

CHILDFUND SRI LANKA – COUNTRY OFFICE

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

GAJMA & CO

Chartered Accountants

52/1, Nandana Gardens
(Duplication Road)
Colombo 00400
Sri Lanka.

Hunting Line : +94 11 2597898
General Line : +94 11 2599250/1/2
Facsimile : +94 11 2503561
 +94 11 2592161
E-mail : gajma@gajmasl.com
Web : www.gajma.com

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 June 30, 2022, 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, 2022, 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 and 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 SL SoRP-NPO's 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 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
November 29, 2022

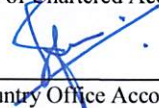


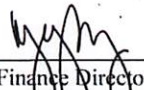
CHILDFUND SRI LANKA - COUNTRY OFFICE
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

	Notes	30.06.2022 Rs.	30.06.2021 Rs.
ASSETS			
Non-Current Asset			
Property, Plant and Equipment	4	<u>419,577</u>	<u>2,911,968</u>
Current Assets			
Grant and Receivables	5	15,575,195	18,641,225
Cash and Cash Equivalents	6	<u>128,013,188</u>	<u>158,771,539</u>
		<u>143,588,382</u>	<u>177,412,764</u>
Total Assets		<u><u>144,007,959</u></u>	<u><u>180,324,732</u></u>
EQUITY AND LIABILITIES			
Equity			
Unrestricted Fund	7	<u>(22,054,873)</u>	<u>39,558,012</u>
		<u>(22,054,873)</u>	<u>39,558,012</u>
Non-Current Liabilities			
Retirement Benefit Obligation - Gratuity	8	15,650,650	11,655,952
Compensation	9	45,066,219	36,893,206
Accrued Paid Time Off	10	<u>3,794,402</u>	<u>3,872,257</u>
		<u>64,511,271</u>	<u>52,421,415</u>
Current Liabilities			
Grants and Other Payables	11	90,210,269	77,336,502
Tax Payable	12	<u>11,341,292</u>	<u>11,008,803</u>
		<u>101,551,561</u>	<u>88,345,304</u>
Total Equity and Liabilities		<u><u>144,007,959</u></u>	<u><u>180,324,732</u></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
Country Office,
No 44/3-1/1, Narahenpita Road,
Nawala.



**CHILDFUND SRI LANKA - COUNTRY OFFICE
FOR THE YEAR ENDED 30TH JUNE 2022
STATEMENT OF COMPREHENSIVE INCOME**

	Notes	2021/2022 Rs.	2020/2021 Rs.
Operating Income	13	241,214,394	357,821,637
Operating Expenses	14	(254,315,730)	(275,553,826)
Net (Deficit)/Surplus From Operating Activities		<u>(13,101,336)</u>	<u>82,267,811</u>
Other Income	15	12,000	19,711,100
Administrative Expenses	16	(46,698,500)	(47,083,316)
Net (Deficit)/Surplus Before Tax		<u>(59,787,836)</u>	<u>54,895,595</u>
Income Tax Expense	17	(1,825,048)	(2,492,014)
Net (Deficit)/Surplus After Tax		<u><u>(61,612,885)</u></u>	<u><u>52,403,581</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 2022

	Unrestricted Funds Rs.	Results for the year Rs.	Total Rs.
Balance as at 1st July 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	39,558,012
Deficit for the year	-	(61,612,885)	(61,612,885)
Balance as at 30th June 2022	<u>(12,845,569)</u>	<u>(9,209,304)</u>	<u>(22,054,873)</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 CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022

	2021/2022	2020/2021
	Rs.	Rs.
Cash flows from operating activities		
Net (deficit)/surplus before tax	(59,787,836)	54,895,594
<i>Adjustments for:</i>		
Depreciation	2,492,391	4,934,640
Gain from disposal of motor vehicles	-	(19,711,100)
Provision of retirement benefit obligation	3,994,698	(256,686)
Provision of compensation	8,173,012	15,933,165
Provision of accrued paid time off	28,327	2,640,417
	14,688,428	3,540,436
Operating (deficit)/surplus before working capital changes	(45,099,409)	58,436,030
Decrease in grant and receivables	3,066,031	1,061,038
Increase in grant and other payables	12,873,767	11,748,415
	15,939,798	12,809,453
Cash (used in)/from operations	(29,159,611)	71,245,483
Gratuity paid	-	(3,894,809)
Tax paid	(1,492,559)	(433,211)
Compensation paid	-	(19,564,124)
Accrued paid time off	(106,182)	(3,992,006)
<i>Net cash (used in)/from operating activities</i>	(30,758,352)	43,361,333
Cash flow from investing activity		
Proceeds from disposal of motor vehicles	-	19,711,100
<i>Net cash from investing activity</i>	-	19,711,100
Net (decrease)/increase in cash and cash equivalents during the year	(30,758,352)	63,072,433
Cash and cash equivalent at the beginning of the year	158,771,539	95,699,105
Cash and cash equivalent at the end of the year	128,013,188	158,771,539
Analysis of cash and cash equivalent at the end of year		
Cash at bank	128,013,188	158,771,539

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, 2022

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, 2022, was 39. (June 30, 2021 – 23).

