

SUMUDU BPO (PVT) LTD
Accountants, Management and Tax Consultants

MARGA INSTITUTE

FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 31ST MARCH 2022

SUMUDU BPO (PVT) LTD
ACCOUNTANTS, MANAGEMENT AND TAX CONSULTANTS
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S P M Corporate Accountants
(Chartered Accountants)

Head Office:

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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 2022, 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 2022 and the financial statements give a true and fair view of the Company's state of affairs as at 31st March 2022 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.
14th September-22



Corporate Office

No 1043, Maradana Road, Borella, Colombo 08. Tel: +94 (11) 2 678 990 +94 (11) 2 678 666 Email: shohantax@sltnet.lk

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

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MARGA INSTITUTE
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31ST MARCH 2022.

<u>ASSETS</u>	<u>NOTE</u>	<u>31.03.22</u> <u>Rs.</u>	<u>31.03.21</u> <u>Rs.</u>
<u>NON CURRENT ASSETS</u>			
Property, Plant & Equipment	01	58,378,234	58,027,453
Investments	02	35,000,000	35,000,000
		<u>93,378,234</u>	<u>93,027,453</u>
<u>CURRENT ASSETS</u>			
Inventory	03	1,570,975	1,550,066
Trade and Other Receivables	04	17,935,198	10,531,752
Taxation	05	973,903	973,902
Cash & Cash Equivalents	06	509,134	1,529,381
		<u>20,989,210</u>	<u>14,585,100</u>
TOTAL ASSETS		<u><u>114,367,444</u></u>	<u><u>107,612,554</u></u>
<u>RESERVES & LIABILITIES</u>			
<u>Accumulated Reserves</u>			
Unrestricted Funds	07	94,223,814	85,102,268
Total Accumulated Reserves		<u>94,223,814</u>	<u>85,102,268</u>
<u>NON CURRENT LIABILITIES</u>			
Retirement benefit obligation	08	1,757,500	2,124,450
Total Non Current Liabilities		<u>1,757,500</u>	<u>2,124,450</u>
<u>CURRENT LIABILITIES</u>			
Trade & Other Payables	09	17,497,845	15,612,915
Accounts Payable	10	533,986	437,747
Bank Overdraft	11	354,298	4,335,175
		<u>18,386,129</u>	<u>20,385,837</u>
		<u><u>114,367,444</u></u>	<u><u>107,612,554</u></u>

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



Chairman

14th September 2022

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 31ST MARCH 2022.

	NOTE	2021/22 Rs.	2020/21 Rs.
OPERATING INCOME			
Income	12	39,250,611	6,966,150
Direct Cost	13.1	23,930,706	4,230,942
Gross Operating Expenditure		23,930,706	4,230,942
Net Deficit Of Operating Activities		15,319,905	2,735,208
In direct Project Expenses	13.2	5,345,460	4,299,972
Other Income	14	5,278,920	4,952,055
Surplus Of OUSL Post Graduate Diploma	15	-	(159,809)
Surplus Of Publication	16	114,488	2,480
INVESTING ACTIVITIES		5,393,408	4,794,726
Administration Expenses	17	6,246,306	8,213,104
Net Cash Generated From Investing Activities		(6,198,358)	(7,718,350)
Net Surplus Before Taxation		9,121,547	(4,983,142)
Income Tax		-	-
Surplus For The Year		9,121,547	(4,983,142)

