

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 2020, 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 2020 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 2020, 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.

Other Information

The audit of the organization in previous years have been carried out by another auditor until the financial year 2018/19 who has given an unqualified opinion. We have obtain the opening balances of the current financial year based on the said financials.

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.



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

Responsibilities of Board and those Charged with Governance for the Financial Statements (Contd...)

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.

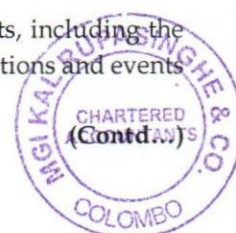
Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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.



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

Responsibilities of Board and those Charged with Governance for the Financial Statements (Contd...)

Auditor's Responsibilities for the Audit of the Financial Statements (Contd...)

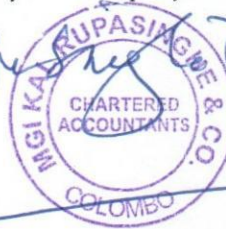
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Mgr Kal Rupasinghe

MGI KAL Rupasinghe & Co.
Chartered Accountants
Colombo
01st November 2021



Centre for Policy Alternatives (Guarantee) Ltd
STATEMENT OF FINANCIAL POSITION
As at 31st December 2020

	Notes	2020 Rs.	2019 Rs.
ASSETS			
Non Current Assets			
Property Plant and Equipment	6	6,699,846	3,675,142
		6,699,846	3,675,142
Current Assets			
Receivables	7	8,795,935	14,534,715
Short Term Investments	8	44,366,807	18,440,038
Cash and Bank Balances	17	2,682,850	15,727,359
		55,845,593	48,702,112
Total Assets		62,545,439	52,377,254
FUNDING AND LIABILITIES			
Accumulated Funds			
Unrestricted Funds	10	(14,602,488)	930,870
Restricted Funds	11	31,111,785	25,682,309
Capital Reserve		6,865,253	2,918,135
		23,374,549	29,531,314
Non Current Liabilities			
Retirement Benefit Liability	12	14,320,675	17,608,658
Non-Current Portion of Canada Fund Payable		16,588,381	-
		30,909,056	17,608,658
Current Liabilities			
Payables	9	4,902,363	3,113,677
Bank Overdrafts	17	3,359,471	2,123,604
		8,261,834	5,237,281
Total Equity & Liabilities		62,545,439	52,377,254

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.

Colombo
01st November 2021

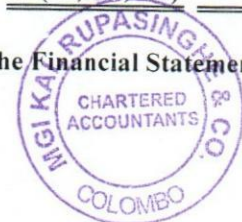


Centre for Policy Alternatives (Guarantee) Ltd
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st December 2020

	Notes	2020 Rs.	2019 Rs.
Income Resources	3	<u>137,133,136</u>	<u>150,193,772</u>
Project Expenditure	4		
Staff Costs		(48,737,175)	(46,076,020)
Other Direct Costs		(45,648,501)	(53,743,758)
Other Indirect Expenditure		(41,747,459)	(50,373,994)
Total Project Cost		<u>(136,133,136)</u>	<u>(150,193,772)</u>
Net Surplus on Projects		1,000,000	-
Revenue Earned from Other Activities	13	8,407,516	3,490,957
Administrative Expenses	14	(24,925,758)	(6,994,860)
		<u>(15,518,242)</u>	<u>(3,503,903)</u>
Finance Cost	15	(15,116)	(36,739)
Net Deficit Before Tax		<u>(15,533,358)</u>	<u>(3,540,643)</u>
Income Tax Expenses	16	-	-
Net Deficit for the Year		<u>(15,533,358)</u>	<u>(3,540,643)</u>
Other Comprehensive Income / (Deficit) for the Year		-	-
Total Comprehensive Deficit for the Year		<u>(15,533,358)</u>	<u>(3,540,643)</u>

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

Colombo
01st November 2021

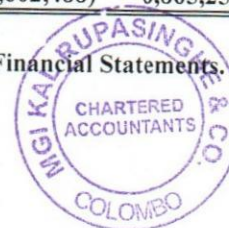


Centre for Policy Alternatives (Guarantee) Ltd
STATEMENT OF CHANGES IN RESERVES
For the year ended 31st December 2020

	Restricted Funds Rs.	Unrestricted Funds Rs.	Capital Reserve Rs.	Total Rs.
Balance As At 31 December 2018	37,220,746	(3,911,456)	10,727,139	44,036,429
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 / from Unrestricted Funds through Income Statement	(44,637)	-	-	(44,637)
Project Assets Capitalized through Capital Reserve	-	-	1,753,882	1,753,882
Amortization of Capital Reserve	-	-	(1,179,917)	(1,179,917)
Net Deficit for the Year	-	(3,540,643)	-	(3,540,643)
Balance As At 31 December 2019	25,682,309	930,870	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	31,111,785	(14,602,488)	6,865,253	23,374,549

