

Government Audit Branch

31 JUL 2019

Sri Lanka Export Development Board




Financial Statements 2018

**Lalith Athulathmudali Mahapola
Higher Education Scholarship Trust Fund**


LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION SCHOLARSHIP TRUST FUND
STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	2018 Rs.	2017 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	12	913,888,938	967,925,338
Investment Property	13	12,460,179	12,460,179
Investment in Subsidiary	14	985,000,000	985,000,000
Other Investment	15	2,200,000	2,200,000
Financial Assets	16	10,232,401,250	9,861,439,390
		12,145,950,367	11,829,024,907
Current Assets			
Other Assets	17	2,287,729	1,995,810
Advances and Prepayments	18	1,579,729	1,797,859
Receivables	19	155,363,740	57,450,549
Cash and Cash Equivalents	20	140,608,323	7,150,101
		299,839,521	68,394,319
TOTAL ASSETS		12,445,789,888	11,897,419,226
EQUITY AND LIABILITIES			
EQUITY			
Accumulated Fund		10,147,376,951	10,147,376,951
Net Surplus		2,148,934,763	1,697,374,151
Total Equity		12,296,311,714	11,844,751,102
Non Current Liabilities			
Retirement Benefit Obligation	21	3,172,760	2,173,542
		3,172,760	2,173,542
Current Liabilities			
Accruals & Other Payables	22	146,305,414	50,494,582
		146,305,414	50,494,582
TOTAL EQUITY AND LIABILITIES		12,445,789,888	11,897,419,226

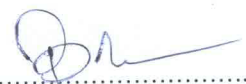
The Board of Trustees is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the board by:



 Mr.M.M.P.K.Mayadunne
 Secretary
 Ministry of City Planning, Water Supply
 and Higher Education
 Ex-officio Trustee of Mahapola Trust Fund



 Mr.S.V.D.K.Gunasekara
 Appointed Trustee
 Mahapola Higher Education
 Scholarship Trust Fund



 Mr.M.Parackrama Bandara
 Director
 Mahapola Higher Education
 Scholarship Trust Fund

Ministry of City Planning, Water Supply & Higher Education

The accounts and notes on pages 05 through 22 form an integral part of the financial statements.
 Colombo - 07.



**LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION SCHOLARSHIP
TRUST FUND**

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Notes	2018 Rs.	2017 Rs.
Revenue	7	1,868,593,335	1,117,644,199
Direct Expenses	8	<u>(1,325,566,790)</u> 543,026,545	<u>(1,256,329,028)</u> (138,684,829)
Other Income	9	3,753,459	2,906,632
Total Income		<u>546,780,004</u>	<u>(135,778,197)</u>
Administrative Expenses	10	(95,219,392)	(75,078,310)
School Development Expenses	11	-	(16,683,385)
Total Expenses		(95,219,392)	(91,761,695)
Net Income Over Expenses		451,560,612	(227,539,892)
Surplus/(Deficit) Before Tax		451,560,612	(227,539,892)
Income Tax Expenses		-	-
Net Surplus/(Deficits)		<u>451,560,612</u>	<u>(227,539,892)</u>
Other Comprehensive Income		-	-
Total Comprehensive Income For The Year		<u>451,560,612</u>	<u>(227,539,892)</u>

The accounting policies and notes on pages 05 through 22 form an integral part of the financial statements.

**LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION SCHOLARSHIP
TRUST FUND
STATEMENT OF CHANGES IN EQUITY**

Year ended 31 December 2018

	Accumulated Fund	Net Surplus/ (Deficits)	Total
	Rs.	Rs.	Rs.
Balance as at 01 January 2017	10,147,376,951	1,952,998,663	12,100,375,614
Net Surplus /(Deficits) for the year	-	(227,539,892)	(227,539,892)
Over Provision of Interest Receivable from NWCL	-	(28,084,620)	(28,084,620)
Balance as at 31 December 2017	<u>10,147,376,951</u>	<u>1,697,374,151</u>	<u>11,844,751,102</u>
Net Surplus /(Deficits) for the year	-	451,560,612	451,560,612
Balance as at 31 December 2018	<u><u>10,147,376,951</u></u>	<u><u>2,148,934,763</u></u>	<u><u>12,296,311,714</u></u>

The accounting policies and notes on pages 05 through 22 form an integral part of the financial statements.

**LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION SCHOLARSHIP
TRUST FUND
STATEMENT OF CASH FLOW**

Year ended 31 December 2018

	2018 Rs.	2017 Rs.
Cash Flow From Operating Activities		
Net Surplus/ (Deficits)	451,560,612	(227,539,892)
Adjustment For;		
Depreciation	56,039,045	54,751,056
Profit on Disposal of Fixed Assets	(3,457,750)	(8,000)
Gratuity Expense	999,218	805,422
Operating Surplus/(Deficits) Before working capital changes	505,141,125	(171,991,414)
Working Capital Changes		
Increase/Decrease in Receivables	(97,986,980)	88,739,370
Increase/Decrease in Payables	95,810,832	39,738,861
Cash from Operations	(2,176,148)	128,478,231
Net Cash Inflows/Outflows from Operating Activities	502,964,977	(43,513,183)
Cash Flows From Investing Activities		
Acquisition of Property Plant & Equipments	(2,002,645)	(11,103,041)
Sales Proceeds from Disposal of Fixed Assets	3,457,750	8,000
Investment / (Withdrawal) in Financial Assets	(370,961,860)	(46,657,726)
Net Cash Inflows/Outflows from Investing Activities	(369,506,755)	(57,752,767)
Cash Flows From Financing Activities		
Dividend Paid	-	-
Net Cash Inflows/Outflow from Finance Activities	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	133,458,222	(101,265,950)
Cash & Cash Equivalent as at 01.01.2018	7,150,101	108,416,051
Cash & Cash Equivalents as at 31.12.2018	140,608,323	7,150,101

The accounting policies and notes on pages 05 through 22 form an integral part of the financial statements.

CORPORATE INFORMATION

1.1 General

Lalith Athulathmudali Mahapola Higher Education Scholarship Trust Fund (Trust Fund) is a Trust Fund established in 1981 under the Act of Parliament No. 66 of 1981 and the management and control of the Trust Fund is vested to the Board of Trustees. It is located at 4th Floor, J R Jayewardene Centre, 191, Dharmapala Mawatha, Colombo 07.

1.2 Principal Activities and Nature of Operations

The fund awards Scholarships for the unprivileged youth to obtain higher education and to create equal opportunities for higher education through the improvement of facilities.

1.2.1 Mahapola Trust Fund

The aims and objects of the Fund shall be -

- (a) to provide higher education facilities to youths;
- (b) Provide assistance to deserving youths who have completed their secondary education satisfactory, so as to enabling them to complete their academic, industrial or technical education at a university or technical or higher education institute, as the case may be;
- (c) to set up and assist in the setting up and management of Vocational Training Institutes for enabling youth to develop their vocational skills and competence;
- (d) to set up and assist in the management and conduct of schools, institutes, foundations and similar institutions engaged in the furtherance of education; and
- (e) to provide assistance for the development and improvement of the skills and competence of lecturers, teachers, and such persons engaged in the furtherance of education.

1.3 Date of Authorization for Issue

The Financial Statements of Lalith Athulathmudali Mahapola Scholarship Trust Fund for the year ended 31 December 2018, were authorized for issue, in accordance with a resolution of the Board of Trustees on 24/07/2019.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes as at 31 December 2018 are prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRSs and LKASs (hereafter referred as SLFRSs), as laid down by the Institute of Chartered Accountants of Sri Lanka.

2.2 Basis of Measurement

The financial statements have been prepared on an accrual basis and under the historical cost convention unless otherwise stated.

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

2.3 Materiality and Aggregation

In compliance with LKAS 01 on Presentation of Financial Statements, each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately, if they are material.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Income Statement unless required or permitted by any accounting standard or interpretation as specifically disclosed in the accounting policies.

2.4 Comparative Information

The accounting policies have been consistently applied by the Trust Fund with those of the previous financial year in accordance with LKAS 01 Presentation of Financial Statements, except those which had to be changed as a result of application of the new SLFRS. Further, comparative information is reclassified wherever necessary to comply with the current presentation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Trust Fund in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise is indicated.

3.1 Property Plant and Equipment

3.1.1 Basis of Recognition

Property, Plant and Equipment are tangible items that are held for servicing or for administrative purposes, and are expected to be used during more than one year.