**MARGA INSTITUTE
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH 2022.**

	<u>2021/22</u> Rs.	<u>2020/21</u> Rs.
OPERATING ACTIVITIES		
Deficit for the year before tax	9,121,547	(4,983,142)
Gratuity Provision	383,050	393,812
Depreciation	-	-
Deficit before working Capital Changes	<u>9,504,597</u>	<u>(4,589,330)</u>
(Increase)/ Decrease In Inventories	(20,909)	(86,467)
(Increase)/ Decrease In Trade & Other Receivables	(7,403,446)	(9,454,275)
Increase/ (Decrease) In Account Payable	96,239	(613,283)
Increase/ (Decrease) In Trade & Other Payables	1,884,931	13,670,179
Gratuity Paid	(750,000)	-
Income Tax Paid	-	-
	<u>(6,193,185)</u>	<u>3,516,154</u>
Net Cash Absorbed in Operating Activities	3,311,411	(1,073,177)
INVESTING ACTIVITIES		
Purchase of Property,Plant and Equipment	(350,781)	(291,365)
Movement in Investments	-	-
Net Cash Generated From Investing Activities	<u>(350,781)</u>	<u>(291,365)</u>
Decrease in cash and cash equivalents	2,960,631	(1,364,542)
Cash And Cash Equivalents At The Beginning of The Year	(2,805,795)	(1,441,252)
Cash And Cash Equivalents At The End of The Year	<u>154,836</u>	<u>(2,805,795)</u>
CASH AND CASH EQUIVALENTS		
Hatton National Bank PLC A/C No 104010127822	420,280	1,451,654
Hatton National Bank PLC A/C No 104020125414	11,433	10,857
Bank Of Ceylon A/C No 80536096	4,712	5,000
Petty Cash	29,075	9,075
BOC 0000407119 Publication	(354,298)	(4,335,175)
BOC 0000407239 OUSL	43,634	52,795
At the end of the year	<u>154,836</u>	<u>(2,805,795)</u>

MARGA INSTITUTE
NOTES TO ACCOUNTS.
FOR THE YEAR ENDED 31ST MARCH 2022.

NOTE 01 - PROPERTY, PLANT & EQUIPMENT

	<u>As at</u> <u>01-04-21</u>	<u>Additions</u>	<u>Disposals</u>	<u>As at</u> <u>31-03-22</u>
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<u>COST & VALUATION</u>				
Land & Buildings	53,472,191	-	-	53,472,191
Library Books	2,365,650	-	-	2,365,650
Office Equipment	8,115,799	-	-	8,115,799
Furniture & Fittings	3,389,441	128,000	-	3,517,441
Motor Vehicles	3,250,000	-	-	3,250,000
Computer Equipment & Accessories	3,790,790	206,750	-	3,997,540
Other Equipment	337,524	16,031	-	353,555
	<u>74,721,395</u>	<u>350,781</u>	<u>-</u>	<u>75,072,175</u>
<u>LESS : DEPRECIATION</u>				
Land & Buildings	-			-
Library Books	2,348,151			2,348,151
Office Equipment	7,701,330			7,701,330
Furniture & Fittings	2,888,347			2,888,347
Motor Vehicles	67,709		-	67,709
Computer Equipment & Accessories	3,397,925			3,397,925
Other Equipment	290,479			290,479
	<u>16,693,941</u>	<u>-</u>	<u>-</u>	<u>16,693,941</u>
<u>NET BOOK VALUE</u>				
Land & Buildings	53,472,191			53,472,191
Library Books	17,499			17,499
Office Equipment	414,468			414,468
Furniture & Fittings	501,094			629,094
Motor Vehicles	3,182,291			3,182,291
Computer Equipment & Accessories	392,865			599,615
Other Equipment	47,045			63,075
Total Net Book Value	<u><u>58,027,453</u></u>			<u><u>58,378,234</u></u>

