

DROP-OUT RATES

Figure 4, 5 and 6 respectively provide an illustration of the drop-out rates for the English courses, the ICT classes and for the institute as a whole. A student is considered a drop-out when he/she has started the class but has not taken the final exam. This means that students who register for a class but do not show up for the classes are not included in these numbers; they are so called 'no-shows'.

Only when students drop out after registration and payments have been made for their final exams, the LWEI faces a significant financial disadvantage. However, the main issue with drop-out is that their registration for the course(s) causes a denial for other, perhaps more dedicated student to participate in a course. In 2019 the overall drop-out rate was only 7%, compared to a drop-out rate of 9.5% in 2018.

In relative terms, the number of drop-outs was highest in batch I with 9%, but this percentage is significantly influenced by the high number of students in this batch. In absolute numbers the number of drop-out was highest in batch I; 12 out of 128 students dropped out which leads to 9%. The reason for this could be that students in batch I most often follow a course at the institute prior to their enrolment in higher education or university. Sometimes their courses at higher education or university start already while the courses at LWEI are not finished yet.

FIGURE 4: ENGLISH DROP-OUTS

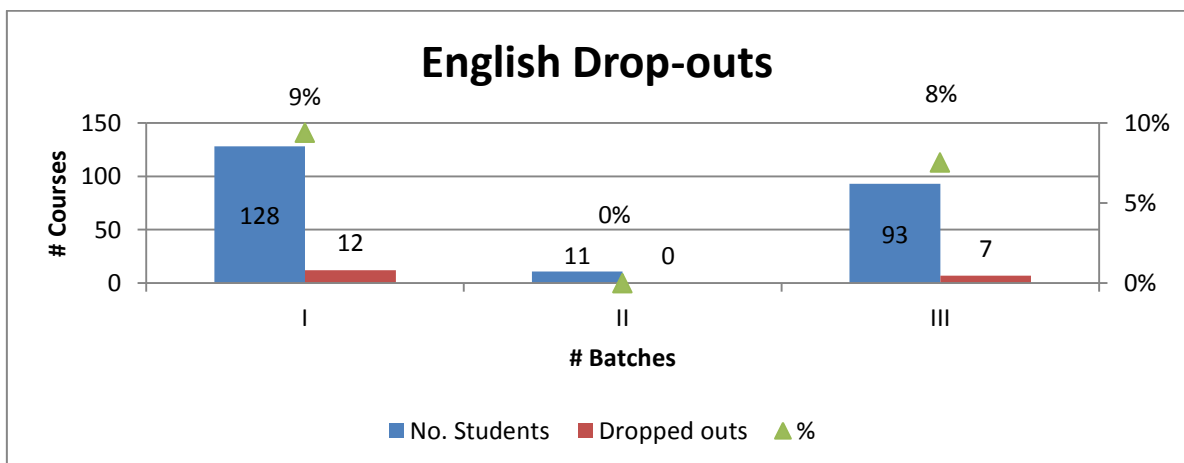


FIGURE 5: ICT DROP-OUTS

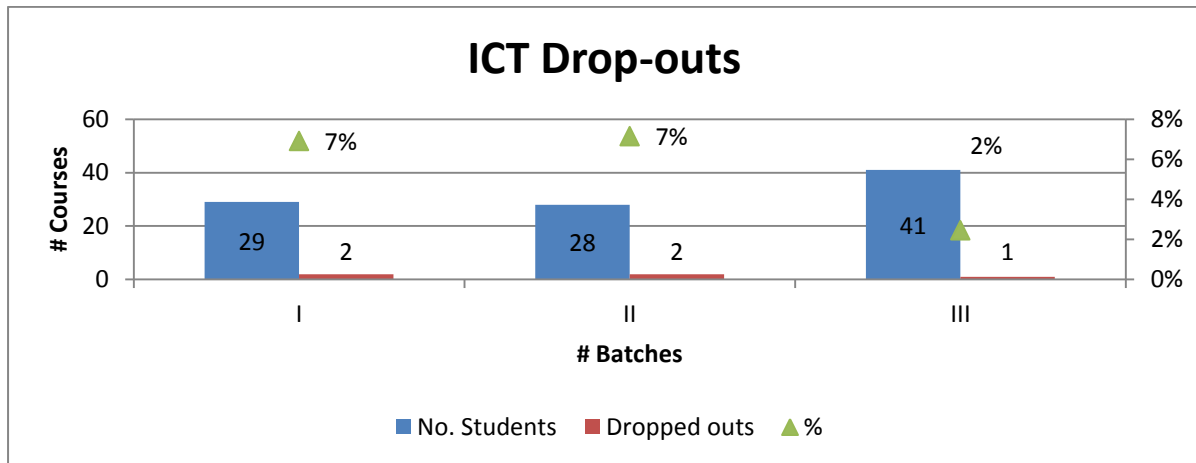
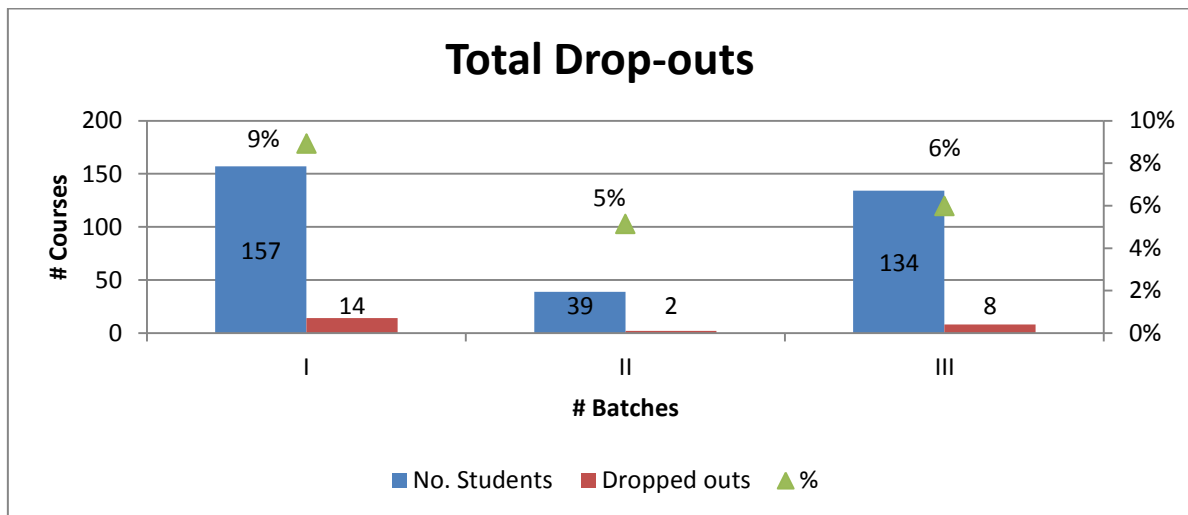


FIGURE 6: TOTAL DROP-OUTS



EXAM PASS RATES

The exam pass rate of the students at the Lideke Wery Educational Institute is calculated by dividing the number of students that passed the exam by the number of students that took the exam. In total, 306 exams were taken by the students, of which 301 resulted in a pass.

