

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CENTER FOR POLICY ALTERNATIVES (GUARANTEE) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Center for Policy Alternative (Guarantee) Ltd, ("The Organization") which comprise the Statement of Financial Position as at 31 December 2021, and the Statement of Comprehensive Income, the Statement of Changes in Reserve and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, so far as appears from our examination, Center for Policy Alternative (Guarantee) Ltd maintained proper accounting records for the year ended 31 December 2021 and the financial statements give a true and fair view of the Center for Policy Alternative (Guarantee) Ltd state of affairs as at 31 December 2021, and its surplus of Income over Expenditure and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards and 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 ethical requirements of the Code of Ethics issued by CA Sri Lanka that are relevant to our audit of the financial statements, 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 and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and 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.



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INDEPENDENT AUDITORS' REPORT (CONTD.....)

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 the 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 that 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.



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INDEPENDENT AUDITORS' REPORT (CONTD.....)

Report on Other Legal and Regulatory Requirements

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

Mgn Kal Rupasinghe

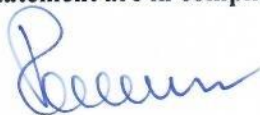
MGI KAL Rupasinghe & Co.
Chartered Accountants
Colombo
01st November 2022



Centre for Policy Alternatives (Guarantee) Ltd
STATEMENT OF FINANCIAL POSITION
As at 31st December 2021

	Notes	2021 Rs.	2020 Rs.
ASSETS			
Non Current Assets			
Property Plant and Equipment	6	7,827,580	6,699,846
		<u>7,827,580</u>	<u>6,699,846</u>
Current Assets			
Receivables	7	11,094,947	8,795,935
Short Term Investments	8	56,625,718	44,366,807
Cash & Cash Equivalents	9	7,929,227	2,682,850
		<u>75,649,892</u>	<u>55,845,593</u>
Total Assets		<u><u>83,477,472</u></u>	<u><u>62,545,439</u></u>
FUNDING AND LIABILITIES			
Accumulated Funds			
Unrestricted Funds	11	(15,321,281)	(14,602,488)
Restricted Funds	12	53,821,798	31,111,785
Capital Reserve		7,086,154	6,865,253
		<u>45,586,671</u>	<u>23,374,549</u>
Non Current Liabilities			
Retirement Benefit Liability	13	16,871,826	14,320,675
Canada Fund Payable-due more than one year		15,238,381	16,588,381
		<u>32,110,207</u>	<u>30,909,056</u>
Current Liabilities			
Payables	10	3,616,842	4,902,363
Bank Overdrafts	9	2,163,751	3,359,471
		<u>5,780,594</u>	<u>8,261,834</u>
Total Equity & Liabilities		<u><u>83,477,472</u></u>	<u><u>62,545,439</u></u>

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



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Finance Manager

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



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Director



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Director

The accounting policies and notes on pages 05 through 19 form an integral part of the Financial Statements.

Centre for Policy Alternatives (Guarantee) Ltd
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st December 2021

	Notes	2021 Rs.	2020 Rs.
Income Resources	3	<u>126,704,064</u>	<u>137,133,136</u>
Project Expenditure	4		
Staff Costs		(49,343,914)	(48,737,175)
Other Direct Costs		(44,491,905)	(45,648,501)
Other Indirect Expenditure		(31,868,246)	(41,747,459)
Total Project Cost		<u>(125,704,064)</u>	<u>(136,133,136)</u>
Net Surplus on Projects		1,000,000	1,000,000
Revenue Earned from Other Activities	14	10,061,031	8,407,516
Administrative Expenses	15	<u>(12,609,245)</u>	<u>(24,925,758)</u>
		(1,548,214)	(15,518,242)
Finance Cost	16	-	(15,116)
Net Deficit Before Tax		<u>(1,548,214)</u>	<u>(15,533,358)</u>
Income Tax Expenses	17	-	-
Net Deficit for the Year		<u>(1,548,214)</u>	<u>(15,533,358)</u>
Other Comprehensive Income / (Deficit) for the Year		-	-
Total Comprehensive Deficit for the Year		<u>(1,548,214)</u>	<u>(15,533,358)</u>

The accounting policies and notes on pages 05 through 19 form an integral part of the Financial Statements.

