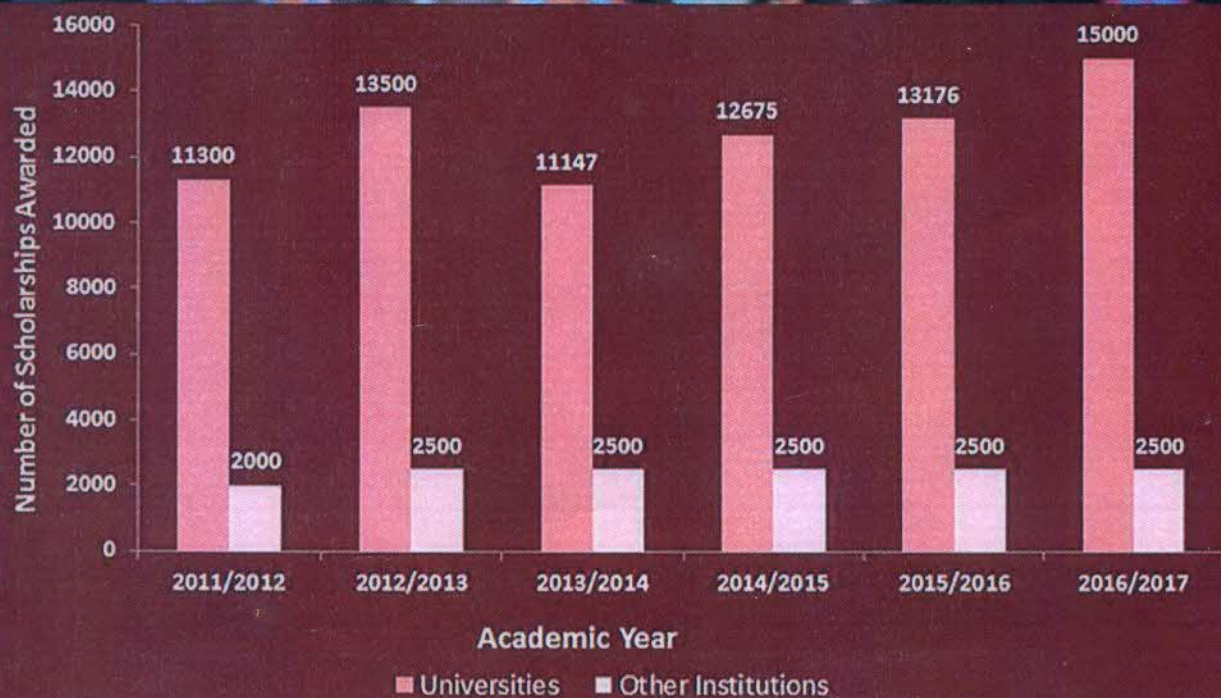




Financial Statements 2017

Mahapola Higher Education Scholarship Trust Fund




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Statement of Financial Position
As At 31 st December 2017

| | Notes | Year 2017 LKR | Year 2016 LKR |
|--|-------|-----------------------|-----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash & Cash Equivalents | 1 | 7,150,101 | 108,416,051 |
| Receivables | 2 | 57,450,549 | 881,030,296 |
| Pre Payments/Deposits | 3 | 3,793,669 | 83,867,882 |
| Total Current Assets | | 68,394,319 | 1,073,314,229 |
| Non-Current Assets | | | |
| Land at Malambe (Lease out to SLIIT) | | 12,460,179 | 12,460,179 |
| Building, Infrastructure, Plant, Equipment & Furniture | 4 | 967,925,338 | 1,011,573,353 |
| Investment in Share Capital at NWCL | | 985,000,000 | 985,000,000 |
| Investment in Development Lotteries Board | | 2,200,000 | 2,200,000 |
| Investment in Fixed Deposits and Tresury Bonds | 5 | 1,516,360,695 | 1,788,485,232 |
| Mahapola Portfolio managed by NWCL | 6 | 8,345,078,695 | 7,239,466,463 |
| Total Non-Current Assets | | 11,829,024,907 | 11,039,185,227 |
| Total Assets | | 11,897,419,226 | 12,112,499,456 |
| EQUITY & LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 7 | 50,494,582 | 10,755,722 |
| Total Current Liabilities | | 50,494,582 | 10,755,722 |
| Non-Current liabilities | | | |
| Retirement Benefit Obligation | 8 | 2,173,542 | 1,368,120 |
| Total non-current liabilities | | 2,173,542 | 1,368,120 |
| Total Liabilities | | 52,668,124 | 12,123,842 |
| NET ASSETS | | 11,844,751,102 | 12,100,375,614 |
| CONSOLIDATED FUND & RESERVES | | | |
| Accumulated Fund | 9 | 12,100,375,614 | 11,859,846,723 |
| Accumulated Surpluses/ (Deficits) | | (255,624,512) | 240,528,891 |
| TOTAL NET ASSETS/ EQUITY | | 11,844,751,102 | 12,100,375,614 |

