

**CHILDFUND SRI LANKA - NATIONAL OFFICE**

**FINANCIAL STATEMENTS**

**30 JUNE 2018**



Building a better  
working world

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**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNTRY DIRECTOR OF CHILDFUND SRI LANKA-NATIONAL OFFICE**

**Report on the audit of the financial statements**

*Qualified opinion*

We have audited the Financial Statements of Childfund Sri Lanka - National Office (the Organization), which comprise the statement of financial position as at 30 June 2018, and the statement of comprehensive income; statement of changes in reserves 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, except for the effect of the matter discussed in basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations (Including Non -Governmental Organization) (SL SoRP-NPO's [including NGO's]) issued by the Chartered Accountants of Sri Lanka.

*Basis for qualified opinion*

In compliance with ChildFund Global policy on capitalization of Property Plant & Equipment, the Organization does not capitalize any asset less than USD 5,000 irrespective of whether such assets has a useful life of more than 1 year or not. As per the Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations (Including Non -Governmental Organization) (SL SoRP-NPO's [including NGO's]) issued by the Chartered Accountants of Sri Lanka any assets having a useful life of over 1 year should be capitalized. Due to non-availability of sufficient information we were unable to evaluate the impact of such policy.

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.

*Responsibilities of management and those charged with governance for the financial statements*

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

In preparing the financial statements, management is responsible for assessing the 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.

(Contd...2/)



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### ***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.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



30 November 2018  
Colombo



Child Fund Sri Lanka - National Office  
**STATEMENT OF FINANCIAL POSITION**  
 As at 30 June 2018


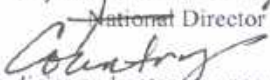
ASSETS	Note	2018 Rs.	2017 Rs.
<b>Non Current Assets</b>			
Property Plant and Equipment	4	7,132,806	3,041,666
		<u>7,132,806</u>	<u>3,041,666</u>
<b>Current Assets</b>			
Grants and Other Receivables	5	16,839,729	25,539,441
Cash and Cash Equivalents	6	64,354,056	35,733,624
		<u>81,193,785</u>	<u>61,273,064</u>
		<u>88,326,591</u>	<u>64,314,730</u>
<b>RESERVES AND LIABILITIES</b>			
<b>Accumulated Reserves</b>			
Unrestricted Funds	7	(12,226,616)	(35,671,944)
		<u>(12,226,616)</u>	<u>(35,671,944)</u>
<b>Non Current Liabilities</b>			
Retirement Benefit Liabilities	8	10,743,998	11,712,727
Compensation	9	31,907,511	32,649,658
		<u>42,651,509</u>	<u>44,362,385</u>
<b>Current Liabilities</b>			
Grants and Other Payables	10	52,666,052	52,052,299
NGO Tax Payable	14.2	5,235,646	3,571,990
		<u>57,901,698</u>	<u>55,624,289</u>
		<u>88,326,591</u>	<u>64,314,730</u>

These financial statements are in compliance with the requirement of Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations (Including Non-Governmental Organization) (SL SoRP-NPO's [including NGO's]) issued by the Chartered Accountants of Sri Lanka.

  
 .....  
 Finance Officer

  
 .....  
 Head of Finance

The Management is responsible for these financial statements. Signed for and on behalf of the Organization by:

  
 .....  
 National Director  


The accounting policies and notes on pages 07 through 20 form an integral part of the financial statements.



## STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2018

	Note	2018 Rs	2017 Rs.
<b>OPERATING INCOME</b>			
Incoming Resources	11	363,344,053	358,192,318
<b>OPERATING EXPENDITURE</b>			
Operating Expenses	12.1	(245,555,049)	(272,357,506)
Administration Expenses	12.2	(92,754,380)	(86,739,252)
<b>Net Surplus/(Deficit) on Operating Activities</b>		<u>25,034,624</u>	<u>(904,440)</u>
Revenue Earned from Other Activities	13	1,079,865	2,119,527
<b>Net Surplus/(Deficit) Before Tax</b>		<u>26,114,489</u>	<u>1,215,087</u>
NGO Tax Expenses	14.1	(2,669,161)	(2,385,481)
<b>Net Surplus/(Deficit) After Tax</b>		<u>23,445,328</u>	<u>(1,170,394)</u>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income/(Loss) for the Year</b>		<u>23,445,328</u>	<u>(1,170,394)</u>

The accounting policies and notes on pages 07 through 20 form an integral part of the financial statements.



