



லலித் அதுலத்முதலி மஹபொலு உயர்வுக் கல்வி ஸ்தூல நிதித் தொண்டு

லலித் அதுலத்முதலி மஹபொலு உயர்கல்வி புலமைப்பிரிசில் நம்பிக்கை நிதியம்

Lalith Athulathmudali Mahapola Higher Education Scholarship Trust Fund

2022

வார்க்கை வார்கை அது தொண்டு

வருடாந்த அறிக்கையும் கணக்குகளும்

ANNUAL REPORT & ACCOUNTS



Ministry of Trade, Commerce and Food Security

2022

ANNUAL REPORT AND ACCOUNTS

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

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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.

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.

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 (16 employees) have achieved in paying around 70,000 scholarships monthly.

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.

Team Spirit

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

Tendency towards Uniqueness

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

Achievements In Last 5 Years (2017 - 2022)

- Increasing the amount of a scholarship installment from Rs. 2,150/- to Rs. 2,500/-. (The contribution of the Treasury was increased from Rs. 350/ to Rs. 2,450/-)
- The Annual Income limit of a Family to be eligible for Mahapola scholarship was raised from Rs. 300,000/= to Rs. 500,000/= in the year 2018 which resulted in the number of scholarships being increased by approximately 4000.
- Direct banking system for the payment of scholarships was introduced in 2019. In the wake of Covid-19 pandemic, students participate in lectures using the online mode and scholarship installments are credited directly to the accounts of students.
- Scholarship installment of all the students of Technical Colleges was increased from Rs.1,500/- to Rs.2,500/- by Rs. 1000/- in 2019.
- Despite many challenges, the number of scholarships granted annually was increased by 1,000 in 2021. Accordingly, arrangements have been made to grant scholarships to 16,000 students in 2020/2021 academic year. (2022)
- In spite of the instability in the financial market in 2022, a net annual growth of 12% could be attained through streamlined financial management and tight control of finances.
- Since the number of scholarships granted needs to be increased by 50% during the next 05 years increasing the capital assets of the Mahapola Fund, the annual income of the Fund should be increased by about Rs. 2 billion. Towards this end, preliminary arrangements were made in the year 2021 to launch 03 meager projects online lottery and Green University Village project with Exe Mahapola recipient donation campaign. Trustees where through it is expected to raise the assets of the Fund up to Rs. 25 billion by the year 2025.

**Ministry in charge of the Subject of Mahapola Higher Education Trust Fund
and the Minister in charge from 1981 to 2022**

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. Wickramaratne	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 Gunawardhana	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 to Sep.
17	Ministry of City Planning, Water Supply and Higher Education	Hon. Minister Rauf Hakeem	2018 Oct. - 2019 Nov.
18	Ministry of Higher Education, Technical and Innovations	Hon. Minister Dr. Bandula Gunawardhana	2019 Nov. to Dec.
19	Ministry of Trade	Hon. Minister Dr. Bandula Gunawardhana	2020 Jan. - 2021 Dec.
20	Ministry of Trade, Commerce and Food Security	Hon. Naleen Fernando	2022 Jan - to date.

Board of Trustees - 2022

	Trustee / Trustees	Designation	Position in the Board
1.	Hon. Jayantha Jayasuriya (Not chaired the meeting)	The Chief Justice	Chairman
2.	Dr. Bandula Gunawardhana (2021 - 2022 May)	Minister of Trade	Minister Trustee
3.	Hon. Nalin Fernando (2022 June - to date)	Minister of Trade Commerce & Food Security	Minister Trustee
4.	Mrs. J.M. Bhadrani Jayawardhana (2021 - 2022 May)	Secretary, Ministry of Trade	Ex-Officio Trustee
5.	Mr. S.T.Kodikara (2022 June - 2022 Dec.)	Secretary, Ministry of Trade	Ex-Officio Trustee
6.	Prof. Kapila Perera (2021 - 2022 May)	Secretary, Ministry of Education	Ex-Officio Trustee
7.	Mr. M.N.Ranasingha 2022 June - 2022 Dec.)	Secretary, Ministry of Education	Ex-Officio Trustee
8.	Mr. Kesarralal Gunasekara	Appointed Trustee	Appointed Trustee
9.	Dr. Ravindranath Liyanage (2021 - 2022 July)	Appointed Trustee	Appointed Trustee
10.	Mr. Y.Madurapperuma (2022 August - 2022 Dec.)	Appointed Trustee	Appointed Trustee

Director's Report, Mahapola Higher Education Scholarship Trust Fund



In the face of the overall decline in the economy of the country in the year 2022, the market interest rates witnessed a rapid incline and the Fund was able reap benefits thereof earning additional revenue amounting approximately to Rs. 1 billion during the year by investing all investments in Central Bank bonds and Treasury bills on the recommendations of the Investment Committee. With prudent management of expenditure under the guidance and direction of the Board of Trustees of the Mahapola Trust Fund, a surplus of nearly Rs. 1.7 billion could be posted. Thereby, it was possible to achieve an overall growth of

12% in the Mahapola Trust Fund.

Payment of Scholarships

In the year 2022 too, it was possible to pay scholarship installments continually to students and owing to the delay in releasing treasury funds, there was a slight delay in the payment of installments in the months of November and December 2022. However, money was credited to the accounts of students without interruption by offering the provisions of the fund as an advance. The selection of scholarships in respect of the years 2020/2021 is being carried out by the University Grants Commission and due to circumstances that prevailed, there has been some delay. Nevertheless, it is expected to credit cash installments to the accounts of students within a short period upon the finalization of selection and the receipt of same to the Mahapola Fund.

Implementing New Projects for the Growth of the Fund

Due to the unfavourable economic situation that continued to prevail throughout the year 2022, it was decided that it was not advisable to commence new projects using the funds of the Mahapola Fund and all the proposed projects that were to be commenced in terms of a Cabinet decision were temporarily put on hold and the Mahapola Board of Trustees decided to implement only the following projects which are not charged to the Fund and are capable of generating revenue.

01. Implementing Mahapola online lottery
02. Programme for obtaining donations from Mahapola scholarship holders
03. Resumption of Mahapola Educational & Trade Fair
04. Obtaining a percentage of the profit of the Sri Lanka Institute of Information Technology (SLIIT) owned by the Mahapola Trust Fund to the Mahapola Trust Fund

Consequent to the problem of releasing funds faced by the General Treasury at present, only Rs. 400 million out of Rs. 1.5 billion of Treasury provisions required for the payment of annual scholarships in the 2023 has been approved and it has been proposed to utilize the reserves of the Mahapola Fund for meeting the remainder of Rs. 1.5 billion. A part thereof can be settled in short term by implementing above projects and new projects have to be launched for the long-term growth of the Fund.

Corporate Good Governance

Meetings of the Board of Trustees were held as stipulated in the year 2022 and a meeting has been held at least once every two months. An internal auditor was recruited for the Fund and having held audit and management committee meetings in the year 2022 and having duly conducted internal audit activities, a follow-up was carried out on the function and the investments of the Fund and the safety of assets thereof subsequent to which necessary decisions were taken and implemented. It is wished to be recalled with gratitude the support extended in this regard by the Secretary of the Ministry of Trade Commerce & Food Security and other officials.

As required, the submission of financial statements of the year 2022 was done before 28th February 2023 and accounts were prepared in conformity with the accepted accounting principles and standards and answers were given to all audit observations submitted during the year. Meetings of the Investment Committee too were held and all investments were endorsed by the Investment Committee.

Safeguarding Assets

The following measures were adopted during the year 2022 for safeguarding and upgrading the assets belonging to the Mahapola Fund.

01. Making all investments of the Mahapola Fund only on the recommendation of the Investment Committee and assets were secured by investing only in Treasury bills and T/bonds and assets were secured with greater benefits by investing only in Treasury bills, bonds and Bank FD's.
02. Activities relating to the acquisition of 123-acre land from Millewawatta, Horana procured on 99-year lease basis from the Urban Development Authority for new projects were carried out and there has been a delay in the process since the surveying of the land for acquiring physical ownership is carried out by the UDA. The acquisition process is expected to be finalized by June, 2023.
03. The approval of the Board of Trustees was obtained for regularizing the activities of the Sri Lanka Institute of Information Technology belonging to the Fund and it is expected that regularization process of administrative activities could be completed in the year 2023 and it is expected that the assets thereof could be secured and revenue could be generated before the end of the year 2023.

Finally, I wish to extend my gratitude to all the Ministers in Charge who were appointed representing the founding trustee and contributed to strengthen Mahapola Higher Education Scholarship Trust Fund and to achieve its set objectives through 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.

The coming year 2023 will be a very challenging year for the Lalith Athulathmudali Mahapola Higher Education Scholarship Trust Fund and I honestly wish that Lalith Athulathmudali 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 fewer facilities who are anticipating higher education.

M. Parakrama Bandara
Director/ Chief Executive Officer
Mahapola Higher Education 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 Mahapola Trust Fund Contribution

Intake	No. of Students
University Students (in all Accounting Years)	63,001
Technical College Students & Other HEI	7,500
Annual Cost for Scholarship Payments	Rs. 1.8 Billion

Government Treasury Contribution

No of students (in all Accounting Years)	63,000
Value of per Installments (Rs.)	2,450.00
No of Installments per year	10
Annual Value of Treasury Contribution (Rs.)	63,000 2,450 x 10
	1,543,500,000

Operational Review

Mahapola Scholarship Selection – 2020/21

Serial No.	Course	No. of selected Students			
			New	Old	Total
	Bio Science	M	279	106	3,854
		O	2,511	958	
	Physical Science	M	268	39	3,062
		O	2,409	346	
	Commerce	M	281	16	2,969
		O	2,531	141	
	Art/Common	M	425	41	4,661
		O	3,800	373	
	Engineering Technology	M	78	6	843
		O	705	54	
	Biosystems Technology	M	55	6	611
		O	499	51	
	Total		13,863	2,137	16,000