Property, Plant and Equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the company and cost of the assets can be measured reliably.

3.1.2 Basis of Measurement

An item of Property, Plant and Equipment that qualifies for recognition as assets is initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the assets and cost incurred subsequently to add to, or replace a part of it. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the items and restoring at the site on which they located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as a part of computer equipment.

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of property Plant and Equipment.

The company applies the cost to model to property Plant and Equipment and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

3.1.3 Subsequent costs

The cost of replacing a part of an item Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The cost of day today servicing of property, plant and equipment is charged to the statement of profit or loss as incurred.

3.1.4 Repairs and Maintenance

Repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred. The cost of major renovation is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently replace an identifiable part of the assets. Major renovations are depreciated during the remaining the remaining useful life of the related assets.

3.1.5 De-recognition

Property, Plant and Equipment are derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is recognised in “Other operating income” in the statement of profit or loss in the year the assets is de-recognized.

3.1.6 Depreciation

Depreciation is recognized in the statement of profit or loss on a straight-line over the estimated useful lives of each part of an item of property, plant and equipment since this method most closely reflect the expected pattern of consumption of the future economic benefits embodies in the assets.

The estimated useful lives are as follows;

Buildings and Fixtures	20 years
Furniture and Fittings	05 years
Office Equipment	05 years
Computer and Accessories	04 years
Motor Vehicle	04 years

The depreciation rates determined separately for each significant part of an item of Property, Plant and Equipment and commence to depreciate when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation methods, useful lives and residual values are re-assessed at each reporting date and adjusted, if appropriate.

3.2 Investment Property

3.2.1 Basis of Recognition and Measurement

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially recognised at cost. Subsequent to initial recognition, the investment properties are stated at cost.

3.2.2 De-recognition

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

3.2.3 Subsequent transfer to/from investment property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

Transfers are made from investment property when, and only when, there is a change use, Evidenced by commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the company as an owner occupied property becomes an investment property, the company accounts for such property in accordance with the policy stated under the property, plant and equipment up to the date of change in use.

For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss. When the company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

3.2.4 Impairment of Non-Financial Assets

The Trust Fund assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

3.3. Investment in Subsidiaries and Other Investment

Investment in Subsidiaries and other investment are initially recognized at cost in the financial statements of the company. Any transaction cost relating to acquisition of subsidiaries are immediately recognised in the income statement, following initial recognition, investment in subsidiaries are carried at cost less any accumulated impairment losses.

3.4 Foreign Currencies

a) Functional and Presentation Currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transaction at the yearend exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income. Monetary assets & liabilities balances are translated at year end exchange rate.

3.5 Taxation

3.5.1 Current taxation

Current Income Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date.

The basis of the provision for income tax for the Trust Fund is as follows;

a) Mahapola Trust Fund

Trust Fund is exempt from Income Tax as per the Act No 66 of 1981 of Mahapola Higher Education Scholarship Trust Fund.

3.5.2 Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, and unused tax credits and tax losses carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised.

3.6 Cash & Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank, other short-term highly liquid investments with original maturities of three months or less from the date of acquisition. Bank overdrafts are shown under current liabilities on the balance sheet.

4 FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

4.1 Financial Assets

4.1.1 Classification and Measurement of Financial Assets

From 1st January 2018 as per SLFRS 9, the Trust Fund classifies all of its financial assets based on the business model for managing the assets and the assets contractual terms measured at either;

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

The subsequent measurement of financial assets depends on their classification.

4.1.2 Financial assets measured at Amortised Cost

As per SLFRS 9, financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4.1.3 Financial assets measured at FVOCI

Financial assets at FVOCI include debt and equity instruments measured at fair value through other comprehensive income.

As per SLFRS 9, this comprises debt instruments measured at FVOCI and equity instruments designated at FVOCI.

4.1.4 Debt instruments at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and ECL and reversals are recognised in profit or loss. On de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. These instruments comprise Government Securities that had previously been classified as available for sale under LKAS 39.

4.1.5 Equity instruments at FVOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under LKAS 32 “Financial Instruments: Presentation” and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of de-recognition. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

These instruments comprise unquoted shares that had been previously classified as Available for sale under LKAS 39.

