

CHILDFUND SRI LANKA - COUNTRY OFFICE

FINANCIAL STATEMENTS

30 JUNE 2020

APAG/ADK/JJ

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

Report on the audit of the financial statements

Qualified opinion

We have audited the Financial Statements of Childfund Sri Lanka - Country Office (the Organization), which comprise the statement of financial position as at 30 June 2020, 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 2020, 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/)

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principals: G B Goudian ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCMA



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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.

05 February 2021
Colombo

Child Fund Sri Lanka - Country Office
STATEMENT OF FINANCIAL POSITION
 As at 30 June 2020

	Note	2020 Rs.	2019 Rs.
ASSETS			
Non Current Assets			
Property Plant and Equipment	4	7,846,608	12,781,249
		<u>7,846,608</u>	<u>12,781,249</u>
Current Assets			
Grants and Other Receivables	5	19,702,263	11,282,047
Cash and Cash Equivalents	6	95,699,105	60,287,766
		<u>115,401,368</u>	<u>71,569,813</u>
		<u>123,247,976</u>	<u>84,351,062</u>
RESERVES AND LIABILITIES			
Accumulated Reserves			
Unrestricted Funds	7	(12,845,569)	(9,494,224)
		<u>(12,845,569)</u>	<u>(9,494,224)</u>
Non Current Liabilities			
Retirement Benefit Liabilities	8	15,807,447	14,518,994
Compensation	9	40,524,165	37,466,626
Accrued Paid Time Off	10	5,223,846	3,901,863
		<u>61,555,458</u>	<u>55,887,483</u>
Current Liabilities			
Grants and Other Payables	11	65,588,087	30,551,529
NGO Tax Payable	15.2	8,950,000	7,406,274
		<u>74,538,087</u>	<u>37,957,803</u>
		<u>123,247,976</u>	<u>84,351,062</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.




 Country Office Accountant

Victoria Ebona
 Digitally signed by Victoria Ebona
 Date: 2021.02.16 14:04:33 +08'00'

 Finance Director

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



 Country Manager

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



Nalaka Siriwardena
 Country Manager
 ChildFund Sri Lanka

Child Fund Sri Lanka - Country Office
STATEMENT OF COMPREHENSIVE INCOME
 Year ended 30 June 2020

	Note	2020 Rs.	2019 Rs.
OPERATING INCOME			
Incoming Resources	12	356,460,975	364,274,967
OPERATING EXPENDITURE			
Operating Expenses	13.1	(271,719,588)	(262,927,797)
Administration Expenses	13.2	(85,402,295)	(95,853,657)
Net Surplus/(Deficit) on Operating Activities		<u>(660,909)</u>	<u>5,493,514</u>
Revenue Earned from Other Activities	14	-	26,793
Net Surplus/(Deficit) Before Tax		<u>(660,909)</u>	<u>5,520,307</u>
NGO Tax Expenses	15.1	(2,690,436)	(2,787,915)
Net Surplus/(Deficit) After Tax		<u>(3,351,345)</u>	<u>2,732,392</u>
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		<u>(3,351,345)</u>	<u>2,732,392</u>

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



Child Fund Sri Lanka - Country Office

STATEMENT OF CHANGES IN RESERVES

Year ended 30 June 2020

	Unrestricted Funds Rs.	Result for the Year Rs.	Total Rs.
Balance as at 30 June 2018	(12,226,616)	-	(12,226,616)
Total Comprehensive income for the Year	-	2,732,392	2,732,392
Balance before transfer to Reserves	(12,226,616)	2,732,392	(9,494,224)
Allocation of Results to Reserves	2,732,392	(2,732,392)	-
Transferred from Grants Payables	-	-	-
Grants Received During the year	207,252,452	-	207,252,452
Funds Transferred to Statement of Comprehensive Income	(207,252,452)	-	(207,252,452)
Balance as at 30 June 2019	(9,494,224)	-	(9,494,224)
Total Comprehensive income for the Year		(3,351,345)	(3,351,345)
Balance before transfer to Reserves	(9,494,224)	(3,351,345)	(12,845,569)
Allocation of Results to Reserves	(3,351,345)	3,351,345	-
Transferred from Grants Payables	-	-	-
Grants Received During the year	207,942,672	-	207,942,672
Funds Transferred to Statement of Comprehensive Income	(207,942,672)	-	(207,942,672)
Balance as at 30 June 2020	(12,845,569)	-	(12,845,569)