The Accounting Policies on pages 04 to 05 & Notes on pages 06 to 13 from an integral part of these Financial Statements. The members of the Mahapola Higher Educational Scholarship Trust Fund are responsible for the preparation & presentation of these Financial Statements. These Financial Statements were approved by the Board of Trustees of the Mahapola Higher Education Scholarship Trust Fund.


(Mrs.) Chandani Wijayawardhana
Secretary
Ministry of Dev. Strategies & Internal Trade
Ex. Officio Member of the Board of Trustees


Dr. Wickrema Weerasooriya
Appointed Member of the
Board of Trustees


M. Parackrama Bandra
Director
Mahapola Higher Edu.
Scholarship Trust Fund

Statement of Financial Performance
For the Year Ended 31st December 2017

| | Notes | Year 2017 LKR | Year 2016 LKR |
|--|-------|----------------------|----------------------|
| REVENUE | | | |
| Interest income from Main Fund Investment(NWC) | | 913,920,262 | 814,914,590 |
| Interest income from Direct Investment by MTF | 10 | 183,723,937 | 184,415,222 |
| Share of profit from Development Lotteries Board | | - | 680,044,729 |
| Lease Rental from SLIIT | | 20,000,000 | 20,000,000 |
| Total Revenue | | 1,117,644,199 | 1,699,374,541 |
| EXPENSES | | | |
| Scholarships Awards payments (uni/Other institute) | 11 | 1,255,574,828 | 1,362,636,990 |
| Salaries, Wages & Employee Benefits | 12 | 7,929,470 | 6,985,600 |
| UGC. Expences | | - | 918,617 |
| Scholarships Award Expences | 13 | 754,200 | 1,294,653 |
| Depreciation for the SLIIT Building | 4 | 53,226,035 | 53,226,035 |
| Depreciation & Amortization Expences | 4 | 1,525,021 | 1,290,634 |
| School Development Expences | 14 | 13,281,524 | 17,115,567 |
| Administrative and operational | 15 | 9,272,425 | 8,238,814 |
| WHT Fixed Deposits | | 3,097,967 | 6,690,115 |
| Lalith Athu.Memo.Expenses | | 580,288 | 576,645 |
| Renovation Expences | | 2,821,575 | - |
| Prior Year Adjustment | | 27,390 | - |
| Total Expenses | | 1,348,090,723 | 1,458,973,670 |
| surplus/(defecit) for the period | | (230,446,524) | 240,400,871 |
| Add Other Income | | | |
| Sundry income | 16 | 2,906,632 | 128,020 |
| Net surples | | (227,539,892) | 240,528,891 |

