

***SUMUDU BPO (PVT) LTD***

*Accountants and Tax Consultants*

***MARGA INSTITUTE***

***FINANCIAL STATEMENTS  
FOR THE  
YEAR ENDED 31<sup>ST</sup> MARCH 2020.***

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*SUMUDU BPO (PVT) LTD  
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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 2020, 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.

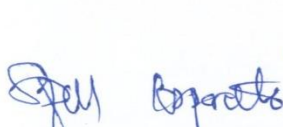
**Scope of Audit and Basis of Opinion**

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 2020 and the financial statements give a true and fair view of the Company's state of affairs as at 31st March 2020 and its surplus and cash flows for the year then ended in accordance with Sri Lanka Standard of Recommended Practice for NGO (SoRP for NGO s).



S.P.M. Corporate Accountants.  
Chartered Accountants.  
Colombo.  
24-September-20



MARGA INSTITUTE  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020.

<u>ASSETS</u>	<u>NOTE</u>	<u>31.03.20</u> <u>Rs.</u>	<u>31.03.19</u> <u>Rs.</u>
<u>NON CURRENT ASSETS</u>			
Property, Plant & Equipment	01	57,736,088	57,374,179
Investments	02	35,000,000	35,000,000
		92,736,088	92,374,179
<u>CURRENT ASSETS</u>			
Inventory	03	1,463,599	1,442,363
Trade and Other Receivables	04	1,077,477	1,178,535
Taxation	05	973,903	663,904
Cash & Cash Equivalents	06	895,001	125,839
		4,409,980	3,410,641
<b>TOTAL ASSETS</b>		97,146,068	95,784,820
<u>RESERVES &amp; LIABILITIES</u>			
<u>Accumulated Reserves</u>			
Unrestricted Funds	07	90,085,410	89,951,480
<b>Total Accumulated Reserves</b>		90,085,410	89,951,480
<u>NON CURRENT LIABILITIES</u>			
Retirement benefit obligation	08	1,730,638	1,587,000
<b>Total Non Current Liabilities</b>		1,730,638	1,587,000.0
<u>CURRENT LIABILITIES</u>			
Trade & Other Payables	09	1,942,736	2,483,000
Accounts Payable	10	1,051,030	543,888
Bank Overdraft	11	2,336,254	1,219,451
		5,330,020	4,246,339
		97,146,068	95,784,820

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



Chairman

24-Sep-19

**CHAIRMAN**  
**MARGA INSTITUTE**  
No. 941/1, Jayanthi Mawatha  
Kotte Road, Ethul Kotte



CEO (Chief Executive Officer)

**CHIEF EXECUTIVE OFFICER**  
**MARGA INSTITUTE**  
941/1, Jayanthi mawatha,  
Kotte Road, Ethul Kotte

MARGA INSTITUTE  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020.

	NOTE	<u>2019/20</u> Rs.	<u>2018/19</u> Rs.
<b>OPERATING INCOME</b>			
Incoming Resources	12	4,250,436	3,615,629
Operating Expenditure	13	8,165,773	8,883,985
Total Operating Expenditure		<u>8,165,773</u>	<u>8,883,985</u>
Net Deficit Of Operating Activities		<u>(3,915,337)</u>	<u>(5,268,356)</u>
<b>Other Income</b>			
Net Financial Income	14	<u>3,787,379</u>	<u>5,143,062</u>
<b>OTHER EXPENDITURE</b>			
Other Non-Operating Expenses	15	<u>1,076</u>	<u>6,960</u>
Net Surplus Of Non-Operating Activities		<u>3,786,303</u>	<u>5,136,102</u>
		<u>(129,034)</u>	<u>(132,254)</u>
Surplus Of OUSL Post Graduate Diploma	16	165,180	147,820
Surplus Of Publication	17	66,679	205,560
		<u>231,859</u>	<u>353,380</u>
Net Surplus Before Taxation		102,824	221,126
Income Tax		-	-
Surplus For The Year		<u>102,824</u>	<u>221,126</u>

