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FINANCIAL STATEMENTS

OF

KARUNA TRUST

FOR THE YEAR ENDED

MARCH 31, 2021

B.V. FERNANDO & CO.
CHARTERED ACCOUNTANTS

THIS DOCUMENT CONTAINS 10 PAGES

NOVEMBER 15, 2021

KARUNA TRUST

MARCH 31, 2021

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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, 2021
- b). Statement of financial position as at March 31, 2021
- c). Statement of changes in accumulated fund for the year ended March 31, 2021
- d). Statement of cash flows for the year ended March 31, 2021

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, 2021 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 15, 2021



Karuna Trust

Registered No: L-82501

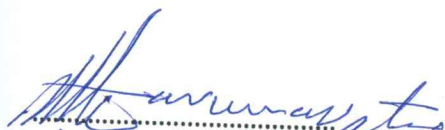
67, UDA Industrial Estate, Katuwana Road, Homagama


Statement of financial activities

Note	2 0 2 1			2 0 2 0		
	Restricted Funds (Eye care and educational) Rs.	Unrestricted Funds (Common Funds) Rs.	Total Rs.	Restricted Funds (Eye care and educational) Rs.	Unrestricted Funds (Common Funds) Rs.	Total Rs.
Incoming resources						
Education and scholarships	342,700.00	-	342,700.00	-	-	-
Donations	-	1,505,153.06	1,505,153.06	-	1,448,677.00	1,448,677.00
Cataract project	2,597,199.00	-	2,597,199.00	-	-	-
Karuna Community Eye Care Center	538,680.00	-	538,680.00	9,533,900.31	-	9,533,900.31
Corona virus disease relief (COVID 19)	2,901,826.35	-	2,901,826.35	75,000.00	-	75,000.00
Interest received on deposits and loan 01	9,370,870.76	-	9,370,870.76	9,568,455.26	-	9,568,455.26
	<u>15,751,276.11</u>	<u>1,505,153.06</u>	<u>17,256,429.17</u>	<u>19,177,355.57</u>	<u>1,448,677.00</u>	<u>20,626,032.57</u>
Expenditure						
Projects -						
Karuna Community Eye Care Center	6,284,621.76	-	6,284,621.76	15,996,171.23	-	15,996,171.23
Library	5,250.00	-	5,250.00	102,829.00	-	102,829.00
Scholarships	660,631.55	-	660,631.55	122,470.00	-	122,470.00
IT Programme for school leavers	71,000.00	-	71,000.00	454,952.80	-	454,952.80
School building - Pitigala	6,460,929.00	-	6,460,929.00	-	-	-
School books and stationery	-	-	-	44,200.00	-	44,200.00
Donation	-	60,000.00	60,000.00	-	167,351.00	167,351.00
Seethawaka Housing projects	896,640.00	-	896,640.00	-	17,000.00	17,000.00
Corona virus disease relief (COVID 19)	3,185,342.90	-	3,185,342.90	569,551.40	-	569,551.40
Miscellaneous	51,550.00	-	51,550.00	-	-	-
Others -						
Allowance	-	13,500.00	13,500.00	-	-	-
Telephone	-	5,762.00	5,762.00	-	-	-
Bank charges	-	2,350.00	2,350.00	-	1,740.00	1,740.00
Maintenance of vehicles	-	319,576.69	319,576.69	-	256,087.98	256,087.98
Stationery and postage	-	1,000.30	1,000.30	-	-	-
Advertisement	-	8,944.42	8,944.42	-	-	-
Depreciation	682,566.84	916,832.56	1,599,399.40	673,659.35	878,116.75	1,551,776.10
Total expenditure	<u>18,298,532.05</u>	<u>1,327,965.97</u>	<u>19,626,498.02</u>	<u>17,963,833.78</u>	<u>1,320,295.73</u>	<u>19,284,129.51</u>
Excess of income over expenditure before income tax	(2,547,255.94)	177,187.09	(2,370,068.85)	1,213,521.79	128,381.27	1,341,903.06
Income tax expense	-	-	-	(586,201.74)	-	(586,201.74)
Excess of income over expenditure	<u>(2,547,255.94)</u>	<u>177,187.09</u>	<u>(2,370,068.85)</u>	<u>627,320.05</u>	<u>128,381.27</u>	<u>755,701.32</u>