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
	Total	2,151

Operational Review

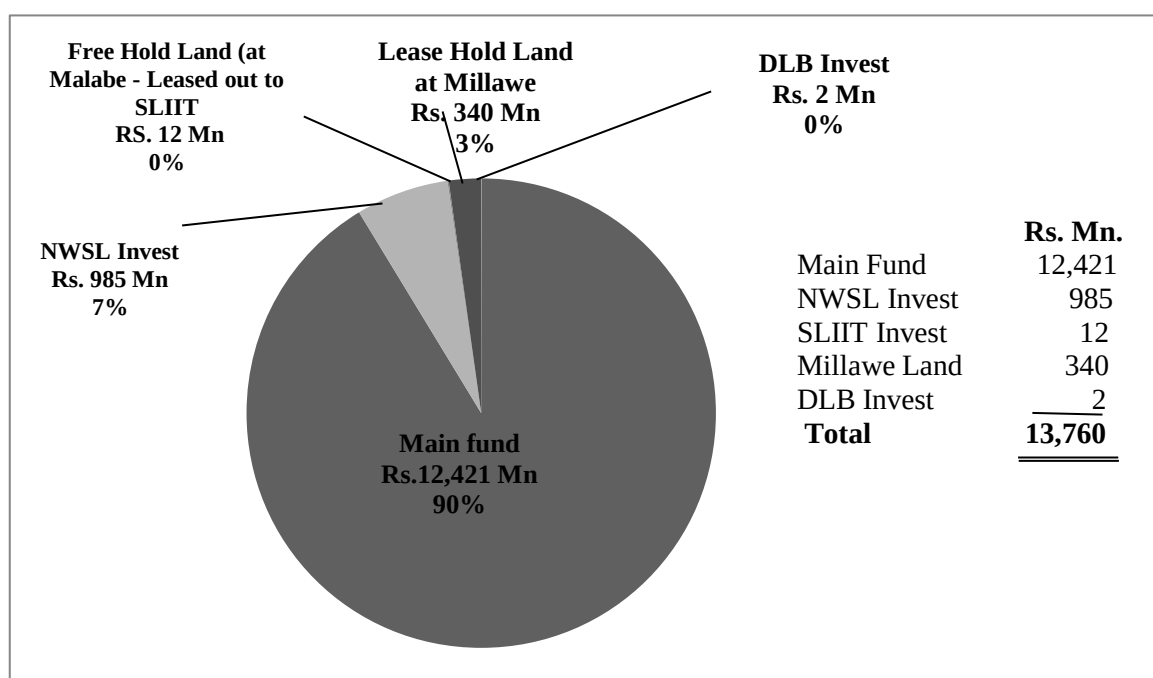
Comparison of Total Number of University Admissions and Mahapola Recipients

Year	17/18	18/19	19/20	20/21	21/22
Total number of university admissions	30,000	31,158	34,161	35,000	40,111
Number of students who qualified as per the limit of income (less than Rs. 5 Lakhs)	15,000	20,000	17,890	20,000	26,000
Number of Mahapola Scholarship recipients	14,500	14,984	15,001	15,000	16,000
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%	64.88%
Mahapola recipients as a percentage of total number of students	48%	48.1%	44%	42.85%	39.88%
Number of Mahapola recipients among the number of students qualified based on the limit of income	96%	75%	84%	75%	61.5%

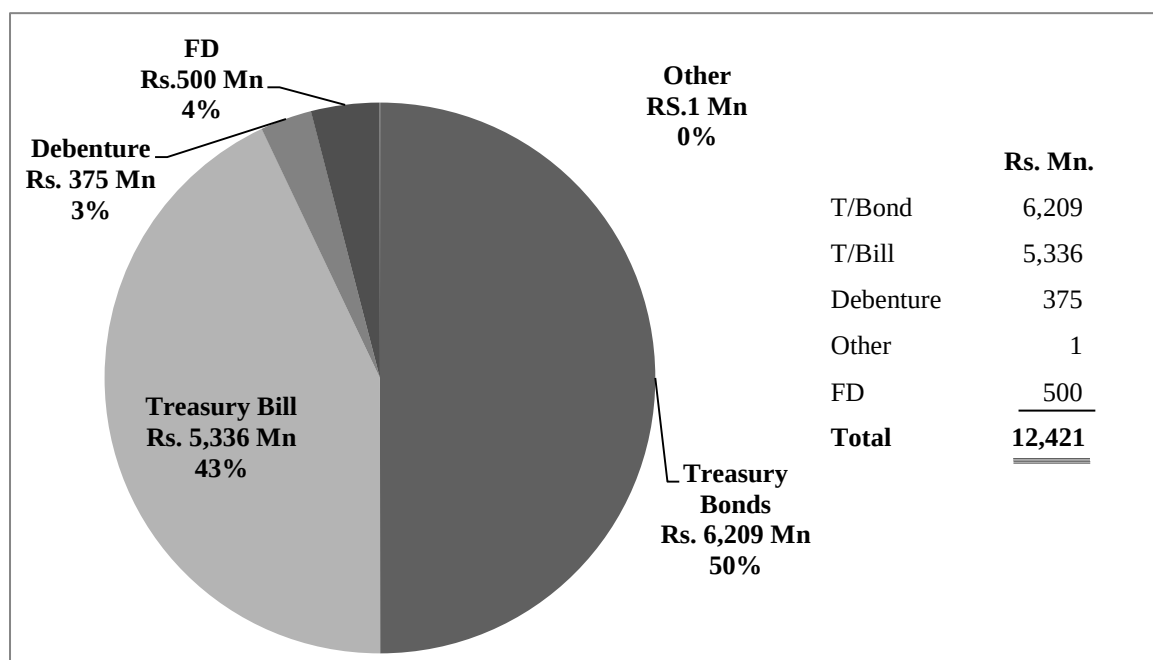
Operational Review

Financial Position of Mahapola Higher Education Scholarship Trust Fund 31.12.2022