Child Fund Sri Lanka - National Office  
**STATEMENT OF CHANGES IN RESERVES**  
 Year ended 30 June 2018

	Unrestricted Funds Rs.	Result for the Year Rs.	Total Rs.
<b>Balance as at 01 July 2016</b>	(34,501,550)	-	(34,501,550)
Total Comprehensive Loss for the Year	-	(1,170,394)	(1,170,394)
<b>Balance before transfer to Reserves</b>	(34,501,550)	(1,170,394)	(35,671,944)
Allocation of Results to Reserves	(1,170,394)	1,170,394	-
Grants Received During the year	172,405,275	-	172,405,275
Funds Transferred to Statement of Comprehensive Income	(172,405,275)	-	(172,405,275)
<b>Balance as at 30 June 2017</b>	(35,671,944)	-	(35,671,944)
Total Comprehensive Loss for the Year	-	23,445,328	23,445,328
<b>Balance before transfer to Reserves</b>	(35,671,944)	23,445,328	(12,226,616)
Allocation of Results to Reserves	23,445,328	(23,445,328)	-
Grants Received During the year	198,951,010	-	198,951,010
Funds Transferred to Statement of Comprehensive Income	(198,951,010)	-	(198,951,010)
<b>Balance as at 30 June 2018</b>	<u>(12,226,616)</u>	<u>-</u>	<u>(12,226,616)</u>

The accounting policies and notes on pages 07 through 20 form an integral part of the financial statements.



## STATEMENT OF CASH FLOWS

Year ended 30 June 2018

	Note	2018 Rs	2017 Rs.
<b>Cash Flows From/(Used in) Operating Activities</b>			
Net Surplus Before Tax		26,114,489	1,215,087
Adjustments for			
Depreciation	4.1	4,300,397	6,712,067
Profit on Disposal of Plant and Equipment	13	(900,000)	(2,116,000)
Provision of Retirement Benefit Liabilities	8	3,367,416	1,929,557
Provision of Compensation	9	4,017,637	3,573,339
Operating Profit before Working Capital Changes		<u>36,899,939</u>	<u>11,314,050</u>
(Increase)/ Decrease in Receivables		8,699,712	(12,149,601)
Increase /(Decrease) in Payables		613,753	(31,087,596)
Cash Generated From/(used in) Operating Activities		<u>46,213,404</u>	<u>(31,923,147)</u>
Retirement Benefit Paid	8	(4,336,145)	(2,212,463)
Tax Paid		(1,005,506)	93,068
Compensation Paid		(4,759,784)	(3,012,027)
Net Cash Flows from/(used in) Operating Activities		<u>36,111,969</u>	<u>(37,054,569)</u>
<b>Cash Flows From/(Used in) Investing Activities</b>			
Acquisition of Property, Plant & Equipment		(8,391,537)	-
Proceeds from Disposal of Plant and Equipment		900,000	2,116,000
Net Cash Flows (used in)/from Investing Activities		<u>(7,491,537)</u>	<u>2,116,000</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>28,620,432</b>	<b>(34,938,569)</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	6	<u>35,733,624</u>	<u>70,672,193</u>
<b>Cash and Cash Equivalents at the end of the Year</b>	6	<u>64,354,056</u>	<u>35,733,624</u>

The accounting policies and notes on pages 07 through 20 form an integral part of the financial statements.



**1. CORPORATE INFORMATION**

**1.1 General**

ChildFund Sri Lanka – National Office is a Non-Governmental, child protection and development organization domiciled in Sri Lanka. The organization locally represents the ChildFund – International Inc, No. 2821, Emery Wood Parkway, Richmond, Virginia, USA. ChildFund Sri Lanka – National Office is an organization registered under the Voluntary Social Service Organization Act No. 31 of 1980 as amended by Act No. 08 of 1998. The registered office and the principal place of operation are situated in No. 44/3, 1-1, Narahenpita Road, Nawala.