4.1.6 Financial assets measured at FVTPL

As per SLFRS 9, all financial assets other than those classified at amortised cost or FVOCI are classified as measured at FVTPL. Financial assets at fair value through profit or loss include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets and financial assets designated upon initial recognition at fair value through profit or loss.

As per LKAS 39, financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

4.2 Financial Liabilities

4.2.1 Classification and subsequent measurement of financial liabilities

As per SLFRS 9, the financial liabilities are classified as follows.

- Financial liabilities at fair value through profit or loss, and within this category as
 - Held for trading or
 - Designated at fair value through profit or loss
- Financial liabilities measured at amortised cost

The subsequent measurement of financial liabilities depends on their classification.

SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification of financial liabilities.

4.2.2 Financial Liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities that are not designated at FVTPL are classified as financial liabilities at amortised cost.

4.3 De recognition of Financial Assets and Financial Liabilities

4.3.1 Financial Assets

The Company derecognises a financial asset (or where applicable a part of thereof) when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

However, cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on de-recognition of such securities as per SLFRS 9.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its Statement of Financial Position, but retains either all or substantially all risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions because the Company retains all or substantially all risks and rewards of ownership of such assets.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on the basis that reflected the rights and obligations that the Company has retained.

4.3.2 Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

4.3.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Income and expenses are presented on a net basis only when permitted under SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

5. LIABILITIES AND PROVISIONS

5.1 Liabilities

5.1.1 Retirement Benefit Obligations

5.1.2 Defined benefit plan – Retirement Gratuity

Provision has been made for retiring gratuities which is a defined benefit plan from the first year of service for all employees in conformity with Sri Lanka Accounting Standard for SMEs. However under the Payment of Gratuity Act No 12 of 1983, liability to an employee arises only on completion of five years of service. The liability is calculated on the basis of half a month's salary for each year of service. The item is stated under Employee Benefit Liability in the Statement of Financial Position.

The gratuity liability is not externally funded.

5.1.3 Defined Contribution Plans- Employee Provident Fund & Employee Trust Fund

The Trust Fund contributes to Employees' Provident Fund contribution and Employees' Trust Fund contribution is covered by relevant contribution funds in line with respective regulation. Obligations for contributions to the plans covering the employees are recognized as an expense in the income statement.

Employees' Provident Fund

The Trust Fund and Employees contribute to provident fund at 15% and 10% respectively on gross salary.

Employees' Trust Fund

The Trust Fund contributes 3% on gross salary to the Employees' Trust Fund.

5.2 Provisions

Provisions are recognised when the Trust Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

6. INCOME AND EXPENSES

6.1 Revenue Recognition

From 1st January 2018 as per SLFRS 15 replaces revenue recognition guidance, including LKAS 18 on Revenue LKAS 11 on Construction Contracts and IFRIC 13 on Customer Loyalty Programmes.

SLFRS 15 provides a comprehensive framework for determining whether, how much, and when revenue is recognised. Entities are required to apply five step model to determine when to recognise revenue and at what amount. The model specifies that revenue is recognised when or as an entity transfer control of goods and services to a customer at the amount at which the entity expects to be entitled and when it is probable that the economic benefits will flow to the Trust Fund and the revenue and associated costs incurred or to be incurred can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

6.1.1 Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

6.1.2 Other Income

Other income is recognised on an accrual basis.

6.2 Expenses

All expenditures incurred in the running of the business have been charged to income in arriving at the profit for the year. Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

**LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION
SCHOLARSHIP TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7 REVENUE	2018	2017
	Rs.	Rs.
Net Interest Income (NWCL and MTF) -Note 7.1	943,992,948	1,097,644,199
Share of Profit from Development Lotteries Board	904,600,387	-
Lease Rental from SLIIT	20,000,000	20,000,000
	1,868,593,335	1,117,644,199
	2018	2017
	Rs.	Rs.
7.1 Net Interest on Portfolio Managed by NWCL and Other Interest		
NWCL Portfolio- Investment Income	758,219,849	913,920,262
MTF -Investment Income	185,773,099	183,723,937
	943,992,948	1,097,644,199
8 DIRECT EXPENSES	2018	2017
	Rs.	Rs.
Scholarship Award Expenses		
Scholarship Payments -Universities	1,269,525,962	1,161,627,224
Scholarship Payments -Technological Colleges	47,040,200	76,028,800
Scholarship Payments -Other Higher Education	6,693,400	17,918,804
New Scholarship Award Expenses	2,307,228	754,200
	1,325,566,790	1,256,329,028
9 OTHER INCOME	2018	2017
	Rs.	Rs.
Staff loan Interest	45,384	44,610
Trade Fair Income	-	2,498,399
Donations	15,000	250,000
Recovered Money	229,500	85,100
Sundry Income	5,825	20,523
Profit on Disposal of Fixed Assets	3,457,750	8,000
	3,753,459	2,906,632

**LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION SCHOLARSHIP
TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

10 Administrative Expenses	2018 Rs.	2017 Rs.
Salaries	9,233,460	6,150,141
Attendance Allowance	457,125	301,000
Overtime & Holiday Payments	466,319	250,685
E.P.F	1,911,540	643,187
E.T.F	393,295	132,901
Leave Encashment	243,771	451,556
Depreciation	56,039,045	54,751,056
Postage & communication	612,556	345,498
Gratuity	999,218	805,422
Welfare Expenses	191,467	58,440
Telephone	41,694	18,520
Training Fees	-	8,500
Audit & Management Committee Fees	42,000	42,000
Board of Trustees Members Fees	218,741	73,500
Fuel, Travelling & Subsistance	260,073	329,810
Water	-	26,497
Electricity	518,056	253,573
Cleaning Expenses	70,566	114,750
Security Charges	269,000	231,500
Printing & Stationeries	578,928	434,895
Maintaince Expenses	148,151	82,379
Building Rent	3,863,862	5,261,278
System Maintenance & IT Expenses	27,566	-
Donations	74,550	-
Insurance	448,072	37,656
Advertisement Expenses	181,844	-
Subscription Fees	25,750	-
Sundry Expenses	92,519	344,310
Vehicle LeaseRental	1,828,500	507,917
Vehicle Maintenance	34,830	231,575
T.Bond Premium & Discount	13,846,907	
WHT -Fixed Deposit	-	3,097,967
Professional Fees	2,064,503	63,050
Bank Charges	35,485	28,747
	95,219,392	75,078,310

**LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION SCHOLARSHIP
TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

	2018	2017
	Rs.	Rs.
11 School Development Expenses		
Royal College Polonnaruwa	-	6,708,524
St.Annes College (Pavilion)	-	6,573,000
Lalith Athu.Memo Expenses	-	580,288
Renovation expenses	-	2,821,573
	<hr/>	<hr/>
	-	16,683,385
	<hr/> <hr/>	<hr/> <hr/>

**LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION
SCHOLARSHIP TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018**

12 PROPERTY, PLANT & EQUIPMENT

12.1 Gross Carrying Amounts	Balance As at 01.01.2018 Rs.	Additions Rs.	Disposals Rs.	Balance As at 31.12.2018 Rs.
At Cost				
Buildings	1,064,520,695	-	-	1,064,520,695
Furniture and Fittings	7,883,699	51,654	-	7,935,353
Office Equipment	1,479,585	-	-	1,479,585
Computer & Accessories	4,918,839	1,950,991	-	6,869,830
Motor Vehicles	5,100,000	-	5,100,000	-
Total Value of Depreciable Assets	1,083,902,818	2,002,645	5,100,000	1,080,805,463

12.2 Depreciation	Balance As at 01.01.2018 Rs.	Charge for the year Rs.	Disposals Rs.	Balance As at 31.12.2018 Rs.
At Cost and Additions				
Buildings	106,452,070	53,226,035	-	159,678,105
Furniture and Fittings	1,664,274	1,425,428	-	3,089,702
Office Equipment	280,267	277,342	-	557,609
Computer & Accessories	2,480,869	1,110,240	-	3,591,109
Motor Vehicles	5,100,000	-	5,100,000	-
Total Depreciation	115,977,480	56,039,045	5,100,000	166,916,525

12.3 Net Book Values	2018 Rs.	2017 Rs.
At Cost		
Buildings	904,842,590	958,068,625
Furniture and Fittings	4,845,651	6,219,425
Office Equipment	921,976	1,199,318
Computer & Accessories	3,278,721	2,437,970
		-
Total Carrying Amount of Property, Plant & Equipment	913,888,938	967,925,338

**LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION SCHOLARSHIP
TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