The graphs below show the number of students who took and passed the English and ICT exams, as well as the total pass rate for all courses.

FIGURE 7: ENGLISH PASS RATE

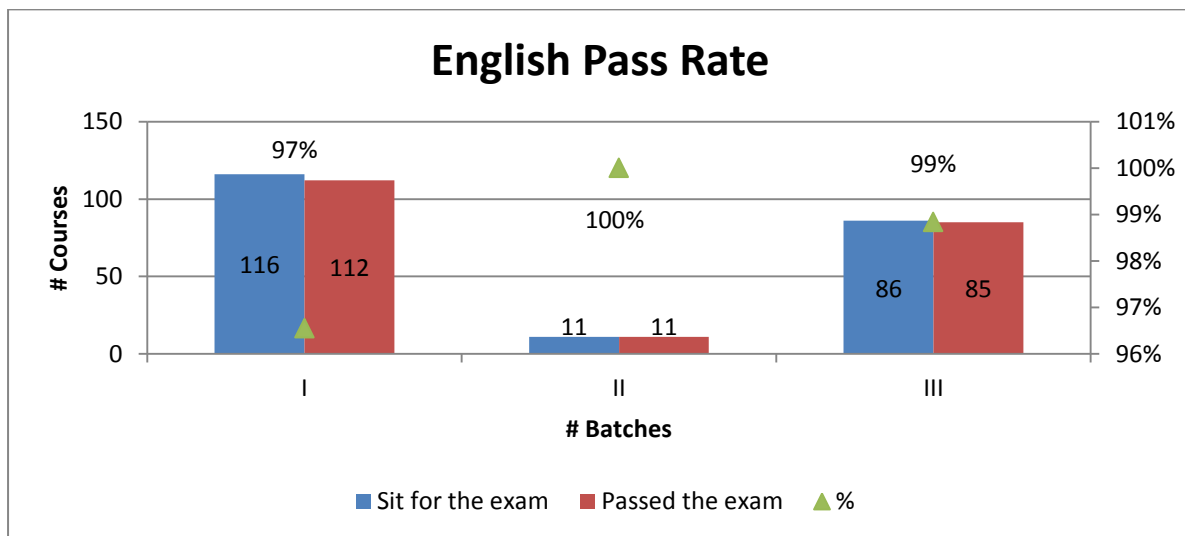


FIGURE 8: ICT PASS RATE

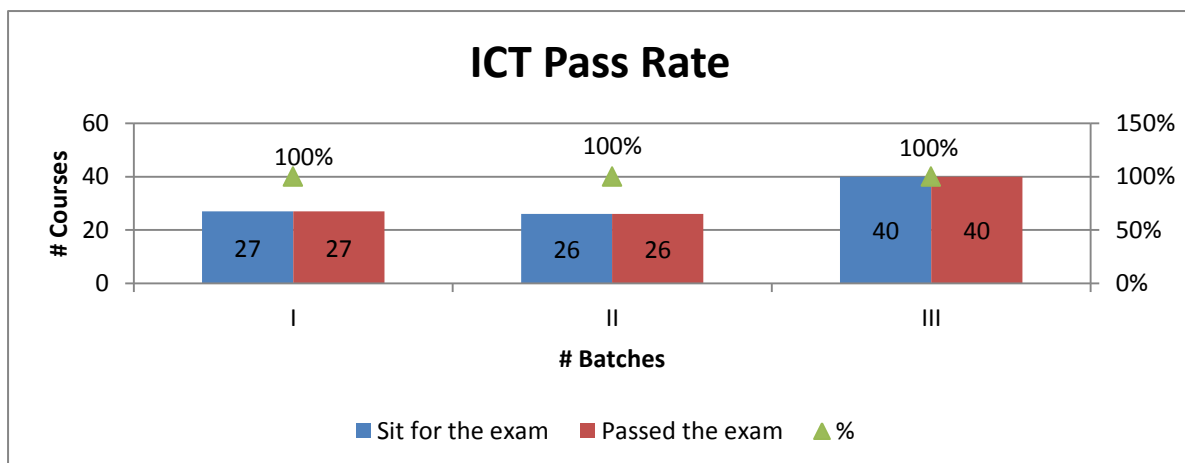
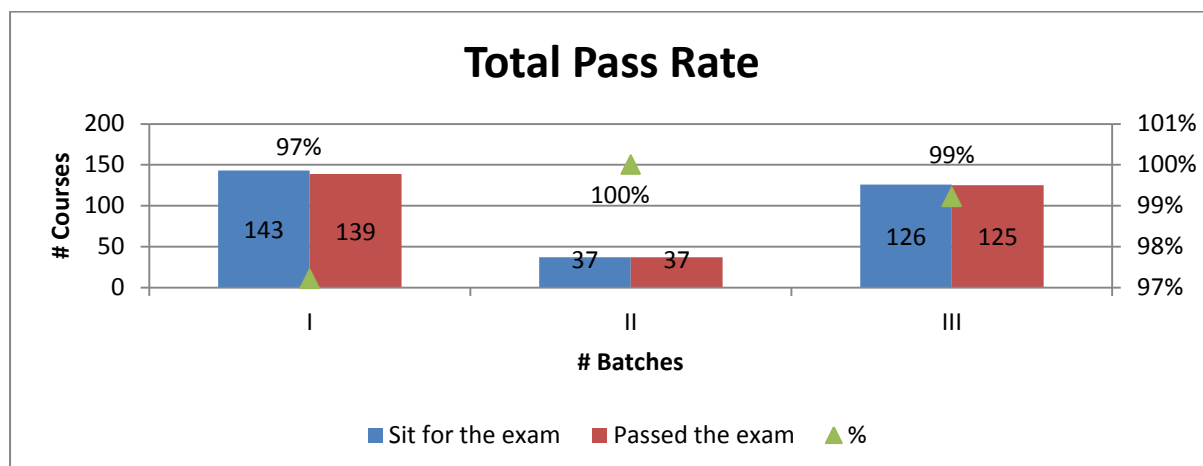