**1.2 Principle Activities of the Organization**

During the year, the principal activities of the ChildFund Sri Lanka – National Office were to promote and encourage the followings in relation to children,

- ✓ Child protection
- ✓ Health and sanitation
- ✓ Nutrition
- ✓ Education
- ✓ Early childhood care and development
- ✓ Vocational training for youth
- ✓ Assistance to children with special needs
- ✓ Livelihood and emergency relief

**1.3 Date of Authorization for Issue**

The financial statements of ChildFund Sri Lanka - National Office for the year ended 30 June 2018 was authorized by the members of committee on 30 November 2018.





**2. BASIS OF PREPARATION**

**2.1 Statement of Compliance**

The Statement of Financial Position as at 30 June 2018 and the Statement of Comprehensive Income, the Statement of Changes in Reserves and Statement of Cash Flows for the year ended 30 June 2018, and a Summary of Significant Accounting Policies and other Explanatory of ChildFund Sri Lanka - National Office have been prepared in accordance with Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations (Including Non-Governmental Organization) (SL SoRP-NPO's [including NGO's]) issued by the Chartered Accountants of Sri Lanka.

**2.2 Basis of Measurement and Presentation Currency**

The Financial Statements presented in Sri Lanka Rupees have been prepared on a historical cost basis except otherwise indicated.

**2.3 Comparative Information**

The accounting policies adopted by the Company are unless otherwise stated is consistent with those used in the previous year. The previous year's figures and policies have been re-arranged wherever necessary to conform to the current year's presentation.

**2.4 Going Concern**

The Financial Statements have been prepared on the basis that the Organization would be able to continue its operations in the foreseeable future.

**2.5 Use of Estimates and Judgements**

The presentation of Financial Statements in conformity with Sri Lanka Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of Accounting Policies and the reporting amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates and judgemental decisions.

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Foreign Currency Translation**

The financial statements are presented in Sri Lanka Rupees, which is the organization's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the Statement of Financial Position. All difference is taken as surplus or deficit. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates the date when the fair value was determined.



### 3.2 Receivables

Receivables are recorded at cost less impairment (If any).

### 3.3 Cash & 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 the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash in hand and bank deposits, net of outstanding bank overdrafts. Investments with short maturity (i.e. of 3 months or less from the date of acquisition are also treated as cash equivalent).

### 3.4 Plant and Equipment

Plant and Equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is provided on straight line basis at the following rates per annum, in order to write off the cost of such assets over their estimated useful lives.

Furniture & fittings	20%
Office Equipments	20%
Computers	33%
Motor Vehicles	20%

The Company provides depreciation from the date the assets are available for use up to the date of disposal, on a straight line basis over the periods appropriate to the estimated useful lives based on the pattern in which the asset's future economic benefits are expected to be consumed by the Company of the different types of assets, except for which are disclosed separately. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognized. Depreciation does not cease when the assets become idle or is retired from active use unless the asset is fully depreciated.

Asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate on an annual basis.

### 3.5 Grant Assets

Grants and subsidies related to assets are deferred in the Statement of Financial Position and recognized as income over the life of the depreciable asset by way of a reduced depreciation charge in the Statement of Comprehensive Income over the useful life of the asset.

### 3.6 Liability and Provisions

#### 3.6.1 Provisions

Provision are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resource embodying economic benefit will be required to settle the obligation and the reliable estimate can be made to the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial activities net of any reimbursement.



**3.6.2 Retirement Benefit Obligations****a) Compensation**

A Compensation provision is carried forward in the Statement of Financial Position equivalent to an amount calculated as based on the salary of the last month of the financial year for all employees in respect of each completed year of service, commencing from the first year of service as follows.

No. of Years of service Completed	No. of Months per year
1-5 Yrs	2.5
6-14 Yrs	2
15-19 Yrs	1.5
20-24 Yrs	1
25-34 Yrs	0.5

No amount in excess of Rs.1,250,000 shall be paid to any employee as compensation computed according to the above formula.

