

INSTITUTE OF MEDICAL SCIENCES (PVT) LTD  
FOR THE YEAR ENDED  
31<sup>ST</sup> MARCH 2014

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF INSTITUTE OF MEDICAL SCIENCES (PVT) LIMITED**

**Report on the Financial Statement**

We have audited the accompanying financial statements of Institute of Medical Sciences (PVT) Limited. ("The Company") which comprise the statements of financial position as at March 31, 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 1 to 13.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Statement of Recommended Practice for Not-for-Profit Organization. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Scope of Audit Basis of Opinions**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion, as far as appears from our examination, Institute of Medical Sciences (Pvt) Limited maintained proper accounting records for the year ended March 31, 2014, and the financial statements give a true and fair view of the financial position of the Company as at March 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations issued by the Institute of Chartered Accountants of Sri Lanka.

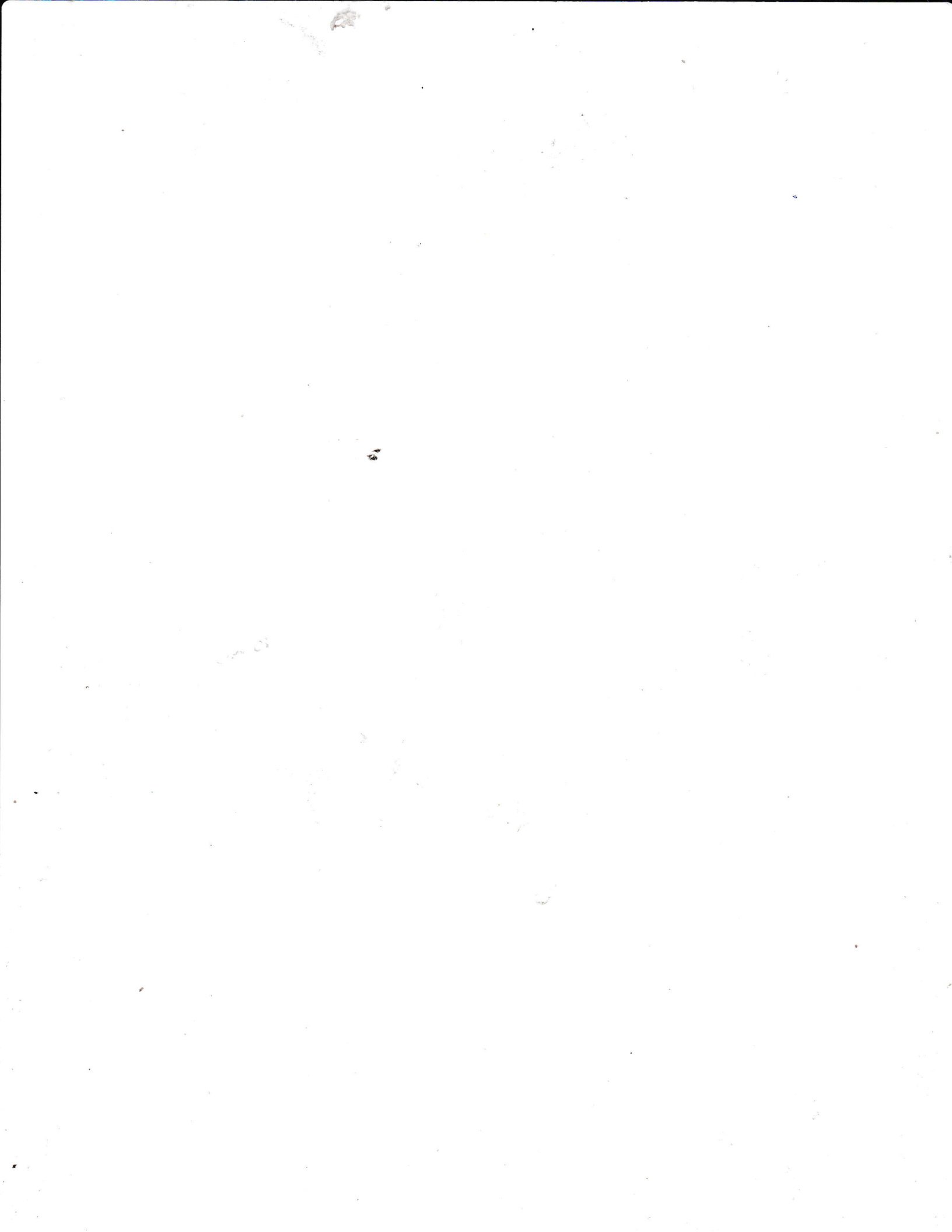
**Report on other Legal and Regulatory Requirements**