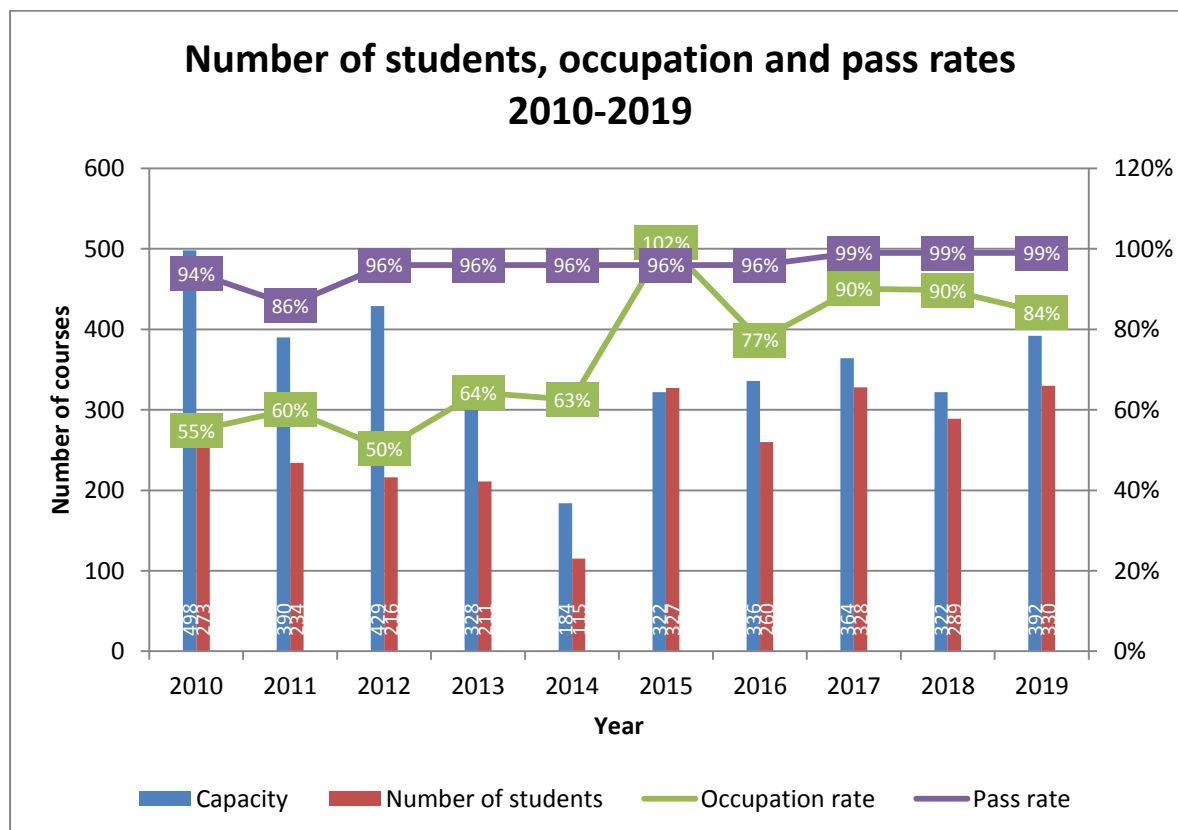
FIGURE 9: TOTAL PASS RATE



HISTORIC PERFORMANCE

This shows an overview of the number of students, occupation and passes rates since 2010. In 2019 we have increased class capacity to nearly 400 students; the highest level since 2012. Passing rates remained consistently high at 99%.

Figure 10: Number of students, Occupation and pass rates



Furthermore, the graph shows a lot of changes in capacity and the number of students. In the table below, an overview of strategic decisions and unforeseen events since 2011 is given, providing a (partial) explanation for the changes in these numbers. Also the difference between capacity and occupation can be explained by the fact that we normally have very few students in batch II because most students are either attending A/L or O/L classes, which makes the average occupancy rate much lower.

Year	Strategic decisions and unforeseen events
2011	<ul style="list-style-type: none"> • Maximum number of students for English classes from 18 to 14 • New teachers take a maximum of 2 classes in their first batch • Change ICT course from 4 x 12 students to 2 x 14 students (starting batch III)
2012	<ul style="list-style-type: none"> • Maximum number of students for English classes from 14 to 16 • Extra ICT course in the media lab of 9 students (batch III only)
2013	<ul style="list-style-type: none"> • Maximum number of students for English classes from 16 to 12 (batch II and batch III only) • Maximum number of students for spoken classes from 16 to 10 • Start of access spoken classes • Stopped graphic design course • Continue only with one ICT teacher
2014	<ul style="list-style-type: none"> • English classes limited to one teacher (batch I) • Three staff members worked ½ day during batch II • One ICT teacher (maximum of 14 students per batch) • Early leaving of two Project Coordinators
2015	<ul style="list-style-type: none"> • All courses offered for free to commemorate 10 year since tsunami • IT teacher resigned after batch II • Project coordinator only available in batch III
2016	<ul style="list-style-type: none"> • English teacher resigned during batch II • Two achiever classes in batch II and III • Extra IT teacher; two IT classes during batch III • New English teacher in batch III • New English teacher in training for foundation classes in batch III
2017	<ul style="list-style-type: none"> • English teacher resigned during batch 1 • Three achiever classes in batch I,II and III • Two ICT classes during batch I, II and III • New English teacher in training for foundation classes in batch III
2018	<ul style="list-style-type: none"> • One achiever class in batch III, Project coordinator only available in batch III • English teacher resigned during batch III • Two new teachers in training in batch III
2019	<ul style="list-style-type: none"> • One achiever class in batch II, Proco only available in batch II • New English teacher recruited before starting of batch II • New teachers in training in batch III for ICT

STUDENT FEEDBACK

All students that complete one or more courses at the Lideke Wery Educational Institute are requested to fill out a student evaluation form. Below, an overview of the results of student evaluations in 2019 is provided.

Firstly, fifteen numeric scale questions are given. Answers are given according to the following scale: 5 = Excellent, 4 = Above average, 3 = Average, 2 = Below average, 1 = Unsatisfactory. In the table below an overview of the average overall score is given.

