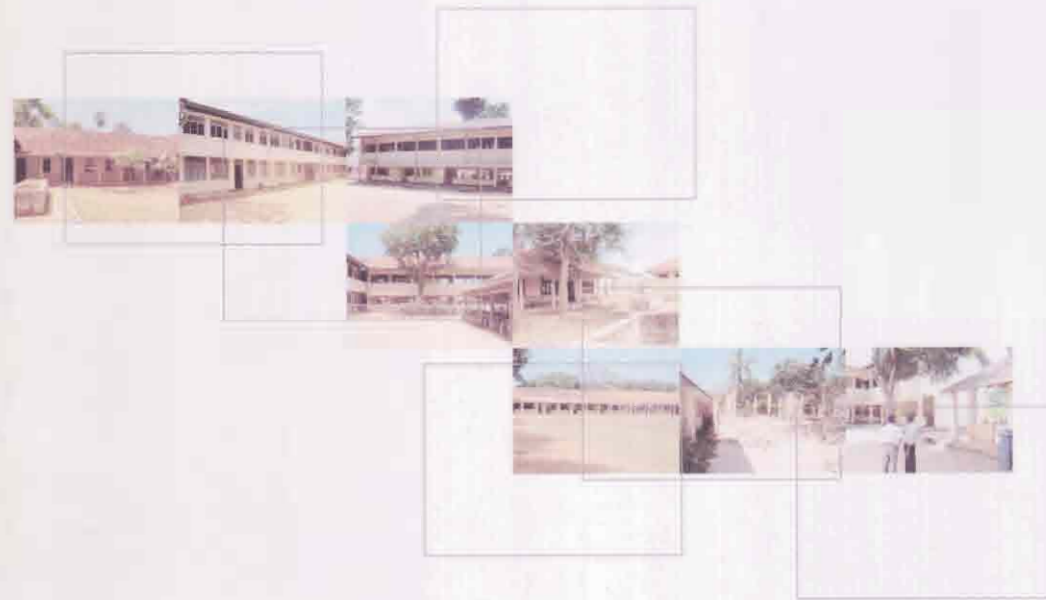




THE MAHAJANA COLLEGE FOUNDATION

For Educational Development



Annual Report
2007 - 2008



Mr. T. A. Thuraiappapillai
Founder of Mahajana College
1910 - 1929



Mr. K. Chinnappa
Principal Mahajana College
1929 - 1945



Mr. T. T. Jeyaratnam
Principal Mahajana College
1945- 1970

THE MAHAJANA COLLEGE FOUNDATION

For Educational Development

CONTENTS

	PAGE
BOARD MEMBERS, OLD STUDENT ASSOCIATIONS AND CORPORATE INFORMATION	1
NOTICE OF MEETING	3
CHAIRMAN'S STATEMENT	4
REPORT OF THE BOARD	6
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MAHAJANA COLLEGE FOUNDATION FOR EDUCATIONAL DEVELOPMENT	10
STATEMENT OF FINANCIAL ACTIVITIES	11
BALANCE SHEET	12
ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS	15
PROXY FORM	24
PHOTOGRAPHS	26

THE MAHAJANA COLLEGE FOUNDATION
For Educational Development

BOARD MEMBERS & AFFILIATED OLD STUDENTS ASSOCIATIONS

BOARD MEMBERS

Mr T Lankaneson	(Chairman)	Mr. S Jeyavarman	(Co-ordinator)
Mr. T P Murugiah		Mr. R Selvaskandan	
Mr S Sivapaskaran		Mrs S Ananthasayaan	
Mr S Dhanabalaa		Mr P S Kanesalingam	
Mr S Sirikananathan		Mr V Nantheeswarar	

MEMBERS OF THE FOUNDATION AS ON 31ST AUGUST 2008

Mr. R. Selvaskandan	Mr. N. Jeganathan	Mr. S. Vijeyakumar
Mr. S. Thiruvathavooran	Mr. S Sivakumar	Ms. G. Loganathan
Mr. S. Satkunarajah	Mr. Gana Natkunam	Mr. V. Thiyagarajah
Mr. S. Kanesalingam	Mr. S. Sivalingam	Mr. S. Thirugnanasampanthar
Mr. R. Rohithan	Mr. S. Sirikanda	Dr. Sam Sunder
Mr. K. Selvagunachandran	Mr. P. S. Kaneshalingam	Mr. A Karthikaikumar
Mr. S. Ruthralingam	Mrs. Thulasibai Manohara	Mr. M. Ganesan
Mr. V. Nantheeswarar	Dr. V. Sivagnanavel	Dr. R. Mahendra
Mr. P. Bharrathan	Mr. S. Viswanathan	Mr. E. Panchanathan
Mr. S. Dhanabalaa	Mr. P Kuganeyan	Ms. P. Jayaratnam
Mr. C. Santhirasekari	Mr. T. Lankaneson	Mrs. S. Ariyamalar

THE MAHAJANA COLLEGE FOUNDATION

For Educational Development

CORPORATE INFORMATION

LEGAL FORM	:	A Limited Liability Company incorporated under the Companies Act No. 17 of 1982 registered on 21st April 2006.
REGISTERED OFFICE ADDRESS	:	36, Sagara Road, Colombo 4, Sri Lanka.
OPERATIONAL & CORRESPONDENCE ADDRESS	:	36, Sagara Road, Colombo 4, Sri Lanka.
AUDITORS	:	Kreston MNS & Co. Chartered Accountants 50/2 Sir James Peiris Mawatha, Colombo 2, Sri Lanka.
COMPANY SECRETARIES	:	Em En Es (Assignments) Limited 50/2 Sir James Peiris Mawatha, Colombo 2, Sri Lanka.