Cashflow Statement
For the Year ended 31st December 2017

| | 2017 | 2016 |
|---|----------------------|----------------------|
| | LKR | LKR |
| Cash flows from Operating Activities | | |
| Surplus/(deficit) | (227,539,892) | 240,528,891 |
| Adjustments for Non-cash movements | | |
| Depreciation | 54,751,056 | 54,516,669 |
| Increase in Payables | 39,738,859 | 6,907,343 |
| Provision for Gratuity | 805,422 | 452,400 |
| Increase in Prepayments/Deposits | 80,074,213 | 119,500,605 |
| Increase in Receivables | 8,665,157 | (140,750,122) |
| Net cashflows from Operating Activities | (43,505,185) | 281,155,786 |
| Cash flows from Investing Activities | | |
| Purchase of plant and equipment | (11,103,041) | (93,289) |
| Investment in Fixed Deposits/Treasury Bonds | 272,124,537 | (486,596,053) |
| Investment through NWC | (318,782,263) | - |
| Increase in WIP | | |
| Net cash used in Investing Activities | (57,760,767) | (486,689,342) |
| Cashflows from Financing Activities | | |
| Net cash used in Financing Activities | | - |
| Net Increase /(decrease) in cash & cash equivalents | (101,265,952) | (205,533,556) |
| Cash & cash equivalents at the beginning of the year | 108,416,051 | 313,949,607 |
| Cash & cash equivalents at the end of the year | 7,150,099 | 108,416,051 |
| Note-1 | | |
| BOC-Corporate Branch | (27,849,899) | 33,416,051 |
| Call deposit | 35,000,000 | 75,000,000 |
| | 7,150,101 | 108,416,051 |

MAHAPOLA HIGHER EDUCATION SCHOLARSHIP TRUST FUND

FINANCIAL STATEMENTS - 31/12/2017

Accounting Policies.

1. Financial Statements are prepared in conformity with generally accepted accounting principles and Sri Lanka Accounting Standards with the followed practices.
2. Investment on Treasury Bonds / Bills are taken in to account as reported by Fund Manager of the National Wealth Corporation Limited (NWCL) at cost or on realizable value at maturity.
3. Interest income is recognized on an accrual basis as reported by Fund Manager of NWCL.
4. The Share of Profit from the Development Lottery is recognized on declaration and taken in to account under the respective financial years.
5. Funds utilized for earnings excluding Call & Short Term Deposits are categorized under investments which are itemized according to the period at their cost.
6. Investment policy is based on the criterion of low risk and highest interest income. Therefore, investments of funds floats along Bank Deposits and Treasury Investments according to the trend of interest rates. However after handing over the funds to the NWCL on the basis of bench mark income earning efficiency will be measured.
7. Receipt of the Fund is exempted from all taxes vide section 12 of Mahapola Higher Education Scholarship Trust Fund (MTF) Act No. 66 of 1981.
8. Depreciations have been provided at the following rates on straight line method, which is based on the estimated useful life span of the assets.

| | | |
|------------------------------|--------|-----------|
| Building Fixtures & Fittings | 05.00% | per annum |
| Vehicles | 20.00% | per annum |
| Office Equipment | 20.00% | per annum |
| Box File | 25.00% | per annum |
| Computer Equipment | 25.00% | per annum |
9. Fully depreciated vary few items are not revalued since that value will not make material impact or effect for the true and fair view of the balance sheet.

10. Interest paid on Rs.175M NDB loan obtained for the investment in SLIIT project has been capitalized as investment expenditure since the value of the investment has been appreciated. However under the new Agreement this investment will be converted to the form of asset allocated by MTF as leased out to the SLIIT. Therefore practice has been changed. The balance of the NDB liability was settled.
11. Fund for the setting up of SLIIT Malabe project, have been paid to the Sri Lanka Institute of Information Technology (Get) Ltd (SLIIT). Accumulated expenditure on this project has been accounted as an investment in the Balance Sheet to cost of investment in the lease agreement with SLIIT for management.
12. Mahapola Portfolio handed over to the NWCL which is fully own subsidiary of MTF on 19.02.2004 under the signed agreement to manage the fund. Net earnings delivered by NWCL takes in to MTF books as earning from the portfolio, after charging all expenses as accrual basis. The net earnings excluding remittance to MTF are also added as Surplus Income to the portfolio which is not withdrawn.
13. Under Fund Management Agreement, NWCL agrees to maintain two types of portfolios are not required since handed over all Treasury Bills and Bonds were matured. However new investment procedure will be applicable for improvement of efficiency in future.
14. Net result on portfolio management is added and continued in NWCL as return in the Mahapola portfolio.
15. Consolidated Financial statements are not prepared due to dissimilar activities and nature of them.