**MARGA INSTITUTE  
STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31ST MARCH 2020.**

	<b>Results For The Year</b>	<b>Total</b>
	<u>Rs</u>	<u>Rs</u>
Balance As At 01st April 2018	89,730,355	89,730,355
Net Deficit For The Year	221,126	221,126
Balance As At 31st March 2019	<u>89,951,480</u>	<u>89,951,480</u>
Balance As At 01st April 2019	89,951,480	89,951,480
Net Deficit For The Year	102,824	102,824
Prior Adjustment	31,105	31,105
Balance As At 31st March 2020	<u>90,085,410</u>	<u>90,085,410</u>

**MARGA INSTITUTE**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31ST MARCH 2020.**

	<u>2019/20</u> Rs.	<u>2018/19</u> Rs.
<b>OPERATING ACTIVITIES</b>		
Deficit for the year before tax	102,824	221,126
Interest Income	(3,787,379)	(5,143,062)
Gratuity Provision	143,638	686,225
Depreciation	25,660	542,109
<b>Deficit before working Capital Changes</b>	<u>(3,515,258)</u>	<u>(3,693,602)</u>
(Increase)/ Decrease In Inventories	(21,237)	33,028
(Increase)/ Decrease In Trade & Other Receivables	101,058	(900,543)
Increase/ (Decrease) In Account Payable	507,142	150,582
Increase/ (Decrease) In Trade & Other Payables	(511,227)	1,703,000
Gratuity Paid	-	-
Withholding	(310,000)	(386,005)
Income Tax Paid	-	-
	<u>(234,263)</u>	<u>600,062</u>
<b>Net Cash Absorbed in Operating Activities</b>	<u>(3,749,521)</u>	<u>(3,093,541)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(385,500)	(3,409,491)
Proceeds From Sale of Property, Plant and Equipment		1,450,000
Interest Income	3,787,379	4,001,919
Movement in Investments	-	1,500,000
<b>Net Cash Generated From Investing Activities</b>	<u>3,401,879</u>	<u>3,542,428</u>
Decrease in cash and cash equivalents	(347,642)	448,888
Cash And Cash Equivalents At The Beginning of The Year	(1,093,611)	(1,542,499)
<b>Cash And Cash Equivalents At The End of The Year</b>	<u>(1,441,253)</u>	<u>(1,093,611)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Bank Of Ceylon		
A/C No 0000407119	-	-
Hatton National Bank PLC		
A/C No 104010127822	820,126	82,480
Hatton National Bank PLC		
A/C No 104020125414	10,857	10,541
Bank Of Ceylon		
A/C No 80536096	5,000	10,830
Petty Cash	9,075	9,075
BOC 0000407119 Publication	(2,336,254)	(1,219,451)
BOC 0000407239 OUSL	49,943	12,914
<b>At the end of the year</b>	<u>(1,441,253)</u>	<u>(1,093,611)</u>

MARGA INSTITUTE  
 NOTES TO ACCOUNTS.  
 FOR THE YEAR ENDED 31ST MARCH 2020.