Colombo
01st October 2022



Centre for Policy Alternatives (Guarantee) Ltd
STATEMENT OF CHANGES IN RESERVES
For the year ended 31st December 2021

	Unrestricted Funds Rs.	Restricted Funds Rs.	Capital Reserve Rs.	Total Rs.
Balance As At 31 December 2019	930,870	25,682,309	2,918,135	29,531,314
Additional Funds Received During the Year	-	141,835,303	-	141,835,303
Funds Transferred to Statement of Comprehensive Income	-	(136,133,136)	-	(136,133,136)
Project Assets Capitalized through Capital Reserve	-	-	5,383,976	5,383,976
Funds Returned to Donor	-	(272,692)	-	(272,692)
Amortization of Capital Reserve	-	-	(1,436,858)	(1,436,858)
Net Deficit for the Year	(15,533,358)	-	-	(15,533,358)
Balance As At 31 December 2020	(14,602,488)	31,111,785	6,865,253	23,374,549
Prior Period Adjustment	829,421	-	359,000	1,188,421
Additional Funds Received During the Year	-	149,702,652	-	149,702,652
Funds Transferred to Statement of Comprehensive Income	-	(125,704,064)	-	(125,704,064)
Project Assets Capitalized through Capital Reserve	-	-	2,765,775	2,765,775
Funds Returned to Donor	-	(1,288,575)	-	(1,288,575)
Amortization of Capital Reserve	-	-	(2,903,874)	(2,903,874)
Net Deficit for the Year	(1,548,214)	-	-	(1,548,214)
Balance As At 31 December 2021	(15,321,281)	53,821,798	7,086,154	45,586,671

The accounting policies and notes on pages 05 through 19 form an integral part of the Financial Statements.

Colombo
01st October 2022



Centre for Policy Alternatives (Guarantee) Ltd

STATEMENT OF CASH FLOWS

For the year ended 31st December 2021

Cash Flow Generated From / (Used in) Operating Activities	Notes	2021 Rs.	2020 Rs.
Net Deficit Before Tax		(1,548,214)	(15,533,358)
Adjustments for;			
Depreciation	6	2,826,462	2,382,516
Provision for Defined Benefit Plans	13	4,668,251	1,384,042
Finance Cost	16	-	15,116
Interest Earned	14	(3,190,604)	(2,583,268)
Provision for Canada Fund Repayment		-	19,288,381
Amortization of Project Assets Capitalized Through Capital Reserve		(2,903,874)	(1,436,858)
Operating (Deficit)/Surplus before Working Capital Changes		(147,979)	3,516,570
 Working Capital Changes;			
(Increase) / Decrease in Receivables		(2,299,012)	5,738,780
Increase / (Decrease) in Payables		(1,285,520)	438,685
Cash Generated From / (Used In) Operations		(3,732,512)	9,694,035
Finance Costs Paid		-	(15,116)
Canada fund repaid		(1,350,000)	(1,350,000)
Defined Benefit Plan Costs Paid	13	(2,117,100)	(4,672,025)
Net Cash Flow (Used In)/Generated From Operating Activities		(7,199,612)	3,656,894
 Cash Flow Generated From / (Used in) Investing Activities			
Acquisition of Property, Plant & Equipment		-	(85,764)
Sale Proceeds from Property, Plant & Equipment		-	62,520
Net Investment in Government Securities and Fixed Deposits		(12,258,910)	(25,926,769)
Interest Earned		3,190,604	2,583,268
Net Cash Flow Used In Investing Activities		(9,068,307)	(23,366,745)
 Cash Flow Generated From / (Used in) Financing Activities			
Excess Fund inflow for Project Activities		22,710,014	5,429,476
Net Cash Flow Generated From Financing Activities		22,710,014	5,429,476
 Net Increase/(Decrease) in Cash and Cash Equivalents		6,442,095	(14,280,375)
Cash & Cash Equivalents at the Beginning of the period		(676,621)	13,603,755
Cash & Cash Equivalents at the End of the Period	9	5,765,475	(676,621)

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Colombo
01st October 2022

