



# Lanka Microfinance Practitioners' Association

**ANNUAL REPORT**  
**2023/2024**





## **Vision**

A “Dynamic & Sustainable Microfinance Sector for an Inclusive Financial System in Sri Lanka”

## **Mission**

To “contribute to the development of sustainable and effective microfinance service by, supporting all the stakeholders in the sector and creating a conducive environment through collective action in an effective and efficient manner”.

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## Message from the LMFPA President



I am very pleased to present the 18th Annual Report of the LMFPA to the members and all the stakeholders of the microfinance industry.

We were hopeful that the proposed Microfinance and Credit Regulatory Authority Bill will usher a better outlook for the industry. However, due to determinations by the Supreme Court, the governance structure of microfinance regulation is now expected to include all stakeholders engaged in the industry without exclusions and few other changes to include the NGO sector institutions and CBOs. LMFPA is closely monitoring the progress, and is in touch with the relevant authorities in this regard.

Despite the constraints, LMFPA was able to continue its 'capacity building' initiatives and conducted several training workshops and webinars during the year to support the initiatives of the membership. Special thanks should go to the Training Committee for their commitment that saw the association earn a surplus for the 2023 financial year as compared to the previous year.

I take this opportunity to thank the dynamic committee members, staff and all the stakeholders who continued to support the association and wish the incoming office bearers a fruitful year ahead.

**Priyantha Dematagoda**

The Hony President – 2023/2024



## Corporate Information

**Address:** 32, Suriyamal Mawatha, Divulapitiya, Boralesgamuwa

**Tel:** + 94 11 4369612

**Email:** • info.Lmfpa@microfinance.lk

**Web:** www.microfinance.lk

**Legal Form:** Re-registered under the Companies Act no.7 of 2007 Registration no- GA 136

**Auditors:** Magamage & Co. Chartered Accountants

**Secretaries:** Hemba Waduge Thilanka Priyadarshana Sampath

**Bankers:** Commercial Bank of Ceylon PLC, Sampath Bank PLC, Hatton National Bank PLC

## The Board of Directors



**Mr. Priyantha Dematagoda –**  
Hony. President

Mr. Priyantha Dematagoda is the General Manager/Chief Executive Officer of Sewa Community Credit Limited, is a Professional Banker with 23 years of Commercial Banking experience.

He was a Faculty member of the Institute of Bankers of Sri Lanka (IBSL), Center for Banking Studies CBSL, and also serves as Trainer in various disciplines in Banking at many Private and State Commercial Banks in Sri Lanka. He is also a Certified Trainer in Microfinance by Frankfurt School for Finance and Management. He holds a Masters' Degree in Business Studies and a Post Graduate Diploma in Business Administration from the University of Colombo. He also holds a Diploma in Human Rights (Institute of Human Rights Sri Lanka). He has also undergone professional training at National University of Singapore (NUS), and with the Association for Development Financing in Asia and Pacific (ADFIAP) and University of Sri Jayawardhanapura.

Mr. Dematagoda was a Past President 2021/22, and has previously served as LMFPA Treasurer 2017/2018 and Vice President 2019/2020 and 2020/2021.



**Mr. Gnanasiri Abewardhana –**  
Hony. Secretary

Mr. Gnanasiri Abewardhana counts more than 20 years of experience in financial service sector having commenced his career at Central Finance in 1995 and afterwards serving at People Leasing where he setup their respective leasing divisions & branch network. Later on He joined Asset Line Company Ltd in 2005 as Assistant Manager to steer the financial service cluster of the David Pieris Motor Company. He was promoted as Regional manager until 2008. He monitored & covered Branch Administration, Marketing function (Leasing Hire purchase, loan) & Recovery function in the following areas: Jaffna Mannar, Vavuniya, Anuradhapura, Puttalam, Trincomalee, Kurunegala, Polonnaruwa, Kuliapitiya, Rathnapura & Matara.

Mr. Abewardhana holds a Bsc Management Degree from University of Jayewardene-pura. Currently he is the Vice President of Alumni Association of Public Administration Department in Sri Jayawardhanapura University and also an active Executive committee member in the Alumni Association of University of Sri Jayewardene-pura. Currently he is working as General Manager and Chief Executive Officer in Dumbara Micro Credit since 2015.



**Mr. Nirmalan  
Nayagam –**

Hony. Asst. Secretary

Mr. Nirmalan Nayagam is currently the Chief Executive Officer of Sejaya Microcredit Limited. Prior to this, he has been in the microfinance industry for about 15 years, first as the Chief Financial Officer at VisionFund Lanka and as a Regional Finance Director at VisionFund International, covering both Asia and Eastern Europe regions. He holds a qualification from the Chartered Institute of Management Accountants, UK.



**Mrs. Tharanga  
Ileperuma –**

Hony. Treasurer

Ms. Tharanga Ileperuma is the General Manager and Executive Director of Agro Micro Investments Limited and holds the Directorship of Agro Micro Foundation (Guarantee) Limited. She started her career in 2004 joining to the Micro Finance industry. During her career over 17 years she has experience in Accounting, Auditing, Finance Management, Human resource Management and Administration.

She is a CIMA qualified pass finalist and she holds the membership of the Institute of Chartered Accountants in Sri Lanka as the Certified Business Accountant, and the membership of the Institute of AAT –SL. She completed the Post-graduate Diploma from Cardiff Metropolitan University-UK and holds a Masters in Business Administration (MBA) from the University of Sunderland – UK. She also has undergone trainings on Micro Finance in IBSL.



**Mr. Anura Atapattu**  
- Immediate Past  
President

Mr. Anura Atapattu is the Managing Director of Berendina Micro Investment Company (BMIC) and also the Chairman of Berendina Development Services (Gte) Limited (BDS). He was also served as the Chief Executive Officer – Sarvodaya Rural Enterprises Development Services (REDS) and the Deputy Managing Director of Sarvodaya Economic Enterprises Development Services (Guarantee) Ltd (SEEDS). He had been in a Board member of SEEDS, BDS, BEC, BMIC, and LMFPFA for many years. He has been the founding Chairman of Development Facilitators Limited a consulting, training and research provider for Microfinance, MSME and other development spheres in Sri Lanka and abroad. He is a consultant by profession and has undertaken many assignments nationally and internationally and has represented Sri Lanka development sector in many local international conferences, seminars and events. He hold a B.Sc. (Agri), Post-graduate Diploma in Economic Development and a Masters in Business Administration (MBA) - University of Lincoln – UK. His local and international professional experience, exposure and networking is of great value to LMFPFA.





**Mr. Priyantha  
Gunawardhana -**  
Director

Mr. Priyantha Gunawardhana is the Managing Director of Pragathi Sewa Foundation in the Anuradhapura district. He holds a Bachelor of Arts Degree from the University of Sri Jayawardenapura and a Diploma in Education from the National Institute of Education. He has also undergone training on Institutional Development and Organizational Management, Financial Management, Financial Analysis, Delinquency Management and Participatory Rural Appraisal. He also has international exposure on microfinance and has undergone training in Bangladesh, Italy and India. He is a very experienced trainer and microfinance practitioner.