Notes to the Financial Statements

Notes

| | Year LKR 2017 | Year LKR 2016 |
|---|---------------------|---------------------|
| 1 Cash & Cash Equivalents | | |
| Cash at Bank | | |
| Short term Deposits | - | 75,000,000 |
| Scholarship fund A/C-1791 | 7,150,101 | 33,416,051 |
| | <u>7,150,101</u> | <u>108,416,051</u> |
| 2 Receivables | | |
| Interest of Fixed Deposits | 13,622,886 | 17,968,288 |
| Treasury Bond Income | 43,827,663 | 48,112,193 |
| Repo Investment Income | - | 35,225 |
| Fund Manager (NWCL) Interest | - | 814,914,590 |
| | <u>57,450,549</u> | <u>881,030,296</u> |
| 3 Pre Payments/Deposits | | |
| Pre payment Vehicle Insurance | 34,830 | 26,089 |
| Refundable Rent Deposit Jayawardena Centre | 1,647,000 | 400,000 |
| Staff Loan & Advances Payments | 1,359,629 | 558,896 |
| University Grant Commission | 399,000 | 399,000 |
| Scholarship Payments Recivable | 4,400 | 4,400 |
| CWE Refundable Rent Deposit | 348,810 | 348,810 |
| Balance of 50% Share of Profit of as reported by President Fund. | - | 82,130,688 |
| | <u>3,793,669</u> | <u>83,867,882</u> |

MAHAPOLA HIGHER EDUCATION SCHOLARSHIP TRUST FUND
 NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31/12/2017

Note 04 - Infrastructure, Plant & Equipments/Furniture

| Details | Date | Book Values at | Disposal | Purchase | Depreciation as | Cumulated | Depreciation/ | Balance as at |
|---------------------|-----------|----------------------|-----------------|-----------------|-----------------------|-----------------------------|--------------------------|--------------------|
| | | 01/01/2017 | During the year | During The Year | at 31/12/2017 Rates % | Depreciations at 31/12/2017 | Amotization for the year | 31/12/2017 |
| | | Rs. | Rs. | | | Rs. | Rs. | Rs. |
| Building - SLIIT | | 1,064,520,695 | | | | 53,226,035 | 53,226,035 | 958,068,625 |
| Iron Safe | 29-Nov-85 | 2,750 | - | | 10 | 2,750 | - | - |
| Laminating Machine | 31-Dec-97 | 40,375 | - | | 20 | 40,375 | - | - |
| Fax Machine | 23-Jul-99 | 32,500 | - | | 20 | 32,500 | - | - |
| Cash Box | 27-Dec-00 | 2,450 | - | | 20 | 2,450 | - | - |
| Steel Cupboards | 27-Dec-00 | 27,090 | (5,900) | | 20 | 21,190 | - | - |
| Computer | 13-Oct-10 | 471,235 | - | | 25 | 471,235 | - | - |
| Printer | 13-Oct-10 | 475,000 | - | | 25 | 475,000 | - | - |
| Thibus | 02-Jun-03 | 33,000 | - | | 25 | 33,000 | - | - |
| Fax Machine | 05-Aug-02 | 33,750 | - | | 20 | 33,750 | - | - |
| CD Writer | 09-Feb-03 | 6,750 | - | | 20 | 6,750 | - | - |
| Furniture | 11-Mar-03 | 611,715 | (2,100) | | 25 | 609,615 | - | - |
| Colour TV | 15-Aug-03 | 26,720 | - | | 25 | 26,720 | - | - |
| Fan | 16-May-07 | 4,950 | - | | 20 | 4,950 | - | - |
| Computer | 31-Oct-11 | 398,109 | - | | 25 | 398,109 | - | - |
| Calculators | 14-Dec-11 | 5,096 | - | | 25 | 5,096 | - | - |
| Steel Cupboards | 27-Dec-11 | 29,500 | - | | 20 | 29,500 | - | - |
| Computer | 31-Dec-11 | 298,620 | - | | 25 | 298,620 | - | - |
| Multimedia Project | 31-Dec-11 | 82,000 | - | | 25 | 82,000 | - | - |
| Scanner | 31-Dec-11 | 15,950 | - | | 25 | 15,950 | - | - |
| Car | 10-Aug-12 | 5,100,000 | - | | 20 | 5,100,000 | - | - |
| Electric Kettle | 06-Sep-12 | 3,900 | - | | 25 | 3,900 | - | - |
| Steel Cupboards | 05-Jul-12 | 107,420 | - | | 20 | 107,420 | - | - |
| Pen Drive | 21-May-12 | 3,500 | - | | 25 | 3,500 | - | - |
| Computer Asscieries | 10-Sep-12 | 7,900 | - | | 25 | 7,900 | - | - |
| Computer - UPS | 11-Sep-13 | 9,200 | - | | 25 | 8,501 | 699 | - |
| Pen Drive | 27-May-13 | 6,588 | - | | 25 | 5,187 | 1,401 | - |
| Fan | 30-Apr-14 | 38,400 | - | | 20 | 15,465 | 5,155 | 17,780 |
| Computer | 31-Dec-14 | 316,500 | - | | 25 | 158,250 | 79,125 | 79,125 |
| Pen Drive | 20-Feb-15 | 2,825 | - | | 25 | 706 | 706 | 1,412 |
| Fax Machine | 10-Feb-16 | 43,290 | - | | 20 | - | 7,258 | 36,032 |
| Hand Phone | 20-Sep-16 | 49,999 | - | | 20 | - | 2,551 | 47,448 |
| | | 1,072,807,777 | (8,000) | | | 61,226,423 | 53,322,930 | 958,250,422 |