1.4 Approval of Financial Statements

These financial statements were approved by the members of committee and authorized for issue on November 29, 2022.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Statement of Financial Position as at 30 June 2022 and the Statement of Comprehensive Income, the Statement of Changes in Reserves and Statement of Cash Flows for the year ended 30 June 2022, 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 and Cash Equivalents

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

For 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 term 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
Leasehold Building Improvements	20%
Motor Vehicles	20%
Furniture and Fittings	20%
Office Equipment	20%
Computer Equipment	33%

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 Organization 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 Organization 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 is more than 10 years using the above formula.

b) Gratuity

Gratuity is a Defined Benefit Plan. The Organization 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 Plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employee's Provident Fund and Employee' Trust Fund contributions in line with respective statutes and regulations. The Organisation contributes 15% and 3% of gross emoluments of employee to Employees' Provident Fund and Employees' 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 NGOs 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 property plant and 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 and 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 Building Improvements	Motor Vehicles	Furniture Fittings	Office Equipment	Computer Equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost						
Balance as at 1st July 2021	8,391,537	43,920,170	961,108	340,400	2,138,784	55,751,999
Balance as at 30th June 2022	8,391,537	43,920,170	961,108	340,400	2,138,784	55,751,999
Accumulated Depreciation						
Balance as at 1st July 2021	6,293,653	43,106,086	961,108	340,400	2,138,784	52,840,031
Charge for the year	1,678,307	814,083	-	-	-	2,492,391
Balance as at 30th June 2022	7,971,960	43,920,170	961,108	340,400	2,138,784	55,332,422
Net Book Value as at 30th June 2022	419,577	-	-	-	-	419,577
Net Book Value as at 30th June 2021	2,097,884	814,084	-	-	-	2,911,968



	30.06.2022 Rs.	30.06.2021 Rs.
5 Grant and Receivables		
Grant	68,819	366,108
Grant advance	4,050,186	14,681,594
Special deposit	2,879,727	2,879,727
Travel advance	173,900	214,946
Prepayment	762,566	498,851
Advance	147,600	-
Others	7,492,398	-
	<u>15,575,195</u>	<u>18,641,225</u>
6 Cash and Cash Equivalents		
Bank of Ceylon	9,805,887	8,650,832
Standard Chartered Bank	118,207,301	150,120,707
	<u>128,013,188</u>	<u>158,771,539</u>
7 Unrestricted Fund		
Balance as at beginning of the year	39,558,012	(12,845,569)
Total comprehensive (loss)/income for the year	(61,612,885)	52,403,580
Funds received during the year	143,200,225	184,618,570
Funds transferred to statement of comprehensive income	(143,200,225)	(184,618,570)
Balance as at end of the year	<u>(22,054,873)</u>	<u>39,558,012</u>
8 Retirement Benefit Obligation - Gratuity		
Balance at the beginning of the year	11,655,952	15,807,447
Charge/(reversal) for the year	3,994,698	(256,686)
	<u>15,650,650</u>	<u>15,550,761</u>
Payments made during the year	-	(3,894,809)
Balance at the end of the year	<u>15,650,650</u>	<u>11,655,952</u>
9 Compensation		
Balance at the beginning of the year	36,893,206	40,524,165
Charge for the year	8,173,012	15,933,165
	<u>45,066,218</u>	<u>56,457,330</u>
Payments made during the year	-	(19,564,124)
Balance at the end of the year	<u>45,066,219</u>	<u>36,893,206</u>
10 Accrued Paid Time Off		
Balance at the beginning of the year	3,872,257	5,223,846
Charge for the year	28,327	2,640,417
	<u>3,900,584</u>	<u>7,864,263</u>
Payments made during the year	(106,182)	(3,992,006)
Balance at the end of the year	<u>3,794,402</u>	<u>3,872,257</u>

