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மஹபொல உயர்கல்வி புலமைப்பரிசில் நம்பிக்கை நிதியம்
Mahapola Higher Education Scholarship Trust Fund

2020

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வருடாந்த அறிக்கையும் கணக்குகளும்
ANNUAL REPORT & ACCOUNTS

2020

ANNUAL REPORT AND ACCOUNTS

MAHAPOLA HIGHER EDUCATION SCHOLARSHIP

TRUST FUND

CONTENTS

Vision

"To create an educated society with the aim of alleviating poverty"

Mission

"To provide Scholarships for the underprivileged youth to complete their higher education and creation of equal opportunities through the development of facilities for higher education"

Objectives

- To provide higher educational facilities to youth
- To provide assistance to deserving youth who have completed their secondary education satisfactorily, so as to enable them to complete their academic, industrial or technical education at a University or technical or higher educational institute.
- To set up and assist in the setting up and management of vocational training institutes for enabling youth to develop their vocational skills and competence .
- To set up and assist in the management and conduct of schools, institutes, foundations and similar institutions engaged in the furtherance of education.
- To provide assistance for the development and improvement of the skills and competence of lecturers, teachers, and such persons engaged in the furtherance of education. (Presently, grant of scholarships has been considered as the major task with priority).

Core Values

Integrity

We are selecting students for Mahapola Higher Education Scholarships following a prescribed methodology with transparency in a fair manner and frequently make efforts to pay Mahapola scholarships to the qualified students within a reasonable period of time.

Flexibility

The Board of Trustees inclusive of the employees and the Director of the Fund are successfully moving in the competitive financial market looking for novel ideas in order to strengthen the fund.

Positive Attitudes

Have to face a number of challenges when granting scholarships and working with other institutions and obtaining funds and the employees are committed to successfully face all the challenges.

Team Spirit

Employees of Mahapola Scholarship Fund are working together to achieve cooperate goals with their qualities of openness, friendliness and personal development.

Effectiveness

Employees of Mahapola Higher Education Scholarship Trust Fund have got a better understanding and faith about their roles and they are frequently making efforts to achieve the set targets in an efficient manner. A small group of employees (10 employees) have achieved in paying around 70,000 scholarships monthly.

Tendency towards Uniqueness

Employees of Mahapola Scholarship Trust Fund are committed to maintain its service to the high standard consecutively.

A Glance at the History of Last Four Decades

Late Hon. Lalith Athulathmudali founded "Mahapola" concept in 1980 through a trade fair when he was the Minister of Trade and Shipping with the objective of providing the benefits and knowledge of open economy to the rural community and commenced Mahapola exhibition and the trade fair under the Ministry of Trade and Shipping. At the trade fairs and educational exhibitions held in schools the income earned from the sale of tickets at the gates, trade stalls and Mahapola Higher Education Scholarship Trust Fund Lotteries and donations were initially used to uplift infrastructure of those schools and to grant Mahapola Scholarships. The rural people did not receive the opening difference of the commercial economy as soon as the urban community. "Mahapola" is a measure taken by the Minister of Trade and Shipping with the objective of lessening the gap between the village and the city. Today, it has become a reward of the general public. Mahapola contributes the future generation; live wire of the country that is talented to obtain higher education, but depressed with economic problems.

The first ceremony of granting scholarships was held on 14th November 1981 at BMICH awarding 422 scholarships. From the beginning to 2020 more than 315,000 scholarships have been awarded and around Rs. 17 Bn has been spent on it. Around Rs. 2000 Mn. is annually spent on the task of paying scholarship installments for the students of universities and technical colleges.

Sri Lanka Institute of Information Technology initiated its studies in 1999 in Malabe, Kaduwela giving opportunity for the students who were unable to get university admission. Mahapola Fund granted Rs. 373 Mn. and 25 Acres of land for this. This institute offers Information Technology Diplomas and Degree Courses. Around 10,000 students get admissions annually to this institute.

Due to the collapses and rapid variations of the economy, it was identified that maintenance of NWSL and NWCL which were the subsidiary companies under Mahapola Fund was unfavourable for Mahapola Fund. Hence, taking into account the losses of the previous years as well, the above companies were terminated on the approval of the Cabinet of Ministers.

Amidst all the above challenges, the total value of Mahapola Fund by the end of 2020 was Rs. 11.5 billion and the annual income was Rs. 1.2 billion. Along with the profits of the Development Lotteries Board, the overall annual income was Rs. 2.6 billion and Rs. 1.6 billion was spent on granting scholarships. Accordingly the net surplus was Rs. 1 billion.

Achievements during the last 05 years (2015-2020)

- The value of a scholarship was increased from Rs. 2,150/- to Rs. 2,550/- in 2015. (Treasury contribution was increased from Rs. 350/- to Rs. 2,450/-).

- The income limit to be eligible for Mahapola Scholarships was increased from Rs. 03 Lakhs to Rs. 05 Lakhs in 2018 and it resulted in increase of additional scholarships by 3,000.

- The direct banking system was used for scholarship payments in 2019. Accordingly, amidst the COVID - 19 pandemic students participate lectures online and monthly scholarship installment is credited to their accounts under the direct payment method.

- In 2019, it was able to increase the scholarship installment of the students of all the Higher Education Institutes by Rs. 1,000/- in 2019.

- Despite the challenges faced in 2020, the number of scholarships was increased by 1,000. Accordingly, arrangements have been made to pay scholarships for 16,000 students in the academic year 2020/2021.

- Nevertheless the financial market was instable in 2020; a net annual growth of 6% could be reached as a result of proper financial management and expenditure control.

- Since the present scholarships has to be increased by 50% in the coming 05 years increasing the Capital assets of Mahapola Fund , the annual income of the fund has to be increased by Rs. 02 billion. In 2020, initial measures were taken to commence 05 projects under the Minister in charge of the subject and the Board of Trustees to achieve it. It is expected to improve capital assets of the fund up to Rs. 20 billion by 2025.

Ministry in charge of the Subject of Mahapola Higher Education Trust Fund and the Minister in charge from 1981 to 2020

Ministry In Charge of the Subject		Minister in Charge of the Subject	Duration (Year)
1	Ministry of Trade and Shipping	Hon. Minister Lalith Athulathmudali	1981 - 1983
2	Ministry of Trade and Shipping	Hon. Minister Lalith Athulathmudali (Minister of National Security)	1984 - 1988
3	Ministry of Trade and Shipping	Hon. Minister Lalith Athulathmudali (Minister of Agriculture, Food and Cooperatives)	1989 -1990
4	Ministry of Trade and Commerce	Hon. Minister A.R.Mansoor - Trustee, Hon. Minister Lalith Athulathmudali (Minister of Agriculture, Food and Cooperatives)	1991 -1992
5	Ministry of Trade and Commerce	Hon. Minister A.R.Mansoor - Trustee, Hon. Minister Lalith Athulathmudali (Minister of Agriculture, Food and Cooperatives)	1993
6	Ministry of Trade and Commerce	Hon. Minister A.R.Mansoor	1994
7	Ministry of Internal & International Trade & Commerce	Hon.Minister Kingsley T Wickramarathne	1995 - 2000
8	Min. of Internal and International Trade & Commerce, Shipping Dev. & Muslim Religious Affairs	Hon. Minister Rauf Hakeem	2001
9	Ministry of Commerce and Consumer Affairs	Hon. Ravi Karunanayaka	2002 - 2004
10	Ministry of Commerce and Consumer Affairs	Hon. Jeyaraj Fernandopulle	2004 May - 2007
11	Ministry of Trade, Marketing Development, Cooperative and Consumer Services	Hon. Minister Bandula Gunawardahana	2008 - 2009
12	Ministry of Cooperative & Internal Trade	Hon. Minister Johnston Fernando	2010 - 2012
13	Presidential Secretariat	Secretary to the President	2013 - 2014
14	Ministry of Food Safety	Hon. Minister Gamini Jayawickrama Perera	2015
15	Ministry of Development Strategies and International Trade	Hon. Minister Malik Samarawickrama	2015 Nov. - 2018
16	Ministry of Higher Education and Cultural Affairs	Hon. Minister Dr. Wijayadasa Rajapaksa	2018 July
17	Ministry of City Planning, Water Supply and Higher Education	Hon. Minister Rauf Hakeem	2018 October - 2019 Nov.
18	Ministry of Higher Education, Technical and Innovations	Hon. Minister Dr. Bandula Gunawardhana	2019 November
19	Ministry of Trade	Hon. Minister Dr. Bandula Gunawardhana	2020 January

Board of Trustees - 2020

	Trustee / Trustees	Designation	Position in the Board
1.	Hon. Jayantha Jayasuriya	The Chief Justice	Chairman
2.	Dr. Bandula Gunawardhana	Minister of Trade	Founder Trustee
3.	Mrs. J.M. Bhadrani Jayawardhana	Secretary, Ministry of Trade	Ex-Officio Trustee
4.	Prof. Kapila Perera	Secretary, Ministry of Education	Ex-Officio Trustee
5.	Mr. Kesarralal Gunasekara	Appointed Trustee	Appointed Trustee
6.	Dr. Ravindranath Liyanage	Appointed Trustee	Appointed Trustee

Director’s Report

Mahapola Higher Education Scholarship Trust Fund

Commencement

The year 2020 was a dreadful challenging year and the day to day affairs came to a standstill amidst the Covid - 19 pandemic situation and the number of working days was also limited. Despite of such situation, investment activities of the fund continued as usual and a growth of 6% in the annual net income could be achieved. Majority of employees worked from home and contributed to pay students’ scholarship installments without any interruption. Hence, by December 2020, the fund was able to pay nine scholarship installments. From the beginning of the year bank interest rate was considerably low and it was a decrease of 50% when compared to the precedent year. Accordingly, the interest rate of 10% - 11% which was in 2019 was decreased up to 5.5% in the middle of 2020. However, since Mahapola Trust Fund has invested 60% in treasury bonds and fixed deposits it was able to keep the interest rate without being declined. Since the interest rate was low throughout the year 2020, all the investments made in 2020 were invested in a at a low rate around 5.5%. All such investments were made upon the approval of the investment committee and invested in short term deposits of 03 to six months. An increase of interest rate was expected from that and the low interest rate remained until the end of 2020. This will result in decline of income in the year 2021. Similarly, the profit of Development Lotteries Board (DLB) which is a major way of income of Mahapola Fund also face a huge downfall due to the Covid 19 pandemic.

However, on the guidance and supervision of the present Board of Trustees of Mahapola Trust Fund, Hon. Minister in charge of the subject and the investment management committee it was able to maintain the fund at the end of the year 2020 with a surplus of Rs.1 billion.

Future Vision

Due to the fact that the Covid-19 pandemic situation may prevail in 2021 as well and the interest rate of bank will remain at a low rate, with the view of increasing income status and capital assets of the fund and based on increasing the number of annual student admissions to universities, it is expected to increase the number of scholarships by 30% during the coming 05 years. Accordingly, with the commitment and guidance of the present Minister in charge of the subject of Mahapola, initial steps were taken in 2020 to start 05 major projects and it its expected to start its 1st stage before the end of 2021. With the implementation of these projects it is expected to accumulate a surplus capital fund around Rs. 08 billion during the coming 05 years and to increase the annual income by Rs. 02 billion.

Strengthening Corporate Good Governance

Mahapola Higher Education Scholarship Trust Fund Act 1981 was passed at the Parliament in 1981 and even though 40 years have already been passed due to the faults and malpractices of the officers and trustees who have been to secure the financial operations and financial administration of the fund and Mahapola Fund was amended in 2020 with the addition of relevant amendments to the Mahapola Higher Education Scholarship Trust Fund in order to minimize the losses occurred to the fund by subjecting all the employees and trustees to the provisions in respect of faults specified in the public property Act.

In the year 2019, a Special Fund Management Committee was established to manage the Mahapola Fund with the approval of the Board of Trustees, and all investments and financial activities of the Fund were made possible to be functioned with the approval of this established Investment Committee, enabling the institution to establish strong good governance. The Investment Committee met once in every 03 months in 2020 and all investments are made on the recommendations of the Committee.

