

CENTRE FOR POLICY
ALTERNATIVES (GUARANTEE) LTD

FINANCIAL STATEMENTS

31ST DECEMBER 2023

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 2023, 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 2023 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 2023, 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.

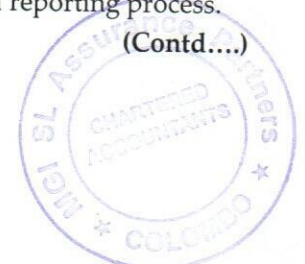
Responsibilities of Board and those Charged with Governance for the Financial Statements

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.



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.

M. S. Perera

MGI SL Assurance Partners.

Chartered

Accountants



Colombo

30 July 2024

CENTRE FOR POLICY ALTERNATIVES (GUARANTEE) LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2023

	Notes	2023 Rs.	2022 Rs.
Income Resources	3	<u>195,031,972</u>	<u>172,955,413</u>
Project Expenditure	4		
Staff Costs		(52,641,209)	(58,132,795)
Other Direct Costs		(89,606,399)	(66,843,430)
Other Indirect Expenditure		(52,784,364)	(47,979,189)
Total Project Cost		<u>(195,031,972)</u>	<u>(172,955,413)</u>
Surplus on Projects		-	-
Revenue Earned from Other Activities	14	37,941,798	51,453,518
Other Administrative Expenses	15	(33,866,700)	(8,987,178)
		<u>4,075,098</u>	<u>42,466,341</u>
Surplus Before Tax		<u>4,075,098</u>	<u>42,466,341</u>
Income Tax Expenses	16	(242,036)	(5,824,789)
Surplus for the Year		<u>3,833,062</u>	<u>36,641,552</u>

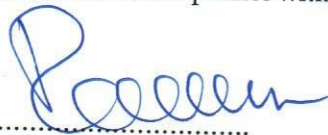


CENTRE FOR POLICY ALTERNATIVES (GUARANTEE) LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2023

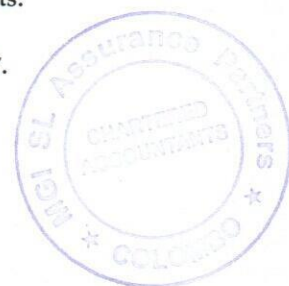
ASSETS	Note	2023 Rs.	2022 Rs.
Non Current Assets			
Property, Plant and Equipment	6	5,716,925	6,843,092
		<u>5,716,925</u>	<u>6,843,092</u>
Current Assets			
Receivables	7	12,615,204	14,045,189
Short Term Investments	8	149,866,260	89,290,981
Cash and Cash Equivalents	9	1,052,080	563,074
		<u>163,533,544</u>	<u>103,899,244</u>
Total Assets		<u><u>169,250,469</u></u>	<u><u>110,742,336</u></u>
FUNDING AND LIABILITIES			
Accumulated Funds			
Unrestricted Funds	11	25,153,333	21,320,271
Restricted Funds	12	109,825,362	38,957,497
Capital Reserve		5,270,379	6,245,445
		<u>140,249,074</u>	<u>66,523,213</u>
Non Current Liabilities			
Retirement Benefit Liability	13	11,799,500	15,554,975
Canada Fund Payable-due more than one year		12,538,381	13,888,381
		<u>24,337,881</u>	<u>29,443,356</u>
Current Liabilities			
Payables	10	4,144,222	10,923,963
Bank Overdrafts	9	519,292	3,851,804
		<u>4,663,514</u>	<u>14,775,767</u>
Total Equity and Liabilities		<u><u>169,250,469</u></u>	<u><u>110,742,336</u></u>

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

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 these Financial Statements. Signed for and on behalf of the Board by:

1. 
Director

Date: 30.7.2024

2. 
Director

Date: 30.07.2024

CENTRE FOR POLICY ALTERNATIVES (GUARANTEE) LTD
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31ST DECEMBER 2023

	Unrestricted Funds Rs.	Restricted Fund Rs.	Capital Reserve Rs.	Total Rs.
Balance As At 01 January 2022	(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)
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
Funds Received During the Year	-	265,897,441	-	265,897,441
Funds Transferred to Statement of Comprehensive Income	-	(195,031,971)	-	(195,031,971)
Project Assets Capitalized through Capital Reserve	-	-	1,878,999	1,878,999
Restricted Fund Receivable Write-off	-	2,395	-	2,395
Amortization of Capital Reserve	-	-	(2,854,065)	(2,854,065)
Surplus for the Year	3,833,062	-	-	3,833,062
Balance As At 31 December 2023	25,153,333	109,825,362	5,270,379	140,249,074



CENTRE FOR POLICY ALTERNATIVES (GUARANTEE) LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2023

	Notes	2023 Rs.	2022 Rs.
Cash Flow Generated From / (Used in) Operating Activates			
Surplus Before Tax		4,075,098	42,466,341
Adjustments for;			
- Depreciation	6	2,854,065	3,043,968
- Provision for Defined Benefit Plans	12	5,197,000	2,535,649
- Loss on Disposal of Assets		96,687	78,779
- Write Off From Projects		2,395	347,290
- Interest Earned	13	(19,463,181)	(8,007,925)
- Amortization of Project Assets Capitalized Through Capital Reserve		(2,854,065)	(3,043,968)
Operating (Deficit)/ Surplus before Working Capital Changes		<u>(10,092,001)</u>	<u>37,420,134</u>
Working Capital Changes;			
- Decrease /(Increase) in Receivables		1,429,985	(2,950,242)
- (Decrease)/ Increase in Payables		(7,021,779)	1,482,331
Cash Generated (Used In)/ From Operations		<u>(15,683,794)</u>	<u>35,952,223</u>
- Canada Fund Repaid		(1,350,000)	(1,350,000)
- Defined Benefit Plan Costs Paid	12	(8,952,475)	(3,852,500)
Net Cash Flow Generated (Used In)/ From Operating Activities		<u>(25,986,269)</u>	<u>30,749,723</u>
Cash Flow Generated From / (Used in) Investing Activities			
- Net Investment in Government Securities and Fixed Deposits		(60,575,279)	(32,665,263)
- Sale Proceeds Received from disposal of Property, Plant and Equipment		54,415	65,000
- Interest Earned		19,463,181	8,007,926
Net Cash Flow Used In Investing Activities		<u>(41,057,683)</u>	<u>(24,592,337)</u>
Cash Flow Generated From / (Used in) Financing Activities			
- Excess Fund Inflow/ (Outflow) for Project Activities		70,865,469	(15,211,591)
Net Cash Flow Generated From Financing Activities		<u>70,865,469</u>	<u>(15,211,591)</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents		3,821,518	(9,054,205)
Cash and Cash Equivalents at the Beginning of the Year		(3,288,730)	5,765,475
Cash and Cash Equivalents at the End of the Year	9.2	<u>532,788</u>	<u>(3,288,730)</u>

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