Total Fund Portfolio

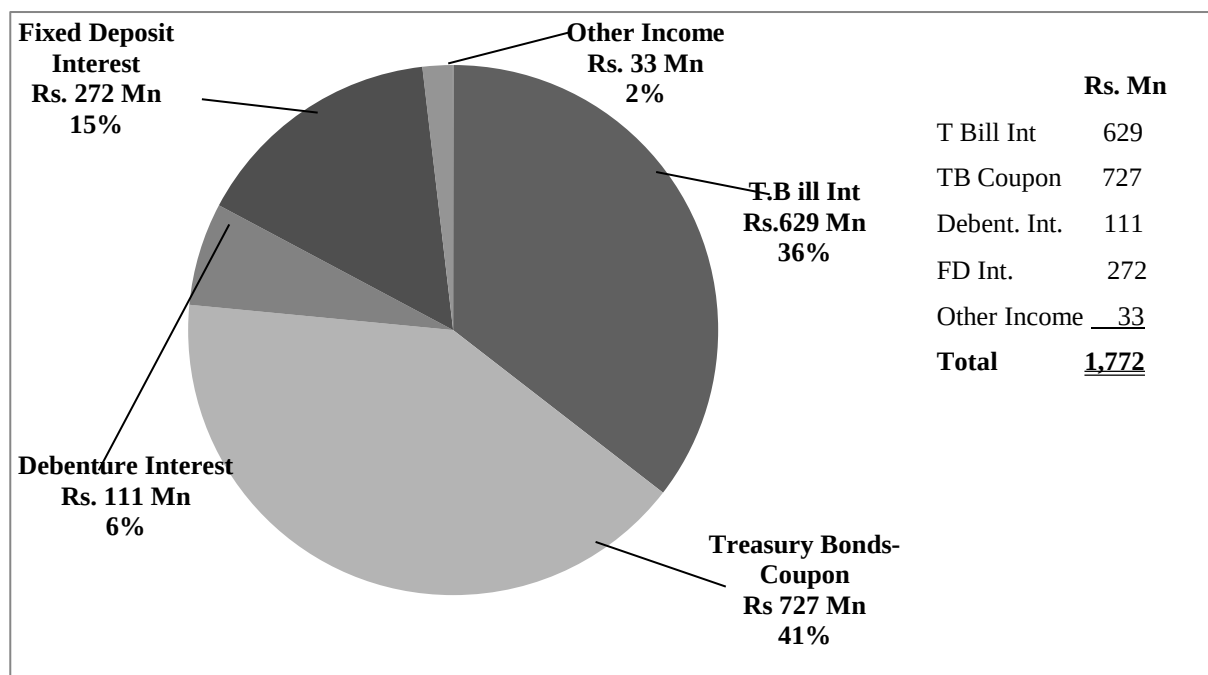


Main Fund

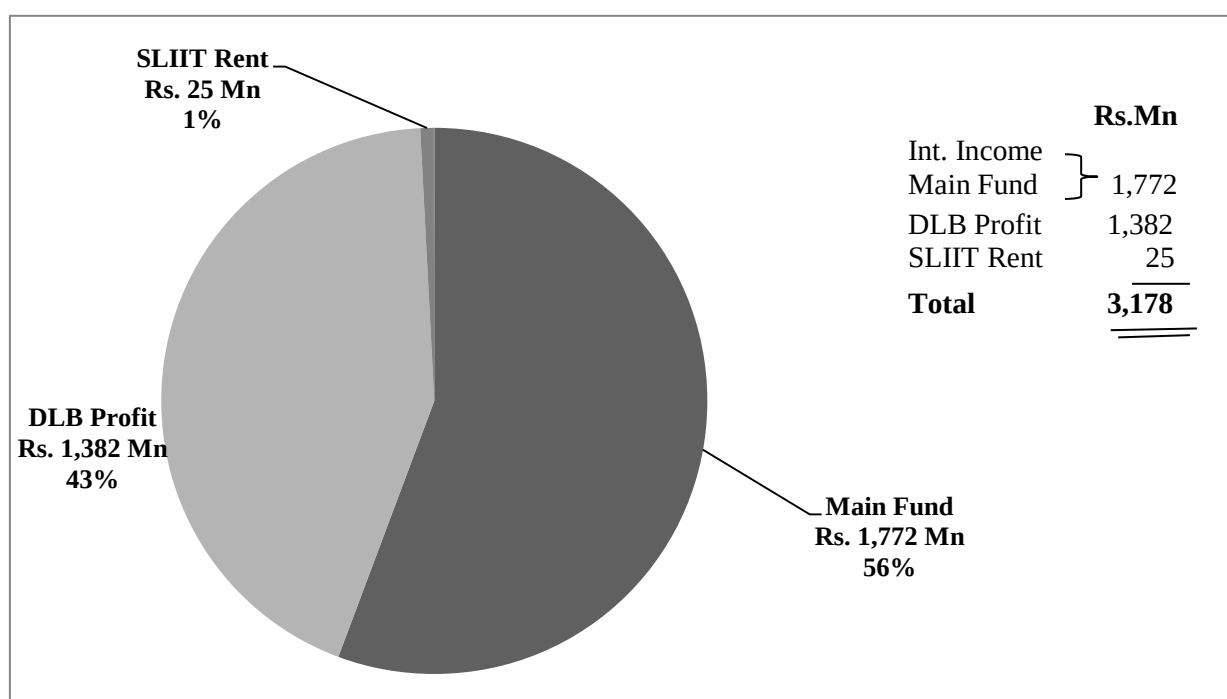


Operational Review

Investment Income - Main Fund



Total Income



Operational Review

Operational Review - 2022

Investment Income Category	31.12.2022	31.12.2021	Variance
Treasury Bonds - Coupon	726.7	676.6	7%
Treasury Bills - Interest	628.9	-	100%
Debenture Interest	110.8	161.2	-31%
Fixed Deposits Interest Net of WHT	272.1	309.7	-12%
Other Income	33.2	9.7	242%
Total Investment Income	1,771.7	1,157.2	53%
Direct Expenses			
Custodian Fees -BOC Investment Banking	(2.7)	(2.6)	4%
Net Investment Income	1,769.0	1,154.6	53%
Other Income			
DLB Dividend	1,381.8	1,230.0	12%
SLIIT Rent	25.0	25.0	0%
Total Other Income	1,406.8	1,255.0	12%
Total Income	3,175.8	2,409.6	32%
Expenditure			
Scholarship Payments	(1,366.5)	(1,052.9)	30%
Salaries	(16.9)	(15.8)	7%
Depreciation	(31.0)	(31.3)	-1%
Other Administrative Expenses	(15.3)	(17.4)	-12%
Total Expenditure	(1,429.7)	(1,117.4)	28%
Net Income Exceeding Expenses	1,746.1	1,292.2	35%

Operational Review

2022/23 Budgetary Review

Description	Estimated and Approved Budget 31.12.2022	Actual Cost (Accrued Basis) 31.12.2022	Variance	
			Rs.	%
Income				
Interest Income of the Major Fund	1,100.0	1,771.8	671.8	61.07%
DLB Dividend	1,300.0	1,381.8	81.8	6.29%
SLIIT rental	25.0	25.0	-	0.00%
Total income	2,425.0	3,178.6	753.6	31.08%
Expenditure				
Recurrent	1,765.5	1,401.0	(364.5)	-20.65%
Scholarship payments	1,725.6	1,366.5	(359.1)	-20.81%
Personal Emoluments	18.7	17.2	(1.5)	-8.07%
Maintenance Expenses	2.8	4.0	1.2	42.86%
Administrative Expenses	14.3	10.6	(3.7)	-25.87%
Other recurrent Expenses	4.1	2.7	(1.4)	-34.15%
Capital Expenditure	284.0	-	(284.0)	-100.00%
Relocating office	3.0		(3.0)	-100.00%
Development of Existing System	5.0		(5.0)	-100.00%
Online Payment Gateway System	1.0	-	(1.0)	-100.00%
Bio System Technology - Ambewela	25.0	-	(25.0)	-100.00%
Mahapola University Village	50.0		(50.0)	-100.00%
Foreign Language University College	100.0		(100.0)	-100.00%
Mihintale Mega City Project	100.0		(100.0)	-100.00%
Total Expenditure	2,049.5	1,401.0	(648.5)	-31.64%
Net balance	375.5	1,777.6	105.1	28%

Operational Review

Performance Review - Six Months Ended 30 June 2023

Income Statement	2023 Rs. Mn	2022 Rs. Mn
Revenue	2,091.10	1,589.23
Direct Expenses (Scholarship Payments)	(550.47)	(683.24)
	1,540.63	906.00
Other Income	0.33	0.24
Total Income	1,540.96	906.24
Administrative Expenses	(30.45)	(32.90)
Finance Cost	(0.04)	(0.04)
Total Expenses	(30.49)	(32.94)
Surplus / (Deficit) Before Tax	1,510.47	873.30

Corporate Good Governance

Board of Trustees and Investment Management Committee Meetings - 2022

Meetings of Board of Trustees - 2022

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 2022 and the information of participation of the trustees are given below.

	Trustee / Trustees	Designation	Meeting dates & Month			
			22/2/9	22/3/8	22/8/4	22/11/1
			93	94	95	96
1	Hon. Jayantha Jayasuriya	Chief Justice	*	*	*	*
2	Hon. Dr. Bandula Gunawardhana	Minister of Trade	√	√	x	x
3	Hon. Nalin Fernando	Minister of Trade	-	-	√	√
4	Mrs. Bhadrani Jayawardhana	Secretary, Ministry of Trade	√	*	x	x
5	Mr. S.T.Kodikara	Secretary, Ministry of Trade	-	-	√	√
6	Prof. Kapila Perera	Secretary, Ministry of Higher Education	√	√	x	x
7	Mr. M.N.Ranasingha	Secretary, Ministry of Higher Education	-	-	√	√
8	Mr. S.V.D.Kesarralal Gunasekara	Appointed Trustee	√	√	√	√
9	Dr. Ravindranath Liyanage	Appointed Trustee	√	√	x	x
10	Mr.Y.Madurapperuma	Appointed Trustee	-	-	√	√

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

Corporate Good Governance

Investment Committee Meeting - 2022

Progress of the meetings held by the Investment Committee appointed by the Trust Fund during the year 2022 is as follows.

	Name	Office in the Board	Designations	Date & Month For meeting	
				2022 06/03	2022 09/20
				10 th	11 th
1	Mr. S.T.Kodikara	Member	Secretary, Ministry of Trade, Commerce and Food Security Ex- Officio Trustee, CAO of MTF	-	√
2	Mr. Manjula De Silva	Member	Secretary General/Chief Executive Officer, Ceylon Chamber of Commerce	√	√
3	Mr. S.V.D. Kesarralal Gunasekara	Member	Appointed Trustee	√	√
4	Mr. Ganaka Amarasinghe	Member	Member of the Institute of Chartered Accountants of Sri Lanka	√	√
5	Mr. T. Dharmarajah (FCA)	Member	Director/ Chairman NWSL / NWCL	√	√
6	Mr. M.P. Bandara	Member	Director / Mahapola Trust Fund	√	√

- √ - No. of meetings held & Participated
 x - Resigned from the Committee
 * - Not Participated

Corporate Good Governance

Staff - Up to Dec 2022 Details of the staff as follows.

Service Category	Approved Cadre	Existing Vacancies	Vacancies
Senior (Director, CEO, AD, IA)	7	3	4
Secondary (AO,MA, etc)	15	9	6
Tertiary	2	2	-
Primary	7	2	5
Total	31	16	15

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 0.62% of the income and 1.9% 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 Commerce and Food Security with the recommendation of the Board of Trustees of Mahapola Trust Fund appointed a committee to review the SOR and Carder request with the Organizational Structure to decide the required carder positions of each Employee category and qualification etc. The committee report was not finalized before end of the year.

The Minister of Trade Commerce and Food Security 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 Department of Management Services on 25.03.2021 and it was advised to act in accordance with the General guidelines and circulars issued by the Treasury as the legal provisions are included in Mahapola Higher Education Scholarship Trust Fund Act No.66 of 1981 to confirm the independent running of the Fund. Accordingly, the Scheme of Recruitment of the MHESTF was approved by the Mahapola Board of Trustees.

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 2018-2022 and the dividend transferred by the Development Lotteries Board to the Mahapola Higher Education Scholarship Trust Fund through the President's Fund

Description	2018	2019	2020	2021	2022
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
Net Profit of the DLB	501.7	2,187.60	2,668.80	2,770.00	3,210.68
Dividend entitled to the Mahapola Higher Education Scholarship Trust Fund 50%	250.9	1,093.80	1,334.40	1,385.00	1,381.77
SThe share transferred to the Mahapola Trust Fund	25	780.6	922.3	1,153.30	1,381.77
Share of dividend further to be received	313.2	412.1	231.7	424.8	266.80

Other Investments of the Mahapola Trust 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 2022. When looking at the year 2022, the financial situation was as follows.

Performance Report for the period ending 31.12.2022

	2022 (Rs. Mn.)	2021 (Rs. Mn.)
Income	1.95	0.93
Expenses	1.29	3.85
Net Profit (Loss)	0.66	(2.92)

Financial Position as at 31.12.2022

Assets	2022 (Rs. Mn.)	2021 (Rs. Mn.)
Cash and Cash Equivalents	0.82	0.06
FDs and REPOs	16.00	15.02
Deposits, Prepayments and other receivables	59.48	59.22
Investment in Subsidiary - NWSL	1,148.60	1,148.60
Other Assets	34.70	35.20
Total Assets	1,259.60	1,258.10

Equity and Liabilities	Rs. Mn.	2021 (Rs. Mn.)
Stated Capital	985.50	985.50
Retained Earnings as at 31.12.2022	272.45	271.41
Total Equity	1,257.95	1,256.91
Liabilities	1.65	1.19
Total Equity and Liabilities	1,259.60	1,258.10

Other Investments of the Mahapola Trust Fund

NatWealth Securities Ltd. (NWSL)

Nat Wealth Securities Ltd. was incorporated on 23th June 2003 as a subsidiary of National Wealth Corporation Limited. This company functioned as a primary dealer of the Central Bank of Sri Lanka continually from the year 2003 and due to the losses incurred by the Company from 2015 to 2018 and the shortage of working capital required for the sustenance of the company, its participation in the Treasury bond auctions remained at a minimal level. On account of these management deficiencies and the change of the board of directors within a very short period, the primary dealer license of NWSL was suspended for 06 months by the Central Bank of Sri Lanka. As this suspension was in force from May 2020 to 30th November 2020, it had a direct impact on its functions and which in turn resulted in income losses.

As approved at the meeting of the Cabinet of Ministers held on 26.10.2020, it was decided to liquidate NWCL and NWSL companies and as at 31.12.2021, the progress of the liquidation activities was as follows.

