

APAG/ADK/MJA/JJ

**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, ("the Company"), which comprise the statement of financial position as at 31 December 2015, and the statement comprehensive income, statement of changes in reserves and, statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Board's Responsibility for the Financial Statements**

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with the Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations (Including Non-Governmental Organisation) (SL SoRP-NPO's [including NGO's]) issued by the Institute of Chartered Accountants of Sri Lanka, and for such internal controls as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with the Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations (Including Non-Governmental Organisation) (SL SoRP-NPO's [including NGO's]) issued by the Institute of Chartered Accountants of Sri Lanka).

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### Report on other legal and regulatory requirements

As required by Section 163(2) of the Companies Act No. 7 of 2007, we state the following:

- a) The basis of opinion and Scope and Limitations of the audit are as stated above.
- b) In our opinion :
  - We have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
  - The financial statements of the Company, comply with the requirements of Section 151 of the Companies Act No. 7 of 2007



27 October 2016  
Colombo



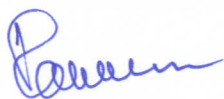
Centre for Policy Alternatives (Guarantee) Ltd

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 Rs.	2014 Rs.
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property Plant and Equipment	6	3,484,155	3,026,800
		<u>3,484,155</u>	<u>3,026,800</u>
<b>Current Assets</b>			
Receivables	7	33,241,012	17,644,913
Short Term Investments	8	8,659,082	-
Cash and Bank Balances	17	21,516,166	45,483,484
		<u>63,416,260</u>	<u>63,128,397</u>
<b>Total Assets</b>		<u>66,900,415</u>	<u>66,155,197</u>
<b>FUNDING AND LIABILITIES</b>			
<b>Accumulated Funds</b>			
Unrestricted Funds	10	(18,072,811)	(19,568,887)
Restricted Funds	11	55,847,674	60,881,092
Capital Reserve		11,959,845	11,545,205
		<u>49,734,708</u>	<u>52,857,409</u>
<b>Non Current Liabilities</b>			
Retirement Benefit Liability	12	10,025,850	8,782,230
		<u>10,025,850</u>	<u>8,782,230</u>
<b>Current Liabilities</b>			
Payables	9	6,577,921	2,211,818
Tax Payable		54,670	72,258
Bank Overdrafts	17	507,266	2,231,482
		<u>7,139,857</u>	<u>4,515,558</u>
<b>Total Equity &amp; Liabilities</b>		<u>66,900,415</u>	<u>66,155,197</u>

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



Finance Manager

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 7 through 19 form an integral part of the Financial Statements.





Centre for Policy Alternatives (Guarantee) Ltd  
STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Notes	2015 Rs.	2014 Rs.
<b>Incoming Resources</b>	3	<u>205,071,323</u>	<u>99,353,676</u>
<b>Project Expenditure</b>	4		
Staff Costs		41,367,345	20,547,207
Other Direct Costs		88,361,039	41,810,885
Other Indirect Expenditure		<u>60,784,170</u>	<u>22,110,632</u>
Total Project Cost		<u>190,512,554</u>	<u>84,468,724</u>
<b>Net Surplus on Projects</b>		14,558,769	14,884,952
Revenue Earned from Other Activities	13	4,824,346	6,585,786
Administrative Expenses	14	(17,722,007)	(23,192,748)
		<u>1,661,107</u>	<u>(1,722,009)</u>
Finance Cost	15	(132,131)	(155,815)
<b>Net Surplus/(Deficit) Before Tax</b>		<u>1,528,976</u>	<u>(1,877,824)</u>
Income Tax Expenses	16	(32,900)	(35,156)
<b>Net Surplus/(Deficit) for the Year</b>		<u>1,496,076</u>	<u>(1,912,980)</u>
<b>Other Comprehensive Income for the Year</b>		-	-
<b>Total Comprehensive Income for the Year</b>		<u>1,496,076</u>	<u>(1,912,980)</u>

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Centre for Policy Alternatives (Guarantee) Ltd