MAHAPOLA HIGHER EDUCATION SCHOLARSHIP TRUST FUND
 NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31/12/2017

Note 04 - Infrastructure, Plant & Equipments/Furniture

| Details | Date | Book Values at 01/01/2017 | Disposal During the year | Purchase During The Year | Depreciation as at 31/12/2017 Rates % | Cumulated Depreciations at 31/12/2017 | Depreciation/ Amotization for the year | Balance as at 31/12/2017 |
|---|-----------|------------------------------|--------------------------------|--------------------------------|---|---|--|-----------------------------|
| | | Rs. | Rs. | | | Rs. | Rs. | Rs. |
| Balanced Continued | | 1,072,807,777 | (8,000) | - | - | 61,226,423 | 53,322,930 | 958,250,422 |
| Printer | 22-Feb-17 | | | 631,130 | 25 | - | 132,278 | 498,852 |
| Calculators | 25-May-17 | | | 11,082 | 25 | - | 1,625 | 9,459 |
| JR Center Interior Works | 01-Jul-17 | | | 4,660,349 | 25 | - | 587,332 | 4,073,017 |
| Furniture - JR Center | 01-Jul-17 | | | 2,431,750 | 25 | - | 306,467 | 2,125,283 |
| Air Conditioners - JR Center | 01-Jul-17 | | | 1,248,000 | 25 | - | 157,282 | 1,090,718 |
| Central UPS System with Battery Bank | 01-Jul-17 | | | 558,000 | 25 | - | 70,323 | 487,677 |
| Network Switch and Mounting | 01-Jul-17 | | | 31,500 | 25 | - | 3,970 | 27,530 |
| Ceiling Fan - JR Center | 01-Jul-17 | | | 10,500 | 20 | - | 1,059 | 9,441 |
| Electrical Voice and Network Installation | 01-Jul-17 | | | 1,278,925 | 25 | - | 161,180 | 1,117,745 |
| Computer | 25-Nov-17 | | | 108,250 | 25 | - | 2,298 | 105,952 |
| Vaccum Cleaner | 29-Nov-17 | | | 25,200 | 20 | - | 2,140 | 23,060 |
| Printer | 25-Nov-17 | | | 71,620 | 25 | - | 1,521 | 70,099 |
| Computer Asscieries | 31-Dec-17 | | | 15,610 | 25 | - | 652 | 14,958 |
| JR Center Pantry Cupboard | 31-Dec-17 | | | 21,125 | 20 | - | - | 21,125 |
| | | 1,072,807,777 | (8,000) | 11,103,041 | | 61,226,423 | 54,751,056 | 967,925,338 |