Use of New Technology for Scholarship Payment

Monthly scholarship installment payment process has been restructured from 2019 and direct bank payment method was introduced. Accordingly, the relevant scholarship installment is credited to the student's bank account on 15th of every month. Accordingly, scholarship installments are paid to around 60,000 university students under this direct banking system. Due to the Covid 19 pandemic students continue their education through online and students' monthly scholarship installments were credited to their bank accounts using this method.

Safeguarding Assets

As per the special audit report submitted by the Auditor General confirming that the misappropriation of assets and entering into false agreements by the SLIIT which was started investing finance of the Mahapola Fund, the Committee on Public Enterprises (COPE) has tabled the COPE report in parliament confirming that assets of Mahapola Trust Fun have been misappropriated through such false agreements. Through the report of the Presidential Commission to Investigate Allegations of Bribery and Corruption in public institutes which was appointed with regard to the period from 2015 to 2018, a report of an investigation conducted on SLIIT has been tabled in parliament. Confirmation of the corruption occurred due to misappropriation of the assets of Mahapola Fund though these reports could be stated as a step taken to strengthen the assets of Mahapola fund by re-establishing them. I am pleased to state that these assets will be under the control of Mahapola Trust Fund within a short period of time. I make this an opportunity to pay my gratitude to the present Minister of Trade and the Minister in charge of the subject of Mahapola and Secretary to the Ministry.

Finally, I wish to extend my gratitude to all the Ministers in Charge who were appointed representing the founding trustee, ex- officio trustees and officers who contributed to strengthen Mahapola Higher Education Scholarship Trust Fund, and to achieve its set objectives through its good governance and activities, the staff who served with the officers with much commitment, all the officers of the Ministry of Trade and all the other higher education institutes and the staff of the University Grants Commission headed by its Chairman.

The coming year 2021 will be a very challenging year for the Mahapola Higher Education Scholarship Trust Fund and I honestly wish that Mahapola Higher Education Scholarship Trust Fund will be a prominent institute that could manage it and provide financial assistance to expand and strengthen higher education opportunities of the youth with limited facilities that are anticipating higher education.

Parakrama Bandara
Director
Mahapola Higher Educational Scholarship Trust Fund

Operational Review

Scholarships Payment

Scholarship Payment Details (Per Installment)

Type	Value per Scholarship (Rs.)	MTF Contribution (Rs.)	Treasury Contribution (Rs.)
Ordinary Scholarship Payment	5,000/-	2,550/-	2,450/-
Merit Scholarship Payment	5,050/-	2,600/-	2,450/-

Scholarships Awards

Intake	No. of Students
University Students	65,000
Technical College Students	6,000
Annual Cost for Scholarship Payments	**Rs. 1.8 Billion**

Grant of Scholarships 2020 (2018/2019 Academic Year)

	University	2020 (2018/2019)
1.	Colombo	1,815
2.	Peradeniya	1,852
3.	Kelaniya	2,001
4.	Sri Jayawardenepura	2,372
5.	Moratuwa	952
6.	Jaffna	996
7.	Jaffna - Vavuniya Campus	104
8.	Ruhuna	1,043
9.	Eastern	391
10.	Gampaha Wickramarachchi Ayurveda Institute	29
11.	Institute of Indigenous Medicine	116
12.	School of Computing, University of Colombo	125
13.	Colombo- Si Pali	40
14.	Visual and Performing Arts	216
15.	South Eastern	598
16.	Rajarata	812
17.	Sabaragamuwa	477
18.	North Western	654
19.	Eastern – Trincomalee Campus	129
20.	Uva Wellassa	189
21.	Swami Wipulananda Institute	37
	Total No. of scholarships	**14,957**

Mahapola Scholarship Awards (Other Institutes)

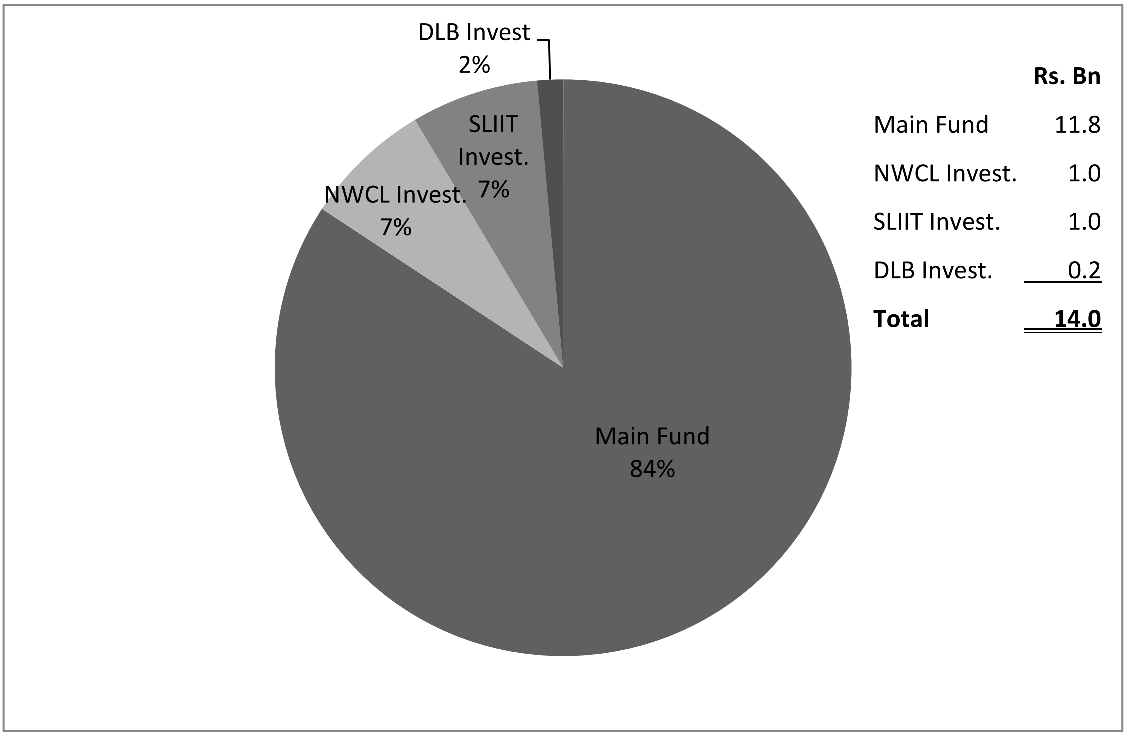
	Institute	No. of students
1.	Sri Lanka Law College	25
2.	National Institute of Technology – Moratuwa	170
3.	Buddha and Pali University	26
4.	Buddasravaka Biksu University	20
5.	National Social Development Institute (10 Degrees 14 Diplomas)	10
6.	Sri Lanka Institute of Advanced Technological Education (SLIATE)	1,500
7.	Open University of Sri Lanka (OUSL)	400
		2,151

Comparison of Total Number of University Admissions and Mahapola Recipients

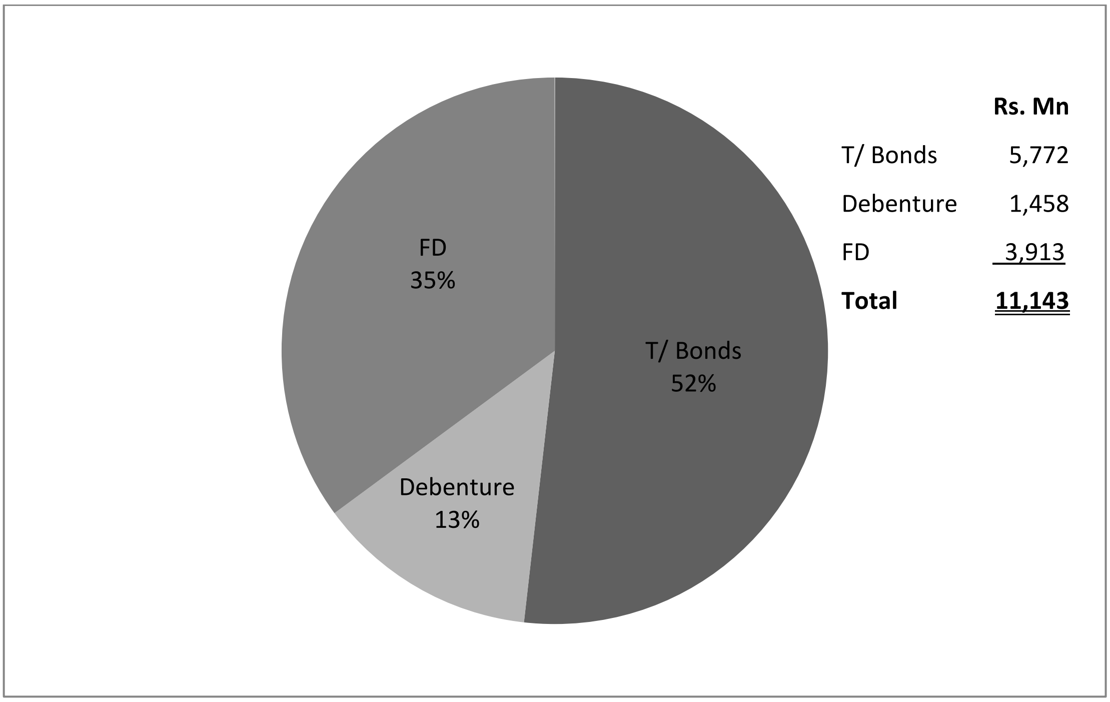
Year	**2017**	**2018**	**2019**	**2020**
Total number of university admissions	30,000	31,158	34,161	35,000
Number of students who qualified as per the limit of income (less than Rs. 5 Lakhs)	15,000	20,000	17,890	20,000
Number of Mahapola Scholarship recipients	14,500	14,984	15,001	15,000
Students qualified for scholarships as per the limit of income as a percentage of the total number of students	50%	64.1%	52%	57.1%
Mahapola recipients as a percentage of total number of students	48%	48.%	44%	42.85%
Number of Mahapola recipients among the number of students qualified based on the limit of income	96%	75%	84%	75%

Financial Position of Mahapola Higher Education Scholarship Trust Fund 31.12.2020