**Mrs. Kamani  
Chandrika -**  
Director

Ms. Kamani Chandrika commenced working in the field of microfinance sector since 1999 after joining the Women Development Federation (WDF) in Hambantota. She worked nearly 7 years under this reputed organization and received valuable experiences in terms of women development, poverty reduction, child development and community related concepts and issues. Finally she was appointed as a Manager of WDF.

In 2005 she joined the Institute for Development of Community Strengths (INDECOS) as the Project Manager of Women Entrepreneurship Program (WEP) which started to support women victims of Tsunami disaster. She was able to develop Women Development Program as a Women Entrepreneurship Program with many concepts. The project has been converted as a model micro finance program.

Ms. Kamani visited Canada to study a women development program in Montreal. Subsequently she accompanied a group of INDECOS staff to Bangladesh under a study tour. She visited the famous Organization called BRAC and Grameen Bank to learn more concepts. In Thailand she observed a number of areas to study women projects.

She became a trainer of SIYB. Currently she is working as the Senior Project Manager of INDECOS WEP Project. She is an active participant of LMFPFA.



**Mr. G. K. K. Gamage -**  
Director

Mr. Gamini Krishantha Kiringoda Gamage is an experienced Central Banker with 24 years of experience in Directory roles in various departments in Central Bank of Sri Lanka. Mr. Gamage has had a wide range of exposure in numerous fields of on-site and off-site supervision of licensed commercial and specialized banks as a senior examiner of the Bank Supervision Department and Information System Auditor of the Bank Supervision Department. He has worked in the Currency Department as the Deputy Director in-charge of operational, Policy and Administration of Currency in Central Bank. In addition to his experience at the Central Bank, he has served 10 years as a Staff Officer and Manager of People's Bank, specialized in retail banking, international banking and overlooking the Department of Information Technology. Mr. Gamage obtained his first degree in Science at University of Sri Jayawardenapura. He also has an M.Sc. in International Economics from the University of Illinois in USA, a Post Graduate Diploma in Information Technology from University of Colombo and a Diploma in Information System Audit from the Institute of Chartered Accountants of Sri Lanka.



**Mr. Lakshman Eraj -**  
Director

Mr. Eraj joined HNB Finance as a Microfinance Executive and rapidly grew through the ranks due to his performance, dedication and work ethic. He was promoted to Branch Manager, Regional Manager and then as Chief Manager based on his exceptional service rendered towards HNB Finance in the past 18 years. Subsequently he was promoted as Head of Business loans department where he leads a team of young professionals towards achieving organizational goals whilst helping thousands of customers grow their businesses as well. Mr. Eraj holds a Diploma in Microfinance (IBSL) and a Diploma in English from Wayamba University. An avid cricket fan, Mr. Eraj is also a member of the Sri Lanka Cricket Umpires Association and an active umpire of Sri Lankan Cricket.



**Mr. Bandula Hennadige -**  
Director

Mr. Bandula Hennadige is the Executive Director of the South Asia Partnership- Sri Lanka (SAPSRI). He is a development professional with over 40 years of working experience. His areas of expertise include project development, regional planning, and management, monitoring and evaluation of medium and large-scale projects, rural infrastructure, food security, social mobilization, livelihood development and water and sanitation for marginalized communities.

He has gained much practical knowledge and experience while working in the public sector in various positions, including as a Project Director in the donor financed "Integrated Rural Development Programs" (IRDPs) that were implemented in the '80s and '90s in Sri Lanka. Additionally, he has served as Senior Program Officer in the Embassy of the Kingdom of the Royal Netherlands and has also managed donor-funded projects in the NGO sector.

Mr. Hennadige holds a B. Com degree from the University of Peradeniya and a Diploma in Industrial Development from the National Institute of Business Management. He also has a postgraduate master's degree in economics from the University of Wales in the UK.



**Mr. Kitsiri Jayasinghe**  
Director

Mr. Kitsiri Jayasinghe started working in the business field in 1990 and has started various new business activities throughout his career.

He is the founder of Darshana Agencies and Motors, Japan Civilian Imports Pvt Ltd and DCS Credit and Investments and also a director of DCS International, Japan. For 32 years, he has started and expanded his business establishments and branches in the areas of Anuradhapura, Rambewa, Padaviya, Mannar, Medavachchi and gained a wealth of experience.

As a Managing Director in several organizations, he has strong work experience in financial management, supply chain as well as Management, General Administration, and Human Resource Management. He also has knowledge and experience in all activities including implementation of systems, processors and process controls etc.



**Mr. Hemal  
Lokugeegana**  
Director

Mr. Lokugeegana has more than 24 years of business and management sector experience, out of which 20 years in banking industry in senior management positions in the fields of Microfinance, Credit Management, Regional Business Management, Training, Business Banking, Risk Management, SME Development, Human Resource Management and Development and social capital and savings mobilization. His senior management experience in the banking industry at SDB Bank spans more than 20 years, with a total of more than 14 years in corporate management positions.

Mr. Lokugeegana holds a bachelor's Degree in Business Management with second class Hons from University of Kelaniya, Sri Lanka and a Master of Business Management from Rajarata University of Sri Lanka.

He is a Fellow Member of Institute of Bankers of Sri Lanka ,a Member of Institute of Management of Sri Lanka ,a Chartered Member of Institute of Personnel Management of Sri Lanka ,a Member of Association of Accounts Technicians of Sri Lanka, Accredited Director –Security Exchange Commission & Chartered Accountants of Sri Lanka , a Member of Association of Professional Bankers and a holder of a Diploma in Bank Integrated Risk Management and have Completed 3 stages of Institute of Chartered Accountants of Sri Lanka.



## Former Directors of 2023/2024



**Mr. Udaya Bandara –**  
Director

Mr. Udaya Bandara is the former Chief Executive Officer of the Arthavida Intermediary Company Ltd (AIL), which has been operated in the Micro Finance industry in Sri Lanka in a successful manner nearly thirty years period.

Before joining to Arthavida Intermediary Limited, Mr. Bandara carried out his duties more than five years period as the Chief Executive officer/ General Manager of Sri Lanka Savings Bank (SLSB) which is mainly catering as a Government Bank for the Development of Micro Finance as well as the Small and Medium Sector (SME) industry in Sri Lanka.

In Sri Lanka savings Bank Mr. Bandara Started SME Lending Business activities and introduced several Innovative products in relation to the SME as well as Micro Finance and Savings Deposits enabling the Bank to increase the market share & make more profit. Likewise in Union Bank he commenced the SME, Agriculture and Micro Finance Department being headed introducing many more credit lines and new products.

He has successfully completed Master of Business Administration (MBA) in Wayamba university of Sri Lanka. And also he has gained several other professional qualifications such as Post Graduate Executive Diploma in Bank Management (IBSL), Post Graduate Executive Diploma in Business Management ( Wayamba University), Post Graduate Executive Diploma In Micro Finance in ( SLFI),Diploma In Agriculture(SLSA),Diploma In Credit Management (IBSL) etc.



**Mr. Felician Jayakody**  
– Director

Mr Felician Jayakody counts over 30 years of experience in banking having served international and local banks. Presently he is attached to Lanka Credit & Business Finance PLC in the capacity of Deputy General Manager – Credit.