AFFILIATED OLD STUDENT ASSOCIATIONS

Mahajana College Old Student Association	-	Tellippalai
Tellippalai Mahajana College Old Students' Association	-	Colombo Branch
Mahajana College Old Student Association	-	Canada
Old Student Association	-	Victoriya
Old Student Association	-	United Kingdom
Mahajana College Old Student Association	-	France
Old Student Association	-	Sydney

THE MAHAJANA COLLEGE FOUNDATION

For Educational Development

NOTICE

Notice is hereby given that the 01st Annual General Meeting of The Mahajana College Foundation for Educational Development will be held at the Vinothan Hall, Colombo Tamil Sangam, Rudra Mawatha, Colombo-06 on 27th September at 2008 at 4.30 p.m.

AGENDA

1. To read the notice convening the meeting.
2. To receive and consider the Report of the Directors and the statement of Audited Accounts for the year ended 31/03/2008 and to receive the Report of the Auditors thereon.
3. Resignation of Directors.
4. Election of Directors.
5. To re-appoint M/S Kreston MNS & Co., Chartered Accountants as Auditors for the ensuing year and to authorise the Directors to determine their remuneration.

By order of the Board.

Em En Es (Assignments) (Pvt) Ltd.
Secretaries of the Company

.....
Director.

29th August 2008

NOTE

- 1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her.
- 2) A Proxy need not be a member of the Company.
- 3) A Form of Proxy is attached hereto.
- 4) The duly completed Form of Proxy should be deposited at the Registered office at. No: 36, Sagara Road, Colombo 04. 48 hours before the time fixed for the holding of the meeting.
- 5) When a Proxy is not a member his NIC number should be entered against his name and produced at the meeting.

THE MAHAJANA COLLEGE FOUNDATION

For Educational Development

CHAIRMAN'S STATEMENT

Dear Board of Directors and Members of the Foundation

It is my great pleasure to welcome you for the first Annual General Meeting of the Mahajana College Foundation for Educational Development. I have pleasure to present the Financial Statement and Auditor's Report of the Foundation for the year ended on 31st March 2008.

Few years ago due to the conflict, one of the most sought after College in the Jaffna Peninsula, the glorious Mahajana was displaced and temporarily settled at Maruthanamadam. The students devoid of any facilities were sheltered at cadjan sheds for seven years.

Due to the praised worthy efforts of some old Mahajanans, in spite of the unsettled situation Mahajana was shifted to its own premises in Ampanai in 1999. However the infrastructure of the school was so badly damaged and it required urgent renovation of the buildings and a few additional buildings. The Government and some NGOs assisted to put up new infrastructure but the renovation was not fully attended to. The students too required additional support to improve their learning. To meet these two requirements the Mahajanans perceived that an institution with the vision to satisfy the requirements a necessity. This perception led to the establishment of the Foundation. The Foundation was established in 2006 with the mission to ensure the development of Mahajana in responsive to the aspirations of the College and facilitate empowerment by providing financial and professional support and synergy created by the integration of the OSAs, past students, parents, teachers and well wishers.

The establishment of the Foundation provides a way forward for the future of Mahajana College to harness resources from Mahajanans locally and abroad. It is very encouraging to note that thousands of Mahajanans who are living abroad have come forward to contribute to the development of the College through their OSAs and individually. The Foundation has become the focal point for all Mahajanans to contribute and participate in the development of the College to achieve the common goal to make Mahajana a preferred institution in Jaffna District. The Foundation hopes to build up the College to reinstate its position in terms of its infrastructure facilities and environment, and extra curricular activities that prevailed in the time of late Mr. T.T.Jeyaratnam the Architect of the school.

The cordial relationship which the Foundation has developed with the Principal and staff gives the necessary inside to address the needs of the College on a priority basis. However the needs are many and the resources are limited.

The foundation is managed by Mahajanans from all walks of life with long years of experience in education, administration, law, accountancy, audit, fund management & business. Together The Foundation had been consulting eminent Mahajanans to give their advice in order to develop sound policies, strategies and programs in managing the funds.

As we are approaching centenary celebrations in the year 2010 we shall endeavor in such a way the College is equipped with resources to meet the challenges of another 100 years.

The Foundation in line with this thinking has initiated the Renovation and Rehabilitation Project in February 2008 to bring back the teaching and learning environment which prevailed in the glorious days of Mahajana.