**b) Gratuity**

Gratuity is a Defined Benefit Plan. The Company is liable to pay gratuity in terms of the Act No.12 of 1983. In order to meet this liability, a provision is carried forward in the Statement of Financial Position, equivalent to an amount calculated based on a half month's salary of the last month of the financial year of all employees for each completed year of service, commencing after the first year of service. The resulting difference between brought forward provision at the beginning of a year and the carried forward provision at the end of a year is dealt with in the Statement of Comprehensive Income.

**c) Defined Contribution Plan- Employees Provident Fund & Employee Trust Fund**

Employees are eligible for Employee's Provident Fund and Employee' Trust Fund Contribution in line with respective statutes and regulations. The Organisation contributes 15% and 3% of gross emoluments of employee to Employee's Provident Fund and Employee' Trust Fund respectively.

**3.7 Taxation**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on fund received as reported in the financial statements and computed in accordance with the provisions of the relevant tax legislations.

The organizations are liable for Income tax 3% of all grant funds received during the year and are taxable at 28%.





### 3.8 Funds

#### a) Unrestricted Funds

Unrestricted funds are that are available for use by the organization at the discretion of the management, in furtherance of the general objectives of the organizations and which are not designated for any specific purpose by the donors.

Surplus funds are transferred for restricted funds to unrestricted funds in terms of the relevant donor agreements or with subsequent approval of the donor.

### 3.9 Grants

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

Grants related to assets are generally deferred in the statement of financial position and credited to the statements of comprehensive income over the useful of the asset.

In the case of grants received to fund an entire project or activity, which include the purchase of an asset, and the cost of such asset is charged with the project costs to the statements of Comprehensive Income, the grant value is recognized as an 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.

### 3.10 Income Recognition

Income realized from restricted funds is recognized in the Statement of Comprehensive Income only when there is a certainty that all of the conditions for receipt of funds have been complied with and the relevant expenditure that it is expected to compensate has been incurred and charged to the Statement of Comprehensive Income. Unutilized funds are carried forward as such in the Statement of financial position as grant payable.

Gifts and donations received in kind are recognized 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 organization at the point of such sale. Items not sold or distributed are inventories but not recognized in the financial statements.

All other income is recognized when the organization 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.

### 3.11 Revenue Earned from Other Activities

Revenue earned on services rendered is recognized in the accounting period in which the services are rendered.

Other income is recognized on an accrual basis. All other income is recognized when the Company is legally entitled to the use of such funds and the amount can be quantified.

Net gains and losses of a revenue nature on the disposal of plant & equipment and other non-current asset including investments have been accounted in the Statement of Comprehensive Income, having deducted from proceeds on disposal, the carrying amount of the assets and related expenses.





Gifts and donations received in kind are recognized at fair value 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 inventories but not recognized in the Financial Statements.

**3.12 Expenditure Recognition**

Expenses in carrying out the projects and other activities of the organization are recognized in the Statement of Comprehensive Income during the period in which they are incurred. Other expenses incurred in administrating and running the organization and in restoring and maintaining the Property, Plant & Equipment to perform at expected levels are accounted for on accrual basis to the Statement of Comprehensive Income.

The Company has adopted the “Function of expense” method to present fairly the elements of the Company’s activities in its Statement of Comprehensive Income.



Child Fund Sri Lanka - National Office  
 NOTES TO FINANCIAL STATEMENTS  
 Year ended 30 June 2018

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Gross Carrying Amount	Balance	Additions	Disposals	Balance
	as at 01.07.2017			as at 30.06.2018
	Rs.	Rs.	Rs.	Rs.
<b>At Cost</b>				
Building Improvements on Leasehold Assets	-	8,391,537	-	8,391,537
Furniture and Fittings	961,108	-	-	961,108
Office Equipment	2,226,600	-	1,886,200	340,400
Computer Equipment	2,138,784	-	-	2,138,784
Motor Vehicles	65,411,763	-	-	65,411,763
	<u>70,738,255</u>	<u>8,391,537</u>	<u>1,886,200</u>	<u>77,243,592</u>

4.2 Depreciation	Balance	Charge for the Year	Disposals	Balance
	as at 01.07.2017			as at 30.06.2018
	Rs.	Rs.	Rs.	Rs.
<b>At Cost</b>				
Building Improvements on Leasehold Assets	-	1,258,731	-	1,258,731
Furniture and Fittings	961,108	-	-	961,108
Office Equipment	2,226,600	-	1,886,200	340,400
Computer Equipment	2,138,784	-	-	2,138,784
Motor Vehicles	62,370,097	3,041,666	-	65,411,763
	<u>67,696,589</u>	<u>4,300,397</u>	<u>1,886,200</u>	<u>70,110,786</u>