Question	Average Overall Score (1-5)
1. Did the teacher explain everything well?	5.0
2. Did the teacher make the topics interesting?	4.9
3. Was the teacher enthusiastic about the teaching?	4.9
4. Were you able to ask questions and give comments?	4.9
5. Were the teacher's answers satisfactory?	4.9
6. How was the atmosphere (the learning environment) in class?	4.9
7. Was the teacher well prepared for the lessons?	4.9
8. Did the teacher give good feedback on your homework?	4.9
9. Did you have enough class assignments?	4.9
10. Were you able to do the class assignments by yourself?	4.6
11. Do you understand all the discussed topics?	4.8
12. How was the workload?	4.8
13. Did you enjoy studying at the Lideke Wery Educational Institute?	4.9
14. Would you recommend (tell about) LWEI to others?	5.0
15. Overall rating for the course:	4.9

As shown in above table, the average overall scores are quite high. This gives an indication that the courses the LWEI is providing are of good quality and that we are on the right track. Furthermore, in terms of feedback, we have provided a tool that can be used to determine on what points the LWEI can still improve its courses. Many students think that adding another course or level will give more opportunity for students to study in the institute.

Furthermore, for the English classes, four 'yes or no' questions are included. In the table below, an overview of the percentage of students that answered 'yes' to these questions is given.

Question	Percentage 'yes'
We had enough exercises to practice reading.	85%
We had enough exercises to practice writing.	87%
We had enough exercises to practice listening.	84%
We had enough exercises to practice speaking.	70%

The questionnaire also included some open ended questions:

- What was the best thing about the class?

Figure 11 shows what students answered to the question “what was the best thing about the class”. By far, the most given answer to this question was ‘the teacher’. Furthermore, students often praise LWEI’s teaching methods and learning environment with a positive atmosphere, a feeling of unity and making new friends.

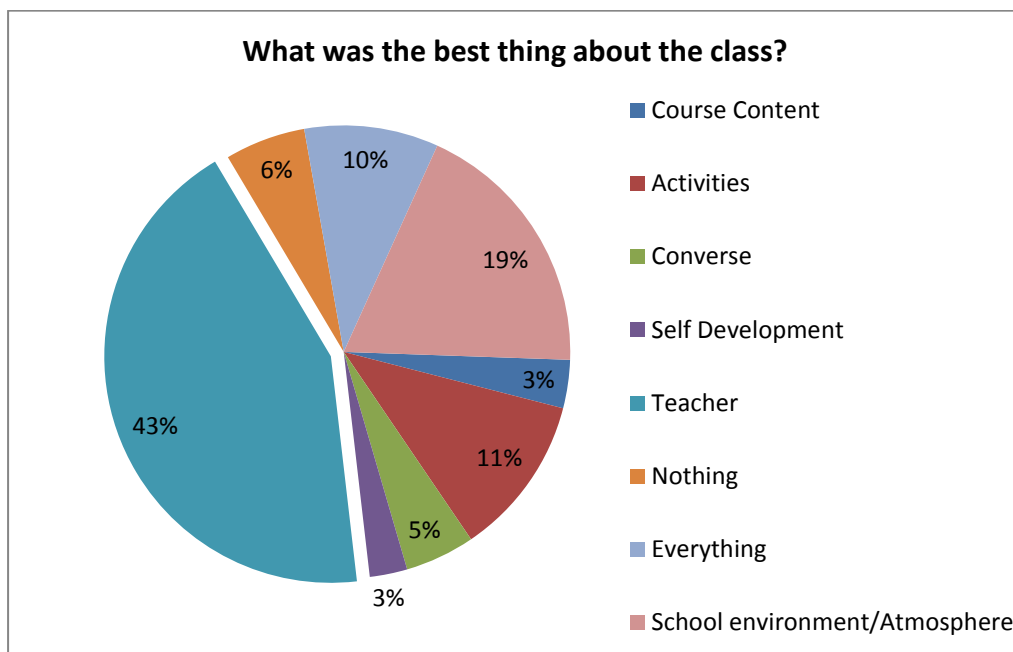


Figure 11: What was the best about the class?

- What do you think could be improved about the class?

Figure 12 shows what students answered to the question: “What do you think could be improved about class?” Most of them answered ‘nothing’. Again, this shows that the quality of the courses offered by LWEI is good, but it also shows that students are not used to give ‘constructive feedback’. Therefore, we added questionnaires to get students feedback for possible improvements for the LWEI. After this, 7% think that an official uniform for students will give more discipline and easy recognition for students even outside from the institute. Also, 6% stated

that the 'Facilities' of the school should be improved. Most students desired more space in the classroom. Some students answered that the duration of the class (one hour and forty-five minutes) was not enough.

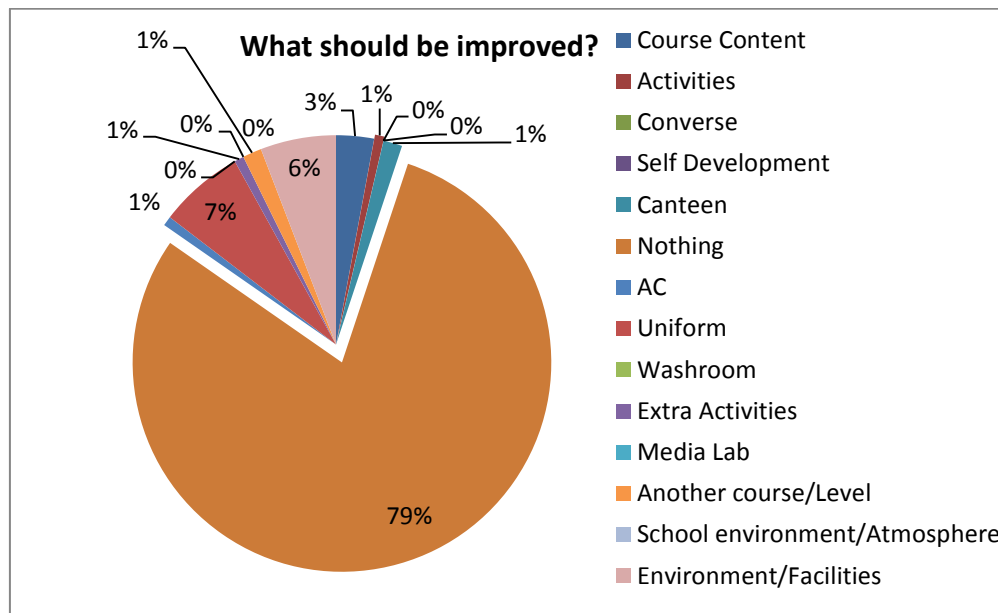


Figure 12: What should be improved?

- What made you come to the Lideke Wery Educational institute instead of another institute?

Figure 13 gives an overview of students' reasons to study at LWEI. It shows that the institute's reputation is an important factor for attracting students. This stresses the importance of activities like community day for the institute. The 9% recommendation and 8% free education, indicate the importance of, in addition to the courses, providing opportunities to do presentations and organize school activities.