NOTE 01 - PROPERTY, PLANT & EQUIPMENT

	<u>As at</u> <u>01-04-19</u>	<u>Additions</u>	<u>Disposals</u>	<u>As at</u> <u>31-03-20</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	2,364,650	1,000	-	2,365,650
Office Equipment	7,910,849	204,950	-	8,115,799
Furniture & Fittings	3,119,441	-	-	3,119,441
Motor Vehicles	3,250,000	-	-	3,250,000
Computer Equipment & Accessories	3,604,740	179,550	-	3,784,290
Other Equipment	320,590	2,069	-	322,659
	<u>74,042,461</u>	<u>387,569</u>	<u>-</u>	<u>74,430,030</u>
 <u>LESS : DEPRECIATION</u>				
Land & Buildings	-	-		-
Library Books	2,348,033	118		2,348,151
Office Equipment	7,681,140	20,190		7,701,330
Furniture & Fittings	2,888,347	-		2,888,347
Motor Vehicles	67,709	-	-	67,709
Computer Equipment & Accessories	3,392,722	5,204		3,397,925
Other Equipment	290,331	148		290,479
	<u>16,668,282</u>	<u>25,660</u>	<u>-</u>	<u>16,693,941</u>
 <u>NET BOOK VALUE</u>				
Land & Buildings	53,472,191			53,472,191
Library Books	16,617			17,499
Office Equipment	229,708			414,468
Furniture & Fittings	231,094			231,094
Motor Vehicles	3,182,291			3,182,291
Computer Equipment & Accessories	212,018			386,365
Other Equipment	30,259			32,180
<b>Total Net Book Value</b>	<u><u>57,374,179</u></u>			<u><u>57,736,088</u></u>

MARGA INSTITUTE  
NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 2020.

	<u>31.03.20</u> Rs.	<u>31.03.19</u> Rs.
<b>NOTE 02 - INVESTMENTS</b>		
Central Finance Company PLC	15,000,000	15,000,000
Hatton National Bank	-	10,000,000
Bank of Ceylon	5,000,000	10,000,000
Merchant Bank	15,000,000	-
	<u>35,000,000</u>	<u>35,000,000</u>
<b>NOTE 03 - INVENTORIES</b>		
Inventories		
Publication	1,415,239	1,394,003
Stationery	48,360	48,360
	<u>1,463,599</u>	<u>1,442,363</u>
<b>NOTE 04 - TRADE &amp; OTHER RECEIVABLES</b>		
<b>Trade Debtors</b>		
Publication Debtors	158,139	202,197
<b>Other Receivables</b>		
Prepayments - Insurance	25,315	25,315
Research Grant Receivable	776,773	886,773
Annual Rate Pre- Payment	47,250	47,250
<b>Due From Staff</b>		
Distress Loans	3,000	17,000
Special Loan	35,000	-
Salary Advance	32,000	-
	<u>1,077,477</u>	<u>1,178,535</u>
<b>NOTE 05 - TAXATION</b>		
Balance at the beginning of the year	663,904	277,899
Adjustment made in respect of previous year	-	-
	<u>663,904</u>	<u>277,899</u>
Less: Payment made during the year		
Income Tax	-	-
Withholding Tax	310,000	386,005
Balance at the end of the year	<u>973,903</u>	<u>663,904</u>
<b>NOTE 06 - CASH &amp; CASH EQUIVALENTS</b>		
<b>Current Accounts</b>		
Bank Of Ceylon		
A/C No 0000407119	-	-
A/C No 0000407239	49,943	12,914
Hatton National Bank PLC		
A/C No 104010127822	820,126	82,480
A/C No 104010059525	-	-
Saving Account		
Hatton National Bank PLC		
A/C No 104020125414	10,857	10,541
Bank Of Ceylon		
A/C No 80536096	5,000	10,830
Petty Cash	9,075	9,075
	<u>895,001</u>	<u>125,839</u>



MARGA INSTITUTE  
NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 2020.

NOTE 07 - UNRESTRICTED FUNDS

	<u>2019/20</u> <u>Rs.</u>	<u>2018/19</u> <u>Rs.</u>
Accumulated Fund		
Balance at the beginning of the year	89,951,481	89,730,355
Add : Previous year Adjustment		
Add : Surplus for the year	102,824	221,126
Balance at the end of the year	<u>90,054,305</u>	<u>89,951,481</u>

NOTE 08 - RETIREMENT BENEFIT OBLIGATION

Balance at the beginning of the year	1,587,000	900,775
Add : Provision for the year	143,638	686,225
Less : Payments made during the year	-	
Balance at the end of the year	<u>1,730,638</u>	<u>1,587,000</u>

MARGA INSTITUTE  
NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 2020.