These financial statements also comply with the requirements of Sections 151(2) of the Companies Act No. 07 of 2007.

*Ripley & Marshall*

**Ripley & Marshall**  
Chartered Accountants  
Dehiwala  
15 December 2015





**INSTITUTE OF MEDICAL SCIENCES (PVT) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2014**  
(all amounts in Sri Lanka Rupees)

As at 31 March	Notes	2014	2013
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property Plant and Equipment	4.1	206,112	9,000
Other financial assets		-	38,480
<b>Total Non-Current Assets</b>		<u>206,112</u>	<u>47,480</u>
<b>Current Assets</b>			
Debtors		7,500	-
Cash and cash equivalents	4.2	703,051	40,465
<b>Total Current Assets</b>		<u>710,551</u>	<u>40,465</u>
<b>Total Assets</b>		<u><u>916,663</u></u>	<u><u>87,945</u></u>
<b>LIABILITIES &amp; RESERVES</b>			
<b>Accumulated Reserves</b>			
Share Capital		1,000	1,000
Accumulated Funds		777,045	27,845
<b>Total Accumulated Reserves</b>		<u>778,045</u>	<u>28,845</u>
<b>Non - Current Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	4.3	88,617	47,100
Accrued Expenses	4.4	50,000	12,000
<b>Total Current Liabilities</b>		<u>138,617</u>	<u>59,100</u>
<b>Total Liabilities</b>		<u>138,617</u>	<u>59,100</u>
<b>Total Liabilities and Reserves</b>		<u><u>916,663</u></u>	<u><u>87,945</u></u>

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved for issue by the Board of Directors on .....

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Signed on behalf of the Board by

  
.....  
Director                      Director

26 DEC 15  
.....  
Date                              Date



**INSTITUTE OF MEDICAL SCIENCES (PVT) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the Year Ended 31 March 2014**  
(all amounts in Sri Lanka Rupees)

Year ended 31 March	Notes	2014	2013
<b>OPERATING INCOME</b>			
Incoming Resources	4.5	4,548,526	-
<b>Total Operating Income</b>		<u>4,548,526</u>	-
<b>OPERATING EXPENDITURE</b>			
Direct cost		913,664	-
Project Expenditure		1,366,000	-
Staff-related costs		738,500	-
Rentals		332,500	-
Depreciation	4.1	83,019	-
General Expenditure		1,010,676	22,970
<b>Total operating expenditure</b>		<u>4,444,358</u>	<u>22,970</u>
Net surplus/(deficit) of operating activities		104,167 -	22,970
<b>Net surplus/(deficit) of non-operating activities</b>		-	-
<b>Net surplus/(deficit) before taxation</b>		104,167 -	22,970
Income Tax expenses		-	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<u><u>104,167 -</u></u>	<u><u>22,970</u></u>



**INSTITUTE OF MEDICAL SCIENCES (PVT) LIMITED**  
**STATEMENT OF CHANGES IN RESERVES**  
**For the Year Ended 31ST March 2014**  
(all amounts in Sri Lanka Rupees)

Description	Restricted Reserves	Result for the Year	Total
<b>Balance as at 31 March 2013</b>	50,815.00	- 22,970.00	27,845.00
Net surplus/(deficit) for the year		- 104,167.21	- 104,167.21
Other comprehensive income for the year			
<b>Balance before transfers to/from reserves</b>			
Increase/Decrease in donors' restricted contributions for specific operations	645,034.00		645,034.00
<b>Balance as at 31 March 2014</b>	<b>695,849.00</b>	<b>- 127,137.21</b>	<b>568,711.79</b>