- (1) The service of all employees was terminated in March 2021 and due compensation and gratuities were paid off.
- (2) For the settlement of debt of Trillion Securities which was amongst payable creditor balances, Rs. 95 was paid as the final payment.
- (3) Agreement reached to pay all income and VAT taxes payable to the Inland Revenue Department and the Department agreed to withdraw penalties imposed on all taxes and out of tax arrears, Rs. 304 million was paid in March 2022 and it was agreed to settle the remaining Rs. 100 million in 12 installments.
- (4) Agreement was reached with Virtual Investment Limited was a Repo creditor amongst the creditors for whom further payments were due during the year under review. Accordingly, it has been negotiated with the relevant creditor and reach a final agreement as per the recommendation of the committee appointed to look into the settlement of the relevant debt and the committee discussion with the creditor and Rs. 325 Mn was the final sum agreed to settle as of which Rs. 250 Mn paid in September and the balance Rs. 75 Mn was paid in two installments as Rs.37.5 Mn each and settled the full liability on 15th November 2022.

There were no operations in the year 2022 and the entire Fund of NWSL has been transferred to MTF on Management Agreement in 2022, only the intercompany current A/C is operating to record the transaction between MTF and NWCL.

The summery of the transaction during the year 2022 is submitted as follows.

Other Investments of the Mahapola Trust Fund

Performance Report for the period ending 31.12.2022

	2022 (Rs. Mn.)	2021 (Rs. Mn.)
Income	150.45	60.61
Interest Expense on Outstanding REPO	289.73	40.84
Expenses	157.19	37.65
Net Profit (Loss)	(296.47)	(17.88)

Financial Position as at 31.12.2022

Assets	2022 (Rs. Mn.)	2021 (Rs. Mn.)
Cash and Cash Equivalents	0.62	45.86
FDs and REPOs	2.00	1,064.53
Deposits, Prepayments and other receivables	576.28	175.94
Other Assets	0.07	0.13
Total Assets	578.97	1,286.46

Equity and Liabilities	2022 (Rs. Mn.)	2021 (Rs. Mn.)
Stated Capital	1,175.00	1,175.00
Special Risk Reserve	354.04	354.04
Retained Earnings as at 31.12.2022	(1,019.30)	(717.78)
Total Equity	509.74	811.26
Liabilities	69.23	475.20
Total Equity and Liabilities	578.97	1,286.46

Transaction Summary

Name of the Company / Entity	Relationship	Nature of Transactions	Value of Transaction	Amount Due from / (to)
NatWealth Securities Limited	Common Director	Purchase of Fixed Assets from NWSL	148,950	(148,950)
	Common Director	Fund Received to MTF from NWSL Under the Fund Transfer Agreement.	850,000,000	(850,000,000)
		Income Received from Investment	126,500,344	(126,500,344)
		Investment in T Bills	593,798,500	(593,798,500)
		Fund Transfer to NWSL	396,828,400	396,828,400
		Investment in Fixed Deposits	450,000,000	-
		Fixed Deposit Maturity	450,000,000	-

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 a valuation report from the Government Chief Valuer on SLIIT asset present Administrative authority of SLIIT had not provided facilities for the valuation. Accordingly, Mahapola Trust Fund had deprived of its returns based on these assets.

According to the memorandum of the appointed Council of Ministers in 2021, it was observed that the agreements entered with SLIIT were incorrect and not properly approved and it was decided that the administrative structure of SLIIT should be maintained as it was before 12.05.2015. Accordingly, the Board of Trustees of Mahapola is taking necessary measures. In the year 2020, SLIIT was earned Rs. 500 Mn over profit and it is a share of profit payable to Mahapola Fund. This has deprived the students of low-income families from higher education opportunities and it is hoped that everyone's attention will be paid to this.

Further, as per the decision of the Board of Trustees of Mahapola Trust Fund, the Secretary of Ministry of Trade, Commerce and Food Securities has appointed a committee in 2023 including the following members to review the agreements, cabinet decisions and other related committee recommendations in order to for the way forward to resolve the issues of taking share of profit of SLIIT to Mahapola Trust Fund.

- (1) Secretary, Ministry of Trade Commerce and Food Security
- (2) Secretary, Ministry of Education
- (3) One member from Attorney General Department

Final recommendation of the committee to be submitted to the Board of Trustees of Mahapola Trust Fund enable them to submit to the cabinet by the Minister in charge of the subject of Mahapola Trust Fund Minister of Trade, Commerce and Food Security in order to re-visit the enclosing agreement with SLIIT.

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

New Projects

Name of the Project	Capital Investment Rs. Mn.	Expected Annual Income Rs. Mn.
Database of Scholarship Recipients	-	200
Padukka Millewa Watta Proposed University Village (123 Acres)	200	300
Online Lottery for Mahapola	-	300

- **Setting up a 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. For this, direct bank payment (Online Payment Gateway) facilities have been obtained with People's Bank and it has been proposed to start a Face book account and a U Tube channel under the name of Mahapola. With this, arrangements have been made to implement fund promotion program using newspaper advertisements and electronic media. It is expected obtain additional funds around Rs. 500 million from that in addition to the existing fund.

- **Universal University Village**

It has been planned to establish a university village in a land in the extent of 123 Acres in Padukka, Horana. It will be started under two stages and it is expected to establish a university of technology and a training center of technological studies and a research center. Expressions of Interest (EOI) were invited for investment in the year 2021 and three investors have expressed interest in foreign universities and local investment and the total investment value is about Rs. Bn 20. The attached land (123 acres) has been obtained from the Urban Development Authority under the 99-year lease basis and for that Rs. Mn. 340 was paid in December 2021. It is proposed to start in from the year 2023 and students are expected to be recruited from the year 2024. Study opportunities will be provided to around 10000 local and foreign students and this project is planned as a solution to the current foreign exchange crisis. The initial investment is Rs. 200 Mn and expected annual income is Rs. 300 Mn.

AUDITOR GENERAL'S REPORT

Chairman
Lalith Athulathmudali Mahapola Higher Education Trust Fund

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Lalith Athulathmudali Mahapola Higher Education Scholarship Trust Fund for the year ended 31 December 2022 in terms of Section 12 of the National Audit Act, No. 19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Lalith Athulathmudali Mahapola Higher Education Scholarship Trust Fund for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of comprehensive 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 in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. In terms of Article 154(6) of the Constitution, my report will be tabled in Parliament in due course.

In my opinion, except for the effects of the matters described in the section on the basis for the qualified opinion in my report, the accompanying financial statements of the Trust Fund give a true and fair view of the financial position of the Fund as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

1.2.1 Non-compliance with Sri Lanka Accounting Standards

- (a) Without complying with paragraph 07 of Sri Lanka Accounting Standard 07, a short term investment value of Rs. 1,328,206 which could have been converted into cash within a very short period had been presented under “Financial Assets” as a long term asset without stating under “Cash and Cash Equivalents”.
- (b) Though the residual value and the useful life of an asset shall be reviewed at least at each financial year –end and, if expectations differ from previous estimates, the changes shall be accounted for as a change in an accounting estimate in accordance with LKAS 8, the residual value of furniture and fittings, office equipment and computer accessories of the Fund of which the written down value as at 31 December 2022 was Rs. 14,232,124 had not been reviewed. Further, the carrying amount of above assets which had been fully depreciated and were still in use had not been disclosed in Financial Statements in terms of Paragraph 79(b) of Sri Lanka Accounting Standard 16.

- (c) In terms of paragraph 86 of Sri Lanka Accounting Standard No. 37, action had not been taken to disclose in financial statements, the arbitration process which was being implemented in respect of the cancellation of the Mahapola Online Lottery was in operation in previous years.
- (d) 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.
- (e) Bank balance confirmations to confirm the balance of “Sweeper Savings Accounts” of Rs. 1,328,206 as at 31 December 2022 had not been submitted to the audit.

I conducted my audit in accordance with Sri Lanka Auditing 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 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Fund’s financial reporting process.

As per 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.

1.4 Auditor’s Responsibility 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. 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 will communicate with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

2. Report on other legal and regulatory requirements

2.1 Special provisions are included in respect of the following requirements in the National Audit Act No. 19 of 2018.

- 2.1.1 In terms of the requirements of section 12 (a) of the National Audit Act No. 19 of 2018, except for the effects of the matters described in the section on the 'Basis for the qualified Opinion' of this report, I obtained all information and explanations required for the audit and as far as it appears from my inspection, the Trust Fund had maintained proper financial reports.
- 2.1.2 In terms of the requirement indicated in Section 6(1)(d) (iii) of the National Audit Act No. 19 of 2018, the financial statements presented by the Trust Fund are consistent with the preceding year.

2.1.3 Except for the observation made by me in section “d” of the basis for qualified opinion, the recommendations made by me in the previous year have been included in the financial statements as per the requirement of Section 6(1)(d) (iv) of the National Audit Act No. 19 of 2018.

2.2 On the basis of the procedures followed and evidence obtained and being restricted within the material matters, nothing that warrants the making of the following statements, did not come to my attention.

2.2.1 In terms of 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 interest, direct or otherwise, outside normal business status in any contract entered into by the Trust Fund.

2.2.2 In terms of the requirement of section 12 (d) of the National Audit Act No. 19 of 2018, whether the 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;

Reference to laws, rules/ regulations	Observation
(a) Paragraphs 04(a), (d) and (f) of Public Finance Circular 01/2014 dated 17 February 2014	In preparing the Action Plan, the organizational structure of the Fund, details of approved and actual cadre, annual procurement plan and internal audit plan had not been included.
(b) Paragraph 3.1 of Public Administration Circular No. 30/2016 dated 29 December 2016	Though the consumption of fuel must be re-tested after a period of 12 months or after running a distance of 25,000 kilometers each vehicle should be carried out. It had not been so done in respect of the two vehicles belonging to the Fund.

2.2.3 In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, whether the Trust Fund has not performed according to its powers, functions and duties, except for the following observations.

2.2.4 In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, other than the following observations, whether the resources of the Trust Fund had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

3. Other Matters

(a) Though it has been targeted to award a Mahapola scholarship to all students who are enrolled at universities and are eligible for a scholarship, due to the application of criteria that the annual income earned by parents should be less than Rs. 500,000; only 16,000, i.e. 61.5% out of 26,000 students who were eligible for Mahapola Scholarship in respect of academic year 2020/2021 had been awarded scholarships.

