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Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE COUNTRY DIRECTOR OF CHILDFUND SRI LANKA – COUNTRY OFFICE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Childfund Sri Lanka – Country Office (the Organization), which comprise the statement of financial position as at June 30, 2021, 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 effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the organization as at June 30, 2021, and of its surplus or deficit 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 Institute of 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 asset 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-Government Organization) (SL SoRP-NPO's [including NGO's]) issued by the Institute of Chartered Accountants of Sri Lanka any asset 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 Organization in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, 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 qualified 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.

Partners:

N. R. Gajendran

H. D. E. C. Jayasekara

J. Gajendran

S. Suntharalingam

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

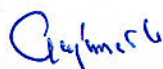
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risk 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 Organization'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 Organization'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 Organization 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.

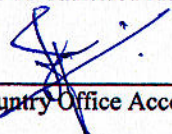

 GAJMA & CO
 Chartered Accountants
 Colombo
 December 22, 2021




CHILDFUND SRI LANKA - COUNTRY OFFICE
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Notes	30.06.2021 Rs.	30.06.2020 Rs.
ASSETS			
Non-Current Asset			
Property, Plant and Equipment	4	2,911,968	7,846,608
Current Assets			
Grant and Receivables	5	18,641,225	19,702,263
Cash and Cash Equivalents	6	158,771,539	95,699,105
		<u>177,412,764</u>	<u>115,401,368</u>
Total Assets		<u>180,324,732</u>	<u>123,247,976</u>
EQUITY AND LIABILITIES			
Equity			
Unrestricted Fund	7	39,558,012	(12,845,569)
		<u>39,558,012</u>	<u>(12,845,569)</u>
Non-Current Liabilities			
Retirement Benefit Liabilities	8	11,655,952	15,807,447
Compensation	9	36,893,206	40,524,165
Accrued Paid Time Off	10	3,872,257	5,223,846
		<u>52,421,415</u>	<u>61,555,458</u>
Current Liabilities			
Grants and Other Payables	11	77,336,502	65,588,087
Tax Payable	12	11,008,803	8,950,000
		<u>88,345,304</u>	<u>74,538,087</u>
Total Equity and Liabilities		<u>180,324,732</u>	<u>123,247,976</u>

The Accounting Policies and Notes on pages 7 to 21 form an integral part of these Financial Statements. These Financial Statements are prepared 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 Institute of Chartered Accountants of Sri Lanka.




 Country Office Accountant



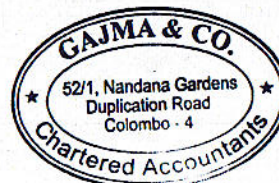
 Finance Director

The Management is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the organization



 Country Manager

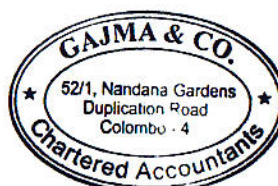
Nalaka Siriwardena
 Country Manager
 ChildFund Sri Lanka



**CHILDFUND SRI LANKA - COUNTRY OFFICE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2021**

		2021	2020
	Notes	Rs.	Rs.
Operating Income	13	357,821,637	356,460,975
Operating Expenses	14	(275,553,826)	(271,719,588)
Net Surplus of Operating Activities		<u>82,267,810</u>	<u>84,741,386</u>
Other Income	15	19,711,100	-
Administrative Expenses	16	(47,083,316)	(85,402,295)
Net Surplus/(Deficit) Before Tax		<u>54,895,594</u>	<u>(660,909)</u>
Income Tax Expense	17	(2,492,014)	(2,690,436)
Net Surplus/(Deficit) After Tax		<u><u>52,403,580</u></u>	<u><u>(3,351,345)</u></u>

The Accounting Policies and Notes on pages 7 to 21 form an integral part of these Financial Statements.