STATEMENT OF CASH FLOWS

Year ended 30 June 2020

	Note	2020 Rs.	2019 Rs.
Cash Flows From/(Used in) Operating Activities			
Net Surplus Before Tax		(660,909)	5,520,307
Adjustments for			
Depreciation	4.1	4,934,641	4,120,557
Profit on Disposal of Plant and Equipment	14	-	-
Provision of Retirement Benefit Liabilities	8	2,644,020	3,904,447
Provision of Compensation	9	8,230,746	5,559,115
Provision of Accrued Time Off		1,605,534	3,901,863
Operating Profit before Working Capital Changes		16,754,032	23,006,289
(Increase)/ Decrease in Receivables		(8,420,216)	5,557,682
Increase /(Decrease) in Payables		35,036,558	(22,114,523)
Cash Generated From/(used in) Operating Activities		43,370,375	6,449,448
Retirement Benefit Paid	8	(1,355,568)	(129,451)
Tax Paid		(1,146,710)	(617,287)
Compensation Paid		(5,173,207)	-
Accrued Time Off Paid		(283,551)	-
Net Cash Flows from/(used in) Operating Activities		35,411,339	5,702,710
Cash Flows From/(Used in) Investing Activities			
Acquisition of Property, Plant & Equipment		-	(9,769,000)
Proceeds from Disposal of Plant and Equipment		-	-
Net Cash Flows (used in)/from Investing Activities		-	(9,769,000)
Net Increase/(Decrease) in Cash and Cash Equivalents			
		35,411,339	(4,066,290)
Cash and Cash Equivalents at the Beginning of the Year	6	60,287,766	64,354,056
Cash and Cash Equivalents at the end of the Year	6	95,699,105	60,287,766

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 – Country 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 – Country 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 – Country 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 - Country Office for the year ended 30 June 2020 was authorized by the members of committee on 05 February 2021.



2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Statement of Financial Position as at 30 June 2020 and the Statement of Comprehensive Income, the Statement of Changes in Reserves and Statement of Cash Flows for the year ended 30 June 2019, and a Summary of Significant Accounting Policies and other Explanatory of ChildFund Sri Lanka - Country 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.



4. PROPERTY, PLANT AND EQUIPMENT

4.1 Gross Carrying Amount	Balance			Balance
	as at 01.07.2019 Rs.	Additions Rs.	Disposals Rs.	as at 30.06.2020 Rs.
At Cost				
Building Improvements on Leasehold Assets	8,391,537	-	-	8,391,537
Furniture and Fittings	961,108	-	-	961,108
Office Equipment	340,400	-	-	340,400
Computer Equipment	2,138,784	-	-	2,138,784
Motor Vehicles	75,180,763	-	-	75,180,763
	<u>87,012,592</u>	<u>-</u>	<u>-</u>	<u>87,012,592</u>

4.2 Depreciation	Balance			Balance
	as at 01.07.2019 Rs.	Charge for the Year Rs.	Disposals Rs.	as at 30.06.2020 Rs.
At Cost				
Building Improvements on Leasehold Assets	2,937,038	1,678,307	-	4,615,345
Furniture and Fittings	961,108	-	-	961,108
Office Equipment	340,400	-	-	340,400
Computer Equipment	2,138,784	-	-	2,138,784
Motor Vehicles	67,854,013	3,256,333	-	71,110,346
	<u>74,231,343</u>	<u>4,934,641</u>	<u>-</u>	<u>79,165,984</u>

4.3 Net Book Values	2020	2019
	Rs.	Rs.
Building Improvements on Leasehold Assets	3,776,192	5,454,499
Motor Vehicles	4,070,417	7,326,750
	<u>7,846,608</u>	<u>12,781,249</u>

4.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.9,769,000 (2018 - Rs.8,391,537). Cash payments amounting to Rs.9,769,000 (2018 - Rs. 8,391,537) were made during the year.