- (b) In terms of Section 4(c) of the lease agreement No. 756 dated 15th March 2022 signed so as to be valid 01 March 2022 to 28 February 2023, though it had been stipulated that minor repairs and maintenance activities of less than Rs. 25,000 should be carried out by the lessee (the Fund) and all major and structural repairs should be carried out by the lessor, the Fund had incurred Rs. 93,750 for the painting of the building and Rs. 69,000 for the replacement of light fittings inside the building for lighting.
- (c) The Fund had failed to achieve the targets of 08 activities included in the Action Plan and to have the activities carried out even by the last date of the year under review.
- (d) An amount of Rs. 3,832,875 withheld for the construction work done in several schools was stated in the financial statements remained unchanged for a period of 10 years from year 2013 till now, and no action had been taken in that regard even during the year under review.
- (e) Even though the approved cadre of the Trust Fund was 31 as at 31 December of the year under review, the actual cadre as at 31 December 2022 was 16 thus 18 posts remained vacant. Of those vacancies, 04 senior level posts and 06 secondary level posts had remained vacant for a period of 02 years.

W.P.C. Wickramaratne
Auditor General

**ANSWERS TO THE AUDITOR
GENERAL'S REPORT**

Answers and Explanations to the Auditor General's Report of the Financial Statements for the Year ended 31 December 2022 of Lalith Athulathmudali Mahapola Higher Education Scholarship Trust Fund in accordance with the Section 12 of the Audit Act No 19

1.2.1 Non-compliance with Sri Lanka Accounting Standards

Non-compliance with reference to the relevant standard	Whether a new observation or an existing observation	Control risk disclosure	Comments of the management	Recommendation	Action taken and present situation
(a) Though an entity shall not offset assets and liabilities or income and expenses in terms of paragraph 32 of Sri Lanka Accounting Standard No. 01, the overdraft of Rs. 159,325 in the current bank account of the Fund was indicated in "Cash and Cash equivalents" under current assets in the Statement of Financial Position having adjusted same with the balance of "overnight investments" amounting to Rs. 64,200,000 which was a current asset, without being shown in the Statement of Financial Position.	New	It is necessary upgrade the existing system	As per the instructions of the Mahapola Fund, the bank make the payments for the cheques presented for the day for payment before the settlement of transactions at the end of the day and any further remaining balance is kept as an overnight deposit and pay a stipulated interest thereto. The balance of the cheques not presented to the bank for payment as at 31.12.2022 though issued by the Mahapola Fund was Rs. 159,325/- and since these cheques were not presented to the bank on 31.12.2022 and since the overnight deposit is credited to the account the following day, it is referred to an overnight deposit on the instructions of the Mahapola Fund. Then the Mahapola Fund, without allocating balance for the cheques	Sri Lanka Accounting Standards should be complied with.	Action will be taken from the year 2023 onwards to present financial statements and reports in compliance with Sri Lanka Accounting Standards.

			not submitted, refers the bank balance at the end of the day for an overnight deposit. This is a practical situation and the Fund does not issue cheques without money in the account. However as it is not suitable to state same as an overdraft in the final accounts, the balance relevant to the cheques not submitted is deducted from the overnight deposit and shown in the accounts. From the year 2023, action will be taken to retain an amount equal to the balance of cheques in the account at the last day of the year and only the remaining balance will be referred to overnight deposit.			
(b) Without complying with paragraph 07 of Sri Lanka Accounting Standard 07, a short term investment value of Rs. 1,328,206 which could have been converted into cash within a very short period had been presented under "Financial Assets" as a long term asset without stating under "Cash and Cash Equivalents".	New	It is necessary upgrade the existing system	Agreed. It was an accounting deficiency. Action will be taken for rectification in the coming accounts year.	Sri Lanka Accounting Standards should be complied with.	Action will be taken from the year 2023 onwards to present financial statements and reports in compliance with Sri Lanka Accounting Standards.	
(c) Though in terms of paragraph 51 of Sri Lanka Accounting Standard 16, the residual value and the useful life of an asset shall be reviewed at least at each financial year –end and, if	New	It is necessary upgrade the existing system	Agreed. In the coming financial year, all assets that have been written down and are still in use will be revalued and accounted under a suitable	Sri Lanka Accounting Standards should be complied with	Action has been taken to submit the revaluation of assets for the approval of the governing council.	

expectations differ from previous estimates, the changes shall be accounted for as a change in an accounting estimate in accordance with LKAS 8, the residual value of furniture and fittings, office equipment and computer accessories of the Fund of which the written down value as at 31 December 2022 was Rs. 14,232,124 had not been reviewed.			supervision panel and accounting estimates will be prepared accordingly.		
(ii) Further, the carrying amount of furniture and fittings, office equipment and computer accessories belonging to the Fund which had been fully depreciated and were still in use had not been disclosed in Financial Statements in terms of Paragraph 79(b) of Sri Lanka Accounting Standard 16.	New	It is necessary upgrade the existing system	The relevant disclosures will be made in the upcoming accounting year.	Sri Lanka Accounting Standards should be complied with.	Action will be taken in the coming accounting years to prepare accounts accurately in compliance with accounting standards.
(d) In terms of paragraph 86 of Sri Lanka Accounting Standard No. 37, action had not been taken to disclose in financial statements, the arbitration process which was being implemented in respect of the Mahapola Online Lottery which was commenced in year 2013 and abolished from 15 th September 2016.	New	It is necessary upgrade the existing system	Agreed. The relevant disclosures will be made in the upcoming accounting year.	Due disclosures should be made in compliance with the accounting standards.	Action will be taken in the coming accounting years to prepare accounts accurately in compliance with accounting standards.

1.4.3 Accounting deficiencies

Non-compliance with reference to the relevant standard	Whether a new observation or an existing observation	Control risk disclosure	Comments of the management	Recommendation	Action taken and present situation
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.	Existing	It is necessary upgrade the existing system.	This matter was discussed at the Audit Committee and a request had been made from the Sri Lanka Institute of Chartered Accountants to obtain a final opinion on the preparation of consolidated accounts which is being studied. A final decision is due to be made upon the receipt of the said opinion and the account details of the said subsidiaries too are presented in the Annual Report of the Mahapola Fund. As of now, the investment share of the said subsidiaries are only shown as investments in the accounts.	Consolidated accounts should be prepared and submitted to the audit.	Measures have been taken to obtain an opinion from the Sri Lanka Institute of Chartered Accountants and upon the receipt of the said opinion, future accounting activities will be carried out as per the recommendations therein.

1.4.4 Lack of written evidence for the audit

Subject	Amount Rs.	Audit evidence not provided	Whether a new observation or an existing observation	Control risk disclosure	Comments of the management	Recommendation	Action taken and present situation
Bank balances	1,328,206	Bank conformations to confirm the balance of the	New	It is necessary upgrade the existing	Confirmations for overnight investment and Sweeper savings account	Action should be taken to present the	From the year 2023, monthly bank statements

		Sweeper savings account as at 31 December 2022		system	were provided during the period of audit. (Through photocopies)	relevant balance confirmations to the audit.	are obtained monthly and action will betaken submit balance confirmations to the audit from year 2023.
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1.5 Accounts receivable and payable

1.5.1 Accounts receivable

Audit observation	Whether a new observation or an existing observation	Control risk disclosure	Comments of the management	Recommendation	Action taken and present situation
Action had not been taken to reclaim a refundable rent deposit of Rs. 348,810 given by the Fund to the Cooperative Wholesale Establishment (CWE) for using a building belonging to CWE on rent basis even after five years of vacating the building.	Existing	It is necessary upgrade the existing system.	Even though measures were taken to recover the sum of Rs. 348,810 by sending letters from time to time and related bank statements, arrangements have not yet been made by the Co-operative Wholesale Establishment to deliver the amount to us.	Arrangements should be made to recover the cash receivables promptly.	Measures have been taken to send reminders and the CWE has requested the payment receipt issued at the time of making the deposit. Since it is not currently available with the Mahapola Fund, payment confirmations have been sent.

1.5.2 Accounts Payable

Audit observation	Whether a new observation or an existing observation	Control risk disclosure	Comments of the management	Recommendation	Action taken and present situation
An amount of Rs. 3,832,875 withheld for the construction work done in several schools was stated in the financial statements remained unchanged for a period of 10 years from year 2013 till now, and no action had been taken in that regard even during the year under review.	Existing	It is necessary upgrade the existing system.	These payments have been suspended due to the non-submission of final bills in respect of these payments and the bon-completion of the relevant projects.	Action should be taken to settle the payable amounts promptly.	It has not been possible to make these payments due to the shortcomings in procurement process and the non-submission of creditors' bills. All these contracts have been carried out through CWE Engineering Limited and since it has been informed that these files are currently not available with CWE Engineering and therefore the details regarding the relevant payments cannot be obtained.

1.6 Non-compliance with laws, rules, regulations and Management Decisions

Reference to laws, rules, regulations etc	Non-compliance	Whether a new observation or an existing observation	Control risk disclosure	Comments of the management	Recommendation	Action taken and present situation
(a) Financial Regulation 756	Even by 25 th April 2023, the board of survey reports of 2022 had not been submitted to the Auditor General.	New	Existing system should be complied with.	Having appointed a committee for the board of survey, the relevant survey activities have been finalized. Upon the receipt of the report of the committee chairman, action will be taken to submit	Financial regulations should be complied with.	The Board of Survey report was received on 13.07.2023 and when the audit was completed

				same to the audit.			the final report had not been received.
(b) Paragraphs 04(a), (d) and (f) of Public Finance Circular 01/2014 dated 17 February 2014	Though the consumption of fuel must be re-tested after a period of 12 months or after running a distance of 25,000 kilometers each vehicle should be carried out. It had not been so done in respect f the two vehicles belonging to the Fund.	New	It is necessary upgrade the existing system.	Procurement plan and audit plan have been prepared. In preparing the relevant actions plans for the year 2023, action will be taken to submit together with all the above plans.	Circular should be complied with.	Measures have been taken to submit the action plan of 2023.	
(ii) Paragraph 04 (b)	The income expected to be received from projects had not been estimated in the annual budget.	New	Existing system should be complied with.	As the capital projects are at the preliminary stage in the annual budget, the income to be received for the year 2022 could not be specifically identified. In future, all income that cannot be identified specifically will be included in the budget.	Circular should be complied with.	All income identified specifically in future will be submitted with the budget.	
(c) Paragraph 3.1 of Public Administration Circular No. 30/2016 dated 29 December 2016	Though the consumption of fuel must be re-tested after a period of 12 months or after running a distance of 25,000 kilometers each vehicle should be carried out. It had not been so done in respect f the two vehicles belonging to the Fund.	Existing	Existing system should be complied with.	All reports on fuel consumption of the vehicle of the pool have been provided monthly to the Auditor General. The fuel consumption of the allocated vehicle is not computed and the fuel allowance is given monthly to the officer.	Circular should be complied with.	Fuel consumption reports of the year 2023 will be provided to the Auditor General.	