CHILDFUND SRI LANKA - COUNTRY OFFICE
STATEMENT OF CHANGES IN RESERVE FOR THE YEAR ENDED 30TH JUNE 2021

	Unrestricted Funds Rs.	Results for the year Rs.	Total Rs.
Balance as at 1st July 2019	(9,494,224)	-	(9,494,224)
Deficit for the Year	-	(3,351,345)	(3,351,345)
Balance before transfer to Reserves	(9,494,224)	(3,351,345)	(12,845,569)
Allocation deficit to Reserves	(3,351,345)	3,351,345	-
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 30th June 2020	(12,845,569)	-	(12,845,569)
Surplus for the Year	-	52,403,580	52,403,580
Balance as at 30th June 2021	(12,845,569)	52,403,580	39,142,677

The Accounting Policies and Notes on pages 7 to 21 form an integral part of these Financial Statements.



CHILDFUND SRI LANKA - COUNTRY OFFICE
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2021

	2020	2019
	Rs.	Rs.
Cash flows from operating activities		
Net surplus/(deficit) before tax	54,895,594	(660,908)
<i>Adjustments for:</i>		
Depreciation	4,934,640	4,934,641
Profit on disposal of equipment	(19,711,100)	-
Provision of retirement benefit obligation	(256,686)	2,644,020
Provision of compensation	15,933,165	8,230,746
Provision of accrued time off	2,640,417	1,605,534
	<u>3,540,436</u>	<u>17,414,941</u>
Operating surplus before working capital changes	<u>58,436,030</u>	<u>16,754,033</u>
(Increase)/decrease in grant and receivables	1,061,038	(8,420,216)
Increase in grant and other payables	11,748,415	35,036,558
	<u>12,809,453</u>	<u>26,616,342</u>
Cash from operations	71,245,483	43,370,375
Gratuity paid	(3,894,809)	(1,355,568)
Tax paid	(433,211)	(1,146,710)
Compensation paid	(19,564,124)	(5,173,207)
Accrued time off paid	(3,992,006)	(283,551)
<i>Net cash from operating activities</i>	<u>43,361,333</u>	<u>35,411,339</u>
Cash flow from investing activity		
Proceeds from disposal of equipment	19,711,100	-
<i>Net cash used in investing activity</i>	<u>19,711,100</u>	<u>-</u>
Net increase in cash and cash equivalents	63,072,433	35,411,339
Cash and cash equivalent at the beginning of the year	95,699,105	60,287,766
Cash and cash equivalent at the end of the year	<u>158,771,539</u>	<u>95,699,105</u>
Analysis of cash and cash equivalent at the end of year		
Cash at bank	158,771,539	95,699,105
	<u>158,771,539</u>	<u>95,699,105</u>

The Accounting Policies and Notes on pages 7 to 21 form an integral part of these Financial Statements.



Accounting policies and explanatory notes to the Financial Statements for the year ended June 30, 2021

1. GENERAL INFORMATION

1.1 Domicile and Legal Form

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 Principal Activities

The principal activities of the ChildFund Sri Lanka — Country Office were to promote and encourage child protection, health and sanitation, nutrition, education, early childhood and development, vocational training for youth and assistance to children with special needs.

1.3 Number of Employees

Total number of employees of the Organization on June 30, 2021, was 23. (June 30, 2020 - 38)

1.4 Approval of Financial Statements

These financial statements were approved by the members of committee and authorized for issue on December 22, 2021.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

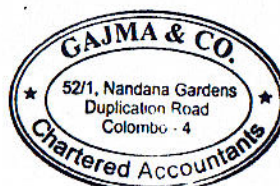
The Statement of Financial Position as at 30 June 2021 and the Statement of Comprehensive Income, the Statement of Changes in Reserves and Statement of Cash Flows for the year ended 30 June 2021, and a Summary of Significant Accounting Policies and other Explanatory notes of ChildFund Sri Lanka - Country 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 Institute of Chartered Accountants of Sri Lanka.