Total Fund

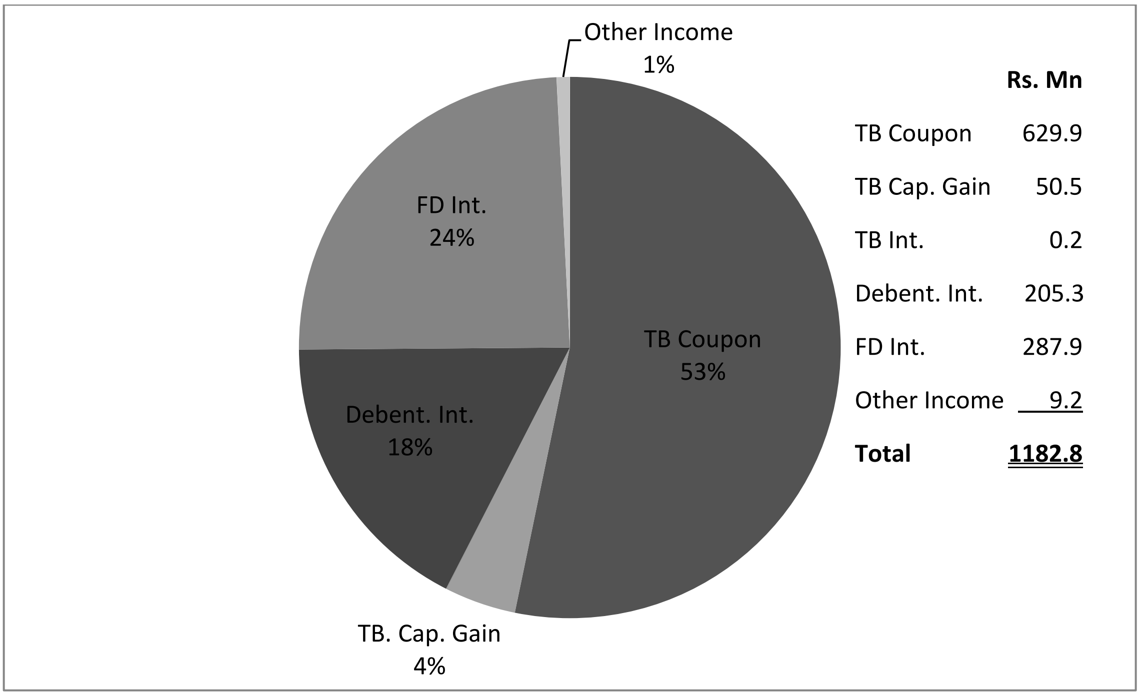


Portfolio - Main Fund

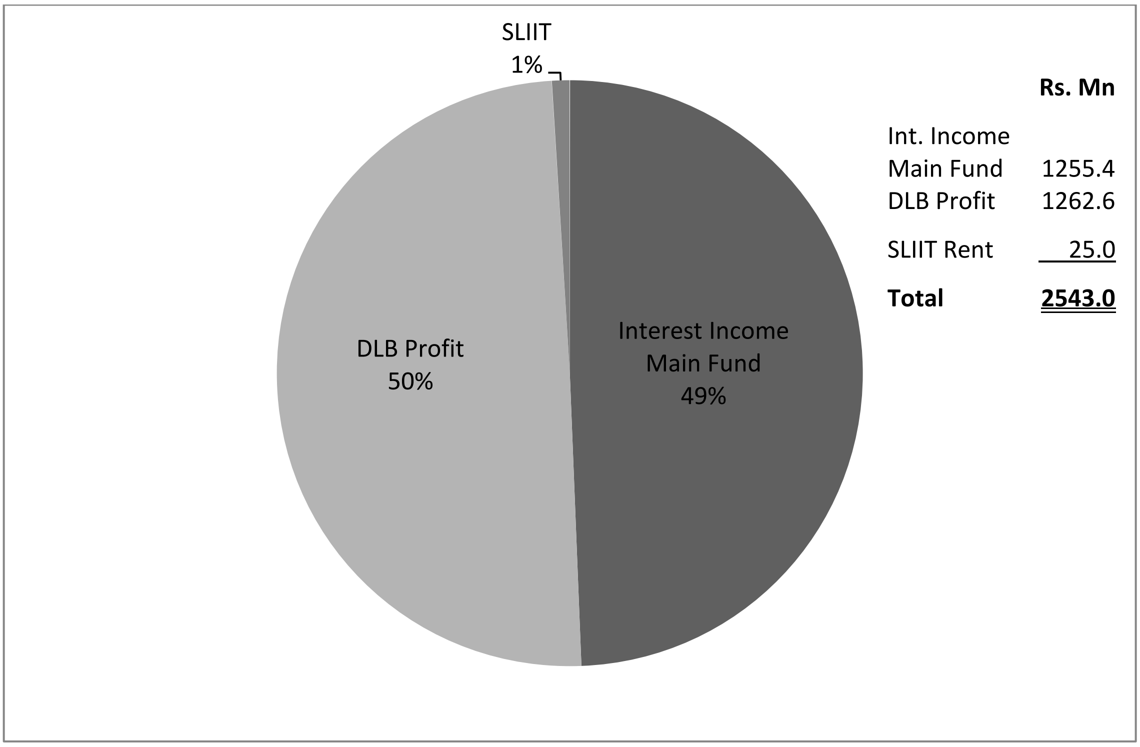


Operational Review

Investment Income - Main Fund



Total Income 2020



Operational Review

Comparison of Comprehensive Income Statement as at 31st of December 2020

Income	31.12.2020 Rs. Mn.	31.12.2019 Rs. Mn.	Variance %
Interest Income - Treasury Bonds	579.5	621.4	
Interest Income - Treasury Bills	173.2	50.2	
Interest Income - Asset backed security	0.2	6.3	
Interest Income - Fixed Deposits	-	32.4	
Interest Income - Debentures	287.9	253.3	
Interest Income - short term deposits	205.3	171.6	
Capital profits on treasury bonds	9.2	15.1	
Total Investment Income	**1,255.3**	**1,150.3**	**9%**
Direct Expenses			
Trustee Fees - Bank of Ceylon (MTF)	(3.5)	(1.7)	
Financial Expenses - Treasury bond premium	-	-	
BOC loan interest expenditure	-	(36.7)	
Net investment income	**1,251.8**	**1,111.63**	**13%**
Other Income			
DLB Dividend	1262.6	997.3	
SLIIT Rental	25.0	20.0	
Total other income	**1,287.6**	**1,017.3**	**(26%)**
Total Income	**2539.4**	**2125.9**	
Expenditure			
Scholarship Payments	(1,391.4)	(1,311.7)	**(6%)**
Salaries	(15.9)	(15.2)	
Other administrative expenses	(16.1)	(16.2)	
Depreciation	(30.8)	(29.9)	
Total expenditure	**(454.2)**	**(1,373.0)**	
Net income exceeding expenses	**1,085.3**	**755.09**	**44%**
Net profit / loss before taxation			
Income Tax Provisions	-	-	
Income after Tax	**1,085.3**	**755.09**	**44%**

Operational Review

2020 Budgetary Review

Description	Budget 2020	Actual cost	Variance	
		31.12.2020	Rs. Mn.	%
Income				
Interest Income of the Major Fund	1,200	1,255	55	4.58%
DLB Dividend	1,000	1,262	262	26.20%
SLIIT rental	20	25	5	25%
Total income	**2,220**	**2542**	**322**	**14.50%**
Expenditure				
Recurrent	**1,721.4**	**1,429.7**	**291.5**	**16.74%**
Scholarship payments	1,687.7	1,389.5	298.2	
Employee salaries	19.6	17.2	2.4	
Maintenance	2.0	2.2	(0.2)	
Services on contract	11.1	17.3	(6.2)	
Other recurrent	0.8	3.5	(2.7)	
Vehicle rental	-	-	-	
Other	0.2	-	(0.2)	
Capital Expenditure	**2.5**	**0.09**	**(3.2)**	**(12%)**
Office equipment	2.0	-	(2.0)	
Motor vehicles	-	-	-	
Computer Software	0.5	0.09	(4.9)	
Total Expenditure	1723.9	1429.7	309.7	**5.50%**
Net balance	**496.1**	**1,111.5**	**27.3**	**34.02%**

Corporate Good Governance

Board of Trustees and Investment Management Committee Meetings

Meetings of Board of Trustees

At the Board of Trustees Meetings' the Board of Trustees engages in close observation and supervision of organizational operations and results as per the approved budget and relevant standards. The Board of Trustees pays attention on a standard agenda and the other matters discussed in the meetings. All the minutes of the meetings of the Board of Trustees are approved and certified by the Chairman. The Board of Trustees meets once in two months and Special Meetings of the Board of Trustees are called as and when required. The meetings of the Board of Trustees held in the year ended as at 31st December 2020 and the information of participation of the trustees are given below.

	Trustee / Trustees	**Designation**	**Number of meetings held**							
			1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
			77	**78**	**79**	**80**	**81**	**82**	**83**	**84**
1	Hon. Jayantha Jayasuriya	Chief Justice	*	*	*	*	*	*	*	*
2	Hon. Bandula Gunawardhana	Minister of Higher Education, Technology and Innovations	√	√	√					
		Minister of Trade				√	√	√	√	√
3	Mr. Anura Dissanayaka	Secretary Ministry of Higher Education, Technology and Innovations	√	√	√	-	-	-	-	-
4	Mrs. Bhadrani Jayawardhana	Secretary, Ministry of Trade	√	√	√	√	√	√	√	√
5	Mr. H.M.Chithananda	Secretary, Ministry of Education	√	√	√	*	√	√	-	-
6	Mr. S.V.D.Kesarralal Gunasekara	Appointed Trustee	√	√	√	√	√	√	√	√
7	Mr. Gulam Rasheed	Appointed Trustee	√	√	√	√	√	√	-	-
8	Prof. Kapila Perera	Secretary, Ministry of Higher Education				√	√	√	√	√
9	Dr. Ravindranath Liyanage	Appointed Trustee								√

√ - No. of meetings held & Participated
- \- Resigned from the Board of Trustees
* - Not Participated

Investment Committee Meeting

Progress of the meetings held by the Investment Committee appointed by the Trust Fund during the year 2020 is as follows.

	Name	Office in the Board	Designations	No. of Meetings held		
				1	2	3
				5th	6th	7th
1	Mr. Anura Dissanayaka	Chairman	Secretary Ministry of Higher Education and Innovations	√	√	-
2	Mrs. Bhadrani Jayawardhana	Chairman	Secretary, Ministry of Trade			√
3	Prof. Abeyrathna Bandara	Member	Professor, Sri Jayewardenepura University	√	√	√
4	Mr. S.V.D.Kesarralal Gunasekara	Member	Trustee / Mahapola Trust Fund	√	√	√
5	Mr. Manjula De Silva	Member	Chief Executive Officer / Insurance Trust Fund	√	√	√
6	Mr. Ganaka Amarasinghe	Member	Member, Institute of Chartered Accountants of Sri Lanka			√
7	Mr. M.P.Bandara	Member	Director / Mahapola Trust Fund	√	√	√

√ - No. of meetings held & Participated

\- - Resigned from the Committee

Staff

Service Category	Approved Cadre	Existing Vacancies	Vacancies
Senior	1	1	
Secondary	6	2	4
Tertiary	19	8	11
Primary	5	2	3
Total	31	13	18

Mahapola Higher Education Scholarship Trust Fund spends a limited cost on its staff and from the onset it has been functioning with a limited staff. Administrative expenditure on the staff could be maintained at a very low level as 0.26% of the income and 0.40% of the expenditure.

The Board of Trustees has decided to fill vacancies in the staff by internal promotions and the vacancies that will emerge in future by the external applicants.

During the year under review, the Ministry of Trade which is the Ministry in charge of the subject of Mahapola Trust Fund carried out the review of the cadre and the organizational structure and the approval was granted.

The Minister of Trade informed that all the posts in the Mahapola Trust Fund had to be approved by the Department of Management Services and even though the request was referred to the Management Services Department of the General Treasury. The approval has not been received upto 31.12.2020.

Other Investments of the Mahapola Trust Fund

Development Lotteries Board

Mahapola Trust Fund has invested Rs 2.2 Mn. in Development Lotteries Board and the Chairman of the Mahapola Higher Education Scholarship Trust Fund or one of his representatives will be appointed by Ex-officio power to the Board of Directors of Development Lotteries Board.

Development Lotteries Board directly transfers its income to the President's Fund and subsequently, the dividend is transferred to Mahapola Higher Education Trust Fund by the President's Fund.

Profit of Development Lotteries Board (DLB) during 2015- 2020 and the dividend transferred by the Development Lotteries Board to the Mahapola Higher Education Scholarship Trust Fund through the President's Fund

Description	2015 Rs. Mn.	2016 Rs. Mn.	2017 Rs. Mn.	2018 Rs. Mn.	2019 Rs. Mn.	2020 Rs. Mn.
Net Profit of the DLB	**1,727.1**	**1,783.3**	**501.7**	**2,187.6**	**2,668.8**	**2,770.0**
Dividend entitled to the Mahapola Higher Education Scholarship Trust Fund 50%	**863.6**	**891.7**	**250.9**	**1,093.8**	**1,334.4**	**1,385.0**
The share transferred to the Mahapola Trust Fund	**735.8**	**767.3**	**25***	**780.6**	**922.3**	**1,153.3**
Share of dividend further to be received	127.8	124.4	225.9	313.2	412.1	231.7

* A sum of Rs. 1.7 Bn. which was tax liability payable by the Development Lotteries Board has been paid. Hence, the net profit of the Development Lotteries Board was less than that amount and only Rs. 25 Mn. was transferred to the Mahapola Fund.

National Wealth Cooperation Ltd. (NWCL)

Mahapola Trust Fund has invested Rs. 200 Mn in its fully owned company National Wealth Corporation Ltd. and incorporated it as a limited company on 23rd March 2003. NWCL acted as an investment manager and the portfolio of Mahapola Trust Fund was managed with the objective of obtaining benefits to the maximum with low risk. The Mahapola Fund such managed by the NWCL was transferred to the Mahapola main account being functioned in the corporate division of the Bank of Ceylon in 2019 and the Fund Management Agreement which was with NWCL was cancelled with effect from 28th February 2019. The company remained inactive in 2020. When looking at the year 2020, the financial situation was as follows.