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs. 1,746,616,255 and the corresponding surplus in the preceding year amounted to Rs. 1,292,729,814. Therefore an improvement amounting to Rs. 453,886,441 of the financial result was observed. This increase was primarily due to the growth of investment income by Rs. 614,495,964 i.e. by 53% and the increase in the profit share received from the National Lotteries Board by Rs. 151,768,390 i.e. by 12.33 percent compared to the preceding year.

3. Operating Review

3.1 Management Inefficiencies

Audit observation	Whether a new observation or an existing observation	Control risk disclosure	Comments of the management	Recommendation	Action taken and present situation
(a) In terms of Section 4(c) of the lease agreement No. 756 dated 15 th March 2022 signed so as to be valid 01 March 2022 to 28 February 2023, though it had been stipulated that minor repairs and maintenance activities of less than Rs. 25,000 should be carried out by the lessee (the Fund) and all major and structural repairs should be carried out by the lessor, the Fund had incurred Rs. 93,750 for the painting of the building and Rs. 69,000 for the replacement of light fittings inside the building for lighting.	New	It is necessary upgrade the existing system.	Rs. 93,500 was not spent on repairs but for the constructions carried out for expanding the space required due to the recruitment of new Finance Officer. Since it was not a repair, the limit of Rs. 25,000 was not applicable.	Lease agreement should be complied with.	Correct action will be taken in the coming accounting years.

(b) Though it has been targeted to award a Mahapola scholarship to all students who are enrolled at universities and are eligible for a scholarship, due to the application of criteria that the annual income earned by parents should be less than Rs. 500,000; only 16,000, i.e. 61.5% out of 26,000 students who were eligible for Mahapola Scholarship in respect of academic year 2020/2021 had been awarded scholarships.	New	It is necessary upgrade the existing system.	According to the present income of the Fund, it is not possible to grant scholarships to all students selected to universities. 16,000 scholarships are awarded annually at a cost of approximately Rs. 2 billion. With the expected increase in the income of the Fund in future, there is a possibility of increasing the number of scholarships to a certain extent from the present 16,000.	Action should be taken to achieve the targets of action plan.	Action is being pursued for the implementation of the following projects. 1. Mahapola Online Lottery 2. Database of ex-Mahapola recipients. 3. University village at Millewa watta 4. Redrafting the agreement with Sri Lanka Institute of Information Technology so as to receive a share of the annual report for the payment of Mahapola scholarships.
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3.2 Operational Inefficiencies

Audit observation	Whether a new observation or an existing observation	Control risk disclosure	Comments of the management	Recommendation	Action taken and present situation
(a) The Fund had failed to achieve the targets of the following activities included in the Action Plan even by the last day of the year under review. (i) Increasing the value of scholarship from Rs. 5,000 to Rs. 7,000. (ii) Increasing the annual income limit of family for the grant of scholarship from Rs. 500,000 to Rs. 700,000. (iii) Issuing a credit card to the value of Rs. 10,000 to students.	New	It is necessary upgrade the existing system.	Due to the failure to implement the expected projects, the expected income was not received and as a result the targets of the Action Plan could not be achieved.	Measures should be taken to achieve the targets of the Action Plan.	As projects proposed to be implemented by the Mahapala project had to be suspended owing to the restrictions of treasury provisions in the wake of economic crisis that followed the Covid pandemic situation prevailed in 2020 and 2021, the targeted programmes could not be pursued. Upon the improvement of financial situation in future and the resultant increase in revenue, it would be possible to implement these projects.
(iv) Though the drafting of the project report of Millewa University village and the entering into agreement with investors should have been completed by the end of the year, it did not materialize and the Fund had failed to fulfill the activities concerning the acquisition of the physical possession of the land which had been acquired on 99- year lease spending Rs. 340,200, 000 on 30th December 2021.	New	It is necessary upgrade the existing system.	The project could not be commenced as scheduled as there was a continuous delay on the part of the Urban Development Authority to finalize the surveying of the lands relating to this project and hand over its possession.	Measures should be taken to achieve the targets of the Action Plan.	Failure to commence the project as scheduled.

(v) The Fund had failed to complete the acquisition of lands for the mega commercial project in Mihintale.	New	It is necessary upgrade the existing system.	The decision of the Board of Trustees to abandon the project as the land relevant to the project was not released and as per decisions taken by the cabinet of ministers.	Measures should be taken to achieve the targets of the Action Plan.	The board of trustees deciding to abandon the project.
(vi) The Fund had not been able to complete the activities relating to the acquisition of the relevant land for the construction of Bio Systems Technology University, Nuwaraeliya.	New	It is necessary upgrade the existing system.	The decision of the Board of Trustees to abandon the project as the land relevant to the project was not transferred and as per decisions taken by the cabinet of ministers.	Measures should be taken to achieve the targets of the Action Plan.	The board of trustees deciding to abandon the project.
(vii) The Fund had failed to complete activities for the selection of an investor for the resumption of an online lottery.	New	It is necessary upgrade the existing system.	Having finalized the procurement activities, a suitable investor has been selected. For entering into an agreement with that investor, the matter has been referred to the board of trustees.	Measures should be taken to achieve the targets of the Action Plan.	Plans have been made to implement the new online lottery by mid 2023.
(viii) The Fund had failed to complete the activities for securing the relevant approval of the cabinet of ministers for the establishment of a university of foreign languages.	New	It is necessary upgrade the existing system.	The project was suspended upon being noticed by the government that new investments should not be undertaken as per the policy of the government.	Measures should be taken to achieve the targets of the Action Plan.	The board of trustees has decided to suspend the project.

3.3 Human Resources Management

Audit observation	Whether a new observation or an existing observation	Control risk disclosure	Comments of the management	Recommendation	Action taken and present situation
Even though the approved cadre of the Trust Fund was 31 as at 31 December of the year under review, the actual cadre as at 31 December 2022 was 16, thus 18 posts remained vacant. Of those vacancies, 04 senior level posts and 06 secondary level posts had remained vacant for a period of 02 years.	New	The system should be introduced.	The recruitment of employees owing to the suspension of all recruitments by the government. The relevant recruitments will be carried out in the year 2023.	Action should be taken at least to recruit the minimum staff needed for achieving the requirements of the fund.	A committee has been appointed by the 97 th trust fund 2003 to review the employee requirement and the relevant recruitments will be carried out upon the receipt of the approval of the board of trustees for its recommendations.

4. Accountability and Good Governance

4.1 Budgetary Control

Audit observation	Whether a new observation or an existing observation	Control risk disclosure	Comments of the management	Recommendation	Action taken and present situation
The fund had not utilized revenue of Rs. 75,000,000 in the budget estimated for the year under review, 02 items of recurrent expenditure totaling Rs. 60,320,000 and 07 items of capital expenditure totaling Rs. 284,000,000.	New	Should comply with the existing system.	As the relevant projects were not implemented during the year, the said capital expenditure could not be outlaid. Accordingly, the expected income therefrom too could not be procured.	Income generation and incurring expenditure from the fund should be in compliance with the budget.	The expected income could not be earned since projects could not be implemented as envisaged amidst the Covid pandemic situation that prevailed in the country. Accordingly, the estimated amounts could not be utilized during the year under review.

FINANCIAL STATEMENTS
31 DECEMBER 2022

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

STATEMENT OF FINANCIAL POSITION

(Expressed in Sri Lankan Rupees)

AS AT 31 DECEMBER

2022

2021

Notes

ASSETS

Non-Current Assets

Property, Plant and Equipment	12	810,946,010	841,968,416
Intangible Assets	13	422,219	669,280
Investment Property	14	352,660,179	352,660,179
Investment in Subsidiary	15	985,000,000	985,000,000
Other Investments	16	2,200,000	2,200,000
Financial Assets	17	12,421,465,984	12,962,967,385
Total Non-Current Assets		14,572,694,391	15,145,465,260

Current Assets

Other Assets	18	2,465,271	6,125,764
Advances and Prepayments	19	2,406,567	1,937,954
Other Receivables	20	1,444,206,429	377,876,221
Receivables from NWSL		17,473,951	3,496,345
Cash and Cash Equivalents	21	64,586,566	1,926,327
Total Current Assets		1,531,138,783	391,362,611
TOTAL ASSETS		16,103,833,176	15,536,827,871

EQUITY AND LIABILITIES

EQUITY

Accumulated Fund		10,147,376,951	10,147,376,951
FVTOCI Financial Assets Reserve		(1,787,093,302)	(168,796,660)
Retained Earnings		7,211,698,897	5,487,540,598
Total Equity		15,571,982,546	15,466,120,889

Non Current Liabilities

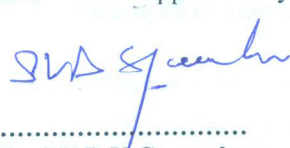
Retirement Benefit Obligation	22	5,271,808	4,905,475
Total Non Current Liabilities		5,271,808	4,905,475

Current Liabilities

Accruals & Other Payables	23	526,578,821	65,801,507
Total Current Liabilities		526,578,821	65,801,507
TOTAL EQUITY AND LIABILITIES		16,103,833,176	15,536,827,871

The Board of Trustees are responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Trustees and signed on their holding.


.....
Mr. A.M.P.M.B. Atapattu
Secretary Ministry of Trade, Commerce and Food Security
Ex-officio Trustee of Mahapola Trust Fund


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


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

Figures in brackets indicate deductions.

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



**LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION
SCHOLARSHIP TRUST FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		<i>(Expressed in Sri Lankan Rupees)</i>	
FOR THE YEAR ENDED 31 DECEMBER		2022	2021
	Notes		
Revenue	7	3,178,564,254	2,412,299,900
Direct Expenses (Scholarship Payments)	8	(1,366,549,835)	(1,052,955,600)
		1,812,014,420	1,359,344,300
Other Income	9	472,798	534,614
Total Income		1,812,487,218	1,359,878,914
Administrative Expenses	10	(65,799,943)	(67,078,075)
Finance Cost	11	(71,020)	(71,025)
Total Expenses		(65,870,963)	(67,149,100)
Surplus / (Deficit) Before Tax		1,746,616,255	1,292,729,814
Income Tax Expenses		-	-
Net Surplus / (Deficits)		1,746,616,255	1,292,729,814
Other Comprehensive Income / (Expense)			
Net Gain / (Loss) on Debt Instruments at Fair value through Other Comprehensive Income	17.1	(1,618,296,642)	(168,796,660)
Net Surplus after the Comprehensive Income For The Year		128,319,613	1,123,933,154

Figures in brackets indicate deductions.