2.2 Basis of Measurement

Financial statements of the organization are prepared under the historical cost convention. Adjustments have not been made for inflationary factors affecting the financial statements.

2.3 Comparative Figures

The previous year figures and phrases have been reclassified whenever necessary to conform to the current year presentation.



2.4 Functional and Presentation Currency

Items included in the financial statements of the organization are measured using the currency of the primary economic environment in which the entity operates (the functional currency) and rounded to the nearest rupee value.

These financial statements are presented in Sri Lankan Rupees (Rs.) which is the organization's functional and presentation currency.

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 judgmental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared by the organization in accordance with the SL SoRP-NPO's [including NGO's] issued by the Institute of Chartered Accountants of Sri Lanka. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Foreign Currency Transactions/ Translation

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate rulings at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies as at the date of statement of financial position are translated to Sri Lankan Rupees at the foreign exchange middle rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Sri Lankan Rupees at the foreign exchange rate ruling at the date of the transaction.

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 Property, Plant and Equipment

(a) Recognition and Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. The cost of self-constructed assets includes the cost of materials and direct labour.

Where an item of plant and equipment comprises major components having different useful lives, they are accounted for as separate items of plant and equipment.

(b) Subsequent Expenditure

The organization adds to the carrying amount of an item of Property, plant and equipment the cost of replacing parts of such an item, when that cost is incurred if the replacement part is expected to provide incremental future benefits to the organization. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

(c) Depreciation

Depreciation is charged to the profit or loss so as to allocate the cost of assets less their residual value over the estimated useful lives of items of property, plant and equipment, using the straight-line method. The estimated annual rates are as follows:

Assets	Annual Rates
Furniture & fittings	20%
Office Equipment	20%
Computers	33%
Motor Vehicles	20%

The organization 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 organization 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 Provision

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 Obligation

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 Years	2.5
6 – 14 Years	2
15 – 19 Years	1.5
20 – 24 Years	1
25 – 34 Years	0.5

No amount in excess of Rs. 2,500,000 shall be paid to any employee as compensation computed according to the above formula. The ChildFund Sri Lanka has paid more than the Rs. 2,500,000/- if the service period more than 10 years using 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 NGO are currently liable for income tax on the 3% of all the grant fund received during the year and are taxable at 24 %

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 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 life 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 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 organization has adopted the "Function of expense" method to present fairly the elements of the Organization's activities in its Statement of Comprehensive Income.

3.13 Related Party Transactions

Disclosures have been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating decisions/policies irrespective of a price being charged.



4 Property, Plant and Equipment

	Leasehold	Motor	Furniture	Office	Computer	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost						
Balance as at 1st July 2020	8,391,537	75,180,763	961,108	340,400	2,138,784	87,012,592
Disposal for the year	-	(31,260,593)	-	-	-	(31,260,593)
Balance as at 30th June 2021	8,391,537	43,920,170	961,108	340,400	2,138,784	55,751,999
Accumulated Depreciation						
Balance as at 1st July 2020	4,615,345	71,110,346	961,108	340,400	2,138,784	79,165,984
Charge for the year	1,678,307	3,256,333	-	-	-	4,934,640
On disposals	-	(31,260,593)	-	-	-	(31,260,593)
Balance as at 30th June 2021	6,293,653	43,106,086	961,108	340,400	2,138,784	52,840,031
Net Book Value as at 30th June 2021	2,097,884	814,084	-	-	-	2,911,968
Net Book Value as at 30th June 2020	3,776,192	4,070,417	-	-	-	7,846,608