Other Investments of the Mahapola Trust Fund

National Wealth Cooperation Ltd. (NWCL)

Performance Report for the period ending 31.12.2020

	Rs. Mn.
Income	2.4
Expenses	5.2
Net Profit (Loss)	**(2.8)**

Financial Position as at 31.12.2020

Assets	**Rs. Mn.**
Cash and Cash Equivalents	0.8
FDs and REPOs	39.4
Deposits, Prepayments and other receivables	38.5
Investment in Subsidiary - NWSL	1,148.6
Other Assets	38.7
Total Assets	**1,266.0**

Equity and Liabilities	**Rs. Mn.**
Expenses	
Stated Capital	985.5
Retained Earnings as at 31.12.2020	274.0
Total Equity	1,259.5
Liabilities	6.5
Total Equity and Liabilities	**1,266.0**

Other Investments of the Mahapola Trust Fund

NatWealth Securities Ltd. (NWSL)

The possibility of participating Treasury Bond Auctions was at a low level due to the loss occurred from 2015 to 2018 and the shortage of working capital required for functioning of the company. Due to the poor management and changing of the Board of Directors the Central Bank of Sri Lanka temporarily suspended the license of the primary buyer of the NWSL for six months. As it was effective from May 2020 to 30th November 2020, it directly affected the functioning of the company and lost its income as well.

As decided at the Cabinet Meeting held on 26.10.2020, it was decided to liquidate NWCL and NWSL Companies. Accordingly, arrangements are being made to appoint a liquidation committee by 31.12.2020 in order to liquidate the companies. When looking at the year 2020, the financial situation was as follows.

Performance Report for the period ending 31.12.2020

	Rs. Mn.
Income	119.3
Expenses	68.2
Net Profit (Loss)	**51.1**

Financial Position as at 31.12.2020

Assets	Rs. Mn.
Cash and Cash Equivalents	0.9
FDs and REPOs	1,193.6
Deposits, Prepayments and other receivables	144.3
Other Assets	0.5
Total Assets	**1,339.3**

Equity and Liabilities	Rs. Mn.
Expenses	
Stated Capital	1,175.0
Special Risk Reserve	354.0
Retained Earnings as at 31.12.2020	(294.4)
Total Equity	1,234.6
Liabilities	104.7
Total Equity and Liabilities	**1,339.3**

Other Investments of the Mahapola Trust Fund

Investments of the Sri Lanka Institute of Information Technology (SLIIT)

The agreements entered into on 12th May 2015 had been signed without the approval of the trustees and a special investigation in this regard was conducted by the Presidential Commission of Inquiry and as per the Special report of the Auditor General, since assets of the MTF had been transferred without proper approval COPE Committee has been proposed to establish the administration of SLIIT under the Mahapola Higher Education Scholarship Trust Fund. It has been observed that SLIIT possesses net assets more than Rs. 20 Bn and the Board of Trustees of Mahapola has decided to obtain an assessment report and the present administrative authority of SLIIT had not provided facilities 31.12.2020. Accordingly, Mahapola Trust Fund had deprived of its returns based on these assets.

New Projects to be implemented under the Mahapola Higher Education Scholarship Trust Fund (2022 – 2025)

New Projects

Name of the Project	Capital Investment	Expected Annual Income
Database of Scholarship Recipients	-	Rs.500 million
University College for Language Studies	Rs. 200 million	Rs. 200 million
Metro Trade City Project (300 Acres)	Rs. 500 million	Rs. 500 million
University Village (150 Acres)	Rs. 500 million	Rs. 200 million
University College for Bio-Systems Technology (22 Acres)	Rs. 500 million	Rs. 200 million

- **Database of the scholarship recipients**

  Around 03 lakhs of undergraduates who obtained Mahapola Scholarships completed their degrees, passed out from universities and presently employed locally and in abroad. A database on those scholarship recipients has been prepared and arrangements have been made to send requests to those graduates to get their contribution for Mahapola Fund. It is expected obtain additional funds around Rs. 500 million from that in addition to the existing fund.

- **University College for language studies**

  As per the government's vision of Splendour of Prosperity and the set objectives of the Mahapola Fund, Mahapola Fund is committed for fulfilling the higher education needs of the youth of less income generative families and providing job oriented higher education for all who desire to get higher education. Hence, it has been planned to start a university college for language studies and a Diploma in foreign languages will be awarded at the completion f two years. It is expected to invest Rs. 200 Mn. of capital for this project and it is expected to earn an additional income of Rs. 200 Mn.

- **Metro Trade City Project**

  As per an initiativeof the Present Minister in charge of the subject of Mahapola, it has been planned to implement a metro trade city project at Mihinthale of Anuradapura District in a land of 300 acres under Mahapola fund. This project will be completed in five years of time and this project is a way of partly shifting wholesale trade in Colombo Fort to the centre of the country and it will strengthen the distribution network and facilitate the farmers to sell their agro-products at a reasonable price. It is expected to invest a capital of Rs. 500 million on this project and thereby it is expected to earn an annual additional income of Rs. 500 million to Mahapola Fund.

New Projects to be implemented under the Mahapola Higher Education Scholarship Trust Fund (2022 – 2025)

- **University Village**

  It has been planned to establish a university village in a land in the extent of 122 Acres in Padukka, Homagama. It will be started under two stages and it is expected to establish a university of technology and a training centre of technological studies and a research centre. The initial investment is Rs. 500 Mn and expected annual income is Rs. 200 Mn.

- **University college for Biosystems Technology**

  It has been arranged to establish a University College of Biosystems Technology in Ambewela of Nuwaraeliya District. This project will be started with the main objective of providing technical knowledge on floriculture (cultivation of flowers) and pomiculture (cultivation of fruits) and exporting the products. This institute will start courses to provide technical knowledge on Floriculture and Pomiculture and they will be awarded with NVQ certificate. This is a fee-levying institute and the expected annual income is Rs. 200 million. It has been estimated that the initial investment is Rs. 500 million.

  It is expected to increase the strength of the Mahapola Capital Fund up to Rs. 20 billion and to increase the number of annual scholarships from 16,000 to 25,000 which is 30%.

AUDITOR GENERAL'S REPORT

Chairman
Mahapola Higher Education Scholarship Trust Fund

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of Mahapola Higher Education Scholarship Trust Fund for the year ended 31 December 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2019.

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1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Mahapola Higher Education Scholarship Trust Fund for the year ended 31st December 2020 comprising the statement of financial position as at 31st December 2020 and the statement of comprehensive income statement of income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of the provisions of section 10(4) of Mahapola Higher Education Scholarship Trust Fund Act No. 66 of 1981, Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka and National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31st December 2020 and of its financial performance and its cash flows for the year then ended.

1.2 Basis for Qualified Opinion

1.2.1 Deviation from Accounting Standards

(a) In terms of paragraph 49 of Sri Lanka Accounting Standard No. 08, even though the nature and amount in respect of the earlier adjustments should be disclosed with the financial statements, total adjustments of Rs. 3,735,852/- which were earlier adjusted by the Fund had not been disclosed.

(b) Although the transactions with the related parties should be stated in the financial statements in terms of paragraphs 25 and 26 of Sri Lanka Accounting Standard 24, Mahapola Trust Fund (MTF) had not disclosed its transactions with its related parties ; National Wealth Corporation LTD., NatWealth Corporation Ltd., and Development Lotteries Board.

(c) Although Financial assets, its depreciated cost, fair value through other comprehensive income, fair value through profit or loss should be stated category wise in the financial statements in terms of the paragraph 4.1.1 of Sri Lanka Accounting Standard 09, financial assets amounting Rs. 5,586,821,233/- had not been stated in that way.

1.2.2 Accounting Deficiencies

(a) Consolidated Financial Statements of National Wealth Corporation Ltd. and NatWealth Securities Ltd. which are two subsidiaries with the sole ownership of the Trust Fund had not been prepared and submitted for auditing from 2013 to the year under review.

(b) The land owned by the MTF in the extent of 25 Acres and located in Malabe which was entered in the accounts to the value of Rs. 12,460,179/- in 2005 had not been assessed to the present value and entered in the books.

(c) As per the letter No. PS/PA/5/36/vol-iv/2021 dated 17th March 2021 of the President's Fund, nevertheless the dividend of the fund for the year under review from the profit of the Development Lotteries Board was Rs. 1,305,156,751.50. Since it was stated in the financial statement as Rs. 1,262,598,395/- a sum of Rs. 42,558,356/- had been understated.

(d) As informed by the President's Fund, even though the dividend in arrears due from the Development Lotteries Board was Rs. 262,149,615/- and it was indicated in the Financial Statements as Rs. 109,302,245/-. Consequently, an amount of Rs. 152,847,370/- had been understated.

(e) Even though the interest income on fixed deposits of the year under review was Rs. 296,318,766/- , it was stated in the financial statements as Rs. 287,876,625/- and an amount of Rs. 8,442,141/- had been understated.

I conducted my audit in accordance with Sri Lanka Audit Standards (SLAuSs) . My responsibilities, under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements Section of my report. I believe that the audit evidence I Have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other information included in the 2020 Annual Report of Mahapola Trust Fund

Other information consists of the information included in the Annual Report 2020 of the Fund, other than the financial statements and our auditor’s report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When reading the 2020 Annual Report of the Fund, if we conclude that materiel misstatement consists thereof, such facts shall be communicated to those charged with governance for correction. If there are further misstatements that have not been corrected, we will include them to the report to be tabled at the parliament in due course in compliance with the Article 156(4) of the Constitution.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud and error.

When preparing financial statements, it is a responsibility of the management to determine the ability of continuous operation of the fund and in case the management determines to liquidate the institute or unless take action to cease the operations in the absence of other alternative, the management is responsible for accounting based on the continuous operation and to disclose the matters on the constant operation of the institute in future.

Those charged with governance are responsible for overseeing the authority’s financial reporting process.

As per sub section 16(1) of the National Audit Act No. 19 of 2018, the fund is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the fund.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 omissions, 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 fund's internal control.

- Evaluate the fairness of the accounting policies and accounting estimates used and the appropriateness of the related disclosures made by the management.

- Conclude on the appropriateness of the use of going concern basis of accounting based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the Fund 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.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 includes specific provisions in respect of the following requirements.

2.1.1 I have obtained all the information and explanations for the purpose of audit, as per the requirement of Section 12(a) of the National Audit Act, No. 19 of 2018 and as per revelations from my examination, proper financial records have been maintained by the Fund.

2.1.2 The financial statements presented are consistent with that of the preceding year as per the requirement of Section 6(1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 Any recommendation made by me in the preceding year as per the requirement of Section 6(1) (d) (iv) of the National Audit Act, No. 19 of 2018 had been included in financial statements. Except the observations made in the paragraphs 1.2.1 a, b, c and 1.2.2. a, b, the recommendations made by me in the year preceding year have been included in the financial statements.

2.2 Based on the procedures which had been adopted and the evidence obtained which limited to matters that are material, nothing has come into my consideration to express following statements.

2.2.1 As per the requirement of Section 12 (d) of the National Audit Act, No. 19 of 2018, whether any member of the governing body of the Trust Fund has any direct or indirect interest in any contract entered into by the Trust Fund beyond the normal course of business.

2.2.2 Except for the below mentioned observation, whether Trust Fund has not complied with any applicable written law or other general or special directions issued by the governing body of the Trust Fund as per the requirement of Section 12 (f) of the National Audit Act, No. 19 of 2018.

Reference to Laws / Directions	Description
Management Audit Circulars	
Circular No. DMA/2009/(1) dated 09th June 2009	An Internal Audit had not been established as per the circular and an audit had not been conducted by the Internal Audit Unit of the Line Ministry

2.2.3 Action has been taken against the powers, functions and duties of the fund, for the requirement of the Section 12(g) of the National Audit Act No. 19 of 2018.

2.2.4 The Fund had not practised procurement in economical, efficient and effective manner during the period for the purpose of the Section 12(h) of the National Audit Act No. 19 of 2018.

2.3 Other Audit Observations

(a) An amount of Rs. 3,832,875 had been stated from the in the Financial Statements from 2013 as the payments that should be paid by the school development funds for the constructions carried out in several schools. However, no action had not been taken in this regard.