He has experience in Credit, Branch Banking, Trade Finance, Corporate/SME Banking, Leasing, Project Financing, Relationship Banking, Micro Credit, Risk Management, Treasury, Process Development & Re-Engineering, Audit, Credit Administration, Recoveries, Islamic Banking, Compliance and FCBU.

He has completed the Credit Management Diploma (IBSL), Diploma in International Factoring – UAE, Diploma in Computer Studies. He has a BSc in Business Administration from University of Sri Jayawardenapura, MBA (USA). as well as AIB (inter) SL

Felician is a Fellow in Certified Managers at Cambridge Association of Managers (UK) and a Fellow of the Certified Professional Managers (Sri Lanka).

## Sub Committees:

- Membership Committee – Mr. Anura Atapattu, Mr. Nirmalan Nayagam & Mrs. Kamani Chandrika
- Training & Fund Raising Committee – Mr. Gnanasiri Abeywardhana, Ms. Tharanga Ileperuma & Mr. Lakshman Eraj
- Public Relations Committee – Mr. Priyantha Dematagoda, Mr. G. K. Gamage, Mr. Priyantha Gunawardena, Mr. Bandula Hennadige & Mr. Gnanasiri Abeywardena

## Our Members

|  |   |
|--|---|
| 01 Agro Micro Investments Ltd                        | 24 Lanka Financial Services for Underserved Settlements           |
| 02 Arthavida Intermediary Ltd                        |   |
| 03 Athugala Credit & Investment (Pvt) Ltd            | 25 LOLC Finance PLC   |
| 04 Berendina Micro Investment Company Ltd            | 26 Muslim Aid Micro Credit (Gte) Ltd                              |
| 05 Candea Credit Ltd                                 | 27 Nation Lanka Finance PLC                                       |
| 06 Capital Credit & Investments (Pvt) Ltd            | 28 People's Micro-commerce Ltd                                    |
| 07 Commercial Credit & Finance PLC                   | 29 Pragathi Sewa Foundation                                       |
| 08 DCS Credit & Investment (Pvt) Ltd                 | 30 Purewin Credit & Investments Ltd                               |
| 09 Dinujaya Holdings (Pvt) Ltd                       | 31 Reliance Credit & Capital Investments (Pvt) Ltd                |
| 10 Dumbara Micro Credit Ltd                          | 32 Reliance Investments Co (Pvt) Ltd                              |
| 11 ECLOF Lanka (Gte) Ltd                             | 33 S. N. Micro Credit (Pvt) Ltd                                   |
| 12 Ekabaddha Praja Sanwardhana Kantha Maha Sangamaya | 34 SANASA Development Bank PLC                                    |
| 13 FHP Micro Assist Ltd                              | 35 Sejaya Micro Credit Ltd  |
| 14 Fintechnology Asia Pacific Lanka (Pvt) Ltd        | 36 Sesatha Economic & Livelihood Development Association          |
| 15 Future Life Investments Ltd                       | 37 Sewa Community Credit Ltd                                      |
| 16 Graduate Investment Ltd                           | 38 Silverreen Micro Credit Company Ltd                            |
| 17 Hambantota WDF                                    | 39 South Asia Partnership Sri Lanka                               |
| 18 HNB Finance PLC                                   | 40 SAPCO  |
| 19 Janarukula (Gte) Company                          | 41 The Institute for Development of Community Strengths (INDECOS) |
| 20 KiwiFund (Gte) Ltd                                | 42 Uva Govijana Kendraya  |
| 21 Lak Jaya Microfinance Ltd                         | 43 Ventura Crystal Investments Ltd                                |
| 22 Lanka Capital Future Investment (Pvt) Ltd         | 44 Women Enterprise Development Service Centre                    |
| 23 Lanka Credit & Business Finance Ltd               | 45 Y GRO Ltd  |

## Review of Activities in 2023/2024

### *Creating a conducive environment*

#### Activities on the proposed new Microfinance Act



The Microfinance & Credit Regulatory Authority Bill became public in October 2023 and the LMFPA was on the task of studying it and identifying its key elements. Thereafter a forum was organized to create awareness among all microfinance stakeholders on the 08th of January 2024 in Colombo. Representatives from the Central Bank, NGO Secretariat, Credit Information Bureau as well as legal consultants from F G & J De Saram gave their insights as panelists on the legal implications and required preparedness of the new regulatory framework during this forum. There were 100 representatives from member organizations and other MFIs in the industry who benefitted from this programme.

Thereafter, LMFPA had discussions with the State Minister of Finance Mr. Shehan Semasinghe and representatives of the Legal division of the Ministry of Finance to expedite the enactment of the Bill.



However, after the first Parliamentary hearing of the bill in January, a fundamental rights lawsuit was filed against the enactment of the bill by several civil groups. The Supreme Court concluded that certain provisions in the Bill are contrary to the Constitution and hence requires further amendments or a passing with a two third majority. Therefore the Ministry of Finance appointed a special committee to redraft the bill to comply with the Supreme Court determinations.



## Discussions with Political figures

On 24th April 2024 LMFPA had the opportunity of meeting Dr. Anil Fernando, Chairman of the Economic Council of the National People's Power. The objective of this discussion was to explain the current microfinance landscape to the NPP Economic Council and also to understand the policies of the NPP towards the microfinance industry.



## Revision of Poverty Probability Index (PPI) Scorecard

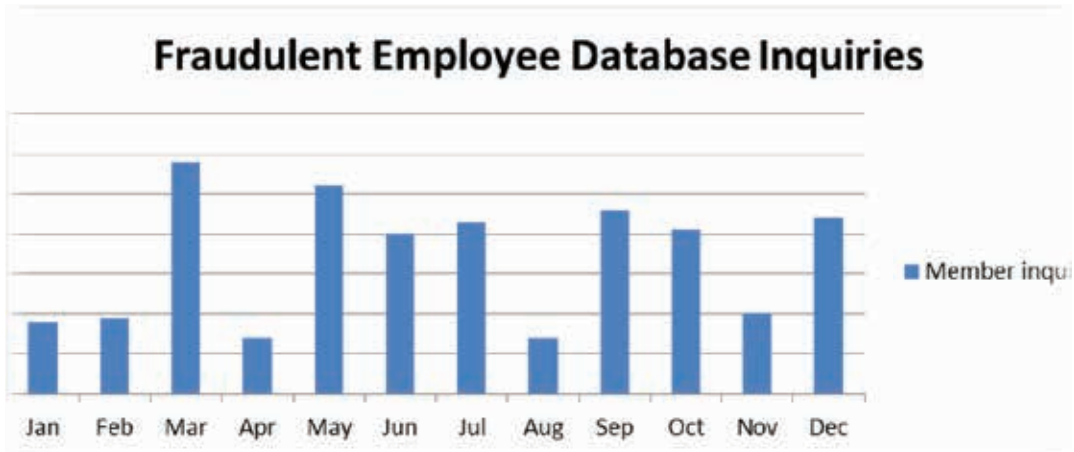
The Poverty Probability Index (PPI) is a poverty measurement tool that is being used by many Microfinance Institutions worldwide. The PPI is statistically sound, yet simple to use; the answers to 10 questions about a household's characteristics and asset ownership are scored to compute the likelihood that the household is living below the poverty line. With this tool, MFIs can identify the clients who are most likely to be poor, integrating objective poverty data into their assessment and strategic decision making.