4.3 Net Book Values	2018	2017
	Rs.	Rs.
Building Improvements on Leasehold Assets	7,132,806	-
Motor Vehicles	-	3,041,666
	<u>7,132,806</u>	<u>3,041,666</u>

4.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.8,391,537 (2017 - Rs.NIL). Cash payments amounting to Rs.8,391,537 (2017 - Rs. NIL) were made during the year.

5. GRANTS AND OTHER RECEIVABLES	2018	2017
	Rs	Rs.
Grants Receivables	3,176,055	-
Other Receivables (5.1)	13,663,674	25,539,441
	<u>16,839,729</u>	<u>25,539,441</u>

5.1 Other Receivables	2018	2017
	Rs	Rs.
Grant Advance	5,589,857	11,347,134
Other Advances	883,714	5,481,748
Prepayments	3,576,676	4,365,782
Special Deposits	3,399,727	4,093,977
Travel Advances	213,700	250,800
	<u>13,663,674</u>	<u>25,539,441</u>



Child Fund Sri Lanka - National Office  
**NOTES TO FINANCIAL STATEMENTS**  
 Year ended 30 June 2018

6. CASH AND CASH EQUIVALENT	2018 Rs.	2017 Rs.
Cash at Bank	64,354,056	35,733,624
	<u>64,354,056</u>	<u>35,733,624</u>
7. UNRESTRICTED FUNDS	2018 Rs.	2017 Rs.
Balance as at Beginning of the Year	(35,671,944)	(34,501,550)
Total Comprehensive Income/(Loss) for the Year	23,445,328	(1,170,394)
Funds Received During the Year	198,951,010	172,405,275
Funds Transferred to Statement of Comprehensive Income	(198,951,010)	(172,405,275)
Balance as at End of the Year	<u>(12,226,616)</u>	<u>(35,671,944)</u>
8. RETIREMENT BENEFIT LIABILITIES	2018 Rs.	2017 Rs.
Balance at the Beginning of the Year	11,712,727	11,995,633
Charge for the Year	3,367,416	1,929,557
Payments Made During the Year	(4,336,145)	(2,212,463)
Balance at the End of the Year	<u>10,743,998</u>	<u>11,712,727</u>
9. COMPENSATION	2018 Rs.	2017 Rs.
Balance at the Beginning of the Year	32,649,658	32,088,346
Charge for the Year	4,017,637	3,573,339
Less: Payment Made During the Year	(4,759,784)	(3,012,027)
Balance at the End of the Year	<u>31,907,511</u>	<u>32,649,658</u>
10. GRANTS AND OTHER PAYABLES	2018 Rs.	2017 Rs.
Grants Payable (10.1)	26,920,867	35,478,145
Other Payable (10.2)	25,745,185	16,574,154
	<u>52,666,052</u>	<u>52,052,299</u>
10.1 Grants Payable	2018 Rs.	2017 Rs.
Balance at the Beginning of the Year	35,478,145	78,265,784
Restricted Fund Received During the Year	155,835,765	143,276,738
Transferred to Statement of Comprehensive Income	(164,393,043)	(185,787,043)
Transferred to Other Payables	-	(209,262)
Intercompany Non cash Transfers	-	(68,072)
Balance at the End of the Year	<u>26,920,867</u>	<u>35,478,145</u>



Child Fund Sri Lanka - National Office  
**NOTES TO FINANCIAL STATEMENTS**  
Year ended 30 June 2018