(b) Nevertheless the Investment Committee of the Trust Fund makes decisions in respect of the portfolio, it was observed that Bank of Ceylon had been paid a fee of Rs. 2,592,000/- for that task.

(c) An amount of Rs.791 Mn. was due from Organic Game Pvt. Ltd. in respect of the online lottery which had been cancelled on 15th September 2016. Court proceedings on this matters are being carried out in the Supreme Court and an amount of Rs. 2,344,514/- had been paid as fee for legal advice.

(d) As per the agreements entered on 14th November 2005 and 12th May 2015 and the approval for the Cabinet Memorandum submitted by HE the President in 2017, the ownership of the SLIIT borne by the Trust Fund was rescinded and an investigation is in process in the Commission to Investigate Bribery or Corruption stating that the agreement signed in 2015 was unlawful. Further, having concluded the investigation in this regard conducted by the Special Presidential Commission for Inquiry, the report had been submitted to the Parliament and as stated at the Committee on Public Enterprises (COPE) held on 08th January 2021 a report on the ownership of SLIIT of the Mahapola Trust Fund had been submitted for debate at Parliament. However, the value of the land owned by the Mahapola Fund where SLIIT has been located couldn’t be assessed. The present Governing Board of the SLIIT was called for a discussion in this regard and they have informed their unwillingness to participate it in writing.

(e) As per the Cabinet Memorandum No. CP/20/1367/313/011 dated 28th February 2021, it was decided to liquidate National Wealth Corporation Ltd. which MTF owns an amount of Rs. 985,500,070/- share capital of it and a subsidiary of Mahapola Fund, NatWealth Securities Ltd. which is primary buyer of the Central Bank of Sri Lanka due to their long lasting losses. Accordingly, it had been scheduled to terminate service of their employees on 28th February 2021 and to compensate them. However, recommendation of the COPE held on 08th January 2021 was temporarily halt liquidating of these companies until the court proceedings and the investigations at the Criminal Investigation Department and the Commission to Investigate Bribery or Corruption will be concluded. The MTF replied that liquidation as per the cabinet decision will not be an obstacle for the other related affairs. Accordingly appointing of a liquidator was stopped.

(f) An audit on National Wealth Corporation Ltd. and NatWealth Corporation had been conducted through a private audit firm. Even though those companies had to pay Rs. 3,769,451/- as audit fee, Rs. 1,744,249/- as legal fee and Rs. 60,000/- as liquidation fee to MTF, it had not been paid. Further, even though the Fund had stated it as receivable amount, in the accounts of those companies it had not been stated as a payable amount.

(g) Arrangements had not been made to recruit a manager with expert knowledge in respect of the investments of the company. Further ,the approved cadre is 31 and the actual cadre is 13 and measures had not been taken during the year under review to fill those 188 vacancies.

Sgd./

W.P.C. Wickramarathana
Auditor General

ANSWERS TO THE AUDITOR GENERAL'S REPORT

1.4.2 Non - compliance with Sri Lanka Accounting Standards

Non -compliance with the respective standard with the reference	Whether a new observation or an existing observation	Exposure on controlling of risk	Views of the Management	Recommend -ation	Measures taken and present status
1. Even though the nature and quantity of the adjustments of the previous period should be disclosed along with the financial statements in accordance with SriLanka Accounting Standards (LKAS) 08, the total amount of Rs. 3,735,852 adjusted by the Trust Fund for the previous period had not been disclosed in the financial statements.	Existing	Upgrading of the present system is required.	Agreed. Accounting activities of 2021 has been started and action will be taken to submit those accounts in accordance with LKAS 08.	Financial Statements should be presented in accordance with the SriLanka Accounting Standards.	Actionn will be taken to presnt financial statements and reports in accordance with the SriLanka Accounting Standards from 2021 onwards.
2. Even though transactions with the related parties should be disclosed in the financial statements in accordance with LKAS 24, the Trust Fund had not disclosed its transactions with the related retaled parties; SriLanka Institute of Information Technology (Guarantee) Ltd., Natinal Wealth Corporation Ltd. (NWCL),	Existing	Upgrading of the present system is required.	NWSL/NWCL are fully owned (100%) entities of Mahapola Fund while SLIIT / DLB ae investments of Mahapola Fund and even the dividends of Mahapola Fund have been disclosed. Revenue of SLIIT lease rent has been stated in the accounts and the dividends of DLB has also been stated.	Financial Statements should be presented in accordance with the SriLanka Accounting Standards.	Ation will be taken to present financial statements as per the SriLanka Accounting Standards from 2021 onwards.

NatWealth Securities Ltd. (NWSL) and Developmet Lotteries Board (DLB).			Transactions of NWSL/NWCL have been stated in the Accounting Statements as different entries and related parties have not been stated seperately in the accounting statements in accordance with the LKAS 24. Action will be taken to present Financial Statements in the years to come.		
3. Financial assets of Rs. 5,586,821,233 which had been statd under financial statements has to be depreciated in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) 09, it had not been stated accordinly.	Existing	Upgrading of the present system is required.	Agreed. Acion wll be taken in future to do necessary reporting as per LKAS.	Should comply with LKAS.	Necessary reporting will be done in accordance with SLAS in future.

1.4.3 Accounting Deficiencies

Audit Observation	Whether a new observation or an existing observation	Exposure on controlling of risk	Views of the Management	Recommen-dation	Measures taken and present status
1. Corporate Financial Statements of NWCL and NWSL which are fully owned by the Trust Fund had not been prepared and submitted for auditing from 2013 to the year under review.	Existing	Upgrading of the present system is required.	The Cabinet of Ministers has approved liquidation of the two subsidiaries of the Mahapola Trust Fund namely NWSL and NWCL and the financial statements of these companies were not prepared for the year 2020 since they were inactive in that year. An Audit Firm has been assigned with the duty of preparing consolidated accounts from 2013 to 2019 and they will be submitted for audit immediately after preparation of them will be completed.	Not liqudated in 2020 and consolidated Financial Satetements should be prepared 2013 onwards.	This matter was taken tnto discussion at the COPE meeting held on 08.01.2021 and it was directed to present accounts and the Annual Report of Mahapola Fund without the consolidated accounts and all the Annual Reports and audited accounts from 2013 to 2019 have been presented to the arliament on 04.10.2021.

2. The land of 25 Acres owned by Mahapola Fund and located in Malabe which was acounted in 2005 at the value of Rs. 12,460,179 had not been valuated to the present alue and entered into books even by the year under review and a request has been made to the Government Chief Valuer on 20th May 2020 with the view of obtaining a assesment report on the said land , all the buildings and equipment. The Fund has stated Rs. 1,064,520,695 in the finacial statements withot obtaining precise valuation report on the present value.	Existing	Upgrading of the present system is required.	Not agreed. It is not corect to consider it as an accounting deficiency. A request in writing has been made to the Government Valuation Department to obtain valuation reports. Mahapola Fund had spent an amount of Rs. 373 Million for the construction of SLIIT, Malabe and net value of the assets (land, buildings and equipment) as at 31.12.2015 have been entered in the account books and this way has been used for accounting since SLIIT is an asset of Mahapola. There is no need to change the above agreements for that. However, since necessary facilities have not been provided to revaluate all the assets of SLIIT, it was unable to revaluate the assets and enter into accounts books during the year ner review.	The true nature of the institute should be exposed through financial statements.	The special audit report in respect of the errors within the administration and agreements of SLIIT and misuse of assets was presented to the COPE meeting of parliament on 08.01.2021 and the COPE Report was tabled in parliament on 06.04.3031. In addition, the report of the Presidential Commission to Investigate Corruption in Public Institutions has been submitted in 2018. It will be taken into debate in parliament. Hon. Minister in charge of the subject has submitted observations of the

					future activities of the SLIIT to parliament on 17.08.2021.
3. As per the financial statements, even though the opening balances of the account which is used to pay scholarships of university students was Rs. 441,644,815 as at 01st January 2020. However, as per the ledger balance it was Rs. 441,585,464 and there was a gap of Rs. 109,351.	New	Upgrading of the present system is required.	An amount of Rs. 4,158,565 ක් which was inclusive in payment of scholarships was included in short term liabilities. Measures have been taken to rectify this in the accounts of 2021.	Opening balances should be stated correctly.	Measures will be taken to prepare accounts correctly in the years to come.
4. The due gratuity fixed deposit interest income was Rs.71,421 and it had not been accounted as income of the year under review.	New	Upgrading of the present system is required.	Not agreed. Entered into accounts.	The income of the year under review has to be properly recognized and entered into accounts.	The relevant corrections will be made in the accounts of 2021.

5. Even though interest income of the treasury bill amounting Rs. 215,000,000 from 30th December 2020 to 08th January 2020 was Rs. 26,507/- as at 30th December 2020. However by stating the revenue of the year under review as Rs. 238,865**,** an amount of Rs. 212,358 has been overstated**.**	New	Upgrading of the present system is required.	Not agreed. Entered into accounts correctly.	Revenue of the year under review should be correctly identified and accounted.	Revenue for the year 2021 had been changed correctly. The relevant corrections have been made in the accounts of 202 f1.
6. As per the letter No. PS/PA/5/36/vol-iv/2021 dated 17th 2021 of the President's Fund, nevertheless the share of profit of the fund was Rs. 1,490,445,755 from the profit of DLB, and it had been stated as Rs. 1,262,598,395 by understating an amount of Rs. 227,847,360**.**	Existing	Upgrading of the present system is required.	Not agreed. As stated in the report, the amount of Rs. 1,490,445,755.00 which has been stated in the report as the share of profit of the DLB in the year under review is incorrect and it is a total of the amount that which was received and to be received in respect of the years 2019 and 2020. However, even though the President's Fund requested to confirm the balance when preparing accounts of 2020, the balance confirmation was received on 25th March 2020 in response of the letter dated 17th March 2020. Accordingly, final accounts of Mahapola Fund had already been prepared and	Arrangements should be made to confirm the due share of profit of the Mahapola Trust Fund before preparing financial statements.	Measures have been taken to get balance confirmations at the end of each year and make adjustments to the accounts 2021 onwards.

			submitted for audit. However as per this balance confirmation letter relevant adjustments will be made in 2021 in response of this request letter on balance confirmation. Balance confirmation for the year under review has been prepared before preparing the final reconciliation reports by the President's Fund on the receipts of 2020 and making an addition of Rs. 109,302,244.91 which is a due amount further to be paid for the year 2020. Accordingly, adjustment of the previous year will be made in 2021 having adjusted the share of profit of the accounts of the year 2020 with the reconciliation reports.		
7. Despite the due share of profit from the DLB as at 31st of December 2020 was Rs. 262,149,615 as informed by the president's fund, it had been stated in the financial statements as Rs. 109,302,245**.** Thus an amount of Rs.152,847,350 had been understated.	Existing	Upgrading of the present system is required.	Not agreed. Even though requests had been made to confirm due dividend from DLB as at 31.12.2020, it was failed to get confirmed through the President's Fund. Hence, it was unable to be accounted this in the right way.	Arrangements should be made to compute the due profit of share of the Mahapola Fund which has not been	Measures have been taken to get balance confirmations at the end of each year and make adjustments to the accounts 2021 onwards.

				settled by the DLB before preparing financial statements.	
8. Nevertheless the fixed deposit interest income was Rs. 296,318,766, it had been stated as Rs. 287,876,625 by understating an amount of Rs. 8,442,141.	Existing	Upgrading of the present system is required.	Not agreed. Relevant adjustments will be made as adjustments before 2021.	Revenue of the year under review has to be properly identified and computed correctly.	Fixed deposit interest income will be accounted properly from 2021 onwards
9. The custodian fee of Rs. 915,387 of the year 2019 has been accounted as expenditure in the year under review.	New	Upgrading of the present system is required.	Agreed. Adjustments of previous years will be corrected in the coming years.	Should be accounted as the adjustments of previous year.	Agreed. Adjustment of the previous year will be corrected in the coming year.

10. Audit fee of Rs. 657,000 which was paid for the period from 2013 to 2018 had been accounted as expenditure during the year under review.	New	Upgrading of the present system is required.	Agreed. Adjustments of the previous years will be made in the coming year.	Should be accounted as adjustments of previous years.	Agreed. Adjustments of the previous years will be corrected in the coming year.