The Sri Lankan PPI scorecard was developed by Dr. Mark Schreiner PhD, a Senior Scholar with the Centre for Social Development of Washington University in St. Louis. He pioneered credit risk scoring in microfinance and developed the PPI. The last time the scorecard was updated was in 2013. The scorecard is developed using the data from the Household Income & Expenditure Survey (HIES) conducted by the Department of Census & Statistics of Sri Lanka.

Since the Data file carried a hefty price tag, efforts were made to find a donor to purchase the HIES Data file from the Department of Census & Statistics and revise the PPI scorecard through Dr. Mark Schreiner. Member organizations Berendina Micro Investment Company and Sejaya Micro Credit volunteered to share the cost of the HIES Data file and thereafter Dr. Schreiner was able to create an updated version of the PPI scorecard. Pilot test were conducted and the results were shared with Dr. Schreiner for further analysis.

## Update on Fraudulent Staff Database

The LMFPFA Fraudulent Employee Database has now grown to 284 entries. During the last financial year, there had been a total of 409 inquiries but with no matches with the database. Members have contributed to the database with 20 entries of their former employees.



## Discussions with Media on Sri Lankan Microfinance landscape



Interview with German TV Station | Zweites Deutsches Fernsehen



Interview for BBC Sinhala



Interview with YouTube Channel Elite De Elegance

## ***Capacity Building***

### **LMFPA Training Series 2023/2024**

The continuation of capacity building programmes for the LMFPA membership was organized on a monthly basis in 2023 in both Sinhala and Tamil languages. From September 2023 to May 2024 the following capacity building programmes were organized:

- Webinar on Effective Loan Recoveries – 08th September 2023
- Workshop on How to prepare for Organizational Sustainability – 19th September 2023
- Webinar on Digitalization of Financial Services in the Microfinance Industry – 19th October 2023
- Webinar on Loan Demand & Financial Literacy during economic crisis – 07th February 2024 (Sinhala & Tamil)
- Webinar on Legal Aspects in the Micro Loan Process – 19th March 2024
- Webinar on Corporate Principles for Employees – 08th May 2024

A total of 358 member representatives benefitted from these training workshops and webinars and we like to thank all our members for their interest and enthusiasm in these programmes.

## ***SAMN International Workshop - Dubai***

An international workshop on Financial Inclusion was organized by the South Asia Micro Entrepreneurs' Network (SAMN) from 5th to 9th May 2024. LMFPA President Mr. Priyantha Dematagoda was invited as a resource person to this event and representatives from Berendina Micro Investments, HNB Finance and Reliance Credit & Capital Investments comprised the participant contingent from Sri Lanka.



## ***Information Dissemination***

### **Microfinance Review 2022**

Despite some delays in receiving data, the Microfinance Review Publication 2022 was published by March 2024. 33 member organizations took part in the data profiling project and we like to thank our members for their active support.



## Auditor's Report & Financial Statements

### MAGAMAGE & Co. CHARTERED ACCOUNTANTS

Tusitha S. Magamage (B.Sc., F.C.A.)

#### Independent Auditor's Report

#### To The Shareholders of Lanka Microfinance Practitioners' Association

#### Opinion

We have audited the financial statements of Lanka Microfinance Practitioners' Association, which comprise the statement of financial position as at 31<sup>st</sup> December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31<sup>st</sup> December 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and medium – Sized Entities (SLFRs for SME)

#### Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and medium – Sized Entities (SLFRs for SME) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional misstatements, misrepresentations, or the override of internal control.

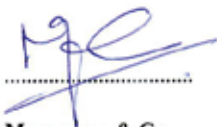


- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.



**Magamage & Co.**  
Chartered Accountants  
Nugegoda  
10<sup>th</sup> June 2024

**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2023**(All Amounts in Sri Lankan Rupees)

|   | <u>Notes</u> | <u>2023</u>         |             | <u>2022</u>         |             |
|---|--------------|---------------------|-------------|---------------------|-------------|
|   |              | <u>Rs.</u>          | <u>Cts.</u> | <u>Rs.</u>          | <u>Cts.</u> |
| General Income                                | 01           | 1,310,000.00        |             | 1,489,000.00        |             |
| Interest Income                               | 02           | 936,127.38          |             | 507,577.72          |             |
| Other Income                                  | 03           | 1,219,088.30        |             | 684,100.00          |             |
| <b>Total Income</b>                           |              | <b>3,465,215.68</b> |             | <b>2,680,677.72</b> |             |
| Activity Related Expenses                     | 04           | 311,144.00          |             | 348,816.36          |             |
| <b>Net income</b>                             |              | <b>3,154,071.68</b> |             | <b>2,331,861.36</b> |             |
| Administrative Expenses                       | 05           | 2,355,783.45        |             | 2,582,476.19        |             |
| <b>Net Surplus/ (Deficit) Before Taxation</b> |              | <b>798,288.23</b>   |             | <b>(250,614.83)</b> |             |
| Income Tax Expense                            | 06           | -                   |             | -                   |             |
| <b>Surplus/ (Deficit) For the Year</b>        |              | <b>798,288.23</b>   |             | <b>(250,614.83)</b> |             |




**STATEMENT OF FINANCIAL POSITION****AS AT 31<sup>st</sup> DECEMBER 2023**

(All Amounts in Sri Lankan Rupees)

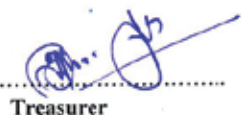
|                                    | Notes | 2023<br>Rs. Cts.           | 2022<br>Rs. Cts.           |
|------------------------------------|-------|----------------------------|----------------------------|
| <b>Assets</b>                      |       |                            |                            |
| <b>Non Current Assets</b>          |       |                            |                            |
| Property, Plant and Equipment      | 07    | -                          | 54,087.78                  |
| Investment in Fixed Deposits       | 08    | 3,500,000.00               | 3,648,333.33               |
|                                    |       | <u>3,500,000.00</u>        | <u>3,702,421.11</u>        |
| <b>Current Assets</b>              |       |                            |                            |
| Receivables                        | 09    | 899,738.89                 | 443,700.00                 |
| Deposits and Prepayments           | 10    | 100,000.00                 | 100,000.00                 |
| Cash & Cash Equivalent             | 11    | 601,209.19                 | 668,480.93                 |
|                                    |       | <u>1,600,948.08</u>        | <u>1,212,180.93</u>        |
| <b>Total Assets</b>                |       | <u><b>5,100,948.08</b></u> | <u><b>4,914,602.04</b></u> |
| <b>Equity and Liabilities</b>      |       |                            |                            |
| <b>Equity</b>                      |       |                            |                            |
| Accumulated Fund                   |       | 4,497,068.08               | 3,799,938.75               |
| <b>Total Equity</b>                |       | <u>4,497,068.08</u>        | <u>3,799,938.75</u>        |
| <b>Non-Current Liabilities</b>     |       |                            |                            |
| Retirement Benefit Obligation      | 12    | 495,000.00                 | 450,000.00                 |
|                                    |       | <u>495,000.00</u>          | <u>450,000.00</u>          |
| <b>Current Liabilities</b>         |       |                            |                            |
| Accounts Payable                   | 14    | 99,680.00                  | 655,803.40                 |
| Bank Overdraft                     | 15    | 9,200.00                   | 8,859.89                   |
|                                    |       | <u>108,880.00</u>          | <u>664,663.29</u>          |
| <b>Total Funds and Liabilities</b> |       | <u><b>5,100,948.08</b></u> | <u><b>4,914,602.04</b></u> |