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

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

STATEMENT OF CASH FLOWS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	2022	2021
Cash Flow From Operating Activities		
Net Surplus/ (Deficits)	1,746,616,255	1,292,729,814
Adjustment For;		
Depreciation	31,299,967	31,589,511
Profit on Disposal of Fixed Assets	-	772,000
Gratuity	366,333	317,630
Prior Year Adjustments	(22,488,456)	157,863,504
Operating Surplus Before working capital changes	1,755,794,099	1,483,272,459
Working Capital Changes		
Increase/Decrease in Other Receivables	(1,077,115,933)	339,677,165
Increase/Decrease in Other Payables	460,777,314	(244,329,921)
Cash from Operations	(616,338,619)	95,347,244
Net Cash Inflows / Outflows from Operating Activities	1,139,455,480	1,578,619,703
Cash Flows From Investing Activities		
Acquisition of Property Plant & Equipments	-	(343,921,459)
Acquisition of Intangible Assets	-	(283,306)
Sales Proceeds from Disposal of Fixed Assets	-	-
Investment / (Withdrawal) in Financial Assets	(1,076,795,241)	(1,304,552,843)
Net Cash Inflows / (Outflows) from Investing Activities	(1,076,795,241)	(1,648,757,608)
Cash Flows From Financing Activities		
Dividend Paid	-	-
Net Cash Inflows/(Outflow) from Finance Activities	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	62,660,239	(70,137,904)
Cash & Cash Equivalent as at 01 January	1,926,327	72,064,231
Cash & Cash Equivalents as at 31 December	64,586,566	1,926,327

Figures in brackets indicate deductions.

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

LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION SCHOLARSHIP TRUST FUND
STATEMENT OF CHANGES IN EQUITY *(Expressed in Sri Lankan Rupees)*

FOR THE YEAR ENDED 31 DECEMBER

	Accumulated Fund	FVTOCI Financial Assets Reserve	Retained Earnings	Total
Balance as at 01 Jan. 2021	10,147,376,951	-	4,036,947,280	14,184,324,231
Net Surplus /(Deficits) for the year	-	-	1,292,729,814	1,292,729,814
Other Comprehensive Income /(Expense)		(168,796,660)		(168,796,660)
Prior Year Adjustments (Note I)	-	-	157,863,504	157,863,504
Balance as at 31 Dec. 2021	10,147,376,951	(168,796,660)	5,487,540,598	15,466,120,889
Net Surplus /(Deficits) for the year	-	-	1,746,616,255	1,746,616,255
Other Comprehensive Income / (Expense)	-	(1,618,296,642)	-	(1,618,296,642)
Prior Year Adjustments (Note I/ II/III)	-	-	(22,457,956)	(22,457,956)
Balance as at 31 Dec. 2022	10,147,376,951	(1,787,093,302)	7,211,698,897	15,571,982,546

Note I

Prior year adjustment represents, correction of Share of Profit from Development Lotteries Board relating to previous year.

Note II

Prior year adjustment represents, correction of the face value of Treasury Bonds relating to previous years and Gain on Disposal of NWCL Assets

Figures in brackets indicate deductions.

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

1. 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 1981 and the management and control of the Trust Fund is vested to the Board of Trustees. It is located at 4th Floor, J R Jayewardene Centre, 191, Dharmapala Mawatha, Colombo 07.

1.2. Principal Activities and Nature of Operations

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

1.2.1. Mahapola Trust Fund

The aims and objects of the Fund shall be -

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

1.3. Date of Authorization for Issue

The Financial Statements of Mahapola Scholarship Trust Fund for the year ended 31 December 2021, were authorized for issue, in accordance with a resolution of the Board of Trustees on 07th February 2023.

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 2021 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 depreciated during the remaining the remaining useful life of the related assets.

3.1.5. De-recognition

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

3.1.6. Depreciation

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

The estimated useful lives are as follows;

Buildings and Fixtures	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

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 company. Any transaction cost relating to acquisition of subsidiaries are immediately recognised in the income statement, following initial recognition, investment in subsidiaries are carried at cost less any accumulated impairment losses.

3.4. Foreign Currencies

a) Functional and Presentation Currency

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

b) Transactions and Balances

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

3.5. Taxation

3.5.1. Current taxation

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

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

a) Mahapola Trust Fund

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 Minister 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

5.1.1.1. 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 Standards. 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.

5.1.1.2. Defined Contribution Plans- Employee Provident Fund & Employee Trust Fund

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

Employees' Provident Fund

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

Employees' Trust Fund

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

5.2. Provisions

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

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

6. INCOME AND EXPENSES

6.1. Revenue Recognition

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

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

6.1.1. Interest income

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

6.1.2. Other Income

Other income is recognised on an accrual basis.

6.2. Expenses

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

LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION SCHOLARSHIP TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER		2022	2021
7 Revenue			
Net Interest Income	7.1	1,771,795,864	1,157,299,900
Share of Profit from Development Lotteries Board		1,381,768,390	1,230,000,000
Lease Rental from SLIIT		25,000,000	25,000,000
		3,178,564,254	2,412,299,900
7.1 MTF -Investment Income			
Treasury Bonds -Coupon	(Note 7.2)	726,704,479	676,572,164
Treasury Bonds -Capital Gain Net of Premium		-	-
Treasury Bills -Interest	(Note 7.3)	628,929,539	-
Debenture Interest		110,793,893	161,279,088
Fixed Deposits Interest Net of WHT		272,130,181	309,751,558
REPO Income		5,439,284	3,711,191
Overnights Income		27,418,223	5,862,119
Sweeper Income		380,263	123,779
		1,771,795,864	1,157,299,900
7.2 Treasury Bond Coupon			
Treasury Bonds -Coupon		726,704,479	676,572,164
		726,704,479	676,572,164
7.3 Treasury Bill Interest Income			
Interest received during the year		60,687,700	-
Interest receivable as at the year		659,965,785	-
Total Interest Income		720,653,485	-
Less			
T bill Interest Income of NWSL		(91,723,946)	-
T bill Interest Income of MTF		628,929,539	-

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	2022	2021
8 Direct Expenses		
Scholarship Payments		
Scholarship Payments -Universities (Note 8.1)	1,288,347,209	984,512,850
Scholarship Payments -Technological Colleges	59,930,000	61,581,500
Scholarship Payments -Other Higher Education Institutes	17,866,350	6,861,250
New Scholarship Award Expenses	406,276	-
	1,366,549,835	1,052,955,600
8.1 Scholarship Payments -Universities		
Scholarship Payments -Universities	2,677,047,059	1,830,436,600
Less :Treasury Contribution (through UGC)	(1,388,699,850)	(845,923,750)
	1,288,347,209	984,512,850
9 Other Income		
Staff loan Interest	65,065	54,744
Donations	-	365,550
Scholarship Deduction	98,350	27,000
Sundry Income	38,000	87,320
Other Income	143,735	-
Gratuity FD income	127,649	-
	472,798	534,614

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

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

NOTES TO THE FINANCIAL STATEMENTS *(Expressed in Sri Lankan Rupees)*

FOR THE YEAR ENDED 31 DECEMBER	2022	2021
10 Administrative Expenses		
Salaries	12,871,814	12,448,631
Attendance & Communication Allowance	1,566,500	1,184,000
Overtime & Weekend Payments	245,314	583,285
E.P.F	1,471,291	1,174,779
E.T.F	297,693	255,561
Leave Encashment & Staff Incentive	411,081	147,767
Depreciation	31,052,906	31,369,306
Amortization	247,061	220,205
Postage & communication	37,615	39,540
Gratuity	-	321,961
Welfare Expenses	238,972	215,602
Telephone	647,612	804,320
Audit Fees	396,000	300,000
Translation & Other Service Fees	122,765	539,130
BOT & Investment Meeting Fees	275,000	362,500
Fuel, Travelling & Subsistence	467,157	1,803,219
Water	36,320	12,358
Electricity	534,232	496,017
Cleaning Expenses	51,400	46,500
Entertainment Expenses	47,881	64,033
Security Charges	4,320	272,160
Printing & Stationeries	784,815	1,860,663
Maintaince Expenses- Office Equipment	1,674,382	369,241
Office Rent -J.R.Jayawardanare	3,623,400	3,623,400
System Maintenance & IT Expenses	210,288	190,950
Donations Lalith athulathmudali Foundation	1,775,000	10,000
Insurance -Staff	325,000	323,151
Advertisement Expenses	663,093	1,927,784
Legal Fees	469,359	194,309
Subscription Fees	83,060	24,590
Sundry Expenses	64,700	90,805
Web Site Development Cost	-	-
Vehicle Lease Rental	1,262,283	1,717,200
Vehicle Maintenance	939,314	477,317
Custodian Fees -BOC Investment Banking	2,689,692	2,592,000
Professional Fees	187,484	-
Healthcare & Safety Expenses	25,140	265,794
Annual Report Expenses	-	-
Project -Mihintale	-	750,000
	65,799,943	67,078,075
11 Finance Cost		
Bank Charges	71,020	71,025
Loan Interest	-	-
	71,020	71,025

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION SCHOLARSHIP TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS *(Expressed in Sri Lankan Rupees)*
FOR THE YEAR ENDED 31 DECEMBER 2022

12 Property, Plant & Equipment

Gross Carrying Amounts	Balance As at 01.01.2022	Additions	Disposals	Balance As at 31.12.2022
Buildings	1,064,520,695	-	-	1,064,520,695
Furniture and Fittings	8,406,812	-	-	8,483,312
Office Equipment	3,949,935	-	-	3,898,935
Computer & Accessories	7,313,830	-	-	7,318,830
Motor Vehicles	16,190,000	-	-	16,190,000
Total Value of Depreciable Assets	1,100,381,272			1,100,411,772