**MARGA INSTITUTE
NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2022.**

	<u>31.03.22</u> Rs.	<u>31.03.21</u> Rs.
<u>NOTE 02 - INVESTMENTS</u>		
Central Finance Company PLC	15,000,000	15,000,000
Bank of Ceylon	15,000,000	15,000,000
Merchant Bank	5,000,000	5,000,000
	<u>35,000,000</u>	<u>35,000,000</u>
<u>NOTE 03 - INVENTORIES</u>		
Inventories		
Publication	1,471,537	1,501,706
Stationery	99,438	48,360
	<u>1,570,975</u>	<u>1,550,066</u>
<u>NOTE 04 - TRADE & OTHER RECEIVABLES</u>		
<u>Trade Debtors</u>		
Publication Debtors	158,139	158,139
<u>Other Receivables</u>		
Prepayments - Insurance	25,315	25,315
Annual Rate Pre- Payment	47,250	47,250
Pre-Payment for Ongoing Project	17,209,172	9,971,052
<u>Due From Staff</u>		
Distress Loans	-	3,000
Special Loan	280,322	206,996
Festival Advance	200,000	120,000
Refundable Deposit - BMICH	15,000	-
	<u>17,935,198</u>	<u>10,531,752</u>
<u>NOTE 05 - TAXATION</u>		
Balance at the beginning of the year	973,903	973,903
	<u>973,903</u>	<u>973,903</u>
Less: Payment made during the year		
Withholding Tax	-	-
Balance at the end of the year	<u>973,903</u>	<u>973,902</u>
<u>NOTE 06 - CASH & CASH EQUIVALENTS</u>		
<u>Current Accounts</u>		
Bank Of Ceylon		
A/C No 0000407239	43,634	52,795
Hatton National Bank PLC		
A/C No 104010127822	420,280	1,451,654
A/C No 104010059525		
Saving Account		
Hatton National Bank PLC		
A/C No 104020125414	11,433	10,857
Bank Of Ceylon		
A/C No 80536096	4,712	5,000
Petty Cash	29,075	9,075
	<u>509,134</u>	<u>1,529,381</u>

MARGA INSTITUTE
 NOTES TO ACCOUNTS
 FOR THE YEAR ENDED 31ST MARCH 2022.

NOTE 07 - UNRESTRICTED FUNDS

	<u>2021/22</u>	<u>2020/21</u>
	<u>Rs.</u>	<u>Rs.</u>
Accumulated Fund		
Balance at the beginning of the year	85,102,268	90,085,410
Add : Previous year Adjustment		
Add : Surplus for the year	9,121,547	(4,983,142)
Balance at the end of the year	<u>94,223,814</u>	<u>85,102,268</u>

NOTE 08 - RETIREMENT BENEFIT OBLIGATION

Balance at the beginning of the year	2,124,450	1,730,638
Add : Provision for the year	383,050	393,812
Less : Payments made during the year	750,000	-
Balance at the end of the year	<u>1,757,500</u>	<u>2,124,450</u>

MARGA INSTITUTE
NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2022.

	<u>2021/22</u>	<u>2020/21</u>
	<u>Rs.</u>	<u>Rs.</u>
<u>NOTE 09 - TRADE & OTHER PAYABLES</u>		
Refundable Deposits	1,020,000	1,020,000
Advance Received	15,969,845	13,666,688
Research Grant Payable	500,000	918,227
Advance on Classrooms	8,000	8,000
	<u>17,497,845</u>	<u>15,612,915</u>
<u>NOTE 10 - ACCOUNTS PAYABLE</u>		
Audit Fees	71,500	57,500
Accountancy Fees	42,500	30,500
EPF	159,277	90,714
ETF	23,892	13,607
Electricity	95,205	55,354
Internet & E-Mail	10,158	7,500
Janitorial Payable	5,000	30,000
News Papers	3,810	3,810
Security Fees	62,000	55,800
Telephone	24,752	26,966
Water	16,861	3,589
Overtime	19,032	35,697
Consultancy Fees	-	15,950
Travelling & Transport Payable	-	10,761
	<u>533,986</u>	<u>437,747</u>
<u>NOTE 11 - BANK OVERDRAFT</u>		
BOC 0000407119 Publication	354,298	4,335,175
	<u>354,298</u>	<u>4,335,175</u>

MARGA INSTITUTE
 NOTES TO ACCOUNTS
 FOR THE YEAR ENDED 31ST MARCH 2022.

		<u>2021/22</u>	<u>2020/21</u>
		<u>Rs.</u>	<u>Rs.</u>
NOTE 12 - DIRECT INCOME			
Project Income	Refer the Annexure 1	39,250,611	6,966,150
		<u>39,250,611</u>	<u>6,966,150</u>

NOTE 13.1 - Direct Project Expenses

During the year direct project fee	Refer the Annexure 1	20,591,581	4,230,942
Casual Salaries and Wages		2,310,000	-
Salaries and Wages		877,500	-
EPF		105,300	-
ETF		26,325	-
Art work for Project		20,000	-
		<u>23,930,706</u>	<u>4,230,942</u>

