

***SPM CORPORATE ACCOUNTANTS***  
*Chartered Accountants*

***MARGA INSTITUTE***

***FINANCIAL STATEMENTS  
FOR THE  
YEAR ENDED 31<sup>ST</sup> MARCH 2019.***

***SPM CORPORATE ACCOUNTANTS,  
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**S P M Corporate Accountants**  
(Chartered Accountants)

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**MARGA INSTITUTE**  
**INDEPENDENT AUDITOR'S REPORT**

To the Members of Marga Institute

**Report on the Financial Statements**

We have audited the financial statements of Marga Institute which comprise the Statement of Financial Position as at 31st March 2019, and the Statement of Comprehensive Income, Statement of Changes in Equity and Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Finance Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Standard of Recommended Practice for NGO (SoRP for NGO s). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Scope of Audit and Basis of Opinion**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2019 and the financial statements give a true and fair view of the Company's state of affairs as at 31st March 2019 and its profit and cash flows for the year then ended in accordance with Sri Lanka Standard of Recommended Practice for NGO (SoRP for NGO s).

*Spm Corporate Accountants*  
S.P.M. Corporate Accountants.  
Chartered Accountants.  
Colombo.  
21-August-19



**Sudarshana Pushpakumara** (BSc.Busi.Admin, FCA, ATII (SL), CTA)  
Tax Consultant : **Shohan Wijesinghe** (LICA, ATII (SL), CTA)

**MARGA INSTITUTE  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.**

	<u>NOTE</u>	<u>2018/19</u> <u>Rs.</u>	<u>2017/18</u> <u>Rs.</u>
<b>OPERATING INCOME</b>			
Incoming Resources	12	3,615,629	4,127,830
Operating Expenditure	13	8,883,985	6,776,228
Total Operating Expenditure		<u>8,883,985</u>	<u>6,776,228</u>
Net Deficit Of Operating Activities		<u>(5,268,356)</u>	<u>(2,648,398)</u>
<b>Other Income</b>			
Net Financial Income	14	<u>5,143,062</u>	<u>4,512,777</u>
<b>OTHER EXPENDITURE</b>			
Other Non-Operating Expenses	15	<u>6,960</u>	<u>5,856</u>
Net Surplus Of Non-Operating Activities		<u>5,136,102</u>	<u>4,506,921</u>
		<u>(132,254)</u>	<u>1,858,524</u>
Surplus Of OUSL Post Graduate Diploma	16	147,820	(780,838)
Surplus Of Publication	17	205,560	(432,415)
		<u>353,380</u>	<u>(1,213,252)</u>
Net Surplus Before Taxation		221,126	645,271
Income Tax		(9,556)	(24,840)
Surplus For The Year		<u>211,570</u>	<u>620,431</u>



**MARGA INSTITUTE**  
**STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> MARCH 2019.**

<u>ASSETS</u>	<u>NOTE</u>	<u>31.03.19</u> <u>Rs.</u>	<u>31.03.18</u> <u>Rs.</u>
<b><u>NON CURRENT ASSETS</u></b>			
Property, Plant & Equipment	01	57,374,179	54,815,654
Investments	02	35,000,000	36,500,000
		<u>92,374,179</u>	<u>91,315,654</u>
<b><u>CURRENT ASSETS</u></b>			
Inventory	03	1,442,363	1,475,391
Trade and Other Receivables	04	1,178,535	277,992
Taxation	05	654,347	277,899
Cash & Cash Equivalents	06	125,839	112,178
		<u>3,401,085</u>	<u>2,143,459</u>
<b>TOTAL ASSETS</b>		<u><u>95,775,264</u></u>	<u><u>93,459,114</u></u>
<b><u>RESERVES &amp; LIABILITIES</u></b>			
<b><u>Accumulated Reserves</u></b>			
Unrestricted Funds	07	89,941,924	89,730,355
<b>Total Accumulated Reserves</b>		<u>89,941,924</u>	<u>89,730,355</u>
<b><u>NON CURRENT LIABILITIES</u></b>			
Retirement benefit obligation	08	1,587,000	900,775
<b>Total Non Current Liabilities</b>		<u>1,587,000</u>	<u>900,775.0</u>
<b><u>CURRENT LIABILITIES</u></b>			
Trade & Other Payables	09	2,483,000	780,000
Accounts Payable	10	543,888	393,306
Bank Overdraft	11	1,219,451	1,654,677
		<u>4,246,339</u>	<u>2,827,983</u>
		<u>95,775,264</u>	<u>93,459,114</u>

The Board of Directors of responsible for preparing and presenting these Financial Statements.

