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FINANCIAL STATEMENTS

OF

KARUNA TRUST

FOR THE YEAR ENDED

MARCH 31, 2019

B.V. FERNANDO & CO.
CHARTERED ACCOUNTANTS

THIS DOCUMENT CONTAINS 10 PAGES

NOVEMBER 02, 2019

KARUNA TRUST
MARCH 31, 2019

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Auditors report

To the members of Karuna Trust

We have examined the following Financial Statements of the Karuna Trust.

- a). Statement of financial activities for the year ended March 31, 2019
- b). Statement of financial position as at March 31, 2019
- c). Statement of changes in accumulated fund for the year ended March 31, 2019
- d). Cash flow statement for the year ended March 31, 2019

These financial statements are the responsibility of the board of trustees of the Organization and our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with the Sri Lanka Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the Board, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standards. 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.

In our opinion, so far as appears from our examination, and to the best of our information and according to the explanations given to us, the said financial statements and notes thereto have been prepared and presented in accordance with the Sri Lanka Accounting Standards and give a true and fair view of the Organization's state of affairs as at March 31, 2019 and its financial activities and cash flows for the year then ended.

We further report that the Organization has maintained proper books of account and the financial statements referred to above are in agreement with such books of account.

Chartered Accountants.

Colombo
November 02, 2019



Karuna Trust
Registered No: L-82501
67, UDA Industrial Estate, Katuwana Road, Homagama
Statement of financial activities

Note	2 0 1 9			2 0 1 8		
	Restricted Funds (Education and Scholarships)	Unrestricted Funds (Common Funds)	Total	Restricted Funds (Education and Scholarships)	Unrestricted Funds (Common Funds)	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Incoming resources						
Education and scholarships	5,423,457.00	-	5,423,457.00	4,834,651.00	-	4,834,651.00
Donations	-	1,708,760.00	1,708,760.00	-	4,442,785.00	4,442,785.00
Cataract project	754,596.96	-	754,596.96	-	4,211,570.78	4,211,570.78
Karuna Community Eye Care Center	3,686,483.32	-	3,686,483.32	-	-	-
Seethawaka Housing projects	2,529,000.00	-	2,529,000.00	-	-	-
Flood Relief Fund	-	-	-	-	2,125,525.42	2,125,525.42
Interest received on deposits and loan	9,029,215.34	-	9,029,215.34	8,220,196.54	-	8,220,196.54
	<u>21,422,752.62</u>	<u>1,708,760.00</u>	<u>23,131,512.62</u>	<u>13,054,847.54</u>	<u>10,779,881.20</u>	<u>23,834,728.74</u>
Expenditure						
Projects -						
Library	2,108,360.84	-	2,108,360.84	76,484.00	-	76,484.00
Rambuka School	-	-	-	11,500.00	-	11,500.00
Donation	-	359,255.00	359,255.00	-	638,265.75	638,265.75
School books and stationery	132,000.00	-	132,000.00	76,495.00	-	76,495.00
Miscellaneous	151,100.00	-	151,100.00	2,965.00	-	2,965.00
Thelejjavila/Kelasiyabalawa Dhamma School	-	-	-	1,553,825.00	-	1,553,825.00
Cataract and giving sight giving life	-	-	-	-	4,077,358.54	4,077,358.54
IT Programme for school leavers	737,500.00	-	737,500.00	-	-	-
Agarauda Tube Well Project	-	-	-	-	105,400.00	-
Karuna Community Eye Care Center	7,721,473.32	-	7,721,473.32	-	-	-
Matara Eye Clinic Project	51,377.00	-	51,377.00	-	-	-
Flood Relief Project	-	-	-	-	1,457,941.15	1,457,941.15
Seethawaka Housing projects	2,700,000.00	-	2,700,000.00	-	-	-
Disposal expenses	-	-	-	-	33,333.33	33,333.33
Others -						
Bank charges	-	5,530.26	5,530.26	6,335.00	-	6,335.00
Maintenance of vehicles	-	195,969.65	195,969.65	811,467.40	-	811,467.40
Fuel	-	15,000.00	15,000.00	243,870.00	-	243,870.00
Stationery and postage	-	50.00	50.00	567.50	-	567.50
Advertisement	-	-	-	4,800.00	-	4,800.00
Depreciation	316,523.60	794,159.37	1,110,682.97	570,600.45	-	570,600.45
Clarial charges	-	-	-	27,000.00	-	27,000.00
Scholarships	335,178.75	-	335,178.75	303,260.00	-	303,260.00
Total expenditure	<u>14,253,513.51</u>	<u>1,369,964.28</u>	<u>15,623,477.79</u>	<u>3,689,169.35</u>	<u>6,312,298.77</u>	<u>10,001,468.12</u>
Excess of income over expenditure before income tax	7,169,239.11	338,795.72	7,508,034.83	9,365,678.19	4,467,582.43	13,833,260.62
Income tax expense	(1,148,937.00)	-	(1,148,937.00)	(860,160.00)	-	(860,160.00)
Excess of income over expenditure after income tax	<u>6,020,302.11</u>	<u>338,795.72</u>	<u>6,359,097.83</u>	<u>8,505,518.19</u>	<u>4,467,582.43</u>	<u>12,973,100.62</u>