5. GRANTS AND OTHER RECEIVABLES	2020	2019
	Rs.	Rs.
Grants Receivables	62,769	-
Other Receivables (5.1)	19,639,494	11,282,047
	<u>19,702,263</u>	<u>11,282,047</u>

5.1 Other Receivables	2020	2019
	Rs.	Rs.
Grant Advance	15,925,120	3,046,612
Other Advances	-	124,251
Prepayments	506,841	4,312,297
Special Deposits	3,142,533	3,204,727
Travel Advances	65,000	594,160
	<u>19,639,494</u>	<u>11,282,047</u>



6. CASH AND CASH EQUIVALENT	2020 Rs.	2019 Rs.
Cash at Bank	95,699,105	60,287,766
	<u>95,699,105</u>	<u>60,287,766</u>
7. UNRESTRICTED FUNDS	2020 Rs.	2019 Rs.
Balance as at Beginning of the Year	(9,494,224)	(12,226,616)
Total Comprehensive Income/(Loss) for the Year	(3,351,345)	2,732,392
Funds Received During the Year	207,942,672	207,252,452
Funds Transferred to Statement of Comprehensive Income	(207,942,672)	(207,252,452)
Balance as at End of the Year	<u>(12,845,569)</u>	<u>(9,494,224)</u>
8. RETIREMENT BENEFIT LIABILITIES	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year	14,518,994	10,743,998
Charge for the Year	2,644,020	3,904,447
Payments Made During the Year	(1,355,568)	(129,451)
Balance at the End of the Year	<u>15,807,447</u>	<u>14,518,994</u>
9. COMPENSATION	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year	37,466,626	31,907,511
Charge for the Year	8,230,746	5,559,115
Less: Payment Made During the Year	(5,173,207)	-
Balance at the End of the Year	<u>40,524,165</u>	<u>37,466,626</u>
10. ACCRUED PAID TIME OFF	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year	3,901,863	-
Charge for the Year	1,605,534	3,901,863
Less: Payment Made During the Year	(283,551)	-
Balance at the End of the Year	<u>5,223,846</u>	<u>3,901,863</u>
11. GRANTS AND OTHER PAYABLES	2020 Rs.	2019 Rs.
Grants Payable (11.1)	53,329,746	27,080,906
Other Payable (11.2)	12,258,342	3,470,623
	<u>65,588,087</u>	<u>52,666,052</u>
11.1 Grants Payable	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year	27,080,906	26,920,867
Restricted Fund Received During the Year	162,162,250	144,882,221
Transferred to Statement of Comprehensive Income	(135,913,411)	(144,722,182)
Balance at the End of the Year	<u>53,329,746</u>	<u>27,080,906</u>



Child Fund Sri Lanka - Country Office
NOTES TO FINANCIAL STATEMENTS
 Year ended 30 June 2020

11. GRANTS AND OTHER PAYABLES (Contd...)

	2020	2019
	Rs.	Rs.
11.2 Other Payable		
Consultancy Payments	5,638,332	1,172,450
Other Accruals	2,234,452	-
Audit Provision for FY19 Audit Local Partners	1,071,252	392,652
Audit Provision for FY19 Audit National Office	1,071,252	678,600
Grant Audit Fee Accruals	300,000	
Dialog Broadband- Internet Charges	365,263	-
Motor Bike Insurance- Accident Motor Bike Claim		-
VOICE AREA FOUNDATION - Reimbursement LIPOID - 12-0435D	730,928	-
AUTO SUPER SERVICE CENTRE - FUEL	40,079	-
DELVE GUARD - SECURITY CHARGES - JUNE'20	43,500	-
Staff welfare -	129,043	
Katrina Repatriation	318,438	
Facilitator Fee		174,330
Video Documentary on advocacy	-	38,500
Research Expenses	-	679,057
FSID Project on Children	-	56,000
DRR Baseline Survey	-	267,465
Stamp Duty	44,484	11,569
Withholding tax liability	159,540	
	<u>12,258,342</u>	<u>3,470,623</u>

12. INCOMING RESOURCES

	2020	2019
	Rs.	Rs.
Grants - Restricted (12.1)	148,518,302	157,022,515
Grants - Unrestricted (12.2)	207,942,672	207,252,452
Total Grants Received	<u>356,460,975</u>	<u>364,274,967</u>

12.1 Grants - Restricted

	2020	2019
	Rs.	Rs.
ChildFund New Zealand	26,236,123	25,444,503
ChildFund Germany	48,332,891	51,596,497
ChildFund Korea	57,501,041	67,681,182
Unicef	3,843,356	-
Non Sponsorship Project	10,383,387	-
Non Sponsorship Project - GOLAH	2,221,503	12,300,333
	<u>148,518,302</u>	<u>157,022,515</u>