13 INVESTMENT PROPERTY	2018 Rs.	2017 Rs.
Free Hold Land (at Malabe -Leased out to SLIIT	12,460,179	12,460,179
	12,460,179	12,460,179

Note: This land which is at Malabe is leasedout to Sri Lanka Institute of Information Technology from its inception

14 INVESTMENTMENT IN SUBSIDIARIES	2018 Rs.	2017 Rs.
National Wealth Corporation *	985,000,000	985,000,000
	985,000,000	985,000,000

* National Wealth Corporation Ltd (NWCL) set up as a fully owned subsidiary of Mahapola Trust Fund

15 OTHER INVESTMENTMENT	2018 Rs.	2017 Rs.
Development Lotterries Board	2,200,000	2,200,000
	2,200,000	2,200,000

16 FINANCIAL ASSETS	2018 Rs.	2017 Rs.
Treasury Bonds -NWCL	6,066,033,082	3,959,606,109
Treasury Bonds -MTF	1,175,944,253	1,189,791,160
Treasury Bills -NWCL	198,387,726	565,062,113
Debentures	1,284,047,982	1,111,305,960
Assets Back Trust Certificates	448,227,563	221,626,055
Commercial Papers	-	621,358,828
Fixed Deposits -NWCL	216,490,959	1,128,829,462
Fixed Deposits -MTF	552,173,542	312,000,000
Reverse Repo	290,111,232	737,290,168
Sweeper Account	984,911	14,569,535
	10,232,401,250	9,861,439,390

**LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION SCHOLARSHIP
TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

17 Advances and Prepayments	2018 Rs.	2017 Rs.
Staff Loan & Advances	1,180,729	1,359,629
University Grant Commission	399,000	399,000
Vehicle Insurance	-	34,830
Scholarship Payment Receivable	-	4,400
	1,579,729	1,797,859
18 Other Assets	2018 Rs.	2017 Rs.
Stationery Stock	291,919	-
Rent deposit Jayawardna Centre	1,647,000	1,647,000
CWE Rent Deposit	348,810	348,810
	2,287,729	1,995,810
19 Receivables	2018 Rs.	2017 Rs.
DLB Profit Share Receivables	100,700,127	-
Fixed Deposit Interest	10,809,227	13,622,886
Treasury Bond Interest	43,827,663	43,827,663
Overnight Income	26,723	-
	155,363,740	57,450,549
20 CASH & CASH EQUIVALENTS	2018 Rs.	2017 Rs.
BOC- Current Account -1791	1,976,911	(13,280,364)
BOC - Current Account -83302834	2,616,323	-
BOC- Sweeper Account - 4079	(984,911)	(14,569,535)
BOC - Overnight Investment -1791	137,000,000	35,000,000
	140,608,323	7,150,101

**LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION SCHOLARSHIP
TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018**

21 RETIREMENT BENEFIT OBLIGATION	2018 Rs.	2017 Rs.
Balance as at the beginning of the year	2,173,542	1,368,120
Provision for the year	999,218	805,422
	<u>3,172,760</u>	<u>2,173,542</u>
 22 ACCRUALS AND OTHER PAYABLES	 2018 Rs.	 2017 Rs.
Softlogic Information Technologies (Pvt) Ltd	556,200	-
Virtual Hosting	25,347	-
Telephone Bill	20,761	-
Provision for Scholarship Payments - Universities	109,966,050	14,943,250
Provision for Scholarship Payments - Technical colleges	27,785,500	22,108,000
 Provision for Scholarship Payments - Higher Education Institutes	 3,535,940	 8,338,456
Provision for Overtime	22,632	33,962
Provision for Attendance Allowance	174,125	26,500
School Development Activites	1,074,097	1,074,097
Provision for Salaries & Wages	74,250	606,980
Retention A/C	1,547,409	1,547,409
Retention A/C St.Anne's College	382,417	382,417
Retention A/C Sir.John Kothalawala College	243,503	243,503
Embilipitiya Swimming Pool Expenses	585,449	585,449
Security Charges	39,132	-
Annual Leave Expenses	235,207	-
Electricity	37,395	-
Three Lanak Retained	-	152,375
Staff Expenses	-	299,958
EPF Payable	-	97,026
Vehicle Rental Charges	-	55,200
	<u>146,305,414</u>	<u>50,494,582</u>