  
 Chairman

  
 CEO (Chief Executive Officer)

21-Aug-19

**MARGA INSTITUTE**  
**STATEMENT OF CHANGES IN RESERVES**  
**FOR THE YEAR ENDED 31ST MARCH 2019.**

	<b>Results For The Year</b>	<b>Total</b>
	<u><b>Rs</b></u>	<u><b>Rs</b></u>
Balance As At 01st April 2017	89,109,924	89,109,924
Net Deficit For The Year	620,431	620,431
<b>Balance As At 31st March 2018</b>	<u><u>89,730,355</u></u>	<u><u>89,730,355</u></u>
Balance As At 01st April 2018	89,730,355	89,730,355
Net Deficit For The Year	211,570	211,570
<b>Balance As At 31st March 2019</b>	<u><u>89,941,924</u></u>	<u><u>89,941,924</u></u>

**MARGA INSTITUTE**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31ST MARCH 2019.**

	<u>2018/19</u> Rs.	<u>2017/18</u> Rs.
<b>OPERATING ACTIVITIES</b>		
Deficit for the year before tax	221,126	645,271
Previours Year Adjustments	-	-
Interest Income	(5,143,062)	(4,512,777)
Gratuity Provision	686,225	79,400
Depreciation	542,109	311,687
<b>Deficit before working Capital Changes</b>	<u>(3,693,602)</u>	<u>(3,476,419)</u>
(Increase)/ Decrease In Inventories	33,028	261,478
(Increase)/ Decrease In Trade & Other Receivables	(900,543)	36,231
Increase/ (Decrease) In Account Payable	150,582	35,631
Increase/ (Decrease) In Trade & Other Payables	1,703,000	(2,246,980)
Gratuity Paid	-	(733,125)
Withholding	(386,005)	-
Income Tax Paid	-	-
	600,062	(2,646,765)
<b>Net Cash Absorbed in Operating Activities</b>	<u>(3,093,541)</u>	<u>(6,123,184)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of Property,Plant and Equipment	(3,409,491)	(25,206)
Proceeds From Sale of Property, Plant and Equipment	1,450,000	-
Interest Income	4,001,919	4,512,777
Movement in Investments	1,500,000	-
<b>Net Cash Generated From Investing Activities</b>	<u>3,542,428</u>	<u>4,487,571</u>
Decrease in cash and cash equivalents	448,888	(1,635,613)
Cash And Cash Equivalents At The Beginning of The Year	(1,542,499)	93,114
<b>Cash And Cash Equivalents At The End of The Year</b>	<u>(1,093,612)</u>	<u>(1,542,499)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Bank Of Ceylon		
A/C No 0000407119	-	-
A/C No 0000407239	-	-
Hatton National Bank PLC		
A/C No 104010127822	82,480	82,479
A/C No 104010059525	-	-
Hatton National Bank PLC		
A/C No 104020125414	10,541	10,197
Bank Of Ceylon		
A/C No 80536096	10,830	10,427
Petty Cash	9,075	9,075
BOC 0000407119 Publication	(1,219,451)	(967,891)
BOC 0000407239 OUSL	12,914	(686,786)
<b>At the end of the year</b>	<u>(1,093,612)</u>	<u>(1,542,499)</u>