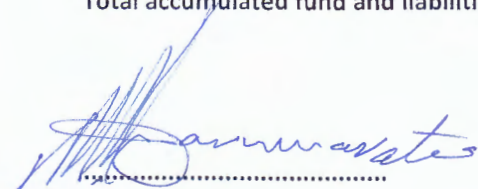
Karuna Trust

Registered No: L-82501

67, UDA Industrial Estate, Katuwana Road, Homagama

Statement of financial position

		As at March 31,	
		2019	2018
		Rs.	Rs.
Assets			
Non current assets			
Property and equipment	01	10,316,110.06	9,366,669.96
Loan - Pan Hydro (Pvt) Ltd.		42,000,000.00	42,000,000.00
Total non current assets		<u>52,316,110.06</u>	<u>51,366,669.96</u>
Current assets			
Interest receivable	02	191,486.00	478,350.00
Cash and cash equivalents	03	59,364,971.82	56,003,634.53
Total current assets		<u>59,556,457.82</u>	<u>56,481,984.53</u>
Total assets		<u>111,872,567.88</u>	<u>107,848,654.49</u>
Accumulated fund			
Restricted Funds	04	89,079,743.54	83,059,441.43
Unrestricted Funds (Common Funds)	05	21,969,626.58	21,630,830.86
Total accumulated fund		<u>111,049,370.12</u>	<u>104,690,272.29</u>
Current liabilities			
Temporary loan - Mr. M.W. Karunaratne		323,222.20	2,298,222.20
Income tax payable		499,975.56	860,160.00
Total current liabilities		<u>823,197.76</u>	<u>3,158,382.20</u>
Total accumulated fund and liabilities		<u>111,872,567.88</u>	<u>107,848,654.49</u>


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Trustee


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Trustee

Colombo.

November 02, 2019



Karuna Trust

Statement of changes in accumulated fund for the year ended March 31, 2018

	2 0 1 9		
	Restricted Funds (Education and Scholarships) <u>Rs.</u>	Unrestricted Funds (Common Funds) <u>Rs.</u>	<u>Total</u> <u>Rs.</u>
Balance as at April 01, 2018	74,553,923.24	17,163,248.43	91,717,171.67
Excess of income over expenditure - As reported	8,505,518.19	2,908,105.43	11,413,623.62
Previous year adjustment -			
Assets purchased erroneously shown as expenses	-	1,559,477.00	1,559,477.00
Adjusted excess of income over expenditure	8,505,518.19	4,467,582.43	12,973,100.62
Adjusted balance as at April 01, 2018	83,059,441.43	21,630,830.86	104,690,272.29
Excess of income over expenditure	6,020,302.11	338,795.72	6,359,097.83
Balance as at March 31, 2019	<u>89,079,743.54</u>	<u>21,969,626.58</u>	<u>111,049,370.12</u>



Karuna Trust

Cash flow statement

	2019 Rs.	2018 Rs.
Project activities:		
Funds received	12,127,297.28	15,614,532.20
Cash paid for project activities -		
Project expenses	(13,961,066.16)	(9,559,711.44)
Other expenses	(551,728.66)	(1,497,299.90)
Government for taxes	(1,060,160.00)	(713,818.00)
Net cash flow from project activities	<u><u>(3,445,657.54)</u></u>	<u><u>3,843,702.86</u></u>
Investing activities:		
Cash was provided by		
Sale of motor vehicle	-	4,600,000.00
Cash was used to		
Purchased of non current assets	(2,060,123.07)	(7,800,000.00)
Net cash used to investing activities	<u><u>(2,060,123.07)</u></u>	<u><u>(3,200,000.00)</u></u>
Financing activities:		
Cash was provided by		
Interest received	8,867,117.90	8,366,941.54
Temporary loan	-	4,100,000.00
Net cash provided by financing activities	<u><u>8,867,117.90</u></u>	<u><u>12,466,941.54</u></u>
Net increase in cash and cash equivalents	<u><u>3,361,337.29</u></u>	<u><u>13,110,644.40</u></u>
Cash and cash equivalents as at April 01,	56,003,634.53	42,892,990.13
Cash and cash equivalents as at March 31,	<u><u>59,364,971.82</u></u>	<u><u>56,003,634.53</u></u>
Note - A - Cash and cash equivalents as at March 31,		
Cash at bank	59,297,018.64	55,984,553.35
Cash in hand	67,953.18	19,081.18
	<u><u>59,364,971.82</u></u>	<u><u>56,003,634.53</u></u>