The Committee is responsible for the preparation and presentation of these financial statements

Signed for and on behalf of the Board of Management

  
President



  
Treasurer

The accounting policies and notes to the account form an integral part of these financial statements

**ACCUMULATED FUND****(All Amounts in Sri Lankan Rupees)**

|  | <b><u>2023</u></b>         | <b><u>2022</u></b>         |
|--|----------------------------|----------------------------|
|  | <b><u>Rs. Cfs.</u></b>     | <b><u>Rs. Cfs.</u></b>     |
| <b>Balance as at 1<sup>st</sup> January 2023</b>   | 3,799,938.75               | 4,246,643.19               |
| <b>Surplus / (Deficit) for the Year</b>            | 798,288.23                 | (250,614.83)               |
| <b>Prior Year Adjustment</b>                       | (101,158.90)               | (196,089.60)               |
| <b>Balance as at 31<sup>st</sup> December 2023</b> | <b><u>4,497,068.08</u></b> | <b><u>3,799,938.75</u></b> |





**Statements of Cash Flows****For the Year Ended 31<sup>st</sup> December**  
**(All Amounts in Sri Lankan Rupees)**

|  | <b><u>2023</u></b>     | <b><u>2022</u></b>     |
|--|------------------------|------------------------|
|  | <b><u>Rs. Cts.</u></b> | <b><u>Rs. Cts.</u></b> |
| <b><u>Cash Flow from Project Activities</u></b>                            |                        |                        |
| Net Surplus/ (Deficit) before taxation                                     | 798,288.23             | (250,614.83)           |
| <b><u>Adjustment for Non Cash Items</u></b>                                |                        |                        |
| Depreciation   | 54,087.78              | 16,182.00              |
| Interest Income  | (157,388.49)           | (507,577.72)           |
| Prior Year Adjustment  | (101,158.90)           | (196,089.60)           |
| Gratuity provision for the year  | 45,000.00              | 37,500.00              |
| Operating Profit before Working Capital Changes                            | 638,828.62             | (900,600.15)           |
| <b><u>Working Capital Changes</u></b>                                      |                        |                        |
| Increases /(Decrease) in receivables, deposits and prepayments             | (456,038.89)           | (200,100.00)           |
| Increase/(Decrease) in Accounts Payable                                    | (556,123.40)           | 627,803.40             |
| Cash Flow from / (used in) Operating Activities                            | (373,333.67)           | (472,896.75)           |
| Income tax paid  | -                      | -                      |
| Net Cash Flow from / (used in) Operating Activities                        | (373,333.67)           | (472,896.75)           |
| <b><u>Cash Flow from Investing Activities</u></b>                          |                        |                        |
| Interest Income  | 157,388.49             | 507,577.72             |
| Acquisition of the Fixed Assets  | -                      | -                      |
| Investments in Fixed Deposits  | 148,333.33             | (547,790.61)           |
| Net Cash Flow from / (used in) Investing Activities                        | 305,721.82             | (40,212.89)            |
| Net Increase/ (Decrease) in Cash & Cash Equivalents                        | (67,611.85)            | (513,109.64)           |
| Cash & Cash Equivalents at the Beginning of the Year                       | 659,621.04             | 1,172,730.68           |
| Cash & Cash Equivalents at the End of the Year                             | 592,009.19             | 659,621.04             |
| <b><u>Analysis of Cash and Cash Equivalents at the End of the Year</u></b> |                        |                        |
| Cash & Cash Equivalent   | 601,209.19             | 668,480.93             |
| Bank Overdraft   | (9,200.00)             | (8,859.89)             |
|  | 592,009.19             | 659,621.04             |



**Accounting Policies and Explanatory Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**1-Corporate information**

**1.1 General**

Lanka Microfinance Practitioners' Association (previously known as Lanka Microfinance Network) is a Non-Profit Organization

Lanka Microfinance Practitioners Association has been registered under the Companies Act, No. 7 of 2007 on 13 October 2008 as a Company limited by guarantee and incorporated in and domiciled in Sri Lanka. The registered office is located at 32, Suriyami Mawatha, Divulapitiya, Boralessuwa.

**1.2 Principal activities and nature of operations**

The principal activities of the organization during the period were to promote membership among Micro Finance Institutions (MFIs) locally, advocate for a policy Environment for collective action by MFIs, promote the adoption and installation of internationally accepted performance standard for the MFIs develop and strengthen system for information collection, promote the expansion of the formal financial market as Micro Finance Service, protect and strengthen the capacity of the MFIs, develop an operational an independent performance monitoring system for MFIs and mobilize resources and network with Government, donors, funding agencies, investors and commercial loan providers .

**2-Summary of significant accounting policies**

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently

**2.1 Basis of preparation**

The annual financial statements have been prepared in accordance with Sri Lanka Accounting Standard for Small and Medium Enterprises (SLFRS for SMEs) with effect from 1 December 2017 These Financial Statements are presented in Sri Lankan Rupees (Rs).

The transition to SLFRS for Small and Medium Enterprises has not affected the reported financial position and financial performance of the Company.

**2.2 Statement of Compliance**

The Statement of financial position ,statement of comprehensive income and statement of cash flows together with summary of significant accounting policies and notes to the financial statements of the Lanka Microfinance Practitioners' Association, as at 31<sup>st</sup> December 2023 and for the year then ended comply with the SLFRS for Smaller Entities laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the Companies Act No.07 of 2007.

These financial statements were authorized for issue by the Board of Management on 10<sup>th</sup> June, 2024



**Accounting Policies and Explanatory Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**2.3 Going Concern**

The Board of Management has made an assessment of the Organization's ability to continue as a going concern and they do not intend either to liquidate or to cease operations

**2.4 Comparative information**

The accounting policies have been consistently applied by the organization and are in consistent with those of previous year. The previous year's figures and phases have been rearranged wherever necessary to conform current year's presentation.

**2.5 Assets and bases of their valuation**

**2.5.1-Property, Plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment

Depreciation of assets begin when it is available for use and the principle annual rates used are as follows.

| <b>Assets Category</b> | <b>Rate</b> |
|------------------------|-------------|
| Furniture & Fittings   | 10%         |
| Office Equipment       | 20%         |
| Computer Equipment     | 20%         |
| Office Partition       | 20%         |

**2.5.2-Impairment of assets**

At each reporting date, property, plant and equipment is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset(or group of related assets)is estimated and compared with its carrying amount. If estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined has no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.



**Accounting Policies and Explanatory Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**2.5.3-Financial assets**

Financial assets that are investments in fixed deposits and carried at amortized cost. These investments are normally held as long term since the entity does not expect to dispose them in the near future.

**2.5.4- Receivables**

Receivables are measured at amortized cost using effective interest method. At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is an objective evidence that the amounts are not recoverable. If so an impairment loss is recognized immediately in the statement of comprehensive income.