	Notes	30.06.2022 Rs.	30.06.2021 Rs.
11 Grant and Other Payables			
Grants	11.1	81,160,935	61,906,682
Non Sponsorship Project grant payables		4,207,268	-
Employees' Provident Fund		-	2,916,978
Employees' Trust Fund		-	350,037
Pay As You Earn tax		17,128	238,382
Consultancy payments		2,205,300	2,200,100
Audit fees		586,375	2,010,852
Internet		-	228,996
Voice Area Foundation - Reimbursement LIPOID		820,016	134,928
Travelling allowance		60,000	-
Security charges		42,000	-
Withholding tax		27,500	647,838
Stamp duty		2,175	10,900
Other		10,320	6,690,809
		<u>90,210,269</u>	<u>77,336,502</u>

11.1 Grants payable

Balance at the beginning of the year		61,906,682	53,329,746
Restricted fund received during the year		117,268,422	181,780,002
Transferred to statement of comprehensive income		(98,014,169)	(173,203,066)
Balance at the end of the year	11	<u>81,160,935</u>	<u>61,906,682</u>

12 Tax Payable

Balance at the beginning of the year		11,008,803	8,950,000
Tax expense for the year	17	1,825,048	2,492,014
Tax paid during the year		(1,492,559)	(433,211)
Balance at the end of the year		<u>11,341,292</u>	<u>11,008,803</u>

Being a charitable institution, Childfund Sri Lanka is liable for income tax 24% on all grant fund received during the year.

		2021/2022 Rs.	2020/2021 Rs.
13 Operating Income			
Grants - Restricted	13.1	98,014,169	173,203,066
Grants - Unrestricted	13.2	143,200,225	184,618,570
		<u>241,214,394</u>	<u>357,821,637</u>

	Notes.	2021/2022 Rs.	2020/2021 Rs.
13 Operating Income (Continued)			
13.1 Grants - Restricted			
ChildFund New Zealand		11,430,264	29,149,594
ChildFund Germany		60,686,649	57,961,645
ChildFund Korea		9,151,972	79,708,226
International Development Law Organization		9,776,045	-
Plan International		4,786,066	-
UNICEF		-	6,383,601
Non Sponsorship Project - GOLAH		2,183,173	-
	13	<u>98,014,169</u>	<u>173,203,066</u>
13.2 Grants - Unrestricted			
Working Fund		23,993,608	93,697,809
Partner Effective Fund		66,630,820	40,924,064
Intercompany and ICR Non Cash Income		6,439,611	11,475,329
Project Subsidy		31,527,465	34,784,218
Project DFC		13,477,566	1,693,735
U.R. Contributions-C.O.		1,131,155	2,043,416
	13	<u>143,200,225</u>	<u>184,618,570</u>
14 Operating Expenses			
Disbursements to community projects		107,052,771	146,794,382
Personnel and other benefits		66,744,959	61,004,370
Other direct cost		34,250,675	34,447,875
Other indirect cost		32,195,445	27,145,583
Consumable equipment		14,071,879	6,161,617
		<u>254,315,730</u>	<u>275,553,826</u>

14 Operating Expenses (Continued)

14.1 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 Equipment	Other			
Grants Restricted		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
12-0397D - Cfnz-Watsanbatticaloa-Srl	ChildFund New Zealand	9,121,924	812,484	-	778,570	7,530,870	9,121,924	-
12-0422D - Cfkpr-Mulativu Protect-Srl	ChildFund Korea	7,001,084	1,834,115	-	740,858	4,426,111	7,001,084	-
12-0373D - Cfger-Cbr Phase2-Srl	ChildFund Germany	(418,175)	-	-	-	(418,175)	(418,175)	-
12-0410D - Cfkpr-Disaster Risk-Srl	ChildFund Korea	(366,108)	-	-	(366,108)	-	(366,108)	-
12-0468D - Cfger-Empowerment Pjt P2-Srl	ChildFund Germany	52,110,480	9,347,128	-	7,070,400	35,692,952	52,110,480	-
12-0476D - Cfger/Bmz-Cbr Phase3-Srl	ChildFund Germany	8,994,344	5,615,343	-	2,071,536	1,307,465	8,994,344	-
12-0481D - Cfnz- Covid Emg Response-Srl	ChildFund New Zealand	1,970,000	-	-	-	1,970,000	1,970,000	-
12-0489D - Cfk-Covid-Srl	ChildFund Korea	2,516,996	-	-	-	2,516,996	2,516,996	-
99-0260D - Plan-Neth Scholar Prgm-Srl	Plan International	4,786,066	914,544	-	1,576,260	2,295,262	4,786,066	-
99-0278D - Idlo- Strengthening-Policy-Srl	IDLO	9,776,045	1,466,400	77,046	989,554	7,243,044	9,776,045	-
12-0497D - Cf-Nz-Seed-Srl	ChildFund New Zealand	338,340	251,406	-	86,934	-	338,340	-
Non Sponsorship Project - GOLAH		2,183,173						
Total Grants Restricted		98,014,169	20,241,419	77,046	12,948,005	62,564,525	95,830,996	