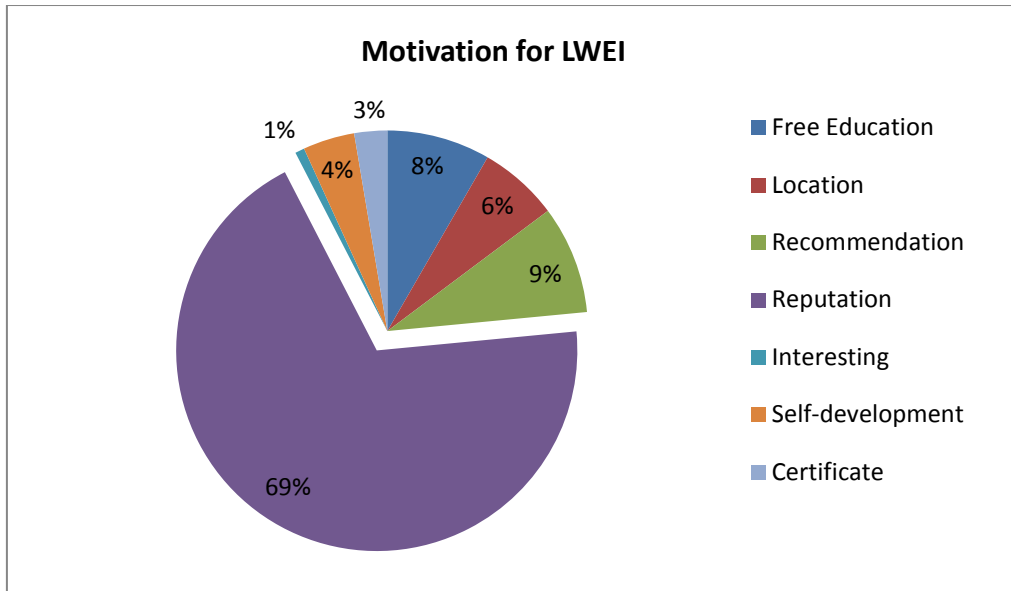


Figure 13: Motivation for Lideke Wery

- What are you going to do after attending the Lideke Wery Educational institute?

Figure 14 shows what students want to do after attending LWEl. It shows that a large part wants to continue with their education in some form. 18% of the students are looking for another course at the LWEl.

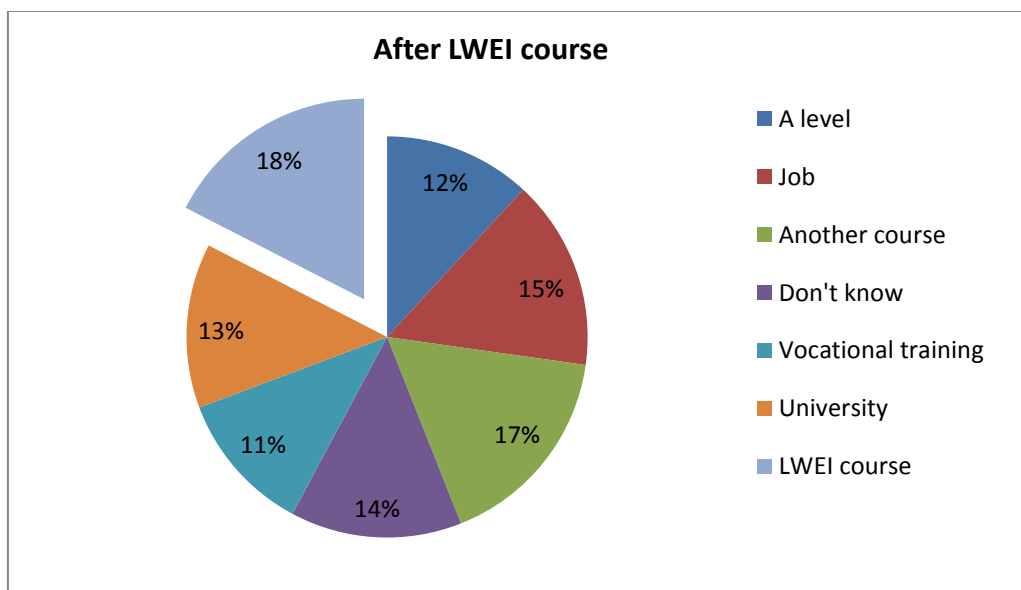


Figure 14: What are you going to do after the course?

- What kind of job are you looking for in the future?

Figure 15 shows future job ambitions of students. Almost half of the students (42%) want to become a teacher in the future. This indicates that whenever the institute is looking for new teachers in the future, it might be possible that students are willing and capable of doing the job.

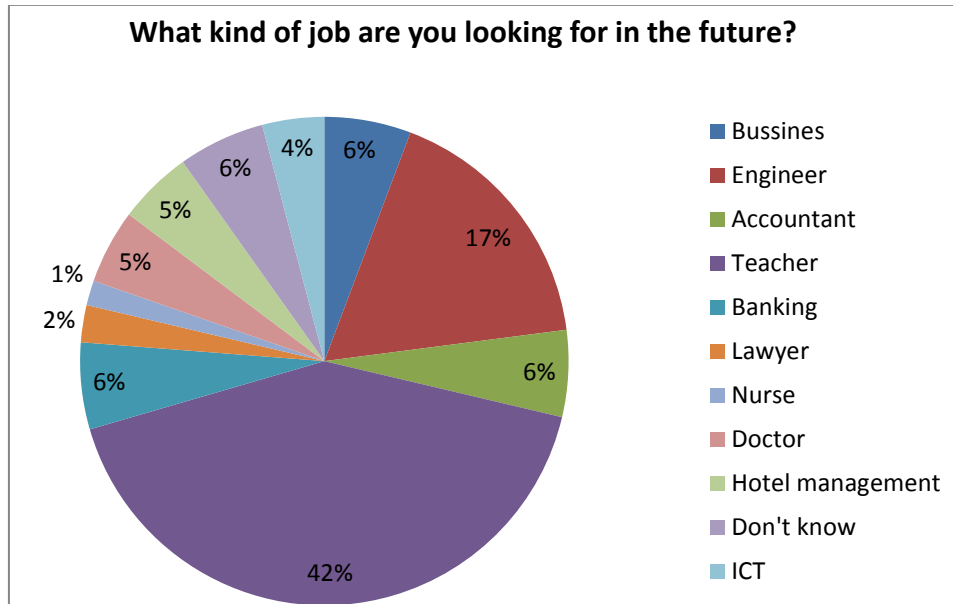


Figure 15: What kind of job are you looking for in the future?

- 25. Do you have any other remarks?