**INSTITUTE OF MEDICAL SCIENCES (PVT) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**For the year Ended 31 March 2014**  
(all amounts in Sri Lanka Rupees)

Notes

Year ended 31 March

2014

**CASH FLOWS FROM OPERATING ACTIVITIES**

Surplus/(deficit) for the year (Before Tax)	104,167
<b>Adjustments to reconcile surplus/(deficit) to net cash flows:</b>	
<b>Non-cash items:</b>	
Depreciation and impairment of property, plant and equipment	83,019
	<hr/>
	187,186
<b>Working capital adjustments:</b>	
Accrued expenses and deferred income	79,517
Debtors	- 7,500
	<hr/>
<b>Net cash from/(used in) operating activities</b>	<b>259,203</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Property Plant and Equipment	- 280,131
Preliminary expenses written off	38,480
	<hr/>
<b>Net cash from/(used in) investing activities</b>	<b>- 241,651</b>
	<hr/>
	17,552

**CASH FLOWS FROM FINANCING ACTIVITIES**

Project Fund	645,034
	<hr/>
<b>Net cash from/(used in) financing activities</b>	<b>645,034</b>

<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>662,586</b>
	<hr/>
<b>CASH AND CASH EQUIVALENTS AT 1 APRIL</b>	<b>40,465</b>
	<hr/>
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>703,051</b>
	<hr/>
	<hr/>

<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	
Cash at Bank	703,051
	<hr/>
	<b>703,051</b>
	<hr/>
	<hr/>



**INSTITUTE OF MEDICAL SCIENCES (PVT) LIMITED**

**Notes to the Financial Statements**

**For the Year Ended 31 March 2014**

**1. General Information**

Institute of Medical Sciences (Pvt) Limited is a non-governmental organisation as per the definition provided in Sri Lanka Statement of Recommended Practice for Not-for-Profit Organisations (including Non-Governmental Organisations). The organisation has been incorporated under the Companies Act No. 07, of 2007 as a limited liability company. The names of the Members of the Board of the Company are provided on page no 13. The principle place of activity of the Company is located at 125, Main Street, Jaffna. In the financial statements "Company" refers to Institute of Medical Sciences (Pvt) Limited. On 11th July 2014, a Trust was formed in the name "Institute of Medical Sciences" and the operations of the Company were transferred to the Trust.

Except for certain activities that will conclude on the realisation of their relevant activities in accordance with the relevant terms of reference, the financial statements have been prepared on going concern basis.

The notes to the financial statements on page 5 to 13 are an integral part of the financial statements.

**2. Basis of Preparation**

**2.1 Statement of Compliance**

The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Cash Flows together with the Accounting Policies and Notes to the financial statements as at 31 March 2014 and for the year then ended comply with the Sri Lanka Statement of Recommended Practice for Not-for-profit Organisations issued by the Institute of Chartered Accountants of Sri Lanka (SLSoRP).

**2.2 Basis of Measurements**

The financial statement have been prepared using the historical cost convention.

**2.3 Changes in Accounting Policies and Disclosures**

The accounting policies have been consistently applied, unless otherwise stated, and are the changes in accounting policies consistent with those used in previous years, except for the changes in accounting policies specified by the SLSoRP.





**INSTITUTE OF MEDICAL SCIENCES (PVT) LIMITED**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2014**

**3. Summary of Significant Accounting Policies**

**3.1 Cash and Cash Equivalents**

Institute of Medical Sciences (Pvt) Limited considers cash on hand, amounts due from bank and short-term deposits with an original maturity of three months or less to be cash and cash equivalents.

**3.2 Property Plant and Equipment**

**a. Cost and Valuation**

All items of property, plant and equipment are initially recorded at cost. Where any item of property, plant and equipment subsequently revalued, the entire class of such assets is revalued. Revaluation is carried out with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values as at the date of the Statement of Financial Position. Subsequent to the initial recognition of an asset, property plant and equipment are carried at historical cost or, if revalued, at the revalued amounts less any subsequent depreciation. Additions subsequent to the last revaluation is carried at cost less any subsequent depreciation.

**b. Subsequent Expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognized in the Statement of Comprehensive Income as an expense as incurred.