12.2 Grants - Unrestricted

	2020	2019
	Rs.	Rs.
Working Fund	62,117,470	72,014,586
Partner Effective Fund	61,523,530	64,264,613
Intercompany Non Cash Income	36,171,031	31,882,818
Project Subsidy	45,982,709	32,721,485
Project DEC	2,147,933	6,368,950
	<u>207,942,672</u>	<u>207,252,452</u>



13.0 OPERATING EXPENSES

13.1 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.	
Grants Restricted								
12-0373D Cfger-Cbr Phase2-Srl	ChildFund Germany	24,105,472	15,725,278	-	3,985,557	4,394,637	24,105,472	-
12-0381D Cfkor-Ptk Ecd-Srl	ChildFund Korea	6,949,879	2,068,987	-	1,728,665	3,152,228	6,949,879	-
12-0397D Cfz-Watsanbatticaloa-Srl	ChildFund New Zealand	26,236,123	7,165,883	-	2,908,882	16,161,357	26,236,123	-
12-0410D Cfkor-Disaster Risk-Sri	ChildFund Korea	20,885,013	8,341,860	-	2,774,573	9,768,580	20,885,013	-
12-0419D Cfkor-Mullativu Nutrition-Srl	ChildFund Korea	4,918,116	1,259,859	-	473,592	3,184,666	4,918,116	-
12-0422D Cfkor-Mulativu Protect-Srl	ChildFund Korea	23,679,220	6,208,985	-	2,338,379	15,131,856	23,679,220	-
12-0435D Cfger-Empowerment Pjt-Srl	ChildFund Germany	24,227,419	7,147,610	-	1,836,262	15,243,547	24,227,419	-
12-0463D Cfkor-Covid-Srl	ChildFund Korea	1,068,812	-	-	69,922	998,890	1,068,812	-
Total Grants Restricted		135,913,411	48,750,475	-	16,568,470	70,594,466	135,913,411	-



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13. OPERATING EXPENSES (Contd....)

13.1 Project Activity Summary

Project	Transferred from Restricted Funds	Total Amount Expended				Disbursements to Community Projects	Other Indirect	Total	Surplus/deficit on Project
		Personnel and Other Benefits	Other direct						
			Consumable equipments	Other					
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
NSP Funds									
Grants Unrestricted									
18M001 Milti Cf Real Gifts-Golah	88,200	-	-	-	88,200	-	88,200	-	
18M023 Co Real Gifts	21,040	-	-	-	21,040	-	21,040	-	
20M004 Real Gift-Golah	1,718,889	-	-	-	1,718,889	-	1,718,889	-	
A16-05 Cf Austr Real Gift-Golah	12,150	-	-	-	12,150	-	12,150	-	
A20-01 Cf Australia Real Gift	92,551	-	-	-	92,551	-	92,551	-	
G17-09 Srlchildren With Disabilities	15,027	-	-	-	15,027	-	15,027	-	
G20-02 Cf Germany Real Gift	147,736	-	-	-	147,736	-	147,736	-	
G20-04 Lka- Cwd Improving Quality Lif	31,050	-	-	-	31,050	-	31,050	-	
G20-05 Lka Disabilities Support-Child	104,050	-	-	-	104,050	-	104,050	-	
G20-10 Lka Feasibilty Consultancy Stu	731,973	-	-	-	731,973	-	731,973	-	
K20-03 Sri Lanka Flood Puttalam Respo	3,920,727	-	-	-	3,920,727	-	3,920,727	-	
Z16-06 Cf Nz Golah	80,000	-	-	-	80,000	-	80,000	-	
Z18-02 New Zealand Golah	45,910	-	-	-	45,910	-	45,910	-	
	7,009,303	-	-	-	7,009,303	-	7,009,303	-	



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13. OPERATING EXPENSES (Contd....)