**10. GRANTS AND OTHER PAYABLES (Contd...)**

	2018	2017
	Rs.	Rs.
<b>10.2 Other Payable</b>		
ChildFund Korea - Exchange Gain	-	5,350,574
Consultancy Payments	1,665,989	2,957,723
Other Accruals	479,622	2,498,777
Retention for Puthukudirippu Life Project	-	1,537,263
Installation and Repair Charges	-	1,185,097
Audit Provision for FY18 Audit Local Partners	732,070	1,003,793
NPEVAC-Training Venue	-	646,591
Audit Provision for FY18 Audit National Office	628,981	628,728
Dialog Broadband- Internet Charges	251,000	274,196
Remittance from Korea	-	209,262
Printing Charges	561,259	175,950
Matara Garage	-	106,200
ILA - Exchange Gain	12,293	-
Survey Charges	384,765	-
Networking programme	350,000	-
Accommodation	193,556	-
Facilitator Fee	130,000	-
Camera Purchase	184,915	-
Computer	186,200	-
Retention Puthukudiyiruppu ECD Project	443,839	-
DRR Fund	18,837,488	-
ATLAS Unspent Funds	657,588	-
CBCPM Reimbursement	38,520	-
Stamp Duty	7,100	-
	<u>25,745,185</u>	<u>16,574,154</u>

**11. INCOMING RESOURCES**

	2018	2017
	Rs.	Rs.
Grants - Restricted (11.1)	164,393,043	185,787,043
Grants - Unrestricted (11.2)	198,951,010	172,405,275
Total Grants Received	<u>363,344,053</u>	<u>358,192,318</u>

**11.1 Grants - Restricted**

	2018	2017
	Rs.	Rs.
ChildFund Korea	34,657,355	89,602,206
ChildFund Germany	34,543,868	41,070,608
ChildFund Australia	54,241,443	31,992,574
ChildFund New Zealand	23,994,544	11,859,822
Non Sponsorship Project	16,955,833	11,261,833
	<u>164,393,043</u>	<u>185,787,043</u>

**11.2 Grants - Unrestricted**

	2018	2017
	Rs.	Rs.
Working Fund	88,723,366	72,544,761
Partner Effective Fund	58,249,148	57,465,501
Intercompany Non Cash Income	37,029,525	26,772,271
Project Subsidy	14,662,705	15,543,608
Project DDC	286,266	79,134
	<u>198,951,010</u>	<u>172,405,275</u>





12. OPERATING EXPENSES

12.1 Project Activity Summary

Project	Transferred from Restricted Funds		Total Amount Expended				Total	Surplus/ deficit on Project
	Organization	Amount	Personnel and Other Benefits	Other direct		Disbursements to Community Projects		
				Consumable Equipments	Other			
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<b>Grants Restricted</b>								
Enhancing CSOs' Contributions to Governance and Development Processes 12-0328D	EU & CF Germany	14,667,183	2,847,352	123,654	3,428,750	8,267,427	14,667,183	-
ATLAS PHASE 2 BUDGET LP 12-0332D	ChildFund New-Zealand	4,285,500	1,622,974	-	1,477,695	1,184,831	4,285,500	-
RETURN 2 -12-0342D	Childfund Australia	54,241,443	13,264,631	358,710	11,368,539	29,249,563	54,241,443	-
Building Disaster Resilience of DEV Children and Local Partner Capacity Improvement Project- Phase II -12-0361D	KOICA	15,207,200	1,924,779	12,825	3,270,018	9,999,578	15,207,200	-
ECD & Nutrition Batticaloa - 12-0362D	ChildFund New-Zealand	18,047,026	4,241,598	-	2,817,414	10,988,014	18,047,026	-
Children with Disability- Inclusion in the North of Sri Lanka 12-0373D	Germany	14,242,235	6,429,679	357,610	3,243,667	4,211,279	14,242,235	-
Sri Lanka/Mullaitivu District/Early Childhood Education -12-0381D	CF KOREA	19,450,155	3,211,246	539,210	1,870,089	13,829,610	19,450,155	-
Sri Lanka/Batticaloa/ Water and Sanitation in Schools and Communities 12-0397D	ChildFund New-Zealand	1,662,018	798,573	-	158,085	705,360	1,662,018	-
<b>Total Grants Restricted</b>		<b>141,802,760</b>	<b>34,340,832</b>	<b>1,392,009</b>	<b>27,634,257</b>	<b>78,435,662</b>	<b>141,802,760</b>	<b>-</b>