**2.5.5- Cash and cash equivalents**

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly, liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash & cash equivalent consists of cash in hand deposits in banks net of outstanding bank overdrafts. Investments with short term maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents

**2.6- Liabilities and provision**

**2.6.1-Liabilities**

Liabilities stated under current liabilities in the balance sheet are those expected to fall due within one year from the balance sheet date. Items stated as long term liabilities are those expected to fall due at point of time after one year from the date of the financial position.

**2.6.2- Provisions**

Provisions are recognized when the Organization has a present obligation (legal and constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be estimated reliably. The expenses relating to any provision is presented in profit or loss. Provisions are not recognized for future operating losses. If the effect of the time value of money is material, provision is 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 recognized as a finance cost.

**2.6.3- Retirement benefit obligation**

**a)-Defined benefit plan – Gratuity**

Provision has been made for retirement gratuities in conformity with Gratuity Act No.12 of 1983 in accordance with the sec 28 of SLFRS for SMES. The liability is not externally funded nor it is actuarially funded.

Gratuity provision has been valued in conformity with sec 28 of the Sri Lanka accounting standard for small and medium size entities, by multiplying half months' salary by the number of years of service.





**Accounting Policies and Explanatory Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**b)-Defined contribution plans – EPF & ETF**

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Organization contributes 12% and 3% of gross emoluments of employees' to the Provident Fund and to the Employees' Trust Fund.

**2.6.4- Taxation**

**a)- Current taxes**

Current income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue

The provision for income tax is based on the elements of income and expenditure as reported in the financial statement and computed in accordance with the provisions of the inland Revenue Act No 24 of 2017.

**2.7-Funds**

**2.7.1-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 objective of the organization and which are not designated for any specific purpose.

**2.7.2-Restricted funds**

Restricted funds are the funds where grants are received for use in an identified project or activity; such funds are held in a fund account and transferred to the statement of comprehensive income to match with expenses incurred in respect of that identified project. Unutilized funds are held in their respective fund account and included under accumulated fund in the statement of financial position until such time as they are required. Funds collected through a fund raising activity for any specific or defined purpose are also included under this category. The activities for which these restricted funds may be and are being used are identified in the notes to the financial statements.

**2.7.3-Designated funds**

Unrestricted funds are designated by the board to a specific purpose identified as designated funds. The activities for which these funds may be used are identified based on the life of the assets.





**Accounting Policies and Explanatory Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**2.8-Grants and subsidies**

Grants and subsidies related to assets are generally deferred in the statement of financial position credited to the statement of comprehensive income over the useful life of the assets.

**2.9-Income Statement**

**2.9.1-Revenue recognition**

**a)-Income-Restricted funds**

Income realized from restricted funds is recognized in the statement of comprehensive income only when there is certainty that all of conditions for accept 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 comprehensive income. Unutilized funds are carried forward as such in the statement of financial position. All other income is recognized when the organization is legally entitled to use of such funds and amount can be quantified. This would include income receivable through fund raising activities.

**b)-Subscription income**

Subscription income is recognized on cash basis at the point of receiving money to the bank from members and confirmation received from the member.

Management committee has decided to change its subscription income recognition policy from accrued basis to the cash basis with effect from 1<sup>st</sup> January 2020

**c)-Others**

Other income is recognized on the accrual basis

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

**2.9.2-Expenditure recognition**

Expenses in carrying out the projects and other activities of the Organization are recognized in the statement of comprehensive income during the period in which they are incurred. Other expenses incurred in the administration 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 comprehensive income.

For the purpose of presentation of the income statement the Board of Management of the opinion that function of expenses method presents fairly the elements of the Organization's performance and hence such presentation method is adopted.



**Lanka Microfinance Practitioners' Association**

**32, Suriyamal Mawatha, Divulapitiva, Boralesgamuwa**

**Accounting Policies and Explanatory Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**3-Events after reporting period**

**3.1-Events occurring after the reporting period**

All material events occurring after the reporting date have been considered and where necessary Adjustments to or disclosures have been made in the respective notes to the accounts.

**3.2-Contingencies and unrecognized contractual commitments**

Contingencies are possible assets or obligations that arise from past event and would be confirmed only the occurrence or non-occurrence of uncertain future events, which are beyond the organization's control



**NOTES TO THE ACCOUNTS****For the Year Ended 31<sup>st</sup> December***(All Amounts in Sri Lankan Rupees)*

|            |  | <b>2023</b>         |             | <b>2022</b>         |             |
|------------|--|---------------------|-------------|---------------------|-------------|
|            |  | <i>Rs.</i>          | <i>Cts.</i> | <i>Rs.</i>          | <i>Cts.</i> |
| <b>01</b>  | <b><u>General Income</u></b>   |                     |             |                     |             |
|            | Membership Fees  | 1,210,000.00        |             | 1,439,000.00        |             |
|            | Membership Registration  | 100,000.00          |             | 50,000.00           |             |
| <b>1.1</b> |  | <b>1,310,000.00</b> |             | <b>1,489,000.00</b> |             |
| <b>1.1</b> | Management committee has decided to change its subscription income recognition policy from accrued basis to the cash basis with effect from 1 <sup>st</sup> January 2020 |                     |             |                     |             |
| <b>02</b>  | <b><u>Interest Income</u></b>  |                     |             |                     |             |
|            | Interest on Fixed Deposits and Money Market a/c  | 936,127.38          |             | 507,577.72          |             |
|            |  | <b>936,127.38</b>   |             | <b>507,577.72</b>   |             |
| <b>03</b>  | <b><u>Other Income</u></b>   |                     |             |                     |             |
|            | Book Sales   | 21,600.00           |             | 6,000.00            |             |
|            | Training Income  | 691,125.00          |             | 154,000.00          |             |
|            | Admin Fees (SAMN)  | 337,648.90          |             | -                   |             |
|            | Miscellaneous Income   | 40,000.00           |             | 14,900.00           |             |
|            | Sponsorship Income (SAMN)  | -                   |             | 70,000.00           |             |
|            | Sponsorship Income (LMFPA)   | 128,460.00          |             |                     |             |
|            | Interest Income  | 254.40              |             |                     |             |
|            |  | <b>1,219,088.30</b> |             | <b>684,100.00</b>   |             |
| <b>04</b>  | <b><u>Activity Related Expenses</u></b>  |                     |             |                     |             |
|            | Workshop Expenses  | 214,844.00          |             | 41,800.00           |             |
|            | Miscellaneous Expenses   | 96,300.00           |             | 184,275.00          |             |
|            | Public Relation Expenses   | -                   |             | 122,741.36          |             |
|            |  | <b>311,144.00</b>   |             | <b>348,816.36</b>   |             |