General information and accounting policies

1). General information

- 1.1. Karuna Trust is a non governmental organization as per the definition provided in the Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations (including Non Governmental Organizations).
- 1.2. The notes to the financial statements on page 10 is an integral part of the financial statements.
- 1.3. All values presented in the financial statements are in Rupees unless otherwise indicated.

2). Summary of significant accounting policies

2.1 General Policies

2.1.1 Basis of Preparation

The statement of financial position, statement of financial activities, statement of changes in accumulated fund and the cash flows, together with the accounting policies and notes to the financial statements as at March 31, 2019 and for the year then ended comply with the Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations (including Non Governmental Organizations) issued by the Institute of Chartered Accountants of Sri Lanka.

2.1.2 Comparative Information

The Accounting policies have been consistently applied, unless otherwise stated, and are consistent with those used in previous years.

2.1.3 Taxation

Current Taxes

Income tax expense represents the sum of the tax currently payable. The tax currently payable is based on taxable profit for the year.



2.2. Accounting for the receipt and utilization of Funds

2.2.1 Funds

a). Unrestricted Funds

Unrestricted funds are those that are available for use by the Organization at the discretion of the Board, in furtherance of the general objectives of the Organization and which are not designated for any specific purpose.

b). Designated Funds

Unrestricted funds designated by the Board to a specific purpose are identified as designated funds. The activities for which these funds may be used are identified in the financial statements.

c). Restricted Funds

Where grants are received for use in an identified project or activity, such funds are held in a restricted fund account and transferred to the statement of financial activities to match with expenses incurred in respect of that identified project. Unutilized funds are held in their respective fund accounts and included under accumulated fund in the balance sheet until such time as they are required.

2.2.2 Grants and Subsidies

Grants and subsidies related to assets are generally deferred in the balance sheet and credited to the statement of financial activities over the useful life of the asset.

In the case of grants received to fund an entire project or activity, which includes the purchase of an asset, and the cost of such asset is charged with the project costs to the statement of financial activities, the grant value is recognized as income in the same period as the cost of the asset is charged to the statement of financial activities. On conclusion of the project, in the event that the asset is not handed over to the beneficiary or returned to the original donor, the cost of the asset is included in a memorandum inventory of property plant and equipment identified as such in the financial statements.



2.3. Valuation of assets and their bases of measurement

2.3.1 Receivables

Receivables are stated at the amounts they are estimate to realize net of provisions for bad and doubtful debts.

2.3.2 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, short term investments readily convertible to identified amounts of cash and which are not subject to any significant risk of change in value.

For purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and bank deposits, net of outstanding bank overdrafts. Investments with short maturities (i.e. of 3 months or less from the date of acquisition) are also treated as cash equivalents.

2.4. Statement of Financial Activities

2.4.1 Income recognition

Incoming Resources

Income realized from restricted funds is recognized in the statements of financial activities only when there is certainty that all of the conditions for receipt of the funds have been complied with and the relevant expenditure that it is expected to compensate has been incurred and charged to the statement of financial activities. Unutilized funds are carried forward as such in the balance sheet.

2.4.2. Expenditure recognition

Expenses in carrying out the projects and other activities of the Organization are recognized in the statement of financial activity during the period in which they are incurred. Other expenses incurred in administering and running the Organization and in restoring and maintaining the property plant and equipment to perform at expected levels are accounted for on an accrual basis and charged to the statement of financial activities.