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

Colombo
01st November 2021



Centre for Policy Alternatives (Guarantee) Ltd

STATEMENT OF CASH FLOWS

For the year ended 31st December 2020

Cash Flow From / (Used in) Operating Activates	Notes	2020 Rs.	2019 Rs.
Net Deficit Before Tax		(15,533,358)	(3,540,643)
Adjustments for			
Depreciation	6	2,382,516	1,789,549
Provision for Defined Benefit Plans	12	1,384,042	3,952,833
Finance Cost	15	15,116	36,739
Interest Earned	13	(2,583,268)	(1,311,166)
Provision for Canada Fund Repayment		19,288,381	-
Disposal gain		-	(34,250)
Transfer to/(from) Restricted Funds through Income Statement		-	(44,637)
Amortization of Project Assets Capitalized Through Capital Reserve		(1,436,858)	(1,179,917)
Write off		-	152,056
Write Back from Projects		-	(679,758)
		3,516,570	(859,194)
(Increase) / Decrease in Receivables		5,738,780	439,015
Increase / (Decrease) in Payables		438,685	(1,998,855)
Cash Generated From / (Used In) Operations		9,694,035	(2,419,034)
Finance Costs Paid		(15,116)	(36,739)
Canada fund repaid		(1,350,000)	-
Defined Benefit Plan Costs Paid	12	(4,672,025)	(324,500)
Net Cash Flow Generated From / (Used In) Operating Activities		3,656,894	(2,780,273)
Cash Flow From / (Used in) Investing Activities			
Acquisition of Property, Plant & Equipment	6	(85,764)	(201,289)
Sale Proceeds from Property, Plant & Equipment		62,520	34,250
(Investment)/Withdrawal in Government Securities and Fixed Deposits		(25,926,769)	15,582,799
Interest Earned		2,583,268	964,358
Net Cash Flow (Used In) / Generated From Investing Activities		(23,366,745)	16,380,117
Cash Flow From / (Used in) Financing Activities			
Excess Fund inflow for Project Activities	11	5,429,476	(10,430,015)
Net Cash Flow Generated From / (Used In) Financing Activities		5,429,476	(10,430,015)
Net (Decrease) / Increase in Cash and Cash Equivalents		(14,280,375)	3,169,830
Cash & Cash Equivalents at the Beginning of the period	17	13,603,755	10,433,925
Cash & Cash Equivalents at the End of the Period	17	(676,621)	13,603,755

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

Colombo

01st November 2021



CENTRE FOR POLICY ALTERNATIVES (GUARANTEE) LTD
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

1 Corporate Information

1.1 General

The Centre for Policy Alternative (Guarantee) Ltd was incorporated on 17th June 1996 under the Companies Act No.17 of 1982 as a company limited by guarantee. It was registered on 6th January 2009 under the companies Act No.7 of 2007 as a company limited by guarantee.

The Centre for Policy Alternative (Guarantee) Ltd is domiciled in the Democratic Republic of Sri Lanka with its Head Office located in Colombo. Its programmers are carried out throughout the country.

The Centre for Policy Alternative (Guarantee) Ltd was formed on the firm belief that there is an urgent need to strengthen instruction & capacity building for good governance & conflict transformation in Sri Lanka & non partial civil society groups have an important & constructive construction to contribute to this process.

Programmers are implemented through 4 thematic. Such units are Research and Advocacy and Public Interest Litigation Civic Media Social Indicator and Capacity Building and outreach Monitoring Election Violence (CMEV), formed together with the Free Media Movement (FMM) & the Coalition against Political Violence as an independent and nonpartisan organization to monitoring the incidence of election related violence. Currently CMEV is made up of CPA, FMM and INFROM Human Rights Documentation Centre.

1.2 Principal Activities of the Organization

(a) Research and Advocacy and Public Interest Litigation

In fulfillment of the Centre's mandate to promote conflict transformation & governance, the Legal & Constitutional Unit undertakes research & advocacy on issue of constitutional reform & conflict transaction, law reform, and electoral & human rights.

(b) Civic Media

The Media Unit in CPA was constituted to further the Centre's objectives of formulating policy options to inform & shape the practice & culture of governance in Sri Lanka. The Media Unit hopes to engender a socially responsible media by examining the content & form of media coverage, and by publishing "Media Monitor", a journal highlighted problems with media reporting in Sri Lanka.

(c) Social Indicator

Social indicator is the polling unit of the Centre. Social Indicator was established in 1999 with the assistance of the Canadian International Development Agency funded for Governance & Institutional strengthening project in Sri Lanka which was implemented by the Human Rights Research and Educational Centre of the University of Ottawa.

(d) Capacity Building and Outreach Monitoring

The Outreach team leads CPA's engagements with Civil Society and Non-Governmental Organizations at the grass root level.

1.3 Date of Authorization for Issue

The Financial Statements of Centre for Policy Alternative (Guarantee) Ltd for the year ended 31 December 2020 was authorized by the Board of Directors on 01st November 2021.