STATEMENT OF CHANGES IN RESERVES

Year ended 31 December 2015

	Restricted Funds Rs.	Unrestricted Funds Rs.	Capital Reserve Rs.	Total Rs.
<b>Balance As At 1st January 2014</b>	25,092,416	(17,655,907)	11,524,095	18,960,604
Additional Funds Received During the Year	122,314,814	-	-	122,314,814
Funds Transferred to Statement of Comprehensive Income	(96,229,681)	-	-	(96,229,681)
Project Assets Capitalized through Capital Reserve	-	-	2,716,993	2,716,993
Funds Transferred to Project Funds Receivable	9,695,473	-	-	9,695,473
Funds Transferred from Project Funds Payable	8,070	-	-	8,070
Amortization of Capital Reserve	-	-	(2,695,883)	(2,695,883)
Net Deficit for the Year	-	(1,912,980)	-	(1,912,980)
<b>Balance As At 31 December 2014</b>	60,881,092	(19,568,887)	11,545,205	52,857,409
Additional Funds Received During the Year	188,410,623	-	-	188,410,623
Funds Transferred to Statement of Comprehensive Income	(204,413,824)	-	-	(204,413,824)
Donor Funds Write Back	(1,383,419)	-	-	(1,383,419)
Project Assets Capitalized through Capital Reserve	-	-	2,900,419	2,900,419
Funds Transferred to Project Funds Payable	(177,964)	-	-	(177,964)
Funds Transferred to Project Funds Receivable	14,178,007	-	-	14,178,007
Funds Returned to Donor	(1,646,840)	-	-	(1,646,840)
Amortization of Capital Reserve	-	-	(2,485,779)	(2,485,779)
Net Deficit for the Year	-	1,496,076	-	1,496,076
<b>Balance As At 31 December 2015</b>	55,847,674	(18,072,811)	11,959,845	49,734,709

The accounting policies and notes on pages 7 through 19 form an integral part of the Financial Statements.





## STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 Rs.	2014 Rs.
<b>Cash Flow From/(Used in) Operating Activities</b>			
Net Surplus/(Deficit) Before Tax		1,528,976	(1,877,824)
<b>Adjustments for</b>			
Depreciation	6	2,673,065	2,920,246
Provision for Defined Benefit Plans	12	1,626,476	1,918,365
Loss on Disposal of Property Plant & Equipment		(16,400)	(17,823)
Finance Cost	15	132,131	155,815
Interest Earned		(506,148)	(540,854)
Amortization of Project Assets Capitalized Through Capital Reserve		(2,485,779)	(2,695,883)
		<u>2,952,321</u>	<u>(137,959)</u>
(Increase) / Decrease in Debtors		(15,596,100)	(3,753,229)
Increase / (Decrease) in Creditors		<u>4,366,103</u>	<u>(2,598,479)</u>
Cash Generated from Operations		<u>(8,277,676)</u>	<u>(6,489,666)</u>
Tax Paid		(50,488)	(371,942)
Finance Costs Paid		(132,131)	(155,815)
Defined Benefit Plan Costs Paid	12	<u>(382,857)</u>	<u>(339,885)</u>
<b>Net Cash Flow from Operating Activities</b>		<u>(8,843,151)</u>	<u>(7,357,308)</u>
<b>Cash Flow From/(Used in) Investing Activities</b>			
Acquisition of Property, Plant & Equipment	6	(230,000)	(50,220)
Sale Proceeds from Property, Plant & Equipment		16,400	20,320
Investment in Government Securities and Fixed Deposits		(8,659,082)	11,704,503
Interest Earned		506,147	540,854
<b>Net Cash Flow from Investing Activities</b>		<u>(8,366,535)</u>	<u>12,215,458</u>
<b>Cash Flow From/(Used in) Financing Activities</b>			
Cash Received from Donors not Used for Projects		(3,386,577)	35,788,676
Funds Returned to Donor		<u>(1,646,840)</u>	<u>-</u>
<b>Net Cash Flow from Financing Activities</b>		<u>(5,033,417)</u>	<u>35,788,676</u>
<b>Net Increase in Cash and Cash Equivalents</b>		<u>(22,243,104)</u>	<u>40,646,825</u>
Cash & Cash Equivalents at the Beginning of the Year	17	<u>43,252,003</u>	<u>2,605,177</u>
<b>Cash &amp; Cash Equivalents at the End of the Year</b>	17	<u><u>21,008,899</u></u>	<u><u>43,252,003</u></u>

The accounting policies and notes on pages 7 through 19 form an integral part of the Financial Statements.