**NOTES TO THE ACCOUNTS****For the Year Ended 31<sup>st</sup> December***(All Amounts in Sri Lankan Rupees)*

|                                      | <b>2023</b>         |             | <b>2022</b>         |             |
|--------------------------------------|---------------------|-------------|---------------------|-------------|
|                                      | <i>Rs.</i>          | <i>Cts.</i> | <i>Rs.</i>          | <i>Cts.</i> |
| <b>05 Administrative Expenses</b>    |                     |             |                     |             |
| Secretary Fees for Conference (SAMN) | -                   |             | 439,200.00          |             |
| Salaries                             | 1,020,000.00        |             | 900,000.00          |             |
| Employee Provident Fund              | 122,400.00          |             | 108,000.00          |             |
| Employee Trust Fund                  | 30,600.00           |             | 27,000.00           |             |
| Gratuity                             | 45,000.00           |             | 37,500.00           |             |
| Travelling and Others                | 23,010.00           |             | 25,818.00           |             |
| Audit Fee                            | 33,880.00           |             | 30,800.00           |             |
| Secretarial Fee                      | 71,042.42           |             | 44,181.89           |             |
| Rent                                 | 460,000.00          |             | 348,000.00          |             |
| MF Helpline Operator Expense         | -                   |             | 166,700.00          |             |
| Office Maintenance                   | 36,700.00           |             | 21,400.00           |             |
| Postage & Courier                    | 15,050.00           |             | 15,220.00           |             |
| Printing and Stationery              | 16,540.00           |             | 14,225.00           |             |
| Depreciation                         | 54,087.78           |             | 16,182.00           |             |
| Internet Chargers                    | 33,289.00           |             | 27,609.00           |             |
| Sundry Expenses                      | 18,127.00           |             | 17,644.00           |             |
| Computer Maintenance                 | 10,650.00           |             | 11,775.00           |             |
| Website Maintenance                  | 5,200.00            |             | 19,210.00           |             |
| Mobile Allowance                     | 18,000.00           |             | 18,000.00           |             |
| Electricity                          | 9,442.00            |             | 1,529.00            |             |
| Telephone                            | 13,881.00           |             | 15,383.00           |             |
| Bank Charges (SAMN)                  | -                   |             | 3,500.00            |             |
| Bank Charges (LMFPA)                 | 14,576.65           |             | 10,493.90           |             |
| Travelling Allowances                | 96,000.00           |             | 76,000.00           |             |
| Water                                | 4,379.00            |             | 1,302.00            |             |
| Membership fee (SAMN)                | 128,196.60          |             | 185,803.40          |             |
| AGM Expenses                         | 75,732.00           |             | -                   |             |
|                                      | <b>2,355,783.45</b> |             | <b>2,582,476.19</b> |             |



**NOTES TO THE ACCOUNTS****For the Year Ended 31<sup>st</sup> December***(All Amounts in Sri Lankan Rupees)***07 PROPERTY, PLANT & EQUIPMENT**

| <u>Cost</u>                     |     | <u>Balance as at</u>           | <u>Additions</u>        | <u>Disposal</u>     | <u>Balance as at</u>            |
|---------------------------------|-----|--------------------------------|-------------------------|---------------------|---------------------------------|
|                                 |     | <u>1<sup>st</sup> January</u>  |                         | <u>During the</u>   | <u>31<sup>st</sup> December</u> |
|                                 |     | <u>2023</u>                    | <u>During the Year</u>  | <u>Year</u>         | <u>2023</u>                     |
| Computer Equipment              |     | 599,211.00                     | -                       | -                   | 599,211.00                      |
| Office Equipment                |     | 765,473.00                     | -                       | -                   | 765,473.00                      |
| Furniture and Fittings          |     | 171,824.00                     | -                       | -                   | 171,824.00                      |
| Office Partition                |     | 107,425.00                     | -                       | -                   | 107,425.00                      |
|                                 |     | <u>1,643,933.00</u>            | <u>-</u>                | <u>-</u>            | <u>1,643,933.00</u>             |
| <br>                            |     |                                |                         |                     |                                 |
| <u>Accumulated Depreciation</u> |     | <u>Balance as at</u>           | <u>Depreciation for</u> | <u>Disposal</u>     | <u>Balance as at</u>            |
|                                 |     | <u>01<sup>st</sup> January</u> | <u>the Year</u>         | <u>Depreciation</u> | <u>31<sup>st</sup> December</u> |
|                                 |     | <u>2023</u>                    |                         |                     | <u>2023</u>                     |
| Computer Equipment              | 20% | 599,211.00                     | -                       | -                   | 599,211.00                      |
| Office Equipment                | 20% | 711,385.22                     | 54,087.78               | -                   | 765,473.00                      |
| Furniture and Fittings          | 10% | 171,824.00                     | -                       | -                   | 171,824.00                      |
| Office Partition                | 20% | 107,425.00                     | -                       | -                   | 107,425.00                      |
|                                 |     | <u>1,589,845.22</u>            | <u>54,087.78</u>        | <u>-</u>            | <u>1,643,933.00</u>             |
| <br>                            |     |                                |                         |                     |                                 |
| <b>Net Book Value</b>           |     | <u><b>54,087.78</b></u>        |                         |                     | <u><b>-</b></u>                 |





**NOTES TO THE ACCOUNTS****For the Year Ended 31<sup>st</sup> December***(All Amounts in Sri Lankan Rupees)*

|  | <b>2023</b>         |             | <b>2022</b>         |             |
|--|---------------------|-------------|---------------------|-------------|
|  | <i>Rs.</i>          | <i>Cts.</i> | <i>Rs.</i>          | <i>Cts.</i> |
| <b>08 Investments in Fixed Deposits</b>          |                     |             |                     |             |
| Commercial Bank - 3009443298                     | 500,000.00          |             | 528,333.33          |             |
| HNB Bank - 112300040829                          | 1,000,000.00        |             | 1,040,000.00        |             |
| HNB Bank - 112300040836                          | 1,000,000.00        |             | 1,040,000.00        |             |
| HNB Bank - 112300040843                          | 1,000,000.00        |             | 1,040,000.00        |             |
|  | <b>3,500,000.00</b> |             | <b>3,648,333.33</b> |             |
| <b>09 Receivables</b>                            |                     |             |                     |             |
| Interest Income Receivable                       | 898,738.89          |             | -                   |             |
| Fund Receivable                                  | 1,000.00            |             | 4,500.00            |             |
|  | <b>899,738.89</b>   |             | <b>443,700.00</b>   |             |
| <b>10 Deposits and Prepayments</b>               |                     |             |                     |             |
| Rent Deposits                                    | 100,000.00          |             | 100,000.00          |             |
|  | <b>100,000.00</b>   |             | <b>100,000.00</b>   |             |
| <b>11 Cash and Cash Equivalents</b>              |                     |             |                     |             |
| Commercial Bank-Money Marcket Account-1190023870 | 224,425.26          |             | 415,201.40          |             |
| HNB - Savings Account -112020222484              | 25,675.03           |             | 25,420.63           |             |
| Sampath Bank-Current Account-009410006291        | 341,108.90          |             | 220,358.90          |             |
| Cash in Hand                                     | 10,000.00           |             | 7,500.00            |             |
|  | <b>601,209.19</b>   |             | <b>668,480.93</b>   |             |
| <b>12 Retirement Benefit Obligation</b>          |                     |             |                     |             |
| Balance as at the Beginning of the Year          | 450,000.00          |             | 412,500.00          |             |
| Provisions for the Year                          | 45,000.00           |             | 37,500.00           |             |
| Balance as at End of the Year                    | <b>495,000.00</b>   |             | <b>450,000.00</b>   |             |
| <b>13 Income Tax Refund / (Liability)</b>        |                     |             |                     |             |
|  | -                   |             | -                   |             |