| | Year LKR 2017 | Year LKR 2016 |
|----------------------|-----------------------------|-----------------------------|
| 5 Investments | | |
| Fixed Deposits | 312,000,000 | 289,886,311 |
| Treasury Bond | 1,189,791,160 | 1,498,598,921 |
| Sweeper A/c | <u>14,569,535</u> | <u>-</u> |
| | <u>1,516,360,695</u> | <u>1,788,485,232</u> |

6 Mahapola Main Fund Investment portfolio managed by NWCL

| | | |
|---|-----------------------------|-----------------------------|
| 01.01.2017 Balance | 7,239,466,463 | 7,244,552,042 |
| Interest Income 2015 | | 669,914,421 |
| Interest Income 2016 | 786,829,970 | - |
| Earnings in 2017 | 913,782,262 | - |
| Less | | |
| Amount transferred to Share Capital | - | (675,000,000) |
| Amount transferred to Mahapola Trust Fund | <u>(595,000,000)</u> | <u>-</u> |
| | <u>8,345,078,695</u> | <u>7,239,466,463</u> |

| | Year LKR 2017 | Year LKR 2016 |
|---|------------------------------|------------------------------|
| 7 Payables | | |
| Retention - School Development Expenses | 2,173,328 | 2,173,328 |
| Scholarship Payments Payable | 2,200 | 2,200 |
| Embilipitiya Swimming Pool Expenses | 585,449 | 585,449 |
| Electricity Bill (cwe) | - | 7,573 |
| Scholarship Instalments Payable(Uni/HEI) | 45,387,505 | 6,877,050 |
| Staff Expenditure Overtime - 2016 | 33,962 | 10,584 |
| Staff Expenditure Attendance Allowance | 26,500 | 23,500 |
| Salaries & Wages | 55,200 | - |
| Vehicle Rental Charges | 152,375 | - |
| Three Lanka Retained | 606,980 | - |
| Staff Expenses | 299,958 | - |
| Water Bill 2016 | | 1,941 |
| EPF Payment | 97,028 | - |
| School Development Activities | | |
| Rajasinghe Central College, Hanwella - Playground & 400 m track | 417,633 | 417,633 |
| Siri Piyarathana Central College, Padukka - Auditorium | 288,486 | 288,486 |
| Lalith Athulathmudali Vidyalay, Mt.Lavinia - Indoor Stadium | 278,488 | 278,488 |
| National School, Seethawaka - Complete the work of Auditorium & Seats & Sound System | 89,490 | 89,490 |
| | <u>50,494,582</u> | <u>10,755,722</u> |
| 8 Retirement Benefit Obligation | | |
| Provision for Gratuity | 2,173,542 | 1,368,120 |
| | <u>2,173,542</u> | <u>1,368,120</u> |
| 9 Consolidated Fund & Reserves | | |
| Accumulated Fund | 12,100,375,614 | 11,749,846,723 |
| Deficit for the year 2017 | (227,539,892) | 240,528,891 |
| NWC Bonus Issue | - | 110,000,000 |
| Prior Year Adjustments - over provision of Interest receivable for NWCL | (28,084,620) | - |
| Balance as at 31.12.2017 | <u>11,844,751,102</u> | <u>12,100,375,614</u> |

