systems. Activity-based costing is a method of estimating the costs of activities, products, services, and customers by allocating overhead and indirect costs. The ABC system is based on activities that are thought to be cost drivers. The ABC system's primary goal is to assign product costs that reflect the physical dynamics of the business while also providing indirect support resources to activities, business processes, customers, and products.
The ABC system was first defined by Kaplan and Bruns in the late 1980s as a costing method capable of overcoming the limitations of the traditional costing systems and a modern alternative to absorption costing that provides information to make value-based effective decisions for the business allowing managers to understand the product and customer net profitability.

By using activity-based costing, you can;

- Give understanding about overheads and cost drivers
- To recognize that it requires different indirect costs for different products.
- Leading to more accurate pricing methods
- Enabling operating costs to allocate and eliminate overheads
- It enables customer profitability analysis

ABC system is used to get a better hold on costs, allowing companies to form a more appropriate pricing strategy. Also, this costing system is used in target costing, product costing, product profitability analysis, customer profitability analysis, and service pricing.

The ABC calculation is as follows;

Dividing the total cost pool by cost driver, which yield the cost driver rate used in calculating the amount of overhead and indirect cost related to a particular activity in activity-based costing.

Requirements for activity-based costing (ABC)

The activity-based costing method is based on activities, such as any events, units of work, or tasks with setting up machines from production to distributing finished goods. In the ABC system, money is spent on activities that are consumed by the products and services and the cost of the product is the sum of all activities cost from manufacturing to delivering the product. Under the ABC system, an activity can be considered as any transaction or event that is a cost driver. Cost drivers can be referred to as machine setups, maintenance requests, purchase orders, quality inspections, or production orders. Also, the ABC system provides a broad array of support activities for the production of units. The ABC system is useful for managers and operators by providing feedback on process efficiency. Furthermore, the ABC system offers a wide range of support activities for unit production.

There are two categories of activity measures, such as transaction drivers and duration drivers. Transaction drivers involve counting how many times an activity occurs, while duration drivers measure how long an activity takes to complete. Unlike traditional costing systems that depend on volume count, the ABC system classifies five broad levels of activity that certains an extent unrelated to how many units are produced. These levels include batch-level activity, unit-level activity, product-level activity, customer-level activity, and facility-level activity.
Activity-based costing is mostly used in the manufacturing industry; since it produces nearly true costs and classifies the cost incurred during its production process. Also, Activity-based costing improves the reliability of cost data.

Benefits of Activity-Based Costing (ABC)

Activity-based costing improves the costing process by increasing the number of cost pools for analyzing overhead costs and tying indirect costs to specific activities. It also establishes new bases for allocating overhead costs to items based on the activities that generate costs rather than volume measures such as machine hours or direct labor costs. In addition, ABC shifts overhead costs from high-volume products to low-volume products. Simple products appear to be losing money, whereas complex products appear to be very profitable.

Limitations of Activity-Based Costing (ABC)

Activity-based costing limits the measurements necessary to implement the system. ABC systems require management to estimate the costs of activity pools and to identify and measure cost drivers for these cost pools. Activity-cost rates need to be updated regularly and ABC systems are costly to operate and difficult to understand.

ABC in Service and Merchandising companies
The widespread ABC systems in service and merchandising companies are used by managers for strategic decisions than inventory valuation. Also, the general approach is similar to the approach in manufacturing. The homogenous cost pools are classified as output unit-level, batch-level, product or service sustaining, and facility sustaining costs. Costs are allocated by activity drivers or cost allocation based on a cause-and-effect relationship with the cost in the cost pool.

Activity-based costing Vs. Traditional costing
Traditional costing and activity-based costing are two different methods for estimating overhead costs associated with production and assigning costs based on a cost driver rate. Traditional costing is simple and less accurate, whereas ABC is complex and more accurate. Traditional costing systems are easier and less expensive to implement, whereas ABC systems are more complex and costly. Traditional costing systems, in contrast to activity-based costing, consider overhead costs as a single pool of indirect costs. In contrast to traditional costing systems, ABC systems improve understanding of overheads and cost drivers, resulting in more accurate pricing decisions.

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Puzzle

Across

2. Exclusive possession or control of a commodity controlled by one party.
4. You must be able to suffer a financial loss; basically, you have to own something to get insurance on it. (2 Words)
5. Legal proceeding that extinguishes a right of redeeming a mortgaged estate.
8. A property interest held by one person for the benefit of another.
9. The opportunity cost that arises when a firm uses owner-supplied resources. (2 Words)
13. The chance that you will suffer a financial loss.
14. A period of reduced economic activity: two consecutive quarters of declining gross domestic product.
15. Amount remaining after subtracting expenses incurred from the revenues generated over a designated period of time.

Down

1. …………………….. is an arrangement between a bank and an insurance company, through which the insurer can sell its products to the bank's customers.
3. To utilize (something of value) as a source of profit.
6. A clause in your insurance policy that states that you will pay for a specific amount of a claim before the company pays.
7. A management tool that explicitly shows how a firm will acquire and use the resources needed to achieve its goals over a specific time period.
10. Containing or conveying a a or assurance
11. A legal declaration of a person's wishes regarding the disposal of his or her property or estate after death.
12. Amount of time after the premium is due in which a policyholder can make a premium payment without coverage lapsing. (2 Words)
16. Process of giving the property or funds of one person to another person.


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