**NOTES TO THE ACCOUNTS****For the Year Ended 31<sup>st</sup> December***(All Amounts in Sri Lankan Rupees)*

|           |  | <b>2023</b>      | <b>2022</b>       |
|-----------|--|------------------|-------------------|
|           |  | <i>Rs. Cts.</i>  | <i>Rs. Cts.</i>   |
| <b>14</b> | <b><u>Accounts Payable</u></b>   |                  |                   |
|           | Audit Fee Payable  | 32,680.00        | 30,800.00         |
|           | Prepaid Membership Fees (LMFPA)  | 10,000.00        | 185,803.40        |
|           | Administration Fee Reimbursement (SAMN)  | -                | 439,200.00        |
|           | Other Current Liabilities  | 17,000.00        | -                 |
|           | Accrued Expenses (LMFPA)   | 40,000.00        | -                 |
|           |  | <u>99,680.00</u> | <u>655,803.40</u> |
| <b>15</b> | <b><u>Bank Overdraft</u></b>   |                  |                   |
|           | Commercial Bank Current Account No: 1200019410   | 9,200.00         | 8,859.89          |
|           |  | <u>9,200.00</u>  | <u>8,859.89</u>   |
| <b>16</b> | <b><u>Commitments and Contingencies</u></b>  |                  |                   |
|           | There were no commitments and contingencies existing as at the reporting date  |                  |                   |
| <b>17</b> | <b><u>Events After the Reporting Date</u></b>  |                  |                   |
|           | No circumstances have arisen, since the balance sheet date, which would require adjustments to, or disclosure, in the financial statements |                  |                   |
| <b>18</b> | <b><u>Members Interest in Contracts</u></b>  |                  |                   |
|           | None of the members are either directly or indirectly interested in any existing or proposed contracts with the organization               |                  |                   |
| <b>19</b> | <b><u>Related Party Transactions</u></b>   |                  |                   |
|           | There have been no related party transactions to be disclosed to the financial statements  |                  |                   |



**Tax Computation****For The Year Of Assessment 2022/23***(All Amounts Are In Sri Lankan Rupees)*

|  | <u>Note</u> | <u>Rs. Cts.</u>     |
|--|-------------|---------------------|
| <b>Profit before Tax as per Accounts</b>                                 |             | <b>798,288.23</b>   |
| <b>Less: Investment Income</b>   |             | <b>(936,127.38)</b> |
|  |             | <b>(137,839.15)</b> |
| <b>Add: Specific Disallowances</b>                                       |             |                     |
| Depreciation   | 54,087.78   |                     |
| Provision for Gratuity   | 45,000.00   | 99,087.78           |
|  |             | <b>(38,751.37)</b>  |
| <b>Less: Specifically Permitted Deductions</b>                           |             |                     |
| Gratuity Paid  | -           |                     |
| Capital Allowance  | (5,825.52)  | (5,825.52)          |
| <b>Income From Business</b>  |             | <b>(44,576.89)</b>  |
| <b>Less: Tax Loss</b>  |             | <b>-</b>            |
| <b>Assessable Income From Business</b>                                   |             | <b>-</b>            |
| <b>Investment Income</b>   |             | <b>936,127.38</b>   |
| <b>Less: Exempt Investment Income</b>                                    |             |                     |
| <b>Less: Expenditure Incurred In The Production Of Investment Income</b> |             |                     |
| <b>Less: Tax Loss</b>  |             | <b>(936,127.38)</b> |
| <b>Assessable Income From Investments</b>                                |             | <b>-</b>            |
| <b>Other Income</b>  |             | <b>-</b>            |
| <b>Assessable Income From Other</b>                                      |             |                     |
| <b>Total Assessable Income (Business, Investment, Other)</b>             |             | <b>-</b>            |
| <b>Less: Qualified Payments</b>  |             |                     |
| <b>Taxable Income</b>  |             |                     |
| <b><u>Tax Liability for the Year</u></b>                                 | <b>%</b>    |                     |
| Income Tax at 14%  | 14%         | -                   |
| Income Tax at 24%  | 24%         | -                   |
| <b>Total Tax Payable</b>   |             | <b>-</b>            |
| <b>Less: Tax Credits</b>   |             |                     |
| Withholding Tax Credits  |             |                     |
| Self-Assessment Income Tax Payments                                      |             |                     |
| <b>Balance Tax Payable/ (Refund Due)</b>                                 |             | <b>-</b>            |



**NOTES TO THE TAX COMPUTATION****For The Year Of Assessment 22/23***(All Amounts Are In Sri Lankan Rupees)***Claimable Business Loss****Rs.**

|  |                     |
|--|---------------------|
| Brought Forward from 2021/2022                             | 1,348,301.23        |
| Business Loss Incurred the Year 2022/2023                  | 44,576.89           |
| Total Loss Incured from Business                           | <u>1,392,878.12</u> |
| Claimed against Assesable Income from Business 2022/2023   | -                   |
| Claimed against Assesable Income from Investment 2022/2023 | (936,127.38)        |
| Total Claimed against Total Asseasable Income              | <u>(936,127.38)</u> |
| Business Losses Carried Forward to 2023/ 2024              | <u>2,329,005.50</u> |



**NOTES TO THE TAX COMPUTATION****For The Year Of Assessment 22/23***(All Amounts Are In Sri Lankan Rupees)***Assets Purchased after April 1, 2018**

| <u>Asset</u>                            | <u>Years</u> | <u>Cost</u>     | <u>Claimed up to</u> | <u>Charges for the</u> | <u>Claimed up</u>  | <u>To be claimed</u> |
|---|--------------|-----------------|----------------------|------------------------|--------------------|----------------------|
|   |              |                 | <u>01.01.23</u>      | <u>Year</u>            | <u>to 31.12.23</u> |                      |
|   |              | <u>Rs. Cts.</u> | <u>Rs. Cts.</u>      | <u>Rs. Cts.</u>        | <u>Rs. Cts.</u>    | <u>Rs. Cts.</u>      |
| <b><u>Assets Purchased in 18/19</u></b> |              |                 |                      |                        |                    |                      |
| <b><u>Office Equipment</u></b>          |              |                 |                      |                        |                    |                      |
| Multimedia Projector                    | 5            | -               | -                    | -                      | -                  | -                    |
| Scanner                                 | 5            | -               | -                    | -                      | -                  | -                    |
| Electric Kettle and Tea Set             | 5            | -               | -                    | -                      | -                  | -                    |
|   |              | -               | -                    | -                      | -                  | -                    |

**Assets purchased in 20/21****Office Equipment**

|                         |   |           |          |          |           |           |
|-------------------------|---|-----------|----------|----------|-----------|-----------|
| Air conditioner         | 5 | 29,127.60 | 5,825.52 | 5,825.52 | 11,651.04 | 29,127.60 |
|                         |   | 29,127.60 | 5,825.52 | 5,825.52 | 11,651.04 | 29,127.60 |
| Total Capital Allowance |   | 29,127.60 | 5,825.52 | 5,825.52 | 11,651.04 | 29,127.60 |







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