



**CENTRE FOR POLICY ALTERNATIVES
(GUARANTEE) LTD
FINANCIAL STATEMENTS
31ST DECEMBER 2022**



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 2022, 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 2022 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 2022, 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.....)

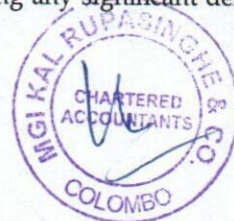
Auditor's Responsibilities for the Audit of the Financial Statements

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.

Mgs Kal Rupasinghe

MGI KAL Rupasinghe & Co.
Chartered Accountants
Colombo



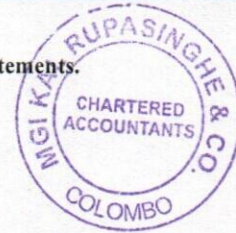
05th July 2023

Centre for Policy Alternatives (Guarantee) Ltd
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st December 2022

	Notes	2022 Rs.	2021 Rs.
Income Resources	3	<u>172,955,413</u>	<u>125,704,064</u>
Project Expenditure	4		
Staff Costs		(58,132,795)	(49,343,914)
Other Direct Costs		(66,843,430)	(44,491,905)
Other Indirect Expenditure		(47,979,189)	(31,868,246)
Total Project Cost		<u>(172,955,413)</u>	<u>(125,704,064)</u>
Net Surplus on Projects		-	-
Revenue Earned from Other Activities	14	51,453,518	11,061,031
Other Administrative Expenses	15	<u>(8,987,178)</u>	<u>(12,609,245)</u>
		42,466,341	(1,548,214)
Net Surplus / (Deficit) Before Tax		<u>42,466,341</u>	<u>(1,548,214)</u>
Income Tax Expenses	16	(5,824,789)	-
Net Surplus / (Deficit) for the Year		<u>36,641,552</u>	<u>(1,548,214)</u>

The accounting policies and notes on pages 05 through 18 form an integral part of the Financial Statements.

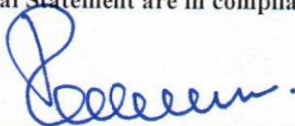
Colombo
05 July 2023



Centre for Policy Alternatives (Guarantee) Ltd
STATEMENT OF FINANCIAL POSITION
As at 31st December 2022

	Notes	2022 Rs.	2021 Rs.
ASSETS			
Non Current Assets			
Property Plant and Equipment	6	6,843,092	7,827,580
		<u>6,843,092</u>	<u>7,827,580</u>
Current Assets			
Receivables	7	14,045,189	11,094,947
Short Term Investments	8	89,290,981	56,625,718
Cash & Cash Equivalents	9	563,074	7,929,227
		<u>103,899,244</u>	<u>75,649,892</u>
Total Assets		<u>110,742,336</u>	<u>83,477,472</u>
FUNDING AND LIABILITIES			
Accumulated Funds			
Unrestricted Funds	11	21,320,271	(15,321,281)
Restricted Funds	12	38,957,497	53,821,798
Capital Reserve		6,245,445	7,086,154
		<u>66,523,213</u>	<u>45,586,671</u>
Non Current Liabilities			
Retirement Benefit Liability	13	15,554,975	16,871,826
Canada Fund Payable-due more than one year		13,888,381	15,238,381
		<u>29,443,356</u>	<u>32,110,207</u>
Current Liabilities			
Payables	10	10,923,963	3,616,843
Bank Overdrafts	9	3,851,804	2,163,751
		<u>14,775,767</u>	<u>5,780,594</u>
Total Equity & Liabilities		<u>110,742,336</u>	<u>83,477,472</u>

These Financial Statement 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:



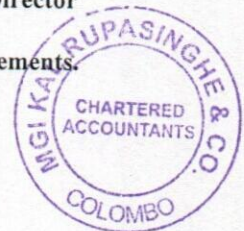
Director



Director

The accounting policies and notes on pages 05 through 18 form an integral part of the Financial Statements.