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

		As at March 31,	
		2021	2020
		Rs.	Rs.
Assets	Note		
Non current assets			
Property and equipment	02	7,340,182.06	8,780,081.46
Loan - Pan Hydro (Pvt) Ltd.		12,000,000.00	42,000,000.00
Total non current assets		<u>19,340,182.06</u>	<u>50,780,081.46</u>
Current assets			
Overpayment of income tax		25,000.00	-
Cash and cash equivalents	03	94,175,570.13	65,752,996.47
Total current assets		<u>94,200,570.13</u>	<u>65,752,996.47</u>
Total assets		<u><u>113,540,752.19</u></u>	<u><u>116,533,077.93</u></u>
Accumulated funds			
Restricted Funds			
Eye care and educational	04	87,159,807.65	89,707,063.59
Florance De Silva Children's fund		3,344,487.40	3,344,487.40
Total restricted Funds		<u>90,504,295.05</u>	<u>93,051,550.99</u>
Unrestricted Funds	05	22,275,194.94	22,098,007.85
Total accumulated funds		<u>112,779,489.99</u>	<u>115,149,558.84</u>
Current liabilities			
Temporary loan - Mr. M.W. Karunaratne		761,262.20	761,262.20
Income tax payable		-	52,936.89
Accounts payable - Suwanetha Eye Hospital		-	569,320.00
Total current liabilities		<u>761,262.20</u>	<u>1,383,519.09</u>
Total accumulated fund and liabilities		<u><u>113,540,752.19</u></u>	<u><u>116,533,077.93</u></u>


Trustee


Trustee

Colombo.
November 15, 2021

Karuna Trust

Statement of changes in accumulated fund for the year ended March 31, 2021

	Restricted Funds (Eye care and educational)	Flurand De Silva Children's Fund	Unrestricted Funds (Common Funds)	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at April 01, 2019	89,079,743.54	-	21,969,626.58	111,049,370.12
Funds received during the year	-	3,344,487.40	-	3,344,487.40
Excess of income over expenditure	<u>627,320.05</u>	<u>-</u>	<u>128,381.27</u>	<u>755,701.32</u>
Balance as at March 31, 2020	89,707,063.59	3,344,487.40	22,098,007.85	115,149,558.84
Excess of income over expenditure	<u>(2,547,255.94)</u>	<u>-</u>	<u>177,187.09</u>	<u>(2,370,068.85)</u>
Balance as at March 31, 2021	<u><u>87,159,807.65</u></u>	<u><u>3,344,487.40</u></u>	<u><u>22,275,194.94</u></u>	<u><u>112,779,489.99</u></u>

Karuna Trust

Statement of cash flows

	2021	2020
	Rs.	Rs.
Project activities:		
Funds received	7,885,558.41	14,402,064.71
Cash paid for project activities -		
Project expenses	(18,185,285.21)	(16,720,854.43)
Other expenses	(411,133.41)	(442,178.98)
Government for taxes	(77,936.89)	(700,000.00)
Net cash flow from project activities	<u>(10,788,797.10)</u>	<u>(3,460,968.70)</u>
Investing activities:		
Purchased of non current assets	(159,500.00)	(15,747.50)
Temporary loan	30,000,000.00	438,040.00
Net cash provided by investing activities	<u>29,840,500.00</u>	<u>422,292.50</u>
Financing activities:		
Cash was provided by		
Interest received	9,370,870.76	9,426,700.85
Net cash provided by financing activities	<u>9,370,870.76</u>	<u>9,426,700.85</u>
Net increase in cash and cash equivalents	28,422,573.66	6,388,024.65
Cash and cash equivalents - beginning of the year	65,752,996.47	59,364,971.82
Cash and cash equivalents - end of the year	<u>94,175,570.13</u>	<u>65,752,996.47</u>
 Note - A - Cash and cash equivalents as at March 31,		
Cash at bank	94,105,216.95	65,682,643.29
Cash in hand	70,353.18	70,353.18
	<u>94,175,570.13</u>	<u>65,752,996.47</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 pages 09 and 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, 2021 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, 2021