THE MAHAJANA COLLEGE FOUNDATION

For Educational Development

CHAIRMAN'S STATEMENT (Contd,)

In conclusion, I wish to thank the Principal and staff of Mahajana College, members of the OSAs for their unstinted cooperation in taking Mahajana to its past pristine glory. We look forward to create a new era at the College and improving the College which could contribute to the transformation of the lives of thousands of students.

Last but not the least my sincere thanks to the Directors and members of their families for their commendable support for the Foundation. Let us march forward together to reestablish Mahajana to achieve the dreams of the Founder, the Architect and the Principals.

T. Lankaneson

Chairman

2nd July 2008

THE MAHAJANA COLLEGE FOUNDATION

For Educational Development

REPORT OF THE BOARD

REPORT OF THE BOARD

Since the formation of the Mahajana College Foundation for Educational Development (Foundation), we have been engaged in discussions to understand key developmental needs of Mahajana College and in the process of preparing plans to develop the College on a sustainable manner. Meanwhile the Foundation has initiated communication with all the Mahajanans to attract subscribers to the Foundation in the categories of Voting Members, Senior Members and Ordinary Members. We believe this effort has created awareness among key stakeholders about the Foundation and its activities. In terms of the Articles of Association the Voting Members of the Foundation is restricted to 200. The number of Membership of other categories is not specified.

During the year the Foundation was successful in attracting 19 Voting Members 7 Senior Members and 4 Ordinary Members. The total funds raised from subscriptions and donations amounted to Rs 1,185,797/- and Rs 2,135,000/- respectively.

The Foundation during this period has communicated with many Old Mahajanans to invite them to become members of the Foundation and promote this idea through affiliated Student Associations as well. Due to lack of contact details of some of the Old Students of Mahajana College, it was difficult to establish direct contact with them. Hence, the Foundation is currently developing a data base of old Students to develop more closer communication with them and to appraise them the activities of the Foundation and its progress towards developing the Mahajana College before the centenary in 2010 and thereafter.

In this period, Foundation has initiated and supported many activities to meet the requirements of the Mahajana College. Summarized below are some of the activities commenced and completed during the year.

- Supplied jerseys, shirts and bottoms for the college soccer and cricket teams.
- Sewed and supplied ties for the students through the college administration. These ties are sold to the students and the proceeds are received into a Fund. This Fund is financed by the Mahajana College Old Students Association - Canada. The Foundation will manage this fund on an ongoing basis and shall supply further quantity of ties in the future to meet the needs for ties of the College.
- Facilitated to purchase 167 pairs of shoes and socks for deserving students at the request of Mahajana College. The Mahajana College Old Students Association - Melbourne provided the finances to purchase and supply these shoes. This activity was carried out at the request of the Old Students Association, Colombo.
- The Foundation also supports the IT Education by providing an allowance of Rs 12,000/- per month for the support staff of the IT department of Mahajana College.

THE MAHAJANA COLLEGE FOUNDATION

For Educational Development

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Foundation was established under Companies Act No. 17 of 1982 as a limited liability company without shares and registered on 21st April 2006.

The Foundation was officially launched on 8th April 2007 with the Board of Directors being the subscribers to the Memorandum of Association and subsequently more directors joined representing the affiliated Associations to serve on the Board.

The Directors are vested with the responsibility to oversee the strategic direction of the Foundation to achieve the objectives set out in the Memorandum. The Foundation is set to strive for the development of Mahajana College, Tellippalai.

The finances of the Foundation is managed by Accountants under the guidance of the Board Members who have wide experience in diversified fields of higher levels of management of enterprises.

OBJECTIVES AND ACTIVITIES

The Objectives of the Foundation are:

- (i) For the promotion and advancement of educational development of Mahajana College Ampanai Tellippalai.
- (ii) To support educational development in the Mahajana College and to promote, support and encourage all or any measures designed to lead such development.
- (iii) To support in all academic disciplines of the Mahajana College and to promote, support and encourage all or any measures designed to carry out such research.
- (iv) To promote the communications skills of students or such persons who are attending the Mahajana College and to promote support and encourage the study and learning of both the Tamil and the English languages in order to enhance the proficiency of both the Tamil and the English languages of students and such persons who are attending the Mahajana College.
- (v) To promote education, teaching, learning and research.
- (vi) To assist, carry on and support institutions of education, instruction or research and to provide for the giving and holding of lectures, scholarships, awards, exhibitions, classes and meetings in order to achieve the objects of the Foundation.

THE MAHAJANA COLLEGE FOUNDATION

For Educational Development

- (vii) To defray the costs of maintenance and of the improvement of the premises of the Mahajana College.
- (viii) To carry out and perform all and any other acts, works, enterprises or things as are of a charitable nature for the benefit of the Mahajana College.
- (ix) To co-operate with the other bodies, associations or organizations (whether incorporated or unincorporated) having objects similar to the objects of the Foundation, with governments and with national and international organizations concerned in any way with the objects of the Foundation, to provide opportunities and facilities for the co-operation and development of such co-operation and to promote and support the establishment, maintenance and development of national and regional organizations and committees whose objects are similar to those of the Foundation.