Colombo
05 July 2023

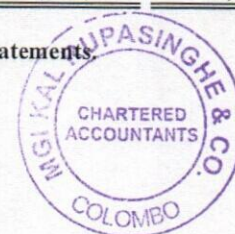


Centre for Policy Alternatives (Guarantee) Ltd
STATEMENT OF CHANGES IN RESERVES
For the year ended 31st December 2022

	Unrestricted Funds Rs.	Restricted Fund Rs.	Capital Reserve Rs.	Total Rs.
Balance As At 01 January 2021	(14,602,488)	31,111,785	6,865,253	23,374,550
Prior Year Adjustment	829,421	-	359,000	1,188,421
Additional Funds Received During the Year	-	149,702,653	-	149,702,653
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
Additional Funds Received During the Year	-	158,600,271	-	158,600,271
Funds Transferred to Statement of Comprehensive Income	-	(172,955,413)	-	(172,955,413)
Project Assets Capitalized through Capital Reserve	-	-	2,203,259	2,203,259
Funds Returned to Donor	-	(856,449)	-	(856,449)
Restricted fund Receivable Write-off	-	347,290	-	347,290
Amortization of Capital Reserve	-	-	(3,043,968)	(3,043,968)
Net Surplus for the Year	36,641,552	-	-	36,641,552
Balance As At 31 December 2022	21,320,271	38,957,497	6,245,445	66,523,213

The accounting policies and notes on pages 05 through 18 form an integral part of the Financial Statements.

Colombo
05 July 2023



Centre for Policy Alternatives (Guarantee) Ltd

STATEMENT OF CASH FLOWS

For the year ended 31st December 2022

	Notes	2022 Rs.	2021 Rs.
Cash Flow Generated From / (Used in) Operating Activates			
Net Surplus / (Deficit) Before Tax		42,466,341	(1,548,214)
Adjustments for;			
- Depreciation	6	3,043,968	2,826,462
- Provision for Defined Benefit Plans	12	2,535,649	4,668,251
- Asset Disposal Loss		78,779	-
- Write off from projects		347,290	
- Interest Earned	13	(8,007,925)	(3,190,604)
- Amortization of Project Assets Capitalized Through Capital Reserve		(3,043,968)	(2,903,874)
Operating Surplus / (Deficit) before Working Capital Changes		37,420,134	(147,979)
Working Capital Changes;			
- (Increase) / Decrease in Receivables		(2,950,242)	(2,299,012)
- Increase / (Decrease) in Payables		1,482,331	(1,285,520)
Cash Generated From / (Used In) Operations		35,952,223	(3,732,511)
- Canada fund repaid		(1,350,000)	(1,350,000)
- Defined Benefit Plan Costs Paid	12	(3,852,500)	(2,117,100)
Net Cash Flow Generated From / (Used In) Operating Activities		30,749,723	(7,199,611)
Cash Flow Generated From / (Used in) Investing Activities			
- Net Investment in Government Securities and Fixed Deposits		(32,665,263)	(12,258,910)
- Sale Proceeds Received from disposal of Property, Plant & Equipment's		65,000	-
- Interest Earned		8,007,926	3,190,604
Net Cash Flow Used In Investing Activities		(24,592,338)	(9,068,307)
Cash Flow Generated From / (Used in) Financing Activities			
- Excess Fund (outflow)/ inflow for Project Activities		(15,211,591)	22,710,014
Net Cash Flow Generated From Financing Activities		(15,211,591)	22,710,014
Net (Decrease) / Increase in Cash and Cash Equivalents		(9,054,205)	6,442,096
Cash & Cash Equivalents at the Beginning of the year		5,765,475	(676,621)
Cash & Cash Equivalents at the End of the year	9	(3,288,730)	5,765,475

The accounting policies and notes on pages 05 through 18 form an integral part of the Financial Statements.

Colombo
05 July 2023