	30.06.2021 Rs.	30.06.2020 Rs.
5 Grant and Receivables		
Grant	366,108	62,769
Grant advance	14,681,594	15,925,120
Special deposit	2,879,727	3,142,533
Travel advance	214,946	65,000
Prepayment	498,851	506,841
	<u>18,641,225</u>	<u>19,702,263</u>
6 Cash and Cash Equivalents		
Bank of Ceylon	8,650,832	7,444,006
Standard Chartered Bank	150,120,707	88,255,098
	<u>158,771,539</u>	<u>95,699,105</u>
7 Unrestricted Fund		
Balance as at beginning of the year	(12,845,569)	(9,494,224)
Total comprehensive income/(loss) for the year	52,403,580	(3,351,345)
Funds received during the year	184,618,570	207,942,672
Funds transferred to statement of comprehensive income	(184,618,570)	(207,942,672)
Balance as at end of the year	<u>39,558,012</u>	<u>(12,845,569)</u>
8 Retirement Benefit Obligation -Gratuity		
Balance at the beginning of the year	15,807,447	14,518,994
Charge/reversal for the year	(256,686)	2,644,020
	<u>15,550,761</u>	<u>17,163,014</u>
Payments made during the year	(3,894,809)	(1,355,568)
Provision at the end of the year	<u>11,655,952</u>	<u>15,807,447</u>
9 Compensation		
Balance at the beginning of the year	40,524,165	37,466,626
Charge for the year	15,933,165	8,230,746
	<u>56,457,330</u>	<u>45,697,372</u>
Payments made during the year	(19,564,124)	(5,173,207)
Provision at the end of the year	<u>36,893,206</u>	<u>40,524,165</u>
10 Accrued Paid Time Off		
Balance at the beginning of the year	5,223,846	3,901,863
Charge for the year	2,640,417	1,605,534
	<u>7,864,263</u>	<u>5,507,397</u>
Payments made during the year	(3,992,006)	(283,551)
Provision at the end of the year	<u>3,872,257</u>	<u>5,223,846</u>

		30.06.2021 Rs.	30.06.2020 Rs.
11 Grant and Other Payables			
Grants	11.1	61,906,682	53,329,746
Consultancy payments		2,200,100	5,638,332
Audit fees		2,010,852	2,442,504
Printing and stationery charges		-	111,779
Internet		228,996	365,263
VOICE AREA FOUNDATION - Reimbursement LIPOID		134,928	730,928
Auto Super Service Centre - fuel		-	40,079
Security charges		-	43,500
Staff welfare		-	129,043
Katrina Repatriation		-	318,438
Withholding tax		647,838	159,540
Stamp duty		10,900	44,484
Employees' Provident Fund		2,916,978	-
Employees' Trust Fund		350,037	-
Pay As You Earn tax		238,382	-
Other		6,690,809	2,234,452
		<u>77,336,502</u>	<u>65,588,087</u>

11.1 Grants Payable

Balance at the beginning of the year	53,329,746	27,080,906
Restricted fund received during the year	181,780,002	162,162,250
Transferred to statement of comprehensive income	(173,203,066)	(135,913,411)
Balance at the end of the year	<u>61,906,682</u>	<u>53,329,746</u>

12 Tax payable

Balance at the beginning of the year	8,950,000	7,406,274
Tax expenses	2,492,014	2,690,436
Tax paid during the year	(433,211)	(1,146,710)
Tax payable	<u>11,008,803</u>	<u>8,950,000</u>

Being a charitable institution, Childfund Sri Lanka is liable for income tax 3% of all grant fund received during the year and are taxable at 24%

		2021 Rs.	2020 Rs.
13 Operating Income			
Grants - Restricted	13.1	173,203,066	148,518,302
Grants - Unrestricted	13.2	184,618,570	207,942,672
		<u>357,821,637</u>	<u>356,460,975</u>