The final question leaves room for student to give any advice or leave a message to the institute. A sample of the answers is given below:

“Excellent staff and institute”

“I found so many good and best friends here”

“Teachers are very friendly and kind hearted”

“I thank for Lideke Wery Institute and teachers because you are the best things for our lives”

“I love Lideke Wery Institute”

“I see the best updated classrooms here. Thank you all for the service”

“I think this is the best institute”

“Keep it up. It's really a helpful for students like us”

“Institute teachers and this place is great”

“Everything is great. I respect Lideke Wery Institute”

6. APPRECIATION OF DONORS

We would like to express our heartfelt gratitude to our donors and operational supporters who work tirelessly to ensure that the Lideke Wery Educational Institute can continue to provide top quality education to the underprivileged youth in Sri Lanka.



Special thanks to Mr. Frank Wade from TechSoup who provided software to us.



7. FINANCIAL STATEMENTS



KPMG
Galle Branch
(Chartered Accountants)
30, Middle Street
Fort, Galle 80000, Sri Lanka

Tel : +94 - 91 223 4366
+94 - 91 562 9275
Fax : +94 - 91 224 2757
Email : lk-fmgalle@kpmg.com

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LIDEKEWERY EDUCATIONAL INSTITUTE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lidekewery Educational Institute, ("the Company"), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-sized entities ("SLFRS for SMEs").

Basis for Opinion

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

Other Information

Management is responsible for the other information. These financial statements do not comprise other information.

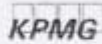
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 Standard for Small and Medium-sized Entities ("SLFRS for SMEs"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

KPMG, a Sri Lanka partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Murali FCA, T.J.S. Rajapaksa FCA, Mr. S.M.B. Jayawardena FCA, S.A.U. Karunaratne FCA, R.N. Rajan FCA, P.T.S. Perera FCA, W.R.U. Perera FCA, W.D.C. Rajapaksa FCA, R.M.D.S. Rajapaksa FCA, S.N.M. Sumanasekera FCA, C.P. Jayatilaka FCA, Mr. S. Joseph FCA, S.S.D. Perera FCA, Mr. S.A.S.T.N. Rodrigo FCA, Principal - S.A. Perera FCA (AU), U.S. Government FCA



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

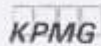
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: http://slaasc.com/auditing/auditors_responsibility.php. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company and the financial statements of the Company, comply with the requirements of section 151 of the companies Act.

CHARTERED ACCOUNTANTS
Galle, 28th August 2020
DR/DS

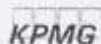


**LIDEKE WERY EDUCATIONAL INSTITUTE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st DECEMBER**

	Note	2019 Rs.	2018 Rs.
Operating Income			
Donations Received	2	17,098,597	11,579,410
Total Operating Income		<u>17,098,597</u>	<u>11,579,410</u>
Operating Expenditure			
Project Expenses	3	(1,329,915)	(926,460)
Administrative and Other Operating Expenses	4	(12,384,313)	(9,721,072)
Total Operating Expenditure		<u>(13,714,228)</u>	<u>(10,647,532)</u>
Net of Operating Activities		3,384,369	931,878
Other Income			
Net Financial Income	5	11,678	12,750
Other Income	6	45,245	-
Total Other Income		<u>56,923</u>	<u>12,750</u>
Net of Non-Operating Activities		56,923	12,750
Net Surplus Before Taxation		3,441,292	944,628
Income Tax Expense	7	(143,628)	(97,267)
Net Surplus for the Year		<u>3,297,664</u>	<u>847,361</u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes, which form as an integral part of these financial statements.



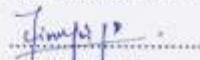
LIDEKE WERY EDUCATIONAL INSTITUTE
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER

	Note	2019 Rs.	2018 Rs.
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	8	6,684,134	2,743,676
Other Financial Assets	9	100,000	100,000
Total Non - Current Assets		6,784,134	2,843,676
Current Assets			
Accounts Receivables	10	18,865	3,825
Prepayments	11	1,636,836	347,416
Cash and Cash Equivalents	12	4,779,337	5,420,566
Total Current Assets		6,435,038	5,771,807
Total Assets		13,219,172	8,615,483
LIABILITIES AND RESERVES			
Reserves & Accumulated Surplus/(Deficit)			
Reserves	13	3,309,394	3,309,394
Accumulated Surplus / (Deficit)	14	3,283,136	(14,528)
Total Reserves & Accumulated Surplus		6,592,530	3,294,866
Current Liabilities			
Donations Received in Advance	15	6,287,236	4,954,808
Accrued Expenses	16	232,173	268,542
Income Tax Liability	17	107,233	97,267
Total Current Liabilities		6,626,642	5,320,617
Total Reserves & Liabilities		13,219,172	8,615,483

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes, which form as an integral part of these financial statements.

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


 Administrator

The Board of Directors is responsible for the preparation and presentation of these financial statements.



Approved and signed for and on behalf of the Board;

Name of the Director

V. P. DE SILVA
 L. J. M. PERERA

28th August 2020

Signature

LIDEKE WERY EDUCATIONAL INSTITUTE
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31st DECEMBER 2019

	Capital Reserves	Accumulated Funds/ (Deficit)	Total Reserves
	Rs.	Rs.	Rs.
As at 01 st January 2018	3,309,394	(861,889)	2,447,505
Deficit for the Year	-	847,361	847,361
As at 31 st December 2018	<u>3,309,394</u>	<u>(14,528)</u>	<u>3,294,866</u>
As at 01 st January 2019	3,309,394	(14,528)	3,294,866
Surplus for the Year	-	3,297,664	3,297,664
As at 31 st December 2019	<u><u>3,309,394</u></u>	<u><u>3,283,136</u></u>	<u><u>6,592,530</u></u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes, which form as an integral part of these financial statements.

LIDEKE WERY EDUCATIONAL INSTITUTE**STATEMENT OF CASH FLOW****FOR THE YEAR ENDED 31ST DECEMBER**

	2019	2018
	Rs.	Rs.
Cash Flow from / (used in) Operating Activities		
Net Surplus Before Taxation	3,441,292	944,628
Adjustments;		
Depreciation	1,962,482	1,041,921
Changes in Working Capital		
Accounts Receivable	(15,040)	(637)
Prepayments	(1,289,420)	(24,024)
Accrued Expenses	(36,369)	13,365
Donation Received in Advance	1,332,428	1,011,089
Cash Flow from / (used in) Operating Activities	<u>5,395,373</u>	<u>2,986,342</u>
Tax Paid	(133,662)	(69,322)
Net Cash Flow from / (used in) Operating Activities	<u>5,261,711</u>	<u>2,917,020</u>
Cash Flow from Investing Activities		
Acquisition of Property, Plant and Equipment	(5,902,940)	(1,168,939)
Net Cash Flow from / (used in) Investing Activities	<u>(5,902,940)</u>	<u>(1,168,939)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	(641,229)	1,748,079
Cash and Cash Equivalents at Beginning of the Year	5,420,566	3,672,487
Cash and Cash Equivalents at End of the Year (Note A)	<u>4,779,337</u>	<u>5,420,566</u>
Note A		
Cash and Cash Equivalents at the End of the Year		
Cash in Hand	186,131	60,164
Cash at Bank	<u>4,593,206</u>	<u>5,360,402</u>
	<u>4,779,337</u>	<u>5,420,566</u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes ,which form as an integral part of these financial statements.