	<u>2019/20</u>	<u>2018/19</u>
	<u>Rs.</u>	<u>Rs.</u>
<b><u>NOTE 09 - TRADE &amp; OTHER PAYABLES</u></b>		
Refundable Deposits	239,736	780,000
Advances on Research	1,695,000	1,695,000
Advance on Classrooms	8,000	8,000
	<u>1,942,736</u>	<u>2,483,000</u>

**NOTE 10 - ACCOUNTS PAYABLE**

Salary Contral	396,531	-
Audit Fees	57,500	51,105
Accountancy fees	37,500	37,500
EPF	164,910	66,700
ETF	24,737	10,005
Electricity	154,763	155,334
Internet & E-Mail	4,983	1,869
Janitorial Payable	88,200	53,200
News Papers	3,810	5,350
Security Fees	49,600	49,600
Telephone	27,739	16,408
Overtime	14,046	24,866
Consultancy Fees	15,950	15,950
WHT Payable	-	56,000
Travelling & Transport Payable	10,761	-
	<u>1,051,030</u>	<u>543,888</u>

**NOTE 11 - BANK OVERDRAFT**

BOC 0000407119 Publication	2,336,254	1,219,451
	<u>2,336,254</u>	<u>1,219,451</u>

**MARGA INSTITUTE**  
**NOTES TO ACCOUNTS**  
**FOR THE YEAR ENDED 31ST MARCH 2020.**

		<u>2019/20</u>	<u>2018/19</u>
		<u>Rs.</u>	<u>Rs.</u>
<b><u>NOTE 12 - INCOMING RESOURCES</u></b>			
Hire of Auditorium		60,877	6,500
Hire of Classroom		92,867	313,016
Rent Income		1,732,500	1,860,000
Reimbursement of Travelling Expenses			
Dr.Gunathilaka		151,500	115,782
Ms.Perera		46,942	91,038
Mr.Amar		12,996	1,740
Project Income	12,792,736		
Less - Direct Project Expenses	(Note 13.1) <u>11,538,084</u>	1,254,652	1,064,799
Income on Photocopy		2,567	6,737
Transport Charges - GCF		-	9,108
Library Using Charges		-	811
MA Studentship		-	2,500
Miscellaneous Income		-	5,100
Danation		321,500	79,500
Other Income		24,035	58,998
From Marga GCF Collaborative		550,000	-
		<u>4,250,436</u>	<u>3,615,629</u>
<b><u>NOTE 13 - OPERATING EXPENDITURE</u></b>			
Administration Expenses	Note 13.2	8,165,773	8,883,985
		<u>8,165,773</u>	<u>8,883,985</u>

MARGA INSTITUTE  
NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 2020.

	<u>2019/20</u>	<u>2018/19</u>
	<u>Rs.</u>	<u>Rs.</u>
<b><u>NOTE 13.1 - Direct Project Expenses</u></b>		
Salaries	1,777,995	-
EPF Expenses	213,359	-
ETF Expenses	53,340	-
Survey Cost	2,343,063	2,498,862
Servey Insurance Payment	-	122,259
Allowan. -Mr. Amar Gunatilleke	250,000	80,000
Consultancy Fees - Mr.A.Guna:	1,275,000	1,000,000
Auditorium Hire Expenses	-	25,798
Consultancy Fees	2,630,583	149,500
External colloborator Fee	1,408,167	450,750
Profesional Fees	12,500	-
Travelling Expense	13,527	-
Research Assistants	208,000	-
Roots of Religious Violence SL	1,161,300	-
EPF-Mr.Amar Gunathilaka	153,000	120,000
ETF-Mr.Amar Gunathilaka	38,250	30,000
	<u>11,538,084</u>	<u>4,477,170</u>