13.1 Project Activity Summary

Project	Fund Received		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.	
Partner Effective Fund									
SI- Pef Administration - 16220P	International Office	9,850,217	2,404,811	715,190	2,599,432	-	4,130,784	9,850,217	-
SI- Pef Program - 16280P	International Office	10,402,987	3,303,192	1,165,305	2,937,709	-	2,996,782	10,402,987	-
SI- Pef Sponsor Relation - 16230P	International Office	41,270,326	13,252,621	2,372,085	18,791,099	4,555,824	2,298,697	41,270,326	-
		61,523,530	18,960,624	4,252,579	24,328,240	4,555,824	9,426,263	61,523,530	-
Other Fund									
Working Fund	International Office	64,338,973	-	547,200	-	-	-	547,200	63,791,773
Inter Company Non Cash Transaction	International Office	36,171,031	-	-	-	-	21,208,207	21,208,207	14,962,824
Project Subsidy	International Office	45,982,709	-	-	-	43,868,351	-	43,868,351	2,114,358
Project DFC	International Office	2,147,933	-	-	-	2,104,201	-	2,104,201	43,732
Total other funds		148,640,646	-	547,200	-	45,972,552	21,208,207	67,727,960	80,912,686
		210,164,175	18,960,624	4,799,779	24,328,240	50,528,376	30,634,470	129,251,489	80,912,686
			67,711,100	4,799,779	40,896,709	128,132,145	30,634,470	272,174,204	



13. OPERATING EXPENDITURE

	2020	2019
	Rs	Rs
13.1 Operating Expenses		
Disbursements to Community Projects	128,132,145	162,946,244
Personnel and Other Benefits	67,711,100	58,850,298
Other Direct Cost	40,896,709	11,326,440
Other Indirect Cost	30,179,855	21,803,484
Consumable Equipment	4,799,779	8,001,331
	<u>271,719,588</u>	<u>262,927,797</u>

13.2 Administration Expenses

	2020	2019
	Rs.	Rs.
Salaries, Allowances and Overtime	37,155,039	39,622,846
Special Allowances	7,643,071	5,727,962
EPF and ETF	6,334,666	8,630,414
Pension Plan	2,923,678	3,413,039
Gratuity Expenses	1,314,553	2,825,380
Staff Medical & Accidental Insurance	3,270,284	3,172,969
Depreciation	4,934,641	4,120,557
Occupancy	4,092,531	4,805,791
Conference and Meetings	4,658,821	10,526,336
Miscellaneous	686,400	1,243,783
Travelling	1,853,283	2,764,235
Auto Truck, Gas and Oil	1,523,799	854,363
Equipment Purchases	160,229	404,387
Telephone, Cable, Internet	1,206,146	1,673,875
Contracted Services	4,852,674	1,489,928
Rental - Software	-	629,117
Supplies - Office	1,256,820	1,896,708
Audit Fee	678,600	1,369,642
Legal Expenses	680,640	441,238
Staff Training	-	-
Postage and Freight	14,475	5,545
Bank Charges	81,456	78,803
Dues and Membership	80,490	184,239
WHT Reversal	-	(27,500)
	<u>85,402,295</u>	<u>95,853,657</u>

14. REVENUE EARNED FROM OTHER ACTIVITIES

	2020	2019
	Rs.	Rs.
Diposal Gain on property, plant and Equipment	-	-
Miscellaneous Income	-	14,500
Exchange Gain	-	12,293
	<u>-</u>	<u>26,793</u>



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15. 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.

	2020 Rs.	2019 Rs.
15.1 NGO Tax Expenses		
NGO Tax Charged for 2019/2020	2,690,436	2,787,915
Total Grants Received in 2019/2020	320,289,943	331,894,601
Grants Liabile for Income Tax	320,289,943	331,894,601
Deemed Profit at 3% of Grants Liabile for Income Tax	9,608,698	9,956,838
Tax 28%	2,690,436	2,787,915
NGO Tax Charged for 2019/2020	2,690,436	2,787,915
Tax Remission	-	-
Total Tax Expenses	2,690,436	2,787,915
15.2 NGO Tax Payable	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year	7,406,274	5,235,646
Tax Expenses	2,690,436	2,787,915
Tax Paid During the Year	(1,146,710)	(617,287)
NGO Tax Payable	8,950,000	7,406,274

16. COMMITMENTS AND CONTINGENCIES

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

17. 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.

18. ASSETS PLEDGED

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

19. RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel of the Organization

The Key Management Personnel of the Organization is Country Director.

	2019 Rs.	2018 Rs.
	34,246,122	20,252,044
	34,246,122	20,252,044

