

**CENTRE FOR POLICY ALTERNATIVES (GUARANTEE) LTD**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2019**

APAG/PR/MHM

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

**Report on the audit of the Financial Statements**

**Opinion**

We have audited the accompanying Financial Statements of Centre for Policy Alternatives (Guarantee) Ltd, ("the Organization") which comprise the Statement of Financial Position as at 31 December 2019, and Statement of Comprehensive Income, Statement of Changes in Reserves and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 06 to 20.

In our opinion, the financial statements give a true and fair view of the financial position of the Centre for Policy Alternatives (Guarantee) Ltd as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations (Including Non-Governmental Organization) (SL SoRP-NPO's [including NGO's]) issued by the Institute of Chartered Accountants of Sri Lanka.

**Basis for opinion**

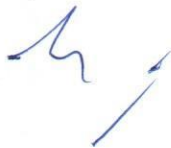
We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Organization in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Board and those charged with governance for the financial statements**

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

In preparing the financial statements, Board is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



(Contd...2/-)



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### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



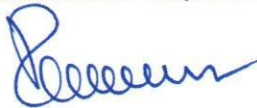
15 January 2021  
Colombo

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019	2018
		Rs.	Rs.
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property Plant and Equipment	6	3,675,142	3,509,520
		<u>3,675,142</u>	<u>3,509,520</u>
<b>Current Assets</b>			
Receivables	7	14,534,715	14,973,731
Short Term Investments	8	18,440,038	34,212,113
Cash and Bank Balances	17	15,727,359	10,433,926
		<u>48,702,113</u>	<u>59,619,770</u>
<b>Total Assets</b>		<u><u>52,377,257</u></u>	<u><u>63,129,290</u></u>
<b>FUNDING AND LIABILITIES</b>			
<b>Accumulated Funds</b>			
Unrestricted Funds	10	930,870	(3,911,457)
Restricted Funds	11	25,682,309	37,220,746
Capital Reserve		2,918,136	2,344,170
		<u>29,531,314</u>	<u>35,653,458</u>
<b>Non Current Liabilities</b>			
Retirement Benefit Liability	12	17,608,658	13,980,325
		<u>17,608,658</u>	<u>13,980,325</u>
<b>Current Liabilities</b>			
Payables	9	3,113,682	5,112,537
Tax Payable		-	-
Bank Overdrafts	17	2,123,604	-
		<u>5,237,286</u>	<u>5,112,537</u>
<b>Total Equity &amp; Liabilities</b>		<u><u>52,377,257</u></u>	<u><u>54,746,320</u></u>

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



.....  
Finance Manager

The Board of Directors are responsible for these Financial Statements. Signed for and on behalf of the Board by;



.....  
Director



.....  
Director

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.



## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	Notes	2019 Rs.	2018 Restated Rs.
<b>Incoming Resources</b>	3	<u>150,193,772</u>	<u>117,042,103</u>
<b>Project Expenditure</b>	4		
Staff Costs		46,076,020	33,975,433
Other Direct Costs		53,743,758	41,309,212
Other Indirect Expenditure		<u>50,373,994</u>	<u>40,757,458</u>
Total Project Cost		<u>150,193,772</u>	<u>116,042,103</u>
<b>Net Surplus on Projects</b>		-	1,000,000
Revenue Earned from Other Activities	13	3,490,957	12,274,618
Administrative Expenses	14	(6,994,860)	(5,670,574)
		<u>(3,503,903)</u>	<u>7,604,044</u>
Finance Cost	15	(36,739)	(77,069)
<b>Net Surplus Before Tax</b>		<u>(3,540,642)</u>	<u>7,526,975</u>
Income Tax Expenses	16	-	-
<b>Net Surplus for the Year</b>		<u>(3,540,642)</u>	<u>7,526,975</u>
<b>Other Comprehensive Income for the Year</b>		-	-
<b>Total Comprehensive Income for the Year</b>		<u>(3,540,642)</u>	<u>7,526,975</u>

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.