To work towards this end the Foundation was involved during this year in number of projects, programmes and activities, which are summarized below. The Foundation also established closer contacts with the administration of Mahajana College and Old Students' Association of Mahajana College who are representing the Old Students living in Sri Lanka and abroad.

Towards the end of this year, Foundation initiated action to transfer from Old Students Association Colombo, the donor funds for scholarships, awards for students who meet the set criteria for such scholarships from the results obtained in the GCE (O/L) Examination.

Once this process of transfer is complete, the Foundation will manage this scholarship schemes and plans to strengthen the finances available for the scholarships. The Foundation will also take measures to improve the monitoring process at the College to ensure the qualifying students for the scholarships continue to perform well in their course of study in the GCE (A/L) and finally effectively prepare for the University entrance for their further education.

NEW PROJECTS & FUNDING

The Foundation has commissioned a project to renovate and rehabilitate entire buildings at Mahajana College to prepare for the centenary celebrations in year 2010. This project was conceptualized by the Principal of Mahajana College and subsequently supported by the Foundation having obtained technical evaluations and estimate from Engineer Ramadas, an Old Student of Mahajana College. He also came forward to implement the project on a voluntary basis in view of the importance of the project.

Moreover, The Foundation developed closer links with Old Students' Association in overseas to provide financial support for the project. The initial funding to this project is made out of the donation received from Mr. R Selvaskandan who has taken efforts to mobilize funds to this project and advise and supports to make this project accomplish its objective.

THE MAHAJANA COLLEGE FOUNDATION

For Educational Development

The Foundation is confident that the necessary resources can be obtained to fulfill the desired objective of uplifting the status of the buildings. The photographs showing the state of the buildings prior and after the commencement of the project is given elsewhere in this report.

This project is expected to finalize in 15 - 18 months period with a better outlook, while providing better facilities for students and the staff at Mahajana College. At the time of writing this report, the project work which commenced in February 2008 has progressed to a greater extent over a period of six months. Some of the buildings are now fully functional for educational activities. The Foundation has advanced up to 20th August 2008 Rs 3.0 million for the project against the estimated cost of Rs. 6.2 million.

FINANCIAL REVIEW

The Foundation has completed one year of operation on 8th April 2008 and the financial statements are prepared in line with general practice for the period from 8th April 2007 to 31st March 2008. In this period the Foundation registered 30 Members and collected Rs 1,185,797 as subscriptions for the period. A further sum of Rs 2,135,000 was received as donations from Mahajana College Old Students and Old Student Associations. The Foundation incurred Rs 121,007 in this period for the office to purchase a computer and to establish communication facilities to enable easy access to and from all Mahajanans worldwide.

In the first year of operation, the Foundation has initiated communication to all stakeholders to create awareness on its activities towards the College. Important areas are identified for financing in the areas of education, sports, student welfare, college infrastructure etc. and direct its efforts to fund these activities from donations. Foundation has taken efforts to facilitate financing for college maintenance, temple festivals, annual 'Mahajanan' publication, etc. It is desirable to create a fund base to generate sufficient income to meet these recurring expenses, which is bound to increase with inflationary pressure in the country.

PLANS FOR THE FUTURE

During the year the Board has been discussing and working on long term strategies to position the Foundation on the long term mission to provide ongoing support to College in a sustainable manner. In the next financial year, the Foundation will focus on completing the infra structure work and other related areas of activities to prepare the college for the centenary celebrations. Further, it is also envisaged to strengthen the scholarship recipients in terms of their educational advancement and overall progress. In this regard a review process is contemplated to track the quarterly progress of each scholarship recipient.

Director/coordinator
2nd July 2008

THE MAHAJANA COLLEGE FOUNDATION

For Educational Development

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF - THE MAHAJANA COLLEGE FOUNDATION FOR EDUCATIONAL DEVELOPMENT

Report on the Financial Statements

We have audited the accompanying Financial Statements of **THE MAHAJANA COLLEGE FOUNDATION FOR EDUCATIONAL DEVELOPMENT** which comprise the Balance Sheet as at 31st March 2008, and the Statement of Financial Activities, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a Summary of Significant Accounting Policies and other explanatory Notes, exhibited on pages 11 to 23.

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 Accounting Standards. 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 and Basis of Opinion

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 misstatement.

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 principles 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, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2008 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31st March 2008 and its Financial Results and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These Financial Statements also comply with the requirements of Section 151 (2) of the Companies Act No. 07 of 2007.

Krest mns 26

**CHARTERED ACCOUNTANTS
COLOMBO
22ND AUGUST 2008.**

SR/KA/mm

MahajanaColFoundEDev-SR/Cd2-/c8

THE MAHAJANA COLLEGE FOUNDATION
For Educational Development

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST MARCH

	Note	2008 Rs.
Incoming Resources	3	4,173,292.40
Project Expenditure	4	(1,067,222.80)
Other Expenses	5	(197,481.56)
Net Surplus on Projects		2,908,588.04
Taxation	6	(11,619.00)
Net Surplus after Tax		<u>2,896,969.04</u>

The Notes on pages 15 to 23 form an Integral part of these Financial Statements.