Note - 01 - Interest received on deposits and loan

	2021 Rs.	2020 Rs.
Fixed deposits	6,170,705.76	5,874,314.26
Temporary loan - Pan Hydro (Pvt) Ltd.	3,200,165.00	3,694,141.00
	<u>9,370,870.76</u>	<u>9,568,455.26</u>

Note - 02 - Property and equipment

At cost

	Balance as at April 01, 2020 Rs.	Additions during the year Rs.	Balance as at March 31, 2021 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
Writing Table	15,747.50	-	15,747.50
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	286,000.00	159,500.00	445,500.00
Motor Car - CAW 0525	7,800,000.00	-	7,800,000.00
	<u>11,459,485.07</u>	<u>159,500.00</u>	<u>11,618,985.07</u>

Depreciation

	Rate %	Accumulated as at April 01, 2020 Rs.	For the year Rs.	Accumulated as at March 31, 2021 Rs.
Eye Clinic				
Medical equipment -				
Auto Refractor -				
Nidek ARK 510 A	20	200,000.00	100,000.00	300,000.00
RM 9000	20	68,000.00	34,000.00	102,000.00
Topconslit Lamp	20	240,000.00	120,000.00	360,000.00
Wooden lens box	20	9,372.40	6,000.00	15,372.40
Handheld Slit Lamp (LED)	20	70,000.00	35,000.00	105,000.00
Eye Testing Machine	20	10,666.67	8,000.00	18,666.67
ECG Machine	20	20,000.00	20,000.00	40,000.00
Non Contact Tonometer	20	260,000.00	260,000.00	520,000.00
Furniture and fittings -				
Office cupboard	25	4,275.00	4,215.50	8,490.50
24"HT Bar Stool	25	1,923.75	1,068.75	2,992.50
Typist chair	25	10,003.50	5,557.50	15,561.00
Cush Seater chair	25	10,710.00	7,600.00	18,310.00
Dining chair	25	4,819.50	2,677.50	7,497.00
Writing Table	25	1,312.29	3,936.88	5,249.17
Computer table	25	17,943.75	17,943.75	35,887.50
Wall fan for Eye Clinic	25	7,985.83	7,486.72	15,472.55
Air conditioners	20	53,170.26	49,080.24	102,250.50
Head office -				
Office equipment - Filing cabinet	25	9,513.28	1,624.23	11,137.51
Computer and accessories	33 1/3	119,707.38	135,208.33	254,915.71
Motor Car - CAW 0525	10	1,560,000.00	780,000.00	2,340,000.00
		<u>2,679,403.61</u>	<u>1,599,399.40</u>	<u>4,278,803.01</u>
Net book value		<u>8,780,081.46</u>		<u>7,340,182.06</u>

Karuna Trust

	2021	2020
	Rs.	Rs.
Note - 03 - Cash and cash equivalents		
Cash at Bank -		
Fixed deposits -		
Bank of Ceylon - Homagama	43,638,087.10	43,638,087.10
Pan Asia Banking Corporation PLC - Homagama	12,500,000.00	11,000,000.00
Sanasa Development Bank	34,000,000.00	2,500,000.00
Commercial Bank of Ceylon PLC	-	3,000,000.00
Current accounts -		
Bank of Ceylon - Homagama -		
A/c No: 711444	1,502,142.93	2,206,150.10
A/c No: 81010542	916,386.93	2,681,750.27
Commercial Bank of Ceylon PLC - Battaramulla -		
Current A/c No: 1750029929	1,548,599.99	656,655.82
Cash in hand	70,353.18	70,353.18
	<u>94,175,570.13</u>	<u>65,752,996.47</u>
 Note - 04 - Eye care and educational		
Balance - beginning of the year	89,707,063.59	89,079,743.54
Excess of income over expenditure	<u>(2,547,255.94)</u>	<u>627,320.05</u>
Balance - end of the year	<u>87,159,807.65</u>	<u>89,707,063.59</u>
 Note - 05 - Unrestricted fund		
Balance - beginning of the year	22,098,007.85	21,969,626.58
Excess of income over expenditure	<u>177,187.09</u>	<u>128,381.27</u>
Balance - end of the year	<u>22,275,194.94</u>	<u>22,098,007.85</u>