Centre for Policy Alternatives (Guarantee) Ltd  
**STATEMENT OF CHANGES IN RESERVES**  
Year ended 31 December 2019

	Restricted Funds Rs.	Unrestricted Funds Rs.	Capital Reserve Rs.	Total Rs.
<b>Balance As At 01 January 2018</b>	34,952,003	(11,438,432)	11,708,591	35,222,162
Additional Funds Received During the Year	118,281,362	-	-	118,281,362
Funds Transferred to Statement of Comprehensive Income	(116,042,102)	-	-	(116,042,102)
Transfer to Unrestricted Funds through Income Statement	29,484	-	-	29,484
Project Assets Capitalized through Capital Reserve	-	-	679,511	679,511
Funds Transferred to Project Funds Receivable	-	-	-	-
Funds Returned to Donor	-	-	-	-
Amortization of Capital Reserve	-	-	(1,660,962)	(1,660,962)
Net Surplus for the Year	-	7,526,975	-	7,526,975
Transfer from Capital Reserve	-	-	-	-
<b>Balance As At 31 December 2018</b>	<u>37,220,746</u>	<u>(3,911,457)</u>	<u>10,727,139</u>	<u>44,036,428</u>
Prior period adjustment	-	8,382,969	(8,382,969)	-
Additional Funds Received During the Year	138,699,972	-	-	138,699,972
Funds Transferred to Statement of Comprehensive Income	(150,193,772)	-	-	(150,193,772)
Transfer to Unrestricted Funds through Income Statement	(44,637)	-	-	(44,637)
Project Assets Capitalized through Capital Reserve	-	-	1,753,882	1,753,882
Funds Transferred to Project Funds Receivable	-	-	-	-
Funds Returned to Donor	-	-	-	-
Amortization of Capital Reserve	-	-	(1,179,917)	(1,179,917)
Net Surplus for the Year	-	(3,540,642)	-	(3,540,642)
Transfer from Capital Reserve	-	-	-	-
<b>Balance As At 31 December 2019</b>	<u>25,682,309</u>	<u>930,870</u>	<u>2,918,136</u>	<u>29,531,317</u>

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.



## STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Notes	2019 Rs.	2018 Rs.
<b>Cash Flow From/(Used in) Operating Activates</b>			
Net Surplus/(Deficit) Before Tax		(3,540,642)	7,526,975
<b>Adjustments for</b>			
Depreciation	6	1,789,549	1,687,779
Provision for Defined Benefit Plans	12	3,952,833	2,145,975
Finance Cost	15	36,739	77,069
Interest Earned		(1,311,166)	(1,812,586)
Disposal gain		(34,250)	(5,000)
Transfer to Unrestricted Funds through Income Statement		(44,637)	29,484
Amortization of Project Assets Capitalized Through Capital Reserve		(1,179,917)	(1,152,648)
Write Back from Projects		(679,758)	(270,295)
Written Off		152,056	-
		<u>(859,194)</u>	<u>8,226,752</u>
(Increase) / Decrease in Receivables		439,015	(4,323,669)
Increase / (Decrease) in Payables		<u>(1,998,855)</u>	<u>383,927</u>
Cash Generated from Operations		<u>(2,419,034)</u>	<u>4,287,010</u>
Tax Paid		-	-
Finance Costs Paid		(36,739)	(77,069)
Defined Benefit Plan Costs Paid	12	<u>(324,500)</u>	<u>(148,950)</u>
<b>Net Cash Flow from Operating Activities</b>		<u>(2,780,273)</u>	<u>4,060,991</u>
<b>Cash Flow From/(Used in) Investing Activities</b>			
Acquisition of Property, Plant & Equipment	6	(201,289)	(965,497)
Sale Proceeds from Property, Plant & Equipment		34,250	-
Withdrawal/ (Investment)from/in Government Securities and Fixed Deposits		15,582,799	(255,789)
Interest Earned		964,358	1,489,162
<b>Net Cash Flow from Investing Activities</b>		<u>16,380,117</u>	<u>267,876</u>
<b>Cash Flow From/(Used in)Financing Activities</b>			
Cash Received from Donors not Used for Projects		(10,430,015)	2,239,259
Funds received for restricted activities		-	1,000,000
<b>Net Cash Flow from Financing Activities</b>		<u>(10,430,015)</u>	<u>3,239,259</u>
<b>Net Increase in Cash and Cash Equivalents</b>		3,169,830	7,568,126
Cash & Cash Equivalents at the Beginning of the Year	17	<u>10,262,729</u>	<u>2,694,602</u>
<b>Cash &amp; Cash Equivalents at the End of the Year</b>	17	<u><u>13,432,558</u></u>	<u><u>10,262,729</u></u>

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.