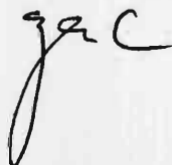
THE MAHAJANA COLLEGE FOUNDATION
For Educational Development

BALANCE SHEET AS AT

	Note	31.03.2008 Rs.
ASSETS		
Non-Current Assets		
Property, Plant & Equipment	7	99,814.25
Investments in Fixed Deposits	8	4,264,000.00
		<u>4,363,814.25</u>
Current Assets		
Other Receivables - Tie Project		94,750.00
Cash at Bank & in Hand	9	508,713.71
		<u>603,463.71</u>
LIABILITIES		
Current Liabilities		
Accrued Expenses	10	35,000.00
Provision for Taxation		11,619.00
		<u>46,619.00</u>
Current Assets Less Current Liabilities		<u>556,844.71</u>
Total Assets Less Current Liabilities		<u>4,920,658.96</u>
Accumulated Funds		
Unrestricted Funds	10	2,896,969.04
Restricted Funds	11	2,023,689.92
		<u>4,920,658.96</u>

The Notes on pages 15 to 23 form an Integral part of these Financial Statements.

I Certify that the above Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.



Director Finance

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 of Directors.

Directors :

1.



2.



22nd August 2008.

THE MAHAJANA COLLEGE FOUNDATION
For Educational Development

STATEMENT OF CHANGES IN EQUITY

	Unrestricted Funds Rs.	Restricted Funds Rs.	Total Rs.
Balance as at 01.04.2007	-	-	-
Funds Received during the year	3,369,451.40	2,827,530.92	6,196,982.32
Transfers to Statement of Financial Activities	(3,369,451.40)	(803,841.00)	(4,173,292.40)
Net Surplus for the year	<u>2,896,969.04</u>	<u>-</u>	<u>2,896,969.04</u>
Balance as at 31.03.2008	<u><u>2,896,969.04</u></u>	<u><u>2,023,689.92</u></u>	<u><u>4,920,658.96</u></u>

The Notes on pages 15 to 23 form an Integral part of these Financial Statements.

THE MAHAJANA COLLEGE FOUNDATION
For Educational Development

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

		2008 Rs.
	Note	
CASH FLOWS FROM PROJECT ACTIVITIES	3	4,173,292.40
Incoming Resources	4	(1,067,222.80)
Cash Paid out for Project Activities		3,106,069.60
	7	21,193.00
Depreciation	5	(197,481.56)
Other Expenses including Depreciation		2,929,781.04
Net Cash Flow from Project Activities before Working Capital Changes		(94,750.00)
Increase in Other Receivables	10	35,000.00
Increase in Accrued Expenses		2,870,031.04
Net Cash Flow from Project Activities		
CASH FLOW FROM INVESTING ACTIVITIES	7	(121,007.25)
Purchase of Fixed Assets	8	(4,264,000.00)
Investments in Fixed Deposits		(4,385,007.25)
CASH FLOW FROM FINANCING ACTIVITIES	12	2,023,689.92
Cash Received from Donors but not used for Projects		2,023,689.92
Net Cash Flow from Financing Activities		508,713.71
Net Increase (Decrease) in Cash & Cash Equivalents		-
Cash & Cash Equivalents at the beginning of the year	9	508,713.71
Cash & Cash Equivalents at the end of the year		

The Notes on pages 15 to 23 form an Integral part of these Financial Statements.

THE MAHAJANA COLLEGE FOUNDATION

For Educational Development

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION

Name of the Company	: The Mahajana College Foundation for Educational Development
Registered Office	: No. 36, Sagara Road, Colombo 04.
Domicile & Legal Form of the Enterprise	: A Limited Liability Company without the addition of the word "Limited" to its name, incorporated under the Companies Act No. 17 of 1982 and domiciled in Sri Lanka.
Date of Incorporation	: 21 st April 2006
Registration Number of the Company	: N(A) 1503 (under Companies Act No. 17 of 1982)
	The Company has applied for re-registration required under the new Companies Act No. 7 of 2007 and is awaiting the issue of new certificate by the Registrar of Companies.
Nature of Activities	: The promotion and advancement of educational development of Mahajana College Ampanai Tellippalai
Membership	:

Membership Category	Eligibility Criteria	Voting Rights at General Meetings	Number of Members	Actual Number of Members
Voting Members	Any person holding an honorary title such as Honorary Patron, Honorary President, Honorary Vice-President, Honorary Advisor or such other honorary title as the Board may confer at any time and from time to time on any person by reason of donations made by such person to the Foundation and any person who has donated the sum of Rs. 50,000 (US\$ 500) or such greater sum in instalments within a period of two (2) years from the first instalment, shall be eligible for admission as a Voting Member of the Foundation.	Available	Maximum 200	17
Senior Members	Any person who has donated the sum of Rs. 25,000/- (US\$ 250) or such greater sum below Rs. 50,000 (US\$ 500) or such sums as the Board shall from time to time determine and such persons who donate the said sum in instalments within a period of two (2) years from the first instalment, shall be eligible for appointment as a Senior Member of the Foundation.	Entitled to receive notice of general meetings but not entitled to vote.	Unlimited	7
Ordinary Members	Any person who has donated the sum of Rs. 10,000/- (US\$ 100) or such greater sum as the Board shall determine from time to time but less than such sum paid by Voting Members and Senior Members as referred above shall be eligible for admission as an Ordinary Member of the Foundation.	Entitled to receive notice of general meetings but not entitled to vote.	Unlimited	4

NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.1 General Policies

2.1.1 Basis of Preparation

The Balance Sheet, Statement of Financial Activities, Statement of Changes in Accumulated Fund and the Cash Flows, together with the Accounting Policies and Notes to the Financial Statements comply with the Sri Lanka Statement of Recommended Practice for Not-for -Profit Organisation (including Non Governmental Organisations) issued by the Institute of Chartered Accountants of Sri Lanka.

The Financial Statements have been prepared on a historical cost basis.

2.1.2 Translation of Foreign Currency

All foreign currency transactions have been converted into Sri Lanka rupees, which is the reporting currency, at the rates of exchange prevailing at the time that the transaction was effected.

2.1.3 Taxation

Income tax is provided in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto.

2.2 Accounting for the receipts and utilisation of FUNDS

2.2.1 Unrestricted Funds

Unrestricted funds are those that are available for use by the organisation at the discretion of the Board, in furtherance of the general objectives of the organisation 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.

2.2.2 Restricted 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 financial activities 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 balance sheet until such time as they are required.

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 balance sheet. The activities for which these restricted funds may and are being used are identified in the notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Assets and Bases of Their Valuation

Assets classified as current assets on the Balance Sheet are cash and bank balances and those which are expected to be realized in cash during the normal operating cycle or within one year from the Balance Sheet date, whichever is shorter. Non-Current assets are those which the organisation intends to hold beyond a period of one year from the Balance Sheet date.

2.3.1 Property, Plant & Equipment - Acquired through unrestricted funds

Items of Property, Plant & Equipment are stated at cost less accumulated depreciation and any impairment in value.

The cost of Property, Plant & Equipment includes expenditures that are 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 asset to a working condition for intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Where 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. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

2.3.2 Subsequent Expenditure

Expenditure incurred to replace a component of an item of Property, Plant & 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 organisation and its cost can be measured reliably.

The cost of the day to day servicing of Property, Plant and Equipment are recognized in the statement of financial activities as incurred.

2.3.3 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognized on disposal; or when no future economic benefits are expected from its use or disposal. Gains or losses on derecognition are recognized in the statement of financial activities and gains are not classified as revenue

2.3.4 Depreciation

Depreciation is recognised in the statement of financial activities on a straight line basis over the estimated useful lives of each part of an item of property, plant & equipment.

The principal annual rates of depreciation are as follows:

Computer Equipment	25%
Office Equipment	10%

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reassessed at the reporting date.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Assets and Bases of Their Valuation (Contd.)

2.3.4 Impairment of Property, Plant & Equipment

The carrying values of Property, Plant and Equipment are reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognized in the statement of financial activities.

2.3.6 Property, Plant and Equipment Acquired through restricted funds

Where Property, Plant & Equipment is purchased as a part of a project through restricted funds, if on conclusion of the project, the asset is not handed over to the beneficiary or returned to the original donor, the asset is valued on the conclusion of the project and brought into the Financial Statements under Property, Plant & Equipment through a Capital Reserve. The basis of valuation is market value. Depreciation provided on such assets will be charged against the capital reserve. For purpose of depreciation the date of valuation for inclusion in the Financial Statements is considered the date of purchase. The principal annual rates of depreciation are same as those given in Note 2.3.4.

2.3.7 Receivables

Receivables are stated at the amounts they are estimated to realise net of provisions for bad and doubtful debts.

2.3.8 Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash in hand, demand deposits, short term investments readily convertible to identified amounts of cash and which are not subject to any significant risk of change in value.

For purpose of the Cash Flow Statement, Cash and Cash Equivalents consist of cash in hand and bank deposits, net of outstanding bank overdrafts.

2.4 Liabilities and Provisions

Liabilities are recognised in the balance sheet when there is a present obligation arising from past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the balance sheet date are treated as current liabilities in the balance sheet. Liabilities payable after one year from the balance sheet date are treated as non-current liabilities in the balance sheet.

A provision is recognised in the balance sheet when the Organisation has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits for which a reliable estimate could be made is required to settle the obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

2.4.1 Payables

Payables are stated at book values.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Statement of Financial Activities

2.5.1 Income Recognition

Incoming Resources

Income realised from restricted funds is recognised in the statement of financial activities only when there is certainty that all of the conditions for receipt of the funds have been complied with and the relevant expenditure that it is expected to compensate has been incurred and charged to statement of financial activities. Unutilised funds are carried forward as such in the balance sheet.