Accumulated Depreciation and Impairment	Balance As at 01.01.2022	Charge for the Year	Disposals	Balance As at 31.12.2022
Buildings	233,043,720	26,613,017	-	259,656,737
Furniture and Fittings	7,999,192	92,213	-	8,091,405
Office Equipment	1,856,520	522,970	-	2,379,490
Computer & Accessories	6,668,804	586,706	-	7,255,510
Motor Vehicles	8,844,619	3,238,000	-	12,082,619
Total Depreciation	258,412,856	31,052,906	-	289,465,762

Net Book Values	As at 31.12.2021	As at 31.12.2022
Buildings	831,476,975	804,863,958
Furniture and Fittings	407,620	391,907
Office Equipment	2,093,415	1,519,445
Computer & Accessories	645,026	63,320
Motor Vehicles	7,345,381	4,107,381
Property, Plant & Equipment	841,968,416	810,946,010

Figures in brackets indicates deductions.
Notes to the Financial Statements Continued

**LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION
SCHOLARSHIP TRUST FUND**
NOTES TO THE FINANCIAL STATEMENTS *(Expressed in Sri Lankan Rupees)*
FOR THE YEAR ENDED 31 DECEMBER 2022

13 Intangible Assests

Gross Carrying Amounts	Balance As at 01.01.2022	Additions	Disposals	Balance As at 31.12.2022
Computer Software	177,000	-	-	177,000
Mahapola Web site	775,000	-	-	775,000
MS Office -2019	283,306	-	-	283,306
Total Value of Depreciable Assets	1,235,306	-	-	1,235,306

Accumulated Depreciation and Impairment	Balance As at 01.01.2022	Charge for the year	Disposals	Balance As at 31.12.2022
Computer Software	105,618	35,400	-	141,018
Mahapola Web site	430,602	155,000	-	585,602
MS Office -2019	29,805	56,661	-	86,466
Total Depreciation	566,025	247,061	-	813,086

Net Book Values	As at 31.12.2021	As at 31.12.2022
Computer Software	71,382	35,982
Mahapola Web site	344,398	189,398
MS Office -2019	253,501	196,839
Total Carrying Amount of Intangible Assets	669,280	422,219

14 Investment Property

	2022	2021
Free Hold Land (at Malabe -Leased out to SLIIT)	12,460,179	12,460,179
Lease Hold Land (at Millewa)	340,200,000	340,200,000
	352,660,179	352,660,179

Figures in brackets indicates deductions.
Notes to the Financial Statements Continued

LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION SCHOLARSHIP TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	2022	2021
15 Investment In Subsidiaries		
National Wealth Corporation *	985,000,000	985,000,000
	985,000,000	985,000,000
* National Wealth Corporation Ltd (NWCL) set up as a fully owned subsidiary of Mahapola Trust Fund		
16 Other Investments		
Capital Investment of Development		
Lotteries Board	2,200,000	2,200,000
	2,200,000	2,200,000
17 Financial Assets		
Financial Assets at FVTOCI		
Treasury Bonds (Note)	6,208,728,828	7,992,639,179
Treasury Bond Premium & Discount	-	-
Financial Assets at Amortised Cost		
Treasury Bills	5,336,408,950	-
Debentures	375,000,000	1,075,000,000
Fixed Deposits	500,000,000	3,760,000,000
Financial Assets at FVPL		
REPO	-	134,000,000
BOC- Sweeper Account -4079	1,328,206	1,328,206
	12,421,465,984	12,962,967,385
17.1 Treasury Bonds		
Balance at as at 31 December	7,992,639,179	8,161,435,839
Additions During the Year	477,536,000	-
Interest Recognized during the year	726,704,479	-
Trading During the year	(517,417,000)	-
Coupon Received	(795,550,286)	-
Adjustment for T bond Sold During the Pre: Year	(56,886,902)	-
	7,827,025,470	8,161,435,839
Fair Value Changes Relating to Sold Debt Ins:	(2,661,815)	-
Fair Value Changes During the Year	(1,615,634,827)	(168,796,660)
Net Gain/(Loss) on Debt Instruments at Fair Valuation	(1,618,296,642)	(168,796,660)
Fair Value as at 31 December	6,208,728,828	7,992,639,179
18 Other Assets		
Retirement Benefit Assets (Fixed Deposit)	-	3,685,913
Stationery Stock	304,761	279,341
Rent deposit Jayawardna Centre	1,811,700	1,811,700
CWE Rent Deposit	348,810	348,810
	2,465,271	6,125,764

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION SCHOLARSHIP TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER

2022

2021

19 Advances and Prepayments

Staff Loan & Advances	1,845,504	1,477,096
University Grant Commission	306,000	399,000
Prepayment Medical Insurance	61,858	61,858
Prepayment for Generator Fixing	193,204	-
	2,406,567	1,937,954

20 Other Receivables

UGC Receivables (Treasury Contribution)	429,337,500	49,807,900
DLB Profit Share Receivables	266,790,550	219,503,210
Fixed Deposit Interest Receivables	62,089,041	64,887,973
Debenture Interest Receivables	24,854,075	42,799,052
Gratuity FD Interest Receivables	71,194	71,194
T- Bills Interest Receivables - MTF	568,241,839	-
T- Bills Interest Receivables - NWSL	91,723,946	-
Scholarship Payment Receivables	25,000	25,000
Receivables -Trade Ministry	1,021,450	772,000
	1,444,154,595	377,866,328
Vehicle Insurance Receivables	40,038	-
Insurance Premium Receivables	11,795	9,893
	1,444,206,429	377,876,221

21 Cash & Cash Equivalents

BOC- Current Account -1791 (Note 21.1)	64,040,675	853,373
BOC - Current Account -83302834	494,609	206,090
BOC -Current Account -83867162	51,281	866,863
	64,586,566	1,926,327

Note 21.1 BOC Current Account - 1791

BOC- Current Account -31.12.2022	(159,325)	-
BOC - Overnight Investment - 31.12.2022	64,200,000	-
	64,040,675	

22 Retirement Benefit Obligation

Balance as at 01 January	4,905,475	4,587,845
Gratuity FD Interest Income	366,333	194,189
Expenses Recognized in Profit or Loss	-	123,441
Balance as at 31 December	5,271,808	4,905,475

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

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

NOTES TO THE FINANCIAL STATEMENTS *(Expressed in Sri Lankan Rupees)*

FOR THE YEAR ENDED 31 DECEMBER	2022	2021
23 Accruals & Other Payables		
Scholarship Payables -Universities	494,332,300	50,715,900
Scholarship Payables - Technical colleges	10,487,500	7,313,600
Scholarship Payables - Higher Education Institutes	10,647,800	-
Retention A/C	1,547,409	1,547,409
Retention A/C St.Anne's College	382,417	382,417
Retention A/C Sir.John Kothalawala College	243,503	243,502
Retention Embilipitiya Swimming Pool Expenses	585,449	585,449
Audit Fees Payable	348,000	348,000
UGC Grant Payable	68,600	68,600
Slip Return - Universities	2,492,903	2,260,450
Slip Return - ATI	2,070,000	23,328
Slip Return - HEI	139,350	30,854
Virtual Hosting	-	27,430
Telephone Bill	52,591	91,500
Payables for Overtime	1,238	1,074,097
Payables for Attendance Allowance	130,000	111,250
Payables for Salaris	78,000	-
School Development Activites	1,074,097	475,700
Payables for Leave Encashment	411,081	-
Scholarship Payment Payable	29,800	432,000
Custodian Fees Payable	235,897	-
Provision for Building Rent	1,207,800	-
Electricity & Water	-	51,378
	526,578,821	65,801,507

24 Capital and Other Commitments

There were no material capital expenditure or other financial commitments approved by the Board of Directors as at 31 December 2022.

25 Events after the Reporting Period

There were no events occurred, which required adjustments or disclosure in these financial statements between the 31 December reporting date and the date of authorization.

26 Contingent liabilities

There were no material contingent liabilities as at 31 December 2022 which require adjustments to / or disclosure in the Financial Statements.

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER 2022

27 Related Party Disclosures

The Trust Fund related parties includes the Related Entities and Key Management Personnel.

Transactions with Related Entities

The following transactions have been carried out with related parties during the year ended 31 December 2022 under normal commercial terms.

Name of the Company / Entity	Relationship	Nature of Transactions	Value of Transaction	Amount Due from / (to)
Development Lotteries Board	Common Director	Share of Profit	1,381,768,390	266,790,550
NatWealth Securities Limited	Common Director	Purchase of Fixed Assets from NWSL	(148,950)	-
	Common Director	Fund Received to MTF from NWSL Under the Fund Transfer Agreement.	(850,000,000)	-
		Income Received From Investment	(126,500,344)	-
		Investment in T Bills	593,798,500	
		Fund Transfer to NWSL	396,828,400	
		Investment in Fixed Deposits and Maturity	450,000,000	
			(450,000,000)	

**Figures in brackets indicates deductions.
Notes to the Financial Statements Continued**

**LALITH ATHULATHMUDALI MAHAPOLA HIGHER EDUCATION
SCHOLARSHIP TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022

28 Financial Instruments and Risk Management

The accounting classification of each category of financial instruments and their carrying amounts reported in the statement of financial position are stated below.

The Carrying Values of Financial Assets and Liabilities	Note	2022	2021
Fair Value Through Other Comprehensive Income Financial Assets			
Treasury Bonds	17	<u>6,208,728,828</u>	<u>7,992,639,179</u>
Fair Value Through Profit or Loss Financial Assets			
REPO	17	-	134,000,000
BOC- Sweeper Account -4079	17	<u>1,328,206</u>	<u>1,328,206</u>
		1,328,206	135,328,206
Amortized Cost			
Treasury Bills	17	5,336,408,950	-
Debentures	17	375,000,000	1,075,000,000
Fixed Deposits	17	500,000,000	3,760,000,000
Other Receivables	20	1,444,154,595	381,362,673
Cash and Cash Equivalents	21	<u>64,586,566</u>	<u>1,926,327</u>
		7,720,150,111	5,218,289,000

The corporate loans are stated at amortized cost using effective interest rate and other categories of financial asset designated at amortized cost are stated at carrying values as their carrying value approximates the fair value.

FINANCIAL LIABILITIES

Other Financial Liabilities			
Other Payables	23	<u>518,226,378</u>	<u>60,788,277</u>

The financial liabilities are stated at amortized cost using the effective interest method.

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued