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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CENTRE FOR POLICY ALTERNATIVES (GUARANTEE) LTD**

Report on the Financial Statements

We have audited the accompanying Financial Statements of Centre for Policy Alternatives (Guarantee) Ltd which comprise the Balance Sheet as at 31 December 2012 and the Statement of Financial Activities, Statement of Changes in Accumulated Fund and Cash Flow Statement for the year then ended and a Summary of Significant Accounting Policies and other Explanatory Notes.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with the Sri Lanka Statement of Recommended Practice for Non-Governmental Organisations issued by the Institute of Chartered Accountants of Sri Lanka. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

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


An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

In our opinion, so far as appears from our examination, the Company has maintained proper accounting records for the year ended 31 December 2012 and the financial statements presents fairly in all material respects, the Company's state of affairs as at 31 December 2012 and its financial activities and cash flows for the year then ended in accordance with the Sri Lanka Statement of Recommended Practice (SoRP) for Not-for-Profit Organisations (NPO's) issued by the Institute of Chartered Accountants of Sri Lanka.

Report on other Legal and Regulatory Requirements

In our opinion, these Financial Statements also comply with the requirements of Section 151(2) of the Companies Act No.07 of 2007.


1 October 2013
Colombo

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva ACA Ms. Y A De Silva FCA W R H Fernando FCA FCMA
W K B S P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga ACA N M Sulaiman ACA ACMA B E Wijesuriya ACA ACMA

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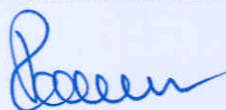
Centre for Policy Alternatives (Guarantee) Ltd

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 Rs.	2011 Rs.
Non Current Assets			
Property Plant and Equipment	6	4,713,580.77	6,903,807.14
Current Assets			
Receivables	7	26,754,439.12	33,212,013.61
Short Term Investments	8	4,341,005.17	4,071,514.61
Cash and Bank Balances	17	18,685,977.44	25,143,853.59
		49,781,421.73	62,427,381.81
Current Liabilities			
Payables	9	16,284,854.80	7,674,189.66
Tax Payable		73,213.96	49,981.96
Bank Overdrafts	17	1,013,807.24	365,464.36
		17,371,876.00	8,089,635.98
Current Assets Less Current Liabilities		32,409,545.73	54,337,745.83
Total Assets Less Current Liabilities		37,123,126.50	61,241,552.97
Funding And Liabilities			
Accumulated Funds			
Unrestricted Funds	10	(23,814,468.51)	(15,379,144.61)
Restricted Funds	11	37,195,841.96	54,610,219.05
Capital Reserve		16,462,678.05	15,052,078.53
Total Accumulated Funds		29,844,051.50	54,283,152.97
Non Current Liabilities			
Retirement Benefit Liability	12	7,279,075.00	6,958,400.00
Total Accumulated Funds & Liabilities		37,123,126.50	61,241,552.97

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

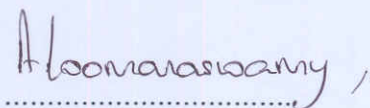


Finance Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board by.



Director



Director

The accounting policies and notes on pages 6 through 23 form an integral part of the Financial Statements.

1 October 2013
Colombo



STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 December 2012

	Notes	2012 Rs.	2011 Rs.
Incoming Resources	3	<u>109,649,406.44</u>	<u>72,659,085.55</u>
Project Expenditure	4		
Staff Costs		22,514,521.95	21,238,312.50
Other Direct Costs		45,283,026.22	21,429,657.69
Other Indirect Expenditure		<u>24,401,576.87</u>	<u>24,142,371.03</u>
Total Project Cost		<u>92,199,125.04</u>	<u>66,810,341.22</u>
Net Surplus on Projects		17,450,281.40	5,848,744.33
Revenue Earned from Other Activities	13	1,076,086.75	2,551,117.23
Administrative Expenses	14	(26,778,752.75)	(11,791,688.76)
		<u>(8,252,384.60)</u>	<u>(3,391,827.20)</u>
Finance Cost	15	(150,331.30)	(49,953.90)
Net Surplus/(Deficit) Before Tax		<u>(8,402,715.90)</u>	<u>(3,441,781.10)</u>
Income Tax Expenses	16	(32,608.00)	(33,713.00)
Net Surplus/(Deficit) for the Year		<u><u>(8,435,323.90)</u></u>	<u><u>(3,475,494.10)</u></u>

The accounting policies and notes on pages 6 through 23 form an integral part of the Financial Statements.