LIDEKE WERY EDUCATIONAL INSTITUTE

SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting entity

Lideke Wery Educational Institute has been incorporated & domiciled in Sri Lanka as an Association as per the Section 34 of the Companies Act No. 7 of 2007, with its registered office at Casa Marc Residence, Good Shed Road, No. 246/C, Galbada, Induruwa. The Organization is engaged in providing learning opportunities to students in English, Computer Science and other fields and improving, upgrading, teaching and language skills, especially those affected by the Tsunami disaster.

1.2 Basis of preparation

(a) 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 31st December 2019 and for the year then ended comply with Sri Lanka Accounting Standard for Small and Medium Sized Entities (SLFRS for SMEs) issued by the Institute of Chartered Accountants of Sri Lanka .

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Sri Lanka rupees, which is the company's functional currency. All financial information presented in Sri Lanka rupees has been rounded to the nearest rupee.

(d) Changes in accounting policies and disclosures

The accounting policies have been consistently applied, unless otherwise indicated, and are consistent with those used in previous years.

(e) Use of estimates and judgments

The preparation of financial statements in conformity with SLASs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the entity.

LIDEKE WERY EDUCATIONAL INSTITUTE

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other income" in Income statements.

(ii) Subsequent costs

The cost of replacing part of an item of property plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied with the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in statement of comprehensive income as incurred.

The accounting policies have been consistently applied, unless otherwise indicated, and are consistent with those used in previous years.

The estimated useful lives for the period are as follows,

Computer Equipment	03 Years
Furniture & Fittings	03 Years
Other Equipment	03 Years
Solar System	05 Years
Course Books	03 Years

Depreciation for all property, plant and equipment are provided proportionately in the month of purchase and in the month of disposal of the assets.

(b) Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

LIDEKE WERY EDUCATIONAL INSTITUTE
SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in Income statement. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other in the unit (group of units) on a *pro rata basis*.

(c) Other receivables

Other receivables are stated at the amounts they are estimated to be realized.

(d) Employee benefits

(i) Defined contribution plans – Provident / Trust fund

The Company contributes 12% and 3% of gross salary to the Employees Provident Fund and Employees Trust Fund respectively, in terms of EPF Act No15 of 1958 as amended and to Employers Trust Fund in terms of the ETF Act No.46 of 1980 as amended.

(e) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(f) Income recognition

(i) Income sources

Income mainly consists of local and foreign donations and student fee income. Donations include with monetary and non-monetary resources and they are recognized as income on cash basis.

Student fees and other income are recognized as income based on the period in which it is received.

(ii) Interest Income

Interest income is recognized as it accrues in Statement of Comprehensive Income.

(g) Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

(h) Taxation

(i) Income tax

The provision for income tax is based on sum of 3% of funds received (grants, donations, contributions or in any other form less any money received from the Government) treated as taxable income which is liable to tax at 28% in accordance with the provisions of the Inland Revenue Act No.24 of 2017 and amendments there to.

LIDEKE WERY EDUCATIONAL INSTITUTE
SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Other payables

Other payables are stated at cost.

(j) Expenses recognition

Expenses are recognized in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and earning of a specific item of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in state of efficiency has been charged to

revenue in arriving at the surplus for the year.

(k) Cash flow statement

Cash and cash equivalents comprise cash in hand, bank balance.

(l) Comparative information

Whenever necessary comparative figures are reclassified to conform to the changes in presentation in the current year and disclosed as notes to the financial statements.

(m) Events occurring after the balance sheet date

All material post balance sheet events have been considered and where appropriate adjustments or disclosures have been made in respective notes to the financial statements.

(n) Contingent liabilities

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

LIDEKE WERY EDUCATIONAL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31ST DECEMBER

	2019	2018
	Rs.	Rs.
2. INCOME		
<u>Donations Received</u>		
Donation to LWEI	5,125,938	5,566,249
Donation Received for Building Rent	2,400,000	960,000
Donation Transferred from Donations Received in Advance Ac	4,954,808	3,943,719
Other Donation	<u>4,617,851</u>	<u>1,109,442</u>
	<u>17,098,597</u>	<u>11,579,410</u>
3. PROJECT EXPENSES		
Course Materials	2,550	55,160
Computer Hardware and Software Maintenance	418,365	140,715
Examination Fees	663,975	610,180
Promotion Materials	99,775	88,370
Student Committees	45,000	30,000
Teacher Training, Staff Training	<u>100,250</u>	<u>2,035</u>
	<u>1,329,915</u>	<u>926,460</u>
4. ADMINISTRATIVE & OTHER OPERATING EXPENSES		
Staff Salaries	4,624,799	4,199,220
Incentives to Staff	169,100	14,650
Employees' Provident Fund	533,264	449,633
Employees' Trust Fund	133,316	112,457
Casual Wages	496,243	237,359
Bonus - New Year	359,200	306,900
Leave Pay	94,033	58,564
Staff Welfare	508,670	470,109
School Representation Cost	155,927	82,253
Building Rent	1,120,000	960,000
Building Repairs and Maintenance	330,819	337,376
Electricity	385,880	408,775
Water	12,100	10,560
Telephone	5,750	11,840
Internet	136,080	97,100
Satellite TV	18,600	24,400
Insurance	24,024	-
Copy and Printer Supply	288,491	248,445
Stamp and Postage	16,037	7,630
Website Expenses	6,950	6,950
Secretarial Fees	<u>68,612</u>	<u>59,275</u>
Carried forward	<u>9,487,895</u>	<u>8,103,496</u>

LIDEKE WERY EDUCATIONAL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31ST DECEMBER