1.4 Receivable and Payable Accounts

1.4.1 Payables

Audit Observation	Whether a new observation or an existing observation	Exposure on controlling of risk	Views of the Management	Recommendation	Measures taken and present status
An amount totalling Rs. 3,832,875 which should be paid by the school development funds on behalf of the constructions carried out in several schools had been stated in the financial statements from 2013 and no action had been taken in this regard during the year under review.	Existing	Upgrading of the present system is required.	These developments in schools were carried out by an institute which came under the purview of Cooperative and Wholesale Establishment (CWE) and all the bills have been settled through that institute. However, either bills or contractors' requests have not been still submitted to settle the due amount of Rs.3, 832,875.00. Accordingly, settling of these bills has got delayed.	Appropriate measures should be taken immediately.	Since there were errors within the procurement procedure and the creditors have not submitted bills it is impossible to settle bills.

1.5 Financial Management

Audit Observation	Whether a new observation or an existing observation	Exposure on controlling of risk	Views of the Management	Recommendation	Measures taken and present status
Even though Investment Committee of the Trust Fund is taking decisions in respect of portfolio of the fund, it is observed that a useless expense has been borne by paying an amount of Rs. 2,592,000 to the Bank of Ceylon as related fees during the year under review.	New	Upgrading of the present system is required.	Investment Committees are making decisions in respect of investments of Mahapola Fund and after making such investments relevant certificates and notes related to the bonds are kept with much security in the Corporate Branch of the Bank of Ceylon and a Custodian Agreement has been signed under the approval of the Trust Board. Since the amount of the fund is around Rs. 11.8 billion as at 31st of December 2020 and this fee is charged for keeping related documents of fixed deposits certificates. Hence, no outside party can keep these without permission. Hence, as this amount has been borne for the security of the fund , it could not be considered as a useless expense.	Useless expenses should not be borne.	It has been proposed to submit a Cabinet Memorandum to get such facilities free of charge.

2. Financial Review

2.1 Financial Outcome

There was a surplus of Rs. 1,085,347,967/- in the operational outcome of the year under review and the surplus of the previous year was Rs. 755,972,796/-. Accordingly, a growth of Rs. 329,375,171 could be seen in the financial outcome. The major reason for this was increase of the income of the Development Lotteries Board compared to the previous year.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Whether a new observation or an existing observation	Exposure on controlling of risk	Views of the Management	Recommendation	Measures taken and present status
i. Even though it was mentioned in the Action Plan that measures will be taken to amend the Development Lotteries Board Act with the view of obtaining 60% of the profit of DLB to the Trust Fund and to obtain the share of profit to the Mahapola Fund directly and to start a printed lottery named Mahapola and nominate super markets and C.W.E outlets as agencies they had not been implemented.	New	Upgrading of the present system is required.	Even though the Cabinet of Ministers approved to obtain 60% of the profit of the DLB, concurrence of the President's Fund could not be obtained for that. It was delayed due to Covid-19 pandemic. Approval of the Cabinet of Ministers has been obtained to implement the online lottery.	Action should be taken to achieve them during the scheduled time frame.	Approval has been granted on 01.01.2021 to start a new online lottery. Accordingly, relevant discussions on increasing the profit up to 60% from DLB have been stopped. It has been decided to implement the online lottery in collaboration with all the institutes.

ii. Even though commencement of an online lottery jointly with SriLanaka Telecom Mobitel and Dialog Companies and establishment of a Computer Unit at the DLB to handle it were activities in the Action Plan, they were not implemented.	New	Upgrading of the present system is required.	This was delayed due to Covid 19 Pandemic. It is in progress at present. Since a new institute will be selected to implement the new lottery, it is not necessary to establish a new computer unit under Mahapola Fund.	Action should be taken to achieve it during the scheduled time frame.	It has been proposed to join all the institutes at the implementation of the new online lottery. Since a new institute will be selected to implement the new lottery, it is not necessary to establish a new computer unit under Mahapola Fund.
iii. Nevertheless it had been stated as an activity in the Action Plan to obtain donations of local and foreign scholarship holders who were benefitted from Mahapola scholarship, it was not implemented.	New	Upgrading of the present system is required.	This was delayed due to Covid 19 Pandemic. It is in progress at present.	Action should be taken to achieve it during the scheduled time frame.	Information of around 250,000 of Mahapola beneficiaries has been computerized and a separate unit has been established on the approval of the Board of Trustees. Accordingly,

					measures will be taken to get donations from each beneficiary.
iv. As per the action plan , although it was expected to form a scholarship fund on the contribution of a rich person or Foster Scheme to benefit the students of less income generative families who are studying at Higher Education Institutes (non- university) it was not implemented.	New	Upgrading of the present system is required.	Approval of the board of trustees has been received to make scholarship payments online and signed agreements got delayed due to Covid – 19 pandemic.	Action should be taken to achieve it during the scheduled time frame.	It has been approved to start trade exhibitions of Mahapola Trust Fund again and it will be started to promote the fund once the country will come into normalcy.
v. An outstanding of Rs. 791 Million had to be recovered from Oceanic Game Pvt. Ltd. in respect of the online lottery which was cancelled on 15th September 2016. A case is being heard at the Supreme Court and an amount of Rs. 2,344,514 has been paid during the year under review for consultancy.	Existing	Upgrading of the present system is required.	This case has not been solved yet.	Action should be taken to achieve it during the scheduled time frame.	As an initial step to recover the outstanding Rs. 791 million from the Oceanic Games Pvt. Ltd. a letter of demand was sent to that company in 2018 and Oceanic Games Company started arbitrary action and action will be taken in respect of this

					outstanding immediately after the arbitrary board will be established. Approval of the Board of Trustees has been received to pay online through the People's Bank and it has been delayed due to Covid – 19 pandemic.

3.2 Procurement Management

Audit Observation	Whether a new observation or an existing observation	Exposure on controlling of risk	Views of the Management	Recommendation	Measures taken and present status
In terms of section 4.2 of the Procurement guidelines every procurement entity shall prepare a procurement plan and the master procurement plan should consist of expected procurements for at least three years. However, the Trust Fund has not prepared such a plan.	Existing	Upgrading of the present system is required.	Considering the procurement activities of Mahapola Scholarship Trust Fund, it does not engage in Department and Ministry Procurements except purchase of stationary and other items required for daily use. Hence, a plan on procurements of operating activities will be implemented in accordance with section 4.2 of the Procurement Guidelines.	Should take measures following section 4.2 of government procurement guidelines.	A plan has been prepared on procurement activities of Mahapola Trust Fund of the year 2021. Accordingly, procurements will be carried out.

4. Accounting and Corporate Good governance

4.1 Internal Auditing

Audit Observation	Whether a new observation or an existing observation	Exposure on controlling of risk	Views of the Management	Recommendation	Measures taken and present status
An Internal Audit Unit has not been established for the fund in terms of the Management Audit Circular No. DMA/2009/ (1) dated 09th June 2009 and Financial Regulation 133. An audit has not been conducted by the Internal Audit Division of the Line Ministry on the transactions and functioning of the Fund.	Existing	A system should be introduced.	Since approval of the Mahapola Trust Fund has been obtained to recruit an Internal Auditor and the staff to establish the Internal Audit Unit of the Mahapola Fund necessary action is being taken. The Internal Audit Unit could be established by the end of 2021 having taken all the necessary measures.	Action should be taken following the circular auditing should be conducted by the Internal Audit Division of the Ministry.	Action will be taken to establish an Internal Audit Division before the end of 2021.

FINANCIAL STATEMENTS

31 DECEMBER 2020

Mahapola Higher Education Scholarship Trust Fund

Statement of Financial Position

As At 31 December 2020

	Notes	2020 Rs.	2019 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	12	870,388,263	900,600,030
Intangible Assets	13	606,180	708,209
Investment Property	14	12,460,179	12,460,179
Investment in Subsidiary	15	985,000,000	985,000,000
Other Investments	16	2,200,000	2,200,000
Financial Assets	17	11,827,211,201	10,747,181,046
		13,697,865,823	**12,648,149,463**
Current Assets			
Other Assets	18	5,844,020	5,724,867
Advances and Prepayments	19	1,202,085	1,658,029
Receivables	20	722,067,345	767,566,984
Cash and Cash Equivalents	21	72,064,231	138,160,020
		801,177,681	**913,109,900**
TOTAL ASSETS		**14,499,043,504**	**13,561,259,363**
EQUITY AND LIABILITIES			
EQUITY			
Accumulated Fund		10,147,376,951	10,147,376,951
Retained Earnings		4,036,947,280	2,947,863,461
Total Equity		**14,184,324,231**	**13,095,240,412**
Non Current Liabilities			
Retirement Benefit Obligation	22	4,587,845	3,835,329
		4,587,845	**3,835,329**
Current Liabilities			
Accruals & Other Payables	23	310,131,428	462,183,622
		310,131,428	**462,183,622**
TOTAL EQUITY AND LIABILITIES		**14,499,043,504**	**13,561,259,363**

The Accounting policies on pages 05 to 16 and Notes on pages 17 to 24 form an integral part of these Financial Statements.The Board of Trustees are responsible for the preparation and presentation of theses Financial Statements.These Financial Statements were approved by the Board of Trustees and signed on their holding.

SVA Gunasekara

Mrs. Bhadrani Jayawardena	Mr. S.V.D.K.Gunasekara	Mr. M.P. Bandara
Secretary	Appointed Trustee	Director
Ministry of Trade	Mahapola Higher Education	Mahapola Higher Edu.
Ex-offico Trustee of Mahapola Trust Fund	Scholarship Trust Fund	Scholarship Trust Fund

Mahapola Higher Education Scholarship Trust Fund

Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 Rs.	2019 Rs.
Revenue	7	2,542,964,725	2,167,588,794
Direct Expenses (Scholarship Payments)	8	(1,391,419,416)	(1,311,706,136)
		1,151,545,309	855,882,658
Other Income	9	52,640	77,727
Total Income		**1,151,597,949**	**855,960,385**
Administrative Expenses	10	(66,178,257)	(63,253,113)
Finance Cost	11	(71,725)	(37,021,388)
Total Expenses		**(66,249,982)**	**(99,987,589)**
Surplus/(Deficit) Before Tax		**1,085,347,967**	**755,972,796**
Income Tax Expenses		-	-
Net Surplus/(Deficits) after Tax		**1,085,347,967**	**755,972,796**
Other Comprehensive Income			-
Net Surplus after the Comprehensive Income For The Year		**1,085,347,967**	**755,972,796**

The accounting policies and notes on pages 05 through 24 form an integral part of the financial statements.

Mahapola Higher Education Scholarship Trust Fund

Statement of Cash Flows
For the year ended 31 December 2020

	2020 Rs.	2019 Rs.
Cash Flow From Operating Activities		
Net Surplus/ (Deficits)	1,085,347,967	755,972,796
Adjustment For;		
Depreciation	30,769,145	29,715,489
Gratuity	752,515	662,569
Prior Year Adjustments	3,735,852	42,955,902
Operating Surplus/(Deficits) Before working capital changes	**1,120,605,480**	**829,306,756**
Working Capital Changes		
Increase/(Decrease) in Receivables	45,836,430	(613,545,140)
Increase/(Decrease) in Payables	(152,052,194)	315,878,208
Net Working Capital Changes	(106,215,764)	(297,666,932)
Net Cash Inflows/(Outflows) from Operating Activities	**1,014,389,716**	**531,639,824**
Cash Flows From Investing Activities		
Acquisition of Property Plant & Equipments	(377,850)	(16,426,582)
Acquisition of Intangible Assets	(77,500)	(708,209)
Investment / (Withdrawal) in Financial Assets	(1,080,030,155)	(516,953,338)
Net Cash Inflows/(Outflows) from Investing Activities	**(1,080,485,505)**	**(534,088,129)**
Cash Flows From Financing Activities		
Dividend Paid	-	-
Net Cash Inflows/(Outflow) from Finance Activities	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(66,095,789)	(2,448,303)
Cash & Cash Equivalent as at 01st Jan	138,160,020	140,608,323
Cash & Cash Equivalents as at 31st Dec	**72,064,231**	**138,160,020**

The accounting policies and notes on pages 05 through 24 form an integral part of the financial statements.