12. OPERATING EXPENSES (Contd....)

12.1 Project Activity Summary

Project	Transferred from Restricted Funds		Total Amount Expended					Total	Surplus/deficit on Project
	Organization	Amount	Personnel and Other Benefits	Other direct		Disbursements to Community Projects	Other Indirect		
				Consumable equipments	Other				
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<b>NSP Funds</b>									
<b>Grants Unrestricted</b>									
Emergency Response-CFK		2,276,960	-	-	-	2,276,960	-	2,276,960	-
Gift of Love & Hope Catalogue 17M014	Childfund Alliance	-	-	-	-	2,002,106	-	2,002,106	(2,002,106)
EU project Salary 16M035	ChildFund Germany	-	291,762	-	-	-	-	291,762	(291,762)
New Zealand Real Gift Z18-02	NewZealand	-	-	-	-	694,255	-	694,255	(694,255)
CBR Bridge G17-03	ChildFund Germany	-	225,274	-	34,535	86,210	-	346,019	(346,019)
Emergency flood recovery puttalam Z18-01	ChildFund New Zewland	7,679,106	710,372	-	875,970	6,124,763	-	7,711,105	(31,999)
New Zealand Real Gift Z16-06	ChildFund New Zewland	-	-	-	-	679,025	-	679,025	(679,025)
Emergency Response-CF-AUS-A17-06		-	-	-	-	(991,215)	-	(991,215)	991,215
AUSTRALIA Real Gift A17-03		-	-	-	-	197,150	-	197,150	(197,150)
CF Alliance Real Gift A17-05		-	-	-	-	441,027	-	441,027	(441,027)
Australia Real Gift A16-05		-	-	-	-	1,354,255	-	1,354,255	(1,354,255)
Real Gift Catalog A18003		-	-	-	-	366,915	-	366,915	(366,915)
Real Gift Catalog 18M001		-	-	-	-	280,000	-	280,000	(280,000)
Real Gift Catalog 18M023		-	-	-	-	941,120	-	941,120	(941,120)
Emergency Response-CFG G17-12	ChildFund Alliance	-	104,225	-	25,676	3,651,815	-	3,781,716	(3,781,716)
Emergency flood recovery Galle 17AS01	Childfund International	-	582,088	-	763,382	530,720	-	1,876,190	(1,876,190)
CF Alliance Real Gift G17-11	Childfund Alliance	-	-	-	-	20,109	-	20,109	(20,109)
Rose foundation -Germany G17-09	Germany	6,999,767	-	-	-	3,807,260	-	3,807,260	3,192,507
		16,955,833	1,913,721	-	1,699,563	22,462,475	-	26,075,759	(9,119,926)



Child Fund Sri Lanka - National Office  
 NOTES TO FINANCIAL STATEMENTS  
 Year ended 30 June 2018

12. OPERATING EXPENSES (Contd....)

12.1 Project Activity Summary

Project	Transferred from Restricted Funds		Total Amount Expended					Total	Surplus/deficit on Project
			Personnel and Other Benefits	Other direct		Disbursements to Community Projects	Other Indirect		
	Organization	Amount		Consumable equipments	Other				
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<u>Partner Effective Fund</u>									
Partner Effective Fund_162220P	International Office	4,650,846	2,821,011	269,701	-	838,464	721,670	4,650,846	-
Partner Effective Fund_16230P_Technical	International Office	15,408,496	2,458,001	1,487,321	-	5,845,440	5,585,712	15,376,474	32,022
Partner Effective Fund_16280P	International Office	38,203,287	12,940,774	1,748,518	-	19,804,500	3,709,495	38,203,287	-
		<b>58,262,629</b>	<b>18,219,786</b>	<b>3,505,540</b>	<b>-</b>	<b>26,488,404</b>	<b>10,016,877</b>	<b>58,230,607</b>	<b>32,022</b>
<u>Other Fund</u>									
Working Fund	International Office	88,723,366	-	-	-	-	-	-	88,723,366
Inter Company Non Cash Transaction	International Office	37,029,525	-	-	-	-	7,593,341	7,593,341	29,436,184
Project Subsidy	International Office	14,662,705	-	-	-	11,580,018	-	11,580,018	3,082,687
Project DFC	International Office	286,265	-	-	-	272,564	-	272,564	13,701
<b>Total other funds</b>		<b>140,701,861</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,852,582</b>	<b>7,593,341</b>	<b>19,445,923</b>	<b>121,255,938</b>
		<b>198,964,490</b>	<b>18,219,786</b>	<b>3,505,540</b>	<b>-</b>	<b>38,340,986</b>	<b>17,610,218</b>	<b>77,676,530</b>	<b>121,287,960</b>