	2021 Rs.	2020 Rs.
13.1 Grants - Restricted		
ChildFund New Zealand	29,149,594	26,236,123
ChildFund Germany	57,961,645	48,332,891
ChildFund Korea	79,708,226	57,501,041
Unicef	6,383,601	3,843,356
Non Sponsorship Project	-	10,383,387
Non Sponsorship Project - GOLAH	-	2,221,503
	<u>173,203,066</u>	<u>148,518,302</u>
13.2 Grants - Unrestricted		
Working Fund	93,697,809	62,117,470
Partner Effective Fund	40,924,064	61,523,530
Intercompany Non Cash Income	11,475,329	36,171,031
Project Subsidy	34,784,218	45,982,709
Project DFC	1,693,735	2,147,933
U.R. Contributions-C.O.	2,043,416	-
	<u>184,618,570</u>	<u>207,942,672</u>
14 Operating Expenses		
Disbursements to community projects	146,794,382	128,132,145
Personnel and other benefits	61,004,370	67,711,100
Other direct cost	34,447,875	40,896,709
Other indirect cost	27,145,583	30,179,855
Consumable equipment	6,161,617	4,799,779
	<u>275,553,826</u>	<u>271,719,588</u>

14 Operating Expenses

14.1 Project Activity Summary

Project	Transferred from Restricted Funds		Total Amount Expended						Total	Surplus/ deficit on Project
	Organization	Amount Rs.	Personnel and Other Benefits Rs.	Other direct		Disbursements to Community Projects Rs.	Total Rs.			
				Consumable Equipments Rs.	Other Rs.					
Grants Restricted										
12-0362D Cfiz-Improving Ecd-Srl	ChildFund New Zealand	2,230,993	-	-	729,754	1,501,239	2,230,993	-		
12-0373D Cfger-Cbr Phase2-Srl	ChildFund Germany	32,252,895	7,857,150	449,105	3,324,690	20,621,949	32,252,895	-		
12-0397D Cfiz-Watsanbatticaloa-Srl	ChildFund New Zealand	26,918,601	7,324,229	-	2,976,148	16,618,223	26,918,601	-		
12-0410D Cfkor-Disaster Risk-Srl	ChildFund Korea	34,073,924	6,732,109	-	5,338,322	22,003,493	34,073,924	-		
12-0422D Cfkor-Mulativu Protect-Srl	ChildFund Korea	32,764,989	6,687,975	-	3,038,859	23,038,155	32,764,989	-		
12-0463D Cfkor-Covid-Srl	ChildFund Korea	12,869,313	1,856,883	-	1,801,918	9,210,512	12,869,313	-		
12-0468D Cfger-Empowerment Pjt P2-Srl	ChildFund Germany	24,544,191	6,062,715	1,901,306	3,825,944	12,754,225	24,544,191	-		
12-0476D Cfger/Bmz-Cbr Phase3-Srl	ChildFund Germany	1,164,559	883,214	-	281,345	-	1,164,559	-		
99-0260D Plan-Neth Scholar Prgm-Srl	Plan International	6,383,601	959,601	-	1,184,000	4,240,000	6,383,601	-		
Total Grants Restricted		173,203,066	38,363,877	2,350,412	22,500,981	109,987,797	173,203,066	-		



14 Operating Expenses (Continued)

14.1 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	Rs.		
			Consumable equipments	Other					
NSP Funds	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Grants Unrestricted									
20M004 Real Gift-Golah	975	-	-	-	975	-	975	-	
20M020 Real Gifts	3,387,306	-	-	-	3,387,306	-	3,387,306	-	
20M031 Real Gifts-Handwashing Station	1,095,773	-	-	-	1,095,773	-	1,095,773	-	
21EM07 Lks Covid Recovery	4,300,556	209,595	-	-	4,090,961	-	4,300,556	-	
21M002 Multit Cos Real Gift	318,847	-	-	-	318,847	-	318,847	-	
21M028 Multit Cos Real Gifts	2,931,849	-	-	-	2,931,849	-	2,931,849	-	
A18-01 Australia Golah	40,216	-	-	-	40,216	-	40,216	-	
G19-03 Cf Germany Real Gift-Golah	76,845	-	-	-	76,845	-	76,845	-	
G20-04 Lka- Cwd Improving Quality Lif	5,530,889	-	-	-	5,530,889	-	5,530,889	-	
G21-11 Multi Co Ger Real Gifts	324,480	-	-	-	324,480	-	324,480	-	
K20-03-Sri Lanka Flood Puttalam Respo	1,080,736	-	-	-	1,080,736	-	1,080,736	-	
Total	16,927,001	209,595	-	-	16,717,406	-	16,927,001	-	