Mahapola Higher Education Scholarship Trust Fund

Statement of Changes In Equity
For the year ended 31 December 2020

	Accumulated Fund Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 January 2019	10,147,376,951	2,148,934,763	12,296,311,714
Net Surplus /(Deficits) for the year	-	755,972,796	755,972,796
Prior Year Adjustments	-	42,955,902	42,955,902
Balance as at 31 December 2019	**10,147,376,951**	**2,947,863,461**	**13,095,240,412**
Net Surplus /(Deficits) for the year	-	1,085,347,967	1,085,347,967
Prior Year Adjustments	-	3,735,852	3,735,852
Balance as at 31 December 2020	**10,147,376,951**	**4,036,947,280**	**14,184,324,231**

The accounting policies and notes on pages 05 through 24 form an integral part of the financial statements.

Mahapola Higher Education Scholarship Trust Fund

Notes to the Financial Statements

Corporate Information

1.1 General

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

1.2 Principal Activities and Nature of Operations

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

1.2.1 Mahapola Trust Fund

The aims and objects of the Fund shall be -

(a) to provide higher education facilities to youths;

(b) provide assistance to deserving youths who have completed their secondary education satisfactory, so as to enabling them to complete their academic, industrial or technical education at a university or technical or higher education institute, as the case may be;

(c) to set up and assist in the setting up and management of Vocational Training Institutes for enabling youth to develop their vocational skills and competence;

(d) to set up and assist in the management and conduct of schools, institutes, foundations and similar institutions engaged in the furtherance of education; and

(e) to provide assistance for the development and improvement of the skills and competence of lecturers, teachers, and such persons engaged in the furtherance of education.

1.3 Date of Authorization for Issue

The Financial Statements of Mahapola Higher Education Scholarship Trust Fund for the year ended 31 December 2020, were authorized for issue, in accordance with a resolution of the Board of Trustees on 24/02/2021.

2. Basis of Preparation

2.1 Statement of Compliance

The Financial Statements which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes as at 31 December 2020 are prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRSs and LKASs (hereafter referred as SLFRSs), as laid down by the Institute of Chartered Accountants of Sri Lanka.

2.2 Basis of Measurement

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

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

2.3 Materiality and Aggregation

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

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

2.4 Comparative Information

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

3. Summary of Significant Accounting Polities

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

3.1 Property Plant and Equipment

3.1.1 Basis of Recognition

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

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

3.1.2 Basis of Measurement

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

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

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

3.1.3 Subsequent costs

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

3.1.4 Repairs and Maintenance

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

3.1.5 De-recognition

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

3.1.6 Depreciation

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

The estimated useful lives are as follows;

Buildings and Fixtures	40 years
Furniture and Fittings	05 years
Office Equipment	05 years
Computer and Accessories	04 years
Motor Vehicle	05 years

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

3.1.7 Intangibles Assets

Accounting Policy

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the fund and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite useful lives

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement in the expense category consistent with the function of the intangible asset.

The estimated useful lives for Intangible Assets are as follows:

Item	Useful Life
Computer software	5 years
Web Site	5 years

De-recognition

The carrying amount of an intangible asset is de-recognised on disposal or when no future economic benefits are expected from its use. Gain or loss arising from de-recognition of an intangible asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset as at the date of disposal, and are recognised in the statement of profit or loss when the asset is de-recognised.

3.2 Investment Property

3.2.1 Basis of Recognition and Measurement

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

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

3.2.2 De-recognition

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

3.2.3 Subsequent transfer to/from investment property

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

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

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

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

3.2.4 Impairment of Non-Financial Assets

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

3.3. Investment in Subsidiaries and Other Investment

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

3.4 Foreign Currencies

a) Functional and Presentation Currency

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

b) Transactions and Balances

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

3.5.1 Taxation

3.5.1 Current taxation

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

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

a) Mahapola Trust Fund

Mahapola Higher Education Scholarship Trust Fund is liable for income tax then the final tax would be calculated on net income for the period and all the expenditure treated as allowable expenses then arriving at the determination of the final income on calculation tax.

b) Cabinet Decision on Income Tax of Mahapola Higher Education Scholarship Trust Fund

Cabinet Papers - Policy Matters

Cabinet Paper No.20/0144/215/010, a Memorandum dated 2019-12-31 by the Minister of Higher Education, Technology and Innovation on Obtaining Cabinet approval for the inclusion of the Mahapola Higher Education Scholarship Trust Fund in the Third schedule of section 9 of the Inland Revenue Act, No.24 of 2017 in order to exempt from all the taxes including import Duties, Income Tax & Gifts Tax and Withholding Tax as specified in section 12 of the Mahapola Higher Education Scholarship Trust Fund Act, No.66 of 1981 - the above Memorandum was considered along with the observations of the Minster of Finance, Economy and Policy Development. After discussion, it was decided to direct the Secretary, Ministry of Higher Education, Technology and Innovation, to explore the possibility of submitting a proposal in the next Budget for the purpose indicated in the Memorandum in association with the secretary, Ministry of Finance, Economy and Policy Development and pursue action accordingly.

3.5.2 Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

3.6 Cash & Cash Equivalents

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

4 FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

4.1 Financial Assets

4.1.1 Classification and Measurement of Financial Assets

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

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

The subsequent measurement of financial assets depends on their classification.

4.1.2 Financial assets measured at Amortised Cost

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

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4.1.3 Financial assets measured at FVOCI

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

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

4.1.4 Debt instruments at FVOCI

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

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

4.1.5 Equity instruments at FVOCI

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

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

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

4.1.6 Financial Assets measured at FVTPL

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

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

4.2 Financial Liabilities

4.2.1 Classification and subsequent measurement of financial liabilities

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

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

- Financial liabilities measured at amortised cost

The subsequent measurement of financial liabilities depends on their classification.

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

4.2.2 Financial Liabilities at fair value through profit or loss

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

4.3 De recognition of Financial Assets and Financial Liabilities

4. 3.1 Financial Assets

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

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

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

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

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

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

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

4.3.2 Financial Liabilities

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

4.3.3 Offsetting of Financial Instruments

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

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

5. LIABILITIES AND PROVISIONS

5.1 Liabilities

5.1.1 Retirement Benefit Obligations

5.1.2 Defined Benefit Plan – Retirement Gratuity

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

The gratuity liability is not externally funded.

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

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

Employees' Provident Fund

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

Employees' Trust Fund

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

5.2 Provisions

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

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

6. INCOME AND EXPENSES

6.1 Revenue Recognition

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

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

6.1.1 Interest income

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

6.1.2 Other Income

Other income is recognised on an accrual basis.

6.2 Expenses

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

Mahapola Higher Education Scholarship Trust Fund

Notes to the Financial Statements
For the year ended 31 December 2020

		2020	2019
7	**Revenue**	**Rs.**	**Rs.**
	MTF Investment Income (Sub Note 7.1)	1,255,366,340	1,150,242,194
	Share of Profit from Development Lotteries Board	1,262,598,385	997,346,600
	Lease Rental from SLIIT	25,000,000	20,000,000
		2,542,964,725	**2,167,588,794**

		2020	2019
7.1	**MTF -Investment Income**	**Rs.**	**Rs.**
	Treasury Bonds - Coupon (Sub Note 7.2)	579,451,161	621,446,796
	Treasury Bonds - Captal Gain Net of Premium	173,237,794	50,165,824
	Treasury Bills - Interest	238,865	6,270,403
	Assets Bank Income	-	32,401,919
	Debenture Interest	205,311,963	171,570,098
	Fixed Deposits Interest Net of WHT	287,876,625	253,265,898
	REPO Income	2,462,846	9,191,949
	Overnights Income	6,552,749	5,683,277
	Sweeper Income	234,337	246,030
		1,255,366,340	**1,150,242,194**

		2020	2019
7.2	**Treasury Bond Coupon Income**	**Rs.**	**Rs.**
	Treasury Bonds -Coupon	629,944,580	664,811,515
	Less :Treasury Bond Premium & Discount	(50,493,419)	(43,364,719)
		579,451,161	**621,446,796**

Mahapola Higher Education Scholarship Trust Fund

Notes to the Financial Statements
For the year ended 31 December 2020

8 Direct Expenses

Scholarship Payments	**2020 Rs.**	**2019 Rs.**
Scholarship Payments -Universities (Sub Note 8.1)	1,321,558,450	1,253,782,384
Scholarship Payments -Technological Colleges	63,617,000	50,727,500
Scholarship Payments -Other Higher Education Institutes	4,354,750	5,524,996
New Scholarship Award Expenses	1,889,216	1,671,256
	1,391,419,416	**1,311,706,136**

8.1 Scholarship Payments -Universities	**2020 Rs.**	**2019 Rs.**
Scholarship Payments -Universities	2,583,971,250	2,197,988,134
Less :Treasury Contribution (through UGC)	(1,262,412,800)	(944,205,750)
	1,321,558,450	**1,253,782,384**

9 Other Income	**2020 Rs.**	**2019 Rs.**
Staff loan Interest	32,818	56,382
Donations	-	15,000
Scholrship Deducation	13,400	-
Sundry Income	6,422	6,345
	52,640	**77,727**

Mahapola Higher Education Scholarship Trust Fund

Notes to the Financial Statements

For the year ended 31 December 2020

10	**Administrative Expenses**	**2020 Rs.**	**2019 Rs.**
	Salaries	12,590,984	11,806,066
	Attendance & Communication Allowance	1,523,500	1,319,000
	Overtime & Weekend Payments	490,483	685,260
	E.P.F	1,033,835	895,192
	E.T.F	232,211	201,678
	Leave Encashment & Staff Incentive	-	272,261
	Depreciation	30,589,616	29,715,489
	Amortization	179,529	166,292
	Postage & communication	56,835	94,859
	Gratuity	482,837	662,569
	Welfare Expenses	157,664	195,806
	Telephone	567,465	509,044
	Audit Fees	1,306,140	916,407
	Transalation & Other Service Fees	402,513	614,639
	BOT & Investment Meeting Fees	464,944	325,104
	Fuel, Travelling & Subsistance	408,803	513,115
	Water	9,727	10,956
	Electricity	552,982	553,199
	Cleaning Expenses	43,100	64,600
	Entertainment Expenses	60,226	70,775
	Security Charges	336,160	310,000
	Printing & Stationeries	910,953	737,940
	Maintaince Expenses- Office Equipment	320,479	128,459
	Office Rent -J.R.Jayawardenare Centre	3,571,163	4,185,851
	System Maintenance & IT Expenses	241,578	60,000
	Donations -Lalith Athulamudali Foundation	755,000	1,345,218
	Staff Health Insurance	328,750	262,499
	Advertisement Expenses	163,500	-
	Legal Fees	2,344,514	1,843,143
	Subscription Fees	6,595	291,950
	Sundry Expenses	76,412	137,439
	Web Site Development Cost	-	285,500
	Vehicle Lease Rental	1,717,200	1,819,225
	Vehicle Maintenance	515,094	294,472
	Custodian Fees -BOC Investment Banking	3,507,388	1,672,194
	Healthcare & Safety Expenses	230,078	-
		66,178,257	**62,966,200**

11	**Finance Cost**	**2020 Rs.**	**2019 Rs.**
	Bank Charges	71,725	286,913
	Loan Interest	-	36,734,476
		71,725	**37,021,388**

Mahapola Higher Education Scholarship Trust Fund

Notes to the Financial Statements
For the year ended 31 December 2020

12 Property, Plant & Equipment

12.1 Gross Carrying Amounts	**Balance As at 01.01.2020 Rs.**	**Additions Rs.**	**Disposals Rs.**	**Balance As at 31.12.2020 Rs.**
Buildings	1,064,520,695	-	-	1,064,520,695
Furniture and Fittings	7,935,353	-	-	7,935,353
Office Equipment	1,511,085	103,350	-	1,614,435
Computer & Accessories	6,896,830	274,500	-	7,171,330
Motor Vehicles	16,190,000	-	-	16,190,000
Total Value of Depreciable Assets	**1,097,053,963**	**377,850**	**-**	**1,097,431,813**