**MARGA INSTITUTE  
NOTES TO ACCOUNTS.  
FOR THE YEAR ENDED 31ST MARCH 2019.**

**NOTE 01 - PROPERTY, PLANT & EQUIPMENT**

	<u>As at</u> <u>01-04-18</u>	<u>Additions</u>	<u>Disposals</u>	<u>As at</u> <u>31-03-19</u>
<u>COST &amp; VALUATION</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Land & Buildings	53,472,191			53,472,191
Library Books	2,360,570	4,080	-	2,364,650
Office Equipment	7,890,938	19,911	-	7,910,849
Furniture & Fittings	2,999,441	120,000	-	3,119,441
Motor Vehicles	1,870,450	3,250,000	1,870,450	3,250,000
Computer Equipment & Accessories	3,589,240	15,500	-	3,604,740
Other Equipment	320,590	-	-	320,590
	<u>72,503,420</u>	<u>3,409,491</u>	<u>1,870,450</u>	<u>74,042,461</u>
 <b>LESS : DEPRECIATION</b>				
Library Books	2,347,421	612		2,348,033
Office Equipment	7,679,481	1,659		7,681,140
Furniture & Fittings	2,884,347	4,000		2,888,347
Motor Vehicles	1,093,980	535,321	1,561,593	67,709
Computer Equipment & Accessories	3,392,205	517		3,392,722
Other Equipment	290,331	-		290,331
	<u>17,687,765</u>	<u>542,109</u>	<u>1,561,593</u>	<u>16,668,282</u>
 <b>NET BOOK VALUE</b>				
Land & Buildings	53,472,191			53,472,191
Library Books	13,149			16,617
Office Equipment	211,456			229,708
Furniture & Fittings	115,094			231,094
Motor Vehicles	776,470			3,182,291
Computer Equipment & Accessories	197,035			212,018
Other Equipment	30,259			30,259
<b>Total Net Book Value</b>	<u>54,815,654</u>			<u>57,374,179</u>

**MARGA INSTITUTE  
NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 2019.**

	<u>31.03.19</u> Rs.	<u>31.03.18</u> Rs.
<b><u>NOTE 02 - INVESTMENTS</u></b>		
Central Finance Company PLC	15,000,000	16,500,000
Hatton National Bank	10,000,000	10,000,000
Bank of Ceylon	10,000,000	10,000,000
	<u>35,000,000</u>	<u>36,500,000</u>
<b><u>NOTE 03 - INVENTORIES</u></b>		
Inventories		
Publication	1,394,003	1,415,239
Stationery	48,360	60,152
	<u>1,442,363</u>	<u>1,475,391</u>
<b><u>NOTE 04 - TRADE &amp; OTHER RECEIVABLES</u></b>		
<b><u>Trade Debtors</u></b>		
Publication Debtors	202,197	127,677
<b><u>Other Receivables</u></b>		
Prepayments - Insurance	25,315	25,315
Research Grant Receivable	886,773	-
Annual Rate Pre- Payment	47,250	-
<b><u>Due From Staff</u></b>		
Distress Loans	17,000	25,000
Festival Advances	-	100,000
	<u>1,178,535</u>	<u>277,992</u>
<b><u>NOTE 05 - TAXATION</u></b>		
Balance at the beginning of the year	277,899	302,739
Adjustment made in respect of previous year	-	-
Add: Provision for the year		
Income Tax	(9,556)	(24,840)
	<u>268,343</u>	<u>277,899</u>
Less: Payment made during the year		
Income Tax		-
Withholding Tax	386,005	-
Balance at the end of the year	<u>654,347</u>	<u>277,899</u>
<b><u>NOTE 06 - CASH &amp; CASH EQUIVALENTS</u></b>		
<b><u>Current Accounts</u></b>		
Bank Of Ceylon		
A/C No 0000407119	-	-
A/C No 0000407239	12,914	-
Hatton National Bank PLC		
A/C No 104010127822	82,480	82,480
A/C No 104010059525		-
Saving Account		
Hatton National Bank PLC		
A/C No 104020125414	10,541	10,197
Bank Of Ceylon		
A/C No 80536096	10,830	10,427
Petty Cash	9,075	9,075
	<u>125,839</u>	<u>112,178</u>



**MARGA INSTITUTE  
NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 2019.**

**NOTE 07 - UNRESTRICTED FUNDS**

	<u>2018/19</u>	<u>2017/18</u>
	<u>Rs.</u>	<u>Rs.</u>
<b>Accumulated Fund</b>		
Balance at the beginning of the year	89,730,355	89,109,924
Add : Previous year Adjustment		
Add : Surplus for the year	211,570	620,431
Balance at the end of the year	<u>89,941,925</u>	<u>89,730,355</u>