14 Operating Expenses (Continued)

14.1 Project Activity Summary

Project	Fund Received		Total Amount Expended					Total	Surplus/deficit on Project
	Organization	Amount	Other direct		Disbursements to Community Projects	Other Indirect	Personnel and Other Benefits		
			Consumable equipments	Other					
Partner Effective Fund									
Sl- Pef Administration - 16220P	International Office	1,885,293	39,000	404,041			485,095	957,157	1,885,293
Sl- Pef Program - 16280P	International Office	14,396,700	282,500	8,639,293			15,049,253	671,026	24,642,071
Sl- Pef Sponsor Relation - 16230P	International Office	24,642,071	845,158	2,903,560			6,896,551	3,751,431	14,396,700
Total		40,924,064	1,166,658	11,946,894			22,430,899	5,379,614	40,924,064
Other Fund									
Working Fund	International Office	93,697,809	2,644,548	-		5,103,000			7,749,548
Inter Company Non Cash Transaction	International Office	2,890,836	-	-		-		21,765,969	21,765,969
Project Subsidy	International Office	34,784,218	-	-		13,443,206		-	13,443,206
Project DfC	International Office	1,693,735	-	-		1,540,973		-	1,540,973
Total other funds		133,066,598	2,644,548	-		20,089,179		21,765,969	44,499,695
Total		173,990,662	3,811,205	11,946,894		20,089,179	22,430,899	27,145,583	85,423,759
									88,566,903



	2021 Rs.	2020 Rs.
15 Other Income		
Gain from disposal of fixed assets	19,711,100	-
16 Administrative Expenses		
Salaries and allowances	18,122,490	37,155,039
Staff allowance	-	7,643,071
EPF and ETF	2,345,446	6,334,666
Pension plan	81,933	2,923,678
Gratuity expenses	2,972,219	1,314,553
Staff medical and accidental insurance	19,508	3,270,284
Pay As You Earn tax	95,231	-
Depreciation	4,934,641	4,934,641
Occupancy	5,736,787	4,092,531
Conferrance and meetings	23,365	4,658,821
Travelling	631,415	1,853,283
Auto truck, gas and oil	1,148,307	1,523,799
Equipment purchases	-	160,229
Telephone, cable, internet	-	1,206,146
Contract services	4,146,559	4,852,674
Legal fee	308,913	680,640
Supplies - office	507,228	1,256,820
Audit fees	556,166	678,600
Postages and courier	4,120,074	14,475
Bank charges	254,375	81,456
Dues and membership	59,400	80,490
Miscellaneous	1,019,260	686,400
	<u>47,083,316</u>	<u>85,402,295</u>
17 Income Tax Expense		
Total grant received during the year	346,112,992	320,289,943
Grant liable for income tax	346,112,992	320,289,943
Deemed profit at 3% of grants liable for income tax	10,383,390	9,608,698
Tax charge for the year	<u>2,492,014</u>	<u>2,690,436</u>

18 Related Party Transactions

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 - "Related Party Disclosures",

18.1 Transactions with Key Management Personnel

According to the Sri Lanka Accounting Standards LKAS 24 - "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, Country Manager identified as Key Management Personnel of the Company.

The key management personnel of the organization is Country Manager. Organisation has paid total remuneration for the Country Manager amounting to Rs. 5,330,337/- for the year

19 Events after the end of the Reporting Period

There were no events occurring after the end of the reporting period that required adjustments to or disclosures in the Financial Statements.

20 Contingent Liabilities and Capital Commitments

There were no material contingent liabilities or capital commitments as at the date of Statement of Financial