12.2 Accumulated Depriciation and Impairment	**Balance As at 01.01.2020 Rs.**	**Charge for the year Rs.**	**Disposals Rs.**	**Balance As at 31.12.2020 Rs.**
Buildings	184,133,310	24,455,205	-	208,588,515
Furniture and Fittings	4,522,678	1,432,976	-	5,955,654
Office Equipment	840,203	277,776	-	1,117,979
Computer & Accessories	4,589,123	1,185,659	-	5,774,782
Motor Vehicles	2,368,619	3,238,000	-	5,606,619
Total Depreciation	**196,453,933**	**30,589,616**	**-**	**227,043,550**

12.3 Net Book Values	**2020 Rs.**	**2019 Rs.**
Buildings	855,932,180	880,387,385
Furniture and Fittings	1,979,699	3,412,675
Office Equipment	496,456	670,882
Computer & Accessories	1,396,548	2,307,707
Motor Vehicles	10,583,381	13,821,381
Total Carrying Amount of Property, Plant & Equipment	**870,388,263**	**900,600,030**

Mahapola Higher Education Scholarship Trust Fund

Notes to the Financial Statements

For the year ended 31 December 2020

13 Intangible Assests

13.1	**Gross Carrying Amounts**	**Balance As at 01.01.2020 Rs.**	**Additions Rs.**	**Disposals Rs.**	**Balance As at 31.12.2020 Rs.**
	Computer Software	177,000	-	-	177,000
	Mahapola Web site	697,500	77,500	-	775,000
	Total Value of Depreciable Assets	**874,500**	**77,500**	**-**	**952,000**

13.2	**Accumulated Amortisation and Impairment**	**Balance As at 01.01.2020 Rs.**	**Charge for the year Rs.**	**Disposals Rs.**	**Balance As at 31.12.2020 Rs.**
	Computer Software	34,818	35,400	-	70,218
	Mahapola Web site	131,473	144,129		275,602
	Total Depreciation	**166,291**	**179,529**	**-**	**345,820**

13.3	**Net Book Values**	**2020 Rs.**	**2019 Rs.**
	Computer Software	106,782	142,182
	Mahapola Web site	499,398	566,027
	Total Carrying Amount of Intangible Assets	**606,180**	**708,209**

14	**Investment Property**	**2020 Rs.**	**2019 Rs.**
	Free Hold Land (at Malabe -Leased out to SLIIT)	12,460,179	12,460,179
		12,460,179	**12,460,179**

Note: This land which is at Malabe leased out to Sri Lanka Institute of Information Technology Guranty Ltd.

Mahapola Higher Education Scholarship Trust Fund

Notes to the Financial Statements
For the year ended 31 December 2020

15 Investment In Subsidiaries	2020 Rs.	2019 Rs.
National Wealth Corporation Ltd.*	985,000,000	985,000,000
	985,000,000	**985,000,000**

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

16 Other Investments	2020 Rs.	2019 Rs.
Capital Invesment in Development Lotterries Board	2,200,000	2,200,000
	2,200,000	**2,200,000**

17 Financial Assets	2020 Rs.	2019 Rs.
Fiancial Assets at Amortised Cost		
Treasury Bonds (Refer Schedule I)	5,772,569,282	6,968,857,143
Treasury Bond Premium & Discount	165,655,344	174,342,511
Treasury Bills (Refer Schedule II)	215,000,000	-
Debentures (Refer Schedule II)	1,458,750,000	1,738,600,000
Fixed Deposits (Refer Schedule II)	3,913,071,233	1,863,000,000
Fiancial Assets at FVPL		
REPO (Refer Schedule II)	300,000,000	-
BOC- Sweeper Account -4079	2,165,343	2,381,392
	11,827,211,201	**10,747,181,046**

(Refer schedule I & II of page 25 & 26 for invesment details)

18 Other Assets	2020 Rs.	2019 Rs.
Retirement Benefit Assets (Fixed Deposit)	3,485,497	3,172,760
Stationery Stock	198,013	391,597
Rent deposit Jayawardna Centre	1,811,700	1,811,700
CWE Rent Deposit	348,810	348,810
	5,844,020	**5,724,867**

Mahapola Higher Education Scholarship Trust Fund

Notes to the Financial Statements
For the year ended 31 December 2020

	2020 Rs.	2019 Rs.
19 Advances and Prepayments		
Staff Loan & Advances	775,363	1,259,029
University Grant Commission	399,000	399,000
Prepayment Medical Insurance	23,973	-
Festival Advance	3,750	-
	1,202,085	**1,658,029**

	2020 Rs.	2019 Rs.
20 Receivables		
Receivable NWCL/NWSL - Due Diligence Audit Fees	3,769,451	-
- Legal Fees	1,744,249	-
- Liquidation Fees	60,000	-
UGC Receivables (Treasury Contribution)	129,359,400	214,501,100
DLB Profit Share Receivables	109,302,245	75,000,000
Fixed Deposit Interest Rceivables	214,405,331	185,380,223
Treasury Bond Coupon Rceivables	203,466,586	229,230,149
Debenture Interest Receivables	59,537,942	63,431,406
Gratuity FD Interest Rceivables	77,421	-
Overnight Income	-	24,105
Vehicle Insurance Rceivables	314,186	-
Scholarship Payment Receivables	25,000	-
Insurance Premiun Receivables	5,534	-
	722,067,345	**767,566,984**

	2020 Rs.	2019 Rs.
21 Cash & Cash Equivalents		
BOC- Current Accouunt -1791	666,909	866,899
BOC - Current Account -83302834	677,058	145,766
BOC -Current Account -83867162	720,264	47,355
BOC - Overnight Investment -1791	70,000,000	137,100,000
	72,064,231	**138,160,020**

	2020 Rs.	2019 Rs.
22 Retirement Benefit Obligation		
Balance as at the beginning of the year	3,835,329	3,172,760
Gratuity FD Interest Income	269,678	-
Provision for the year	482,838	662,569
	4,587,845	**3,835,329**

Mahapola Higher Education Scholarship Trust Fund

Notes to the Financial Statements
For the year ended 31 December 2020

23 Accruals & Other Payables	2020 Rs.	2019 Rs.
Scholarship Payables -Universities	260,685,500	441,644,815
Scholarship Payables - Technical colleges	37,578,500	15,632,400
Scholarship Payables - Higher Education Institutes	1,033,700	326,600
UGC Award expenses Payable	1,074,258	-
Audit Fees Payable	649,140	-
Contribuation Lalithathulathmudali Fund	750,000	-
UGC Grant Payable	66,150	-
Slip Return	2,340,165	-
Vertual Hosting	23,328	23,328
Telephone Bill	24,514	19,728
Payables for Overtime	76,689	52,617
Payables for Attendence Allowance	130,000	98,000
Payables for School Development Works	1,074,097	1,074,097
Payables for Salalries & Wages	161,750	94,000
Retention A/C	1,547,409	1,547,409
Retention A/C St.Anne's College	382,417	382,417
Retention A/C Sir.John Kothalawala College	243,502	243,503
Retention Embilipitiya Swimming Pool Expenses	585,449	585,449
Over Payment of Scholarship Payments - KLN	465,900	-
Insurance Claim Payable	17,235	-
Custodian Fees Payable - BOC	648,000	-
Security Charges - Rakna Lanka	42,120	48,000
Provision for Vehicle Rent	143,100	-
Electricity & Water	244,533	43,482
Translation Fees Payables	-	40,275
Strationery and printing charges	143,971	55,242
Leave Encashement	-	272,261
	310,131,428	**462,183,622**

Schedule -I

Treasury Bonds

ISIN No	Maturity Date	Coupon Rate	Face Value
LKB010231019	01.09.2023	11.20%	427,343,488
LKB010231019	01.09.2023	11.20%	430,876,247
LKB01025H016	01.08.2025	11.00%	200,000,000
LKB01226F014	01.06.2026	11.00%	250,000,000
LKB01226F014	01.06.2026	11.00%	348,721,408
LKB00521C016	01.03.2021	10.75%	100,000,000
LKB00521C016	01.03.2021	10.75%	50,000,000
LKB00521C016	01.03.2021	10.75%	50,000,000
LKB00523G153	15.07.2023	10.20%	500,000,000
LKB00523G153	15.07.2023	10.20%	200,000,000
LKB00623E156	15.05.2023	11.50%	200,000,000
LKB00821H019	01.08.2021	11.00%	200,000,000
LKB00821H019	01.08.2021	11.00%	50,000,000
LKB00821H019	01.08.2021	11.00%	50,000,000
LKB00824H013	01.08.2024	11.00%	450,000,000
LKB00824H013	01.08.2024	11.00%	50,000,000
LKB00824H013	01.08.2024	11.00%	50,000,000
LKB00824H013	01.08.2024	11.00%	50,000,000
LKB00921E014	01.05.2021	9.00%	2,000,000
LKB00922G017	01.07.2022	11.20%	500,000,000
LKB010231019	01.09.2023	11.20%	350,000,000
LKB01025C157	15.03.2025	10.25%	50,000,000
LKB01025H016	01.08.2025	11.00%	19,643,000
LKB01026H014	01.08.2026	11.50%	273,000
LKB00524F153	15.06.2024	10.25%	200,000,000
LKB00827J152	15.10.2027	10.30%	100,000,000
LKB01528I017	01.09.2028	11.50%	200,000,000
LKB01028C151	15.03.2028	10.75%	140,000,000
LKB00827J152	15.10.2027	10.30%	100,000,000
LKB00721j157	15.10.2021	9.45%	318,906,063
LKB00623E156	15.05.2023	11.50%	42,900,076
LKB00523C152	15.03.2023	10.00%	30,000,000
LKB00523G153	15.07.2023	10.20%	44,489,000
LKB00322C159	15.03.2022	10.70%	17,417,000
Face Value of T.Bond as at 31.12.2020			**5,772,569,282**

Discount/Premium

2015 -Purchase	(38,520,371)	
2016 - Purchase	1,922,495	
2017 -Purchase	(30,981,167)	
2018 -Purchase	(35,851,903)	
2019 -Purchase	(31,916,062)	
2020 -Purchase	(30,308,335)	165,655,344
Treasury Bonds as at 31.12.2020		**5,938,224,626**

Schedule II

Fixed Deposits

Name of the Bank	Period	Rate %	Amount (Rs.)
Bank Of Ceylon	15.04.2020-15.04.2021	8.75%	600,000,000
NSB Borella	12.05.2020-12.05.2021	8.80%	1,300,000,000
HDFC Bank	03.06.2020-03.06.2021	10.25%	300,000,000
HDFC Bank	18.06.2020-18.06.2021	10.15%	1,400,000,000
Peoples Bank	23.10.2020-23.10.2021	5.75%	200,000,000
Bank Of Ceylon	24.04.2020-24.04.2021	8.50%	113,071,233
Fixed deposit as at 31.12.2020			**3,913,071,233**

Debentures

Investee	Period	Rate %	Amount (Rs.)
Sampath Bank PLC	10.06.2016-10.06.2021	12.75%	100,000,000
Seylan Bank	15.07.2016-15.07.2021	13.00%	23,680,000
Siyapatha Finance	20.09.2016-20.09.2021	13.50%	150,000,000
Commercial Bank	28.10.2016-28.10.2021	12.00%	60,070,000
Peoples Leasing	16.11.2016-16.11.2021	12.60%	50,000,000
L B Finance PLC	11.12.2017-11.12.2022	13.25%	100,000,000
Sampath Bank PLC	21.12.2017-21.12.2022	12.50%	100,000,000
Seylan Bank	29.03.2018-29.03.2023	12.85%	175,000,000
DFCC Bank PLC	29.03.2018-29.03.2023	12.60%	200,000,000
NSB	10.09.2019-10.09.2022	11.00%	500,000,000
Debenture As at 31.12.2020			**1,458,750,000**

Treasury Bills

Investee	Period	Yield Rate %	Amount (Rs.)
NetWealth Securities Ltd	30.12.2020-08.01.2021	4.50%	215,000,000
Treasury Bills as at 31.12.2020			**215,000,000**

REPO

Investee	Period	Yield Rate %	Amount (Rs.)
NSB Fund Mangement Ltd	28.12.2020-08.01.2021	4.45%	300,000,000
Repo as at 31.12.2020			**300,000,000**