**NOTE 08 - RETIREMENT BENEFIT OBLIGATION**

Balance at the beginning of the year	900,775	1,554,500
Add : Provision for the year	686,225	79,400
Less : Payments made during the year	-	733,125
Balance at the end of the year	<u>1,587,000</u>	<u>900,775</u>

**MARGA INSTITUTE  
NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 2019.**

	<u>2018/19</u>	<u>2017/18</u>
	<u>Rs.</u>	<u>Rs.</u>
<b><u>NOTE 09 - TRADE &amp; OTHER PAYABLES</u></b>		
Refundable Deposits	780,000	780,000
Advances on Research	1,695,000	-
Advance on Classrooms	8,000	-
	<u>2,483,000</u>	<u>780,000</u>
<b><u>NOTE 10 - ACCOUNTS PAYABLE</u></b>		
Audit Fees	51,105	155,500
Accountancy fees	37,500	-
EPF	66,700	31,760
ETF	10,005	4,764
Electricity	155,334	80,718
Internet & E-Mail	1,869	1,892
Janitorial Expenses	53,200	25,000
News Papers	5,350	5,130
Security Fees	49,600	49,600
Telephone	16,408	19,048
Water	-	12,650
Overtime	24,866	7,245
Consultancy Fees	15,950	-
WHT Payable	56,000	-
	<u>543,888</u>	<u>393,306</u>
<b><u>NOTE 11 - BANK OVERDRAFT</u></b>		
BOC 0000407119 Publication	1,219,451	967,891
BOC 0000407239 OUSL	-	686,786
	<u>1,219,451</u>	<u>1,654,677</u>

**MARGA INSTITUTE**  
**NOTES TO ACCOUNTS**  
**FOR THE YEAR ENDED 31ST MARCH 2019.**

		<u>2018/19</u>	<u>2017/18</u>
		<u>Rs.</u>	<u>Rs.</u>
<b>NOTE 12 - INCOMING RESOURCES</b>			
Hire of Auditorium		6,500	10,500
Hire of Classroom		313,016	99,630
Rent Income		1,860,000	1,560,000
Reimbursement of Travelling Expenses			
Dr.Gunathilaka		115,782	131,300
Ms.Perera		91,038	40,774
Mr.Lantra		-	-
Mr.Amar		1,740	2,307
Dr.Lloyd Fernando			600
Sundry Income		-	5,750
Project Income	5,541,968		
Less - Direct Project Expenses	(Note 13.1) <u>4,477,170</u>	1,064,799	357,952
Income on Photocopy		6,737	8,051
Transport Charges - GCF		9,108	11,159
Library Using Charges		811	1,400
MA Studentship		2,500	177,500
Provision for Open University		-	1,720,908
Miscellaneous Income		5,100	-
Danation		79,500	-
Other Income		58,998	-
		<u>3,615,629</u>	<u>4,127,830</u>

**NOTE 13 - OPERATING EXPENDITURE**

Administration Expenses	Note 13.2	8,883,985	6,776,228
		<u>8,883,985</u>	<u>6,776,228</u>

**MARGA INSTITUTE  
NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 2019.**

	<u>2018/19</u>	<u>2017/18</u>
	<u>Rs.</u>	<u>Rs.</u>
<b>NOTE 13.1 - Direct Project Expenses</b>		
Survey Cost	2,498,862	-
Servey Insurance Payment	122,259	-
Allowan. -Mr. Amar Gunatilleke	80,000	-
Consultancy Fees - Mr.A.Guna:	1,000,000	-
Auditorium Hire Expenses	25,798	-
Consultancy Fees	149,500	-
External colloborator Fee	450,750	-
EPF-Mr.Amar Gunathilaka	120,000	-
ETF-Mr.Amar Gunathilaka	30,000	-
	<u>4,477,170</u>	<u>-</u>



MARGA INSTITUTE  
NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 2019.

NOTE 13.2 - ADMINISTRATIVE EXPENSES

Staff Salaries	2,443,125	2,110,725
EPF Expenses	293,175	253,287
ETF Expenses	73,294	63,322
Electricity	380,046	360,825
Water	88,379	52,212
Telephone	192,822	210,688
General Expenses	106,297	85,342
Accountancy Fees	71,325	-
Advertising	51,005	100,878
Annual Return Charges	6,900	6,900
Audit Fees	50,000	42,500
Bank Chargers	53,014	11,112
Computerized Accounting System	20,000	21,000
Consultancy Fees	660,000	880,000
Depreciation	542,109	311,687
Governing Council Meeting Expenses	-	18,720
Insurance	79,602	25,321
Internet & E-Mail	20,474	24,441
Janitorial Expenses	151,800	188,000
Building Maintenance	155,194	101,330
Equipment Maintenance	332,542	220,002
Vehicle Maintenance	132,373	56,857
News Paper Periodicals & Library Expenses	61,220	58,570
Postage, Telex & Fax	4,680	9,413
Printing & Stationary	462,753	46,888
Rates & Taxes	19,450	59,700
Refreshment & Entertainment	164,699	48,415
Staff Allowances	248,500	310,017
Secretarial Fees	5,791	24,701
Security Fees	224,000	284,000
Staff Overtime	147,936	108,736
Staff Welfare & Training	53,842	58,500
WHT	-	22,470
Professional Fees	62,000	29,325
Travelling & Transport	154,115	261,671
Web Site Expenses	55,001	22,200
Gratuity Provision	686,225	79,400
Honorarium Fees	9,000	6,000
Legal Fees	-	10,000
Hall Chargers	87,900	43,418
Stamp Duty	-	15,600
Annual Leave/Medical Leave	31,125	-
Fuel and Oil	204,381	-
Arrears - EPF/ETF	93,600	85,100
Interest on Overdraft	204,293	46,957
	<u>8,883,985</u>	<u>6,776,228</u>

**MARGA INSTITUTE  
NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 2019.**

	<u>2018/19</u>	<u>2017/18</u>
	<u>Rs.</u>	<u>Rs.</u>
<b><u>NOTE 14 - NET FINANCIAL INCOME</u></b>		
Interest on Distress Loans	1,830	1,010
Interest on Investment	3,999,303	4,511,011
Interest on Saving Account	787	756
Sale of Vehicle	1,141,143	-
	<u>5,143,062</u>	<u>4,512,777</u>
<b><u>NOTE 15 - OTHER NON-OPERATING EXPENSES</u></b>		
Surcharges on ETF	6,960	5,856
	<u>6,960</u>	<u>5,856</u>
<b><u>NOTE 16 - OUSL POST GRADUATE DIPLOMA</u></b>		
Course Fee Income	1,107,000	-
Income on refreshment & Entertainment	1,320	-
	<u>1,108,320</u>	<u>-</u>
<b><u>Less : Expenses</u></b>		
Lecture Fees	342,000	154,350
Open University Expenses	-	-
Overtime On OUSL	-	1,500
Refreshment & Entertainment	-	31,988
Professional Fees	18,500	-
Consultancy Fees	600,000	593,000
	<u>960,500</u>	<u>780,838</u>
Surplus For the Year	<u>147,820</u>	<u>(780,838)</u>
<b><u>NOTE 17 - PUBLICATION</u></b>		
Sales	545,915	597,232
Sales Return	-	-
	<u>545,915</u>	<u>597,232</u>
<b><u>Less : Cost Of Sales</u></b>		
Inventories at the beginning of the year	1,415,239	1,667,638
<b><u>Add : Direct Expenses</u></b>		
CIBF Expenses	319,119	423,862
Book Publishion	-	344,385
Refreshment & Entertainment	-	9,000
	<u>1,734,358</u>	<u>2,444,885</u>
Inventories at the end of the year	<u>(1,394,003)</u>	<u>(1,415,239)</u>
	<u>340,355</u>	<u>1,029,647</u>
Gross Profit/(Loss)	<u>205,560</u>	<u>(432,415)</u>
<b><u>Less : Other Expenses</u></b>		
	<u>-</u>	<u>-</u>
Gross Profit/(Loss)	<u>205,560</u>	<u>(432,415)</u>
	<u>205,560</u>	<u>(432,415)</u>