Revenue

Interest earned is recognised on a cash basis.

Membership fees is recognised on a cash basis.

Donations are recognised on a cash basis.

Other income is recognised on a cash basis.

2.5.2 Expenditure recognition

Expenses in carrying out the projects and other activities of the organisation are recognised in the statement of financial activity during the period in which they are incurred. Other expenses incurred in administering and running the organisation 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 financial activities under the project expenses.

The organisation has adopted the "Function of Expense" method to present fairly the elements of Organisation activities in its statement of financial activities.

THE MAHAJANA COLLEGE FOUNDATION
For Educational Development

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

31.03.2008
Rs.

NOTE 3 - INCOMING RESOURCES

Grants Unrestricted Funds - Note 3 (a)	3,369,451.40
Restricted Funds - Note 3 (b)	803,841.00
	<u>4,173,292.40</u>

NOTE 3 (a) - UNRESTRICTED FUNDS

Description	Amount Rs.	Total Amount Rs.
Donations from Members		
Voting Members	855,801.00	-
Senior Members	176,792.50	-
Ordinary Members	40,704.00	1,073,297.50
Others	-	12,500.00
	-	-
General Donations	-	2,135,000.00
Interest Income on Unrestricted Funds		148,653.90
		<u>3,369,451.40</u>

NOTE 3 (b) - RESTRICTED FUNDS

	Balance on 01.04.2007 Rs.	Funds Received during the year Rs.	Interest Income on Restricted Funds Rs.	Transfer to Statement of Financial Activities Rs.	Balance on 31.03.2008 Rs.
Motor Vehicle for College Fund	-	800,000.00	135,345.60	300,000.00	635,345.60
Scholarship Fund	-	1,668,000.00	132,185.32	411,841.00	1,388,344.32
Shoe Project Fund	-	92,000.00	-	92,000.00	-
	<u>-</u>	<u>2,560,000.00</u>	<u>267,530.92</u>	<u>803,841.00</u>	<u>2,023,689.92</u>

31.03.2008
Rs.

NOTE 4 - PROJECT EXPENDITURE

Expenditure from Restricted Funds - Note 4 (a)	803,841.00
Expenditure from Unrestricted Funds - Note 4 (b)	263,381.80
	<u>1,067,222.80</u>

THE MAHAJANA COLLEGE FOUNDATION

For Educational Development

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

31.03.2008
Rs.

NOTE 4 (a) - EXPENDITURE FROM RESTRICTED FUNDS

Motor Vehicle for College - Advance Paid	300,000.00
Scholarship Fund	411,841.00
Shoe Project	92,000.00
	<u>803,841.00</u>

NOTE 4 (b) - EXPENDITURE FROM UNRESTRICTED FUNDS

Description	Amount Rs.
Shoe Project - Balance Expenditure Paid	22,756.80
Sport Support	90,625.00
Staff Allowances	150,000.00
	<u>263,381.80</u>

NOTE 5 - OTHER EXPENSES

Depreciation	21,193.00
Launch Expenses	55,992.50
Printing & Stationery	3,777.00
Telephone & Internet Expenses	54,020.47
Bank Charges	800.00
Debit Tax	3,109.76
Web Development	4,236.83
Secretarial Fees & Charges	11,352.00
Travelling Expenses	18,000.00
Audit Fees	25,000.00
	<u>197,481.56</u>

NOTE 6 - TAXATION

The Company being a charitable Institution, is not liable to Income Tax on Net surplus on projects under section 7(e) (i) (a) of the Inland Revenue Act No. 10 of 2006. Provision has been made for Income Tax @ 10% on Interest Income in excess of tax free allowance of Rs. 300,000/-

Interest Income - On Unrestricted Funds (Note 3(a))	148,654
- On Restricted Funds (Note 3(b))	267,531
	<u>416,185</u>
Less : Tax free allowance	(300,000)
Taxable Income	<u>116,185</u>
Income Tax @ 10%	<u>11,619</u>

THE MAHAJANA COLLEGE FOUNDATION
For Educational Development

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 7 - PROPERTY, PLANT & EQUIPMENT

Cost	Balance as at 01.04.2007 Rs.	Additions during the year Rs.	Balance as at 31.03.2008 Rs.
Computer	-	60,610.00	60,610.00
Chairs	-	5,372.25	5,372.25
UPS	-	4,250.00	4,250.00
Laser Printer	-	16,350.00	16,350.00
Computer Table	-	6,835.25	6,835.25
Cables & Wires	-	2,849.75	2,849.75
Fax Machine	-	20,990.00	20,990.00
Modem	-	3,750.00	3,750.00
	-	121,007.25	121,007.25
Depreciation	Acc. Depn. as at 01.04.2007 Rs.	Charge for the year Rs.	Acc. Depn. as at 31.03.2008 Rs.
Computer	-	15,153.00	15,153.00
Chairs	-	537.00	537.00
UPS	-	425.00	425.00
Laser Printer	-	1,635.00	1,635.00
Computer Table	-	684.00	684.00
Cables & Wires	-	285.00	285.00
Fax Machine	-	2,099.00	2,099.00
Modem	-	375.00	375.00
	-	21,193.00	21,193.00
Written Down Value			As at 31.03.2008 Rs.
Computer			45,457.00
Chairs			4,835.25
UPS			3,825.00
Laser Printer			14,715.00
Computer Table			6,151.25
Cables & Wires			2,564.75
Fax Machine			18,891.00
Modem			3,375.00
			99,814.25