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

NOTE 13.2 - ADMINISTRATIVE EXPENSES

	2019/20	2018/19
	<u>Rs.</u>	<u>Rs.</u>
Staff Salaries	1,185,330	2,443,125
EPF Expenses	142,240	293,175
ETF Expenses	35,560	73,294
Electricity	399,225	380,046
Water	29,554	88,379
Telephone	149,549	192,822
General Expenses	122,633	106,297
Accountancy Fees	37,500	71,325
Advertising	109,510	51,005
Annual Return Charges	6,900	6,900
Audit Fees	57,500	50,000
Bank Chargers	20,350	53,014
Computerized Accounting System	20,000	20,000
Consultancy Fees	580,000	660,000
Depreciation	25,660	542,109
Insurance	69,744	79,602
Internet & E-Mail	41,767	20,474
Janitorial Expenses	151,000	151,800
Building Maintenance	500,950	155,194
Equipment Maintenance	285,180	332,542
Vehicle Maintenance	37,943	132,373
News Paper Periodicals & Library Expenses	61,720	61,220
Postage, Telex & Fax	6,625	4,680
Printing & Stationary	351,421	462,753
Rates & Taxes	56,700	19,450
Refreshment & Entertainment	159,123	164,699
Staff Allowances	277,000	248,500
Secretarial Fees	18,525	5,791
Security Fees	269,600	224,000
Staff Overtime	181,977	147,936
Staff Welfare & Training	144,957	53,842
Professional Fees	23,500	62,000
Travelling & Transport	347,862	154,115
Web Site Expenses	69,650	55,001
Gratuity Provision	143,638	686,225
Honorarium Fees	11,000	9,000
Hall Chargers	96,860	87,900
Annual Leave/Medical Leave	18,550	31,125
Fuel and Oil	215,022	204,381
Arrears - EPF/ETF	-	93,600
Interest on Overdraft	219,304	204,293
Renovation Fee	1,479,645	-
Annual Membership fee	5,000	-
	<u>8,165,773</u>	<u>8,883,985</u>

**MARGA INSTITUTE  
NOTES TO ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 2020.**

	<u>2019/20</u>	<u>2018/19</u>
	<u>Rs.</u>	<u>Rs.</u>
<b><u>NOTE 14 - NET FINANCIAL INCOME</u></b>		
Interest on Distress Loans	641	1,830
Interest on Investment	3,786,025	3,999,303
Interest on Saving Account	713	787
Sale of Vehicle	-	1,141,143
	<u>3,787,379</u>	<u>5,143,062</u>
<b><u>NOTE 15 - OTHER NON-OPERATING EXPENSES</u></b>		
Surcharges on ETF	1,076	6,960
	<u>1,076</u>	<u>6,960</u>
<b><u>NOTE 16 - OUSL POST GRADUATE DIPLOMA</u></b>		
Course Fee Income	1,521,500	1,107,000
Income on refresment & Entertainment	3,180	1,320
	<u>1,524,680</u>	<u>1,108,320</u>
<b><u>Less : Expenses</u></b>		
Lecture Fees	674,500	342,000
Professional Fees	-	18,500
Consultancy Fees	650,000	600,000
Hire of Equipment charges	26,000	-
Allowance - Ms.Anjali	9,000	-
	<u>1,359,500</u>	<u>960,500</u>
Surplus For the Year	<u>165,180</u>	<u>147,820</u>
<b><u>NOTE 17 - PUBLICATION</u></b>		
Sales	380,583	545,915
	<u>380,583</u>	<u>545,915</u>
<b><u>Less : Cost Of Sales</u></b>		
Inventories at the beginning of the year	1,394,003	1,415,239
<b><u>Add : Direct Expenses</u></b>		
CIBF Expenses	207,925	319,119
Book Publication	127,216	-
	<u>1,729,144</u>	<u>1,734,358</u>
Inventories at the end of the year	<u>(1,415,239)</u>	<u>(1,394,003)</u>
	<u>313,905</u>	<u>340,355</u>
Gross Profit/(Loss)	<u>66,679</u>	<u>205,560</u>