NOTE 13.2 - In direct Project Expenses

Salaries		2,373,362	1,766,824
EPF Expenses		284,803	212,019
ETF Expenses		71,201	53,005
Consultancy Fees - Mr.A.Guna:		1,753,125	1,537,500
Allowan. -Mr. Amar Gunatilleke		600,000	500,000
EPF-Mr.Amar Gunathilaka		210,375	184,500
ETF-Mr.Amar Gunathilaka		52,594	46,125
		<u>5,345,460</u>	<u>4,299,972</u>

MARGA INSTITUTE
 NOTES TO ACCOUNTS
 FOR THE YEAR ENDED 31ST MARCH 2022.

	<u>2021/22</u>	<u>2020/21</u>
	<u>Rs.</u>	<u>Rs.</u>
NOTE 14 - OTHER INCOME		
Interest on Distress Loans	3,138	3,278
Interest on Investment	1,833,285	2,936,387
Hire of Auditorium	139,000	133,335
Hire of Classroom	19,250	66,940
Rent Income	2,859,105	1,080,082
Marga Coordination Fee	185,435	248,911
Reimbursement of Travelling Expenses		
Dr.Gunathilaka	-	95,000
Ms.Perera	-	694
Mr.Amar	-	24,170
Income on Photocopy	2,770	1,158
MA Studentship	144,628	-
Donation	-	260,000
Other Income	12,310	46,100
From Marga GCF Collaborative	-	26,000
Receipt In Advance Written Back	80,000	30,000
	<u>5,278,920</u>	<u>4,952,055</u>
NOTE 15 - OUSL POST GRADUATE DIPLOMA		
Course Fee Income	-	143,692
	<u>-</u>	<u>143,692</u>
Less : Expenses		
Lecture Fees	-	285,000
Hire of Equipment charges	-	11,000
Allowance - Ms.Anjali	-	7,500
	<u>-</u>	<u>303,500</u>
Surplus For the Year	<u>-</u>	<u>(159,809)</u>
NOTE 16 - PUBLICATION		
Sales	45,219	13,980
	<u>45,219</u>	<u>13,980</u>
Less : Cost Of Sales		
Inventories at the beginning of the year	1,501,706	1,415,239
Add : Direct Expenses		
Book Publishing	-	97,967
	<u>1,501,706</u>	<u>1,513,206</u>
Inventories at the end of the year	<u>(1,570,975)</u>	<u>(1,501,706)</u>
	<u>(69,269)</u>	<u>11,500</u>
Gross Profit/(Loss)	<u>114,488</u>	<u>2,480</u>

MARGA INSTITUTE
 NOTES TO ACCOUNTS
 FOR THE YEAR ENDED 31ST MARCH 2022.

	<u>2021/22</u>	<u>2020/21</u>
<u>NOTE 17 - ADMINISTRATIVE EXPENSES</u>	<u>Rs.</u>	<u>Rs.</u>
Staff Salaries	1,017,155	1,766,824
EPF Expenses	122,059	212,019
ETF Expenses	30,515	53,005
Electricity	372,965	319,599
Water	27,513	62,444
Telephone	155,129	147,113
General Expenses	108,696	179,045
Accountancy Fees	42,500	32,000
Advertising	-	10,900
Audit Fees	85,000	57,500
Bank Chargers	20,574	48,350
Computerized Accounting System	21,000	49,000
Consultancy Fees	660,000	694,500
Insurance	73,167	66,059
Internet & E-Mail	181,746	91,490
Janitorial Expenses	231,000	189,800
Building Maintenance	165,276	209,509
Equipment Maintenance	414,259	232,273
Vehicle Maintenance	91,417	50,550
Postage, Telex & Fax	1,505	4,550
Printing & Stationary	187,279	141,780
Rates & Taxes	56,700	56,700
Refreshment & Entertainment	14,356	72,404
Staff Allowances	210,000	252,000
Secretarial Fees	25,207	40,895
Security Fees	299,800	446,800
Staff Overtime	164,660	244,475
Staff Welfare & Training	34,865	60,846
Travelling & Transport	87,189	180,505
Web Site Expenses	137,500	273,770
Gratuity Provision	383,050	393,812
Honorarium Fees	-	6,000
Fuel and Oil	212,853	234,934
Interest on Overdraft	115,120	171,077
Renovation Fee	492,850	460,578
Compensation Expenses	-	600,000
Broker Fees	-	100,000
Surcharges on ETF	3,402	-
	<u>6,246,306</u>	<u>8,213,104</u>