**c. Depreciation**

Depreciation is provided for on all assets on straight-line basis and is calculated on the cost or revalued amount of all property, plant and equipment other than land, in order to write off such amounts less any terminal value over the estimated useful lives of such assets.

The annual rates of depreciation currently being used by Institute of Medical Sciences (Pvt) Limited are:



**INSTITUTE OF MEDICAL SCIENCES (PVT) LIMITED**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2014**

<b>Asset</b>	<b>Rate p.a</b>
Computer & Printers	33.33%
Furniture & Fittings	20%

**3.3 Accounting for the Receipt and Utilisation of Funds/Reserves**

**Reserves**

Reserves are classified as either restricted or unrestricted reserves.

**a. Unrestricted Reserves/Funds**

Unrestricted funds are those that are available for use by Institute of Medical Sciences (Pvt) Limited at the discretion of the Board, in furtherance of the general objectives of the Company and which are not designated for any specific purpose. Surplus funds are transferred from restricted funds to unrestricted funds in terms of the relevant Donor Agreements or with the subsequent approval of the Donor. Contributions received from the general public are recognised in the Statement of Comprehensive Income on a cash basis.

**b. Designated Reserves/Funds**

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

**c. Restricted Reserves/Funds**

Where grants are received for use in an identified project or activity, such funds are held in a restricted fund account and transferred to the Statement of Comprehensive Income to match with expenses incurred in respect of that identified project. Unutilised funds are held in their respective fund accounts and included under accumulated fund in the Statement of Financial Position until such time as they are required.



**INSTITUTE OF MEDICAL SCIENCES (PVT) LIMITED**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2014**

Funds collected through a fund raising activity for any specific or defined purpose are also included under this category.

Where approved grant expenditure exceeds the income received and there is certainty that the balance will be received, such amount is recognised through Debtors in the Statement of Financial Position.

The activities for which these restricted funds may and are being used are identified in the notes to the financial statements.

**3.4 Grants and Subsidies**

Grants and Subsidies are recognised in the financial statements at their fair value. When the grant or subsidy relates to an expense it is recognised as income over the period necessary to match it with the costs, which it is intended to compensate for on a systematic basis.

Grants and Subsidies related to assets are generally deferred in the Statement of Financial Position and credited to the Statement of Comprehensive Income over the useful life of the assets.

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

**3.5 Income recognition**

**a. Contributions/Incoming Sources**

Income realised from restricted funds is recognised in the Statement of Comprehensive Income only when there is certainty that all of the conditions for receipt of the funds have



**INSTITUTE OF MEDICAL SCIENCES (PVT) LIMITED**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2014**

been complied with and the relevant expenditure that it is expected to compensate has been incurred and charged to the Statement of Comprehensive Income. Unutilised funds are carried forward as such in the Statement of Financial Position.

Gifts and donations received in kind are recognised at valuation at the time that they are distributed to beneficiaries, or if received for resale with proceeds being used for the purpose of the Company at the point of such sale. Items not sold or distributed are inventoried but not recognised in the financial statements.

All other income is recognised when the Company is legally entitled to the use of such funds and the amount can be quantified. This would include income receivable through fund raising activities and donations.

**3.6 Expenditure Recognition**

Expenses in carrying out the projects and other activities of Institute of Medical Sciences (Pvt) Limited are recognised in the Statement of Comprehensive Income during the period in which they are incurred. Other expenses incurred in administering and running Institute of Medical Sciences (Pvt) Limited and in restoring and maintaining the property plant and equipment to perform at expected levels are accounted for on an accrual basis and charged to the Statement of Comprehensive income.

**3.7 Taxation**

The Company was liable to income tax at the rate of 28% on 3% of the grants received as per Section 102 (i) of the Inland Revenue Act No. 10 of 2006 unless the Commissioner General is satisfied that the Company qualifies for exemptions. The Board of Directors believe that the Company can claim exemption under Section 102(3) (a). Therefore no provision has been made for taxation.