THE MAHAJANA COLLEGE FOUNDATION
For Educational Development

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 8 - INVESTMENTS IN FIXED DEPOSITS

	Unrestricted Funds Rs.	Restricted Funds Rs.	Total Rs.
Fixed Deposit with HNB	1,000,000.00	-	1,000,000.00
REPO with HNB	1,000,000.00	-	1,000,000.00
Fixed Deposit with Commercial Bank - Scholarship Fund	-	1,200,000.00	1,200,000.00
Motor Vehicle Fund	-	500,000.00	500,000.00
REPO with Commercial Bank	564,000.00	-	564,000.00
	<u>2,564,000.00</u>	<u>1,700,000.00</u>	<u>4,264,000.00</u>
			31.03.2008
			Rs.

NOTE 9 - CASH AT BANK AND IN HAND

HNB - Savings Account	A/c. No. 003-068133-SA	689.53
Current Account	A/c. No. 003-0681328 CU	96,036.26
Commercial Bank - Savings Account	A/c. No. 8100049817	257,530.92
Current Account	A/c. No. 1100042216	63,600.00
Current Account	A/c. No. 11000 42215	88,559.00
Petty Cash		2,298.00
		<u>508,713.71</u>

NOTE 10 - ACCRUED EXPENSES

Audit Fee	25,000.00
Telephone & Internet	10,000.00
	<u>35,000.00</u>

NOTE 11 - UNRESTRICTED FUNDS

Balance as at 01.04.2007	-
Funds Received during the year	3,369,451.40
Transfer to Statement of Financial Activities	(3,369,451.40)
Surplus for the year	2,896,969.04
Balance as at 31.03.2008	<u>2,896,969.04</u>

NOTE 12 - RESTRICTED FUNDS

Balance as at 01.04.2007	-
Funds Received during the year	2,560,000.00
Interest Income on Restricted Funds	267,530.92
Transfer to Statement of Financial Activities	(803,841.00)
Balance as at 31.03.2008	<u>2,023,689.92</u>

THE MAHAJANA COLLEGE FOUNDATION
For Educational Development

PROXY

I, of
..... being a
voting member of the above Foundation hereby appoint of
..... as my Proxy to vote for me and on my behalf at the
Annual General Meeting, of the Foundation to be held on 27th September 2008 at the Vinothan Hall,
Colombo Tamil Sangam, Rudra Mawatha, Colombo-06 at 4.30 p.m. and at any adjournment there of.

As witness my hand this Day of

.....
Signature

THE MAHAJANA COLLEGE FOUNDATION
For Educational Development

INSTRUCTIONS AS TO COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and by signing in the space provided. Please fill in the date of signature.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.
3. In the case of Corporate Members, the Form of Proxy must be completed under the Common Seal, which should be affixed and attested in the manner prescribed by the Articles of Association/Statutes.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy.
5. The completed Form of Proxy should be deposited at No.36, Sagara Road, Colombo 4 Not less than Twenty Four (24) hours before the time appointed for the meeting.

INAGURATION PHOTOGRAPHS OF MAHAJANA COLLEGE FOUNDATION





RENOVATION OF BUILDINGS IN PROGRESS AT MAHAJANA COLLEGE







The late T A Thuraiappahpillai in the early years of 1900 had noticed that there were no schools in and around Tellippalai that provided education to the Hindu children of the area whilst observing Hindu principles and traditions. In an attempt to satisfy this need late Thuraiappah- pillai founded a school in 1910 and not only he named it as Mahajana High School but also became its first Head Master.

Even though the school had a humble beginning in the early years, the Head Master and Principal along with the teachers who joined Mahajana in the successive years worked with devotion and dedication to make Mahajana one of the leading educational institutions in Sri Lanka.

In this juncture it should not be forgotten of the generous support given by the well wishers and old pupils of Mahajana who had worked side by side with the administrators of Mahajana to achieve this position within a span of 50 years.

Mahajana within the last two decades had faced severe constraints and hardships and at the same time is also preparing to commemorate its 100th year of establishment within the next two years.

The Mahajana College Foundation for Educational Development having completed its one year creating necessary focus towards Mahajana College to revive and prepare the college while addressing the needs of the college for the centenary celebration in year 2010.

As past students of Mahajana College, let us be united in our goal to make Mahajana a better institution for the present and future generation.

Notes

**THE MAHAJANA COLLEGE FOUNDATION
FOR EDUCATIONAL DEVELOPMENT**

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