Marga Institute
Annexure to the Final Accounts
Year Assessment 2021/2022

No.	Source	Total Project Value	Completed Project as at 31st March 2022	Project advances (1st April 2021 - 31st March 2022)	Direct Expenses for completed Project as at 31st March 2022
	Consulting Agreement - National Language Equality Advancement Project - NLEAP		900,000		
	Tool kit for CSOs & CBOs to support freedom of religion & belief - Embassy of Netherlands		4,928,585		
	Political Economy and Gender Analysis of Community and Policy Interventions and Community Assessments of Spread of Hate Speech, Social Cohesion and Preventing Violent Extremism - UNDP BHR 2020 67		3,832,590		
	Language Rights Through Cultural Traditions Project NLEAP - Rs. 6,811,025.00			3,405,513	7,092,927
	Gamani Corea Foundation - Female Labour Force Participation , Contribution of Education towards a Vision of Sri Lanka, Urbanization in the Transformation to very high human development in Sri Lanka			600,000	
1	Education Course - UNDP	180,000.00	180,000.00		155,000.00
2	Hiring of Service Provider (Research Team) from the National Agricultural Research System of Sri Lanka to Carry out Policy Research in the Area of Agricultural Productivity (No. LK-MOA-PMU-31820-CS-QCBS) -	1,695,000.00	1,695,000.00		1,000,499.00
3	Consulting Agreement - National Language Equality Advancement Project - NLEAP Total Rs.	225,000.00	225,000.00		378,500.00
4	Tool kit for CSOs & CBOs to support freedom of religion & belief - Embassy of Netherlands	259,400.00	259,400.00		116,000.00

5	Political Economy and Gender Analysis of Community and Policy Interventions and Community Assessments of Spread of Hate Speech, Social Cohesion and Preventing Violent Extremism - UNDP BHR 2020 67	8,942,710.00	8,942,710.00		4,234,905.00
6	Gamani Corea Foundation - Female Labour Force Participation	2,000,000.00	2,000,000.00		593,000.00
7	Conduct a Partnership Mapping and Gap Analysis with Key Stakeholders on Preventing Violent Extremism and Social Cohesion Related Policy Environments in Sri Lanka	3,603,600.00	3,603,600.00		2,702,700.00
8	Developing case studies on the provision of Seed Grants to Promote Inter-Community Collaboration and Social Cohesion Rs. 2,337,375.00	2,337,375.00	2,337,375.00		470,450.00
9	Impact of the COVID pandemic on children's development outcomes and ECD services in Sri Lanka Rs. 1,601,950.00	1,601,950.00	1,601,950.00		527,500.00
10	Conduct a Survey to measure and track the progress of compliance of Public authorities on Official Languages Policy UNDP 51 - Rs. 8,744,400.00	8,744,400.00	8,744,400.00		3,320,100.00
11	Language Rights Through Cultural Traditions Project NLEAP - Rs. 6,811,025.00	3,405,512.50		3,064,961.25	
12	Gamani Corea Foundation - Contribution of Education towards a Vision of Sri Lanka, Urbanization in the Transformation to very high human development in Sri Lanka	3,400,000.00		2,100,000.00	
13	Survey on the drivers and barriers faced by Small and Medium enterprises in aligning with the responsible business practices in the COVID 19 context - UNDP 36 Rs. 4,699,820.00	4,699,820.00		2,819,892.00	
14	Formulation of SDG Mainstreamed Mid Term Development Plans for selected 6 Municipal Councils and 6 Urban Councils in North, North Central, Eastern and Uva Provinces. UNDP 58 Rs. 19,897,400.00	19,897,400.00		3,979,480.00	
	Total	60,992,167.50	39,250,610.00	15,969,845.75	20,591,581.00