**INSTITUTE OF MEDICAL SCIENCES (PVT) LIMITED**

**Notes to Financial Statements**

**For the year Ended 31 March 2014**

(all amounts in Sri Lanka Rupees)

**4. Notes to the Financial Statements**

**4.1 Property Plant and Equipment**

Item	Balance as at 01.04.2013	Additions during the year	Disposals during the year	Balance as at 31.03.2014
<b>At Cost/Valuation</b>				
Computer & Printers	9,000	180,000	-	189,000
Furniture & Fittings	-	100,131	-	100,131
<b>Total</b>	<b>9,000</b>	<b>280,131</b>	<b>-</b>	<b>289,131</b>

Item	Balance as at 01.04.2013	Charge during the year	Disposals during the year	Balance as at 31.03.2014
<b>Depreciation on Cost/Valuation</b>				
Computer Equipment	-	62,993	-	62,993
Office Equipment	-	20,026	-	20,026
<b>Total</b>	<b>-</b>	<b>83,019</b>	<b>-</b>	<b>83,019</b>

<b>Net book value of Assets</b>				
Total	<b>9,000</b>	<b>197,112</b>	<b>-</b>	<b>206,112</b>

**4.2 Cash and Cash Equivalents**

<b>For the year ended 31 March</b>	<b>2014</b>	<b>2013</b>
Cash in hand	-	4,565
Cash at bank	703,051	35,900
<b>Total</b>	<b>703,051</b>	<b>40,465</b>

For the purpose of the Statement of Cash flows, cash and cash equivalents comprised the following as at 31 March:

	<b>31.03.2014</b>	<b>31.03.2013</b>
Cash and cash equivalents	703,051	40,465
<b>Total Cash and cash equivalents in the statement of cash flows</b>	<b>703,051</b>	<b>40,465</b>



**INSTITUTE OF MEDICAL SCIENCES (PVT) LIMITED**

**Notes to Financial Statements**

**For the year Ended 31 March 2014**

(all amounts in Sri Lanka Rupees)

**4.3 Accounts Payable**

For the year ended 31 March	2014	2013
Director's Current A/C	88,617	47,100
	<b>88,617</b>	<b>47,100</b>

**4.4 Accrued Expenses**

For the year ended 31 March	2014	2013
Accountancy Fees	-	8,000
Professional Fees	-	4,000
Rent	35,000	-
Audit Fees	15,000	-
	<b>50,000</b>	<b>12,000</b>



**INSTITUTE OF MEDICAL SCIENCES (PVT) LIMITED**

**Notes to Financial Statements**

**For the year Ended 31 March 2014**

(all amounts in Sri Lanka Rupees)

**4.5 Incoming Resources**

		<b>2014</b>	<b>2013</b>
Grants - Restricted Funding	(a)	1,366,000	-
Grants - Unrestricted Funding	(b)	2,740,893	-
Donations	(c)	434,433	-
Profit from trading or other Activities	(d)	7,200	-
		<u><b>4,548,526</b></u>	<u>-</u>

(a) Restricted funding comprises the costs incurred on repair and refurbishment of the Manipay Hospital during the year ended 31.03.2014.

(b) Unrestricted funding comprises funds received from the Manithaneyam Trust.

(c) Donations:

<u>Name</u>	<u>Amount (Rs)</u>
1. Mrs. K Kailasapillai	50,190
2. Mr. P Vaiathayasingam	30,600
3. Dr. N Saratha	353,643
	<u><b>434,433</b></u>

(d) Profit from Trading or Other Activities

	<u>Amount (Rs)</u>
Repeat Exam Fees	4,400
Physiotherapist's 20% Salary	2,800
	<u><b>7,200</b></u>



**INSTITUTE OF MEDICAL SCIENCES (PVT) LIMITED**

**Notes to Financial Statements**

**For the year Ended 31 March 2014**

(all amounts in Sri Lanka Rupees)

**4.6 Related Party Transactions**

Mr Rohan Arnold and Mrs Renuka Surenthirakumaran are directors of the Company to whom the Company owed the following commitments as at 31 March 2014.

**Payables**

<u>Name</u>	<u>Amount</u>
Rohan Arnold	47,100
Renuka Surenthirakumaran	41,517
	<u>88,617</u>

No remunerations were paid to the Board of Directors during the year ended 31 March 2014.