54,474,339      4,897,549      29,333,820      139,239,123      17,610,218      245,555,049





Child Fund Sri Lanka - National Office  
**NOTES TO FINANCIAL STATEMENTS**  
Year ended 30 June 2018

**12. OPERATING EXPENDITURE**

	2018	2017
	Rs	Rs.
<b>12.1 Operating Expenses</b>		
Disbursements to Community Projects	139,239,123	135,602,973
Personnel and Other Benefits	54,474,339	52,399,859
Other Direct Cost	29,333,820	35,907,165
Other Indirect Cost	17,610,218	33,724,949
Consumable Equipment	4,897,549	14,722,560
	<u>245,555,049</u>	<u>272,357,506</u>

**12.2 Administration Expenses**

	2018	2017
	Rs.	Rs.
Salaries, Allowances and Overtime	36,081,434	34,796,028
Depreciation	4,300,398	6,712,067
Occupancy	6,121,536	6,417,417
Special Allowances	5,302,936	5,226,285
EPF and ETF	8,844,335	5,103,238
Conference and Meetings	6,977,696	3,537,423
Miscellaneous	2,195,995	2,960,119
Travelling	1,298,858	2,974,101
Staff Medical & Accidental Insurance	3,418,356	2,689,826
Pension Plan	3,247,621	2,596,841
Auto Truck, Gas and Oil	2,848,176	2,592,313
Equipment Purchases	1,399,078	2,268,247
Telephone, Cable, Internet	1,779,417	2,235,914
Contracted Services	4,571,469	1,392,511
Rental - Software	950,185	1,207,648
Gratuity Expenses	679,107	1,192,710
Supplies - Office	1,468,404	1,039,238
Audit Fee	669,067	628,729
Legal Expenses	450,850	447,675
Staff Training	17,000	403,072
Postage and Freight	5,420	282,800
Bank Charges	60,572	35,050
Dues and Membership	66,470	-
	<u>92,754,380</u>	<u>86,739,252</u>

**13. REVENUE EARNED FROM OTHER ACTIVITIES**

	2018	2017
	Rs.	Rs.
Diposal Gain on property, plant and Equipment	900,000	2,116,000
Miscellaneous Income	179,865	3,527
	<u>1,079,865</u>	<u>2,119,527</u>





14. INCOME TAX EXPENSES

As per the Inland Revenue Act No. 10 of 2006 and subsequent amendments there to, all Non Governmental Organisations are liable for tax at 3% of all grants received during the year and are taxable at 28% subject to certain specified exemptions.

	2018 Rs.	2017 Rs.
14.1 NGO Tax Expenses		
NGO Tax Charged for 2017/2018	2,669,161	2,385,481
Total Grants Received in 2017/2018	317,757,249	283,985,842
Grants Liabile for Income Tax	317,757,249	283,985,842
Deemed Profit at 3% of Grants Liabile for Income Tax	9,532,717	8,519,575
Tax 28%	2,669,161	2,385,481
NGO Tax Charged for 2016/2017	2,669,161	2,385,481
Tax Remission	-	-
Total Tax Expenses	2,669,161	2,385,481
14.2 NGO Tax Payable		
Balance at the Beginning of the Year	3,571,990	1,093,442
Tax Expenses	2,669,161	2,385,481
Tax Over Provision	-	93,067
Tax Paid During the Year	(1,005,505)	-
NGO Tax Payable	5,235,646	3,571,990

15. COMMITMENTS AND CONTINGENCIES

The Organisation does not have significant capital commitments and contingencies as at the reporting date.

16. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments or disclosure in the financial statements.

17. ASSETS PLEDGED

There were no assets have been pledged as at the reporting date.

18. RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel of the Organization

The Key Management Personnel of the Organization is National Director.

	2018 Rs.	2017 Rs.
Short Term Benefits	20,252,044	18,114,381
	20,252,044	18,114,381