	2019	2018
	Rs.	Rs.
Brought forward	9,487,895	8,103,496
Auditors' Remuneration	96,000	88,000
Reimbursement of Audit Related Expenses	18,126	16,938
Reimbursement of Tax Related Expenses	2,145	-
Services (Laundry and Dust Bin)	22,750	20,850
Travelling	15,643	31,482
Depreciation	1,978,627	1,041,921
Equipment Repair and Maintenance	138,555	82,025
Bank Charges	7,047	4,950
Sundry Expenses	102,780	100,006
Solar Panel	-	4,250
Equipment rent Expense	19,350	15,700
Newspaper Advertisements	-	201,680
Tax Consultancy charges	12,000	9,000
Legal Matters	72,000	-
Coordinator's Visa	60,000	-
ETF Surcharge	-	773
WHT	240,638	-
Write Off Balance	3,392	-
	<u>12,276,948</u>	<u>9,721,072</u>
5. NET FINANCIAL INCOME		
Interest on Fixed Deposits	<u>11,678</u>	<u>12,750</u>
	<u>11,678</u>	<u>12,750</u>
6. OTHER INCOME		
Other Income	11,500	-
Write Back Balance	20,390	-
	<u>31,890</u>	<u>-</u>
7. INCOME TAX EXPENSE		
NGO Tax on Grants Received (Note 7.1)	<u>143,628</u>	<u>97,267</u>
	<u>143,628</u>	<u>97,267</u>
7.1 NGO Tax on Grants Received		
Total Donation Received	17,098,597	11,579,410
3% of Total Donations Received	512,958	347,382
Tax at the Rate of 28%	<u>143,628</u>	<u>97,267</u>

The Company is liable to pay tax as an Charitable Institution under the Inland Revenue Act No 24 of 2017 and subsequent amendments thereto at the rate of 3% of all grants received during the year are taxable at 28% subject to certain specified exemptions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

8. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment Rs.	Furniture & Fittings Rs.	Other Equipment Rs.	Solar System Rs.	Course Books Rs.	2019 Total Rs.	2018 Total Rs.
Cost							
Balance as at 01 st January	9,553,369	1,030,067	1,157,803	775,322	451,631	12,968,192	11,799,252
Additions	5,445,894	377,721	8,225	-	71,100	5,902,940	1,168,939
Balance as at 31 st December	14,999,263	1,407,788	1,166,028	775,322	522,731	18,871,132	12,968,192
Depreciation							
Balance as at 01 st January	7,555,604	758,018	1,067,620	417,440	425,834	10,224,516	9,182,596
Charge for the Year	1,317,516	145,206	88,862	363,040	47,858	1,962,482	1,041,921
Balance as at 31 st December	8,873,120	903,224	1,156,482	780,480	473,692	12,186,998	10,224,517
Net Carrying Value							
As at 31 st December 2019	6,126,143	504,564	9,546	-	49,039	6,684,134	-
As at 31 st December 2018	1,997,765	272,049	90,183	357,882	25,797	-	2,743,676

LIDEKE WERY EDUCATIONAL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31ST DECEMBER

	2019	2018
	Rs.	Rs.
9. OTHER FINANCIAL ASSETS		
Fixed Deposit (Sanasa Development Bank PLC)	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
10. ACCOUNTS RECEIVABLES		
FD Interest Receivable	14,865	3,825
Salary Over Payment	4,000	-
	<u>18,865</u>	<u>3,825</u>
11. PREPAYMENTS		
Building Rent Prepayment	1,600,000	320,000
Insurance Prepayment	28,584	24,024
Sattelite TV Charges Prepayment	-	3,392
Electricity Prepayment	4,970	-
Telephone Prepayment	3,282	-
	<u>1,636,836</u>	<u>347,416</u>
12. CASH AND CASH EQUIVALENTS		
Cash at Bank	4,593,206	5,360,402
Cash in Hand	186,131	60,164
	<u>4,779,337</u>	<u>5,420,566</u>
13. RESERVES		
Capital Reserve	3,309,394	3,309,394
	<u>3,309,394</u>	<u>3,309,394</u>
14. ACCUMULATED SURPLUS / (DEFICIT)		
As at 01 st January	(14,528)	(861,889)
Surplus for the Year	3,391,674	847,361
As at 31 st December	<u>3,377,146</u>	<u>(14,528)</u>
15. DONATIONS RECEIVED IN ADVANCE		
As at 01 st January	4,954,808	3,943,719
Donations to LWEI	6,287,236	4,954,808
Transferred to Income Statement	(4,954,808)	(3,943,719)
As at 31 st December	<u>6,287,236</u>	<u>4,954,808</u>

LIDEKE WERY EDUCATIONAL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER	2019 Rs.	2018 Rs.
16. ACCRUED EXPENSES		
Auditors' Remuneration	96,000	88,000
Employees' Provident Fund	91,359	75,534
Employees' Trust Fund	11,464	9,090
Electricity	-	41,998
Telephone	-	9,192
Internet	17,373	4,549
Tax Consultancy Charges	27,500	24,500
PAYE Tax	1,832	313
Sattelite TV Charges	-	3,200
Insuarance payable	-	12,166
	<u>245,528</u>	<u>268,542</u>
17. INCOME TAX LIABILITY		
Opening Balance	97,267	69,322
(+) Tax Expenses for the Year	143,628	97,267
	<u>240,895</u>	<u>166,589</u>
(-) Tax Payments During the Year	(133,662)	(69,322)
Closing Balance	<u>107,233</u>	<u>97,267</u>
18. CAPITAL COMMITMENTS		
There were no major capital commitments approved or contracted by the Company as at balance sheet date.		
19. CONTINGENT LIABILITIES		
There were no contingent liabilities which require adjustments to/or disclosure in the financial statements as at the balance sheet date.		
20. POST BALANCE SHEET EVENTS		
No circumstance has arisen since the balance sheet date which require adjustments to/or disclosure in the financial statements.		
21. DIRECTORS' RESPONSIBILITY		
The Directors are responsible for preparing and presenting these financial statements in accordance with the Sri Lanka Accounting Standard for Small and Medium Sized Entities (SLFRS for SMEs).		
22. KEY MANAGEMENT PERSONNEL COMPENSATION		
The Board of Directors of the Company are the members of the Key Management Personnel. No transaction has been occurred during the period with the Key Management Personnel.		

Board of Directors

Mr. V. P. de Silva (*Chairman*)

Mr. S. van der Wielen

Mr. J.J. Bijlsma

Mr. L.J.M. Pieries

Ms. I.N. van 't Hoff

Mr. T.D.H. Lokuge

Mr. J.J. van Nederveen

Lideke Wery Educational Institute

Casa Marc Residence

246/c, Goodshed Road

Galbada, Induruwa

Sri Lanka

Contact

Tel/Fax: +94 34 227 2346

Email: headmaster@lwei.lk

Website: www.lwei.lk