| | Year LKR 2017 | Year LKR 2016 |
|---|----------------------|----------------------|
| 10 Interest Income on Direct Investment | | |
| Fixed Deposits | 36,590,782 | 34,140,042 |
| Treasury Bond | 139,382,619 | 140,105,942 |
| Repo Investment Income | 3,189,264 | 10,169,237 |
| Overnight Investment Income | 1,138,523 | - |
| Sweeper Savings Income | 3,422,749 | - |
| | <u>183,723,937</u> | <u>184,415,222</u> |
| 11 Scholarship Awards payments | | |
| University Students Scholarships Payments | 1,193,107,274 | 1,314,541,150 |
| Scholarship Payments Refunds | (31,480,050) | (20,190,050) |
| Other Higher Education Institute | 17,918,804 | 67,110,640 |
| Advance Technological Institute | 76,028,800 | 1,175,250 |
| | <u>1,255,574,828</u> | <u>1,362,636,990</u> |
| 12 Wages, Salaries & Employee Benefits | | |
| Salaries | 6,140,622 | 5,881,296 |
| Attendance Allowance | 301,000 | 277,625 |
| Over Time & Holiday Payments | 250,685 | 210,165 |
| E.P.F. | 643,187 | 328,690 |
| E.T.F. | 132,901 | 66,782 |
| Leave Encashment & Bonus | 451,556 | 221,042 |
| Payee Tax | 9,519 | - |
| | <u>7,929,470</u> | <u>6,985,600</u> |
| 13 Scholarships Award Expenses | | |
| Special Incentive Allowance | 336,262 | 236,385 |
| New Scholarship Awards Expenses | 417,938 | 1,058,268 |
| | <u>754,200</u> | <u>1,294,653</u> |

| | Year LKR 2017 | Year LKR 2016 |
|--|---------------------|---------------------|
| 14 School Development Expences | | |
| Richmand College (Pavilion) | - | 7,043,265 |
| Richmand College (Swimming Pool) | - | 4,892,302 |
| Royal College Polonnaruwa | 6,708,524 | 5,180,000 |
| St. Annes College-(Pavilion) | 6,573,000 | - |
| | <u>13,281,524</u> | <u>17,115,567</u> |
| 15 Administrative and Operational | | |
| Postage & Communication | 364,018 | 255,645 |
| Welfare Expenses | 58,440 | 104,722 |
| Gratuity | 805,422 | 452,400 |
| Legale Fees | 63,050 | 953,161 |
| Traning Fees | 8,500 | 6,000 |
| Audit & Management Committee fees | 42,000 | 226,847 |
| Board of Trustees Members Fee | 73,500 | 112,500 |
| Fuel & Travalng | 329,810 | 329,721 |
| Water Bill | 26,497 | 61,156 |
| Electricity Bill | 253,573 | 205,852 |
| Cleaning Ser. | 114,750 | 283,009 |
| Stationery & Office Expenditure | | |
| Stationery | 434,895 | 537,973 |
| Maintenance of Office Equipments | 13,550 | 188,513 |
| Maintenance of Office Computer | 68,829 | 287,390 |
| Rent (CWE) | 2,401,893 | 3,753,916 |
| Rent (Jayawardena Centre) | 2,859,385 | - |
| Vehicle Maintenance | | |
| Vehicle Insurance | 37,656 | 97,927 |
| Vehicle Maintenance | 231,575 | 135,260 |
| Sundry Expenses | 577,167 | 246,821 |
| Vehicle Lease Rental Charges | 507,917 | - |
| | <u>9,272,425</u> | <u>8,238,814</u> |

| | Year | Year |
|--------------------------|------------------|----------------|
| | LKR | LKR |
| | 2017 | 2016 |
| 16 Sundry Income | | |
| Recovered Money | 85,100 | 106,100 |
| Staff Loan Interest | 44,610 | 21,920 |
| Trade Fair Income | 2,498,399 | - |
| Donations | 250,000 | - |
| Sundry Income | 20,523 | |
| Disposal of Fixed Assets | 8,000 | - |
| | <u>2,906,632</u> | <u>128,020</u> |