Karuna Trust

Notes to financial statements for the year ended March 31, 2019

Note - 01 - Property and equipment

At cost	Balance as at April 01, 2018	Additions during the year	Balance as at March 31, 2019
	Rs.	Rs.	Rs.
Eye Clinic			
Medical equipment -			
Auto Refractor -			
Nidek ARK 510 A	500,000.00	-	500,000.00
RM 9000	170,000.00	-	170,000.00
Topconslit Lamp	600,000.00	-	600,000.00
Wooden lens box	30,000.00	-	30,000.00
Handheld Slit Lamp (LED)	175,000.00	-	175,000.00
Eye Testing Machine	-	40,000.00	40,000.00
ECG Machine	-	100,000.00	100,000.00
Non Contact Tonometer	-	1,300,000.00	1,300,000.00
Furniture and fittings -			
Office cupboard	16,862.00	-	16,862.00
24"HT Bar Stool	4,275.00	-	4,275.00
Typist chair	22,230.00	-	22,230.00
Cush Seater chair	30,400.00	-	30,400.00
Dining chair	10,710.00	-	10,710.00
Computer table	-	71,775.00	71,775.00
Wall fan for Eye Clinic	-	29,946.87	29,946.87
Air conditioners	-	245,401.20	245,401.20
Head office -			
Office equipment -			
Filing cabinet	11,137.50	-	11,137.50
Computer and accessories	13,000.00	273,000.00	286,000.00
Nissan Motor Car - WP KN 9725	7,800,000.00	-	7,800,000.00
	<u>9,383,614.50</u>	<u>2,060,123.07</u>	<u>11,443,737.57</u>
Depreciation	Accumulated as at April 01, 2018	For the year	Accumulated as at March 31, 2019
	Rs.	Rs.	Rs.
Eye Clinic			
Medical equipment -			
Auto Refractor -			
Nidek ARK 510 A	20	100,000.00	100,000.00
RM 9000	20	34,000.00	34,000.00
Topconslit Lamp	20	120,000.00	120,000.00
Wooden lens box	20	3,372.40	3,372.40
Handheld Slit Lamp (LED)	20	35,000.00	35,000.00
Eye Testing Machine	20	2,666.67	2,666.67
Furniture and fittings -			
Office cupboard	25	3,372.40	3,372.40
24"HT Bar Stool	25	855.00	855.00
Typist chair	25	4,446.00	4,446.00
Cush Seater chair	25	6,080.00	6,080.00
Dining chair	25	2,142.00	2,142.00
Wall fan for Eye Clinic	25	499.11	499.11
Air conditioners	20	4,090.02	4,090.02
Head office -			
Office equipment -			
Filing cabinet	25	2,784.37	6,728.91
Computer and accessories	33 1/3	11,375.00	24,375.00
Nissan Motor Car - WP KN 9725	10	780,000.00	780,000.00
	<u>16,944.54</u>	<u>1,110,682.97</u>	<u>1,127,627.51</u>
Net book value	<u>9,366,669.96</u>		<u>10,316,110.06</u>



Karuna Trust

	2019 Rs.	2018 Rs.
Note - 02 - Interest receivable		
Pan Hydro (Pvt) Ltd.	191,486.00	-
Pan Asia Bank	-	478,350.00
	<u>191,486.00</u>	<u>478,350.00</u>
Note - 03 - Cash and cash equivalents		
Cash at Bank -		
Fixed deposits -		
Bank of Ceylon - Homagama	10,111,861.20	12,533,600.00
Pan Asia Banking Corporation PLC - Homagama	31,000,000.00	31,000,000.00
Sanasa Development Bank	5,616,777.45	5,500,000.00
Commercial Bank of Ceylon PLC	6,000,000.00	2,500,000.00
Current accounts -		
Bank of Ceylon - Homagama -		
A/c No: 711444	3,536,524.21	1,329,680.81
A/c No: 81010542	603,290.19	1,722,884.45
Commercial Bank of Ceylon PLC - Battaramulla -		
Current A/c No: 1750029929	2,428,565.59	1,398,388.09
Cash in hand	67,953.18	19,081.18
	<u>59,364,971.82</u>	<u>56,003,634.53</u>
Note - 04 - Restricted funds		
Balance - beginning of the year	83,059,441.43	74,553,923.24
Excess of income over expenditure	6,020,302.11	8,505,518.19
Balance - end of the year	<u>89,079,743.54</u>	<u>83,059,441.43</u>
Note - 05 - Unrestricted fund		
Balance - beginning of the year	20,071,353.86	17,163,248.43
Add: Previous year adjustment -		
Assets purchased erroneously shown as expenses	1,559,477.00	-
Adjusted balance - beginning of the year	21,630,830.86	17,163,248.43
Excess of income over expenditure	338,795.72	4,467,582.43
	<u>21,969,626.58</u>	<u>21,630,830.86</u>
Note - 06 - Interest received on deposits and loan		
Fixed deposits	6,010,775.34	4,636,195.54
Temporary loan - Pan Hydro (Pvt) Ltd.	3,018,440.00	3,584,001.00
	<u>9,029,215.34</u>	<u>8,220,196.54</u>