14 Operating Expenses (Continued)

14.2 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		
			Consumable equipments	Other				
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
NSP Funds								
Grants Unrestricted								
21EM07 - Lks Covid Recovery	317,731	-	-	-	317,731	-	317,731	
22M002 - Cos Cf Real Gift	1,646,628	-	-	-	1,646,628	-	1,646,628	
G22-03 - Slk Cwd-Improving Quality Life	190,168	-	-	-	190,168	-	190,168	
J22-01 - Slk-Janpan Covid	1,993,005	-	-	-	1,993,005	-	1,993,005	
T22-02 - Sri Lanka-Matemit Ward-Covid	1,672,602	-	-	-	1,672,602	-	1,672,602	
22M019 - Cos Cf Real Gift	-	-	-	-	-	-	-	
GERPRG - Germany Addl Prog Funding	3,162,651	1,500,901	-	1,186,750	-	475,000	3,162,651	
Total	8,982,785	1,500,901	-	1,186,750	5,820,134	475,000	8,982,785	



14 Operating Expenses (Continued)

14.3 Project Activity Summary

Project	Fund Received		Total Amount Expended				Total	Surplus/deficit on Project	
			Personnel and Other Benefits	Other direct		Disbursements to Community Projects			Other Indirect
	Organization	Amount		Consumable equipment	Other				
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Partner Effective Fund									
SI- Pef Administration - 16220P	International Office	12,311,625	2,874,644	1,347,432	1,395,267	-	5,356,392	10,973,734	1,337,891
SI- Pef Program - 16280P	International Office	35,725,583	21,885,990	(282,500)	13,829,366	290,726	2,000	35,725,583	-
SI- Pef Sponsor Relation - 16230P	International Office	18,593,612	10,533,065	906,587	3,157,666	-	3,996,294	18,593,612	-
Total		66,630,820	35,293,699	1,971,519	18,382,299	290,726	9,354,686	65,292,930	1,337,891
Other Fund									
Working Fund	International Office	23,993,608	-	8,383,180	-	-	-	8,383,180	15,610,427
Inter Company Non Cash Transaction	International Office	6,439,611	-	-	-	-	20,641,099	20,641,099	(14,201,488)
FROPS	LC	1,131,155	-	-	-	1,105,888	-	1,105,888	25,267
Project Subsidy	International Office	31,527,465	9,708,940	3,640,134	1,733,621	26,671,705	1,724,660	43,479,060	(11,951,595)
Project DFC	International Office	13,477,566	-	-	-	10,599,793	-	10,599,793	2,877,774
Total other funds		76,569,405	9,708,940	12,023,314	1,733,621	38,377,385	22,365,759	84,209,019	(7,639,615)
Total		143,200,225	45,002,639	13,994,833	20,115,920	38,668,111	31,720,445	149,501,949	(6,301,724)



	2021/2022	2020/2021
Note.	Rs.	Rs.
15 Other Income		
Gain from disposal of motor vehicles	-	19,711,100
Other	12,000	-
	<u>12,000</u>	<u>19,711,100</u>
16 Administrative Expenses		
Salaries and allowances	20,602,456	18,122,490
Employees' Provident Fund and Employees' Trust Fund	3,241,417	2,345,446
Pension plan	-	81,933
Gratuity	4,524,301	2,972,219
Staff medical and accidental insurance	581,620	19,508
Pay As You Earn tax	-	95,231
Depreciation	2,492,391	4,934,641
Occupancy	5,528,575	5,736,787
Conferences and meetings	2,845,707	23,365
Travelling	240,808	631,415
Auto truck, gas and oil	-	1,148,307
Telephone, cable, internet	707,652	-
Contract services	3,618,793	4,146,559
Legal fees	526,315	308,913
Supplies - office	665,933	507,228
Audit fees	798,375	556,166
Postages and courier	-	4,120,074
Bank charges	264,758	254,375
Dues and membership	59,400	59,400
Miscellaneous	-	1,019,260
	<u>46,698,500</u>	<u>47,083,316</u>
17 Income Tax Expense		
Total grant received during the year	253,478,948	346,112,992
Grant liable for income tax	253,478,948	346,112,992
Deemed profit at 3% of grants liable for income tax	7,604,368	10,383,390
Tax charge for the year @ 24%	12 1,825,048	2,492,014

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", the detail of which are reported below.

18.1 Transactions with Key Management Personnel

According to the 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 has been classified as Key Management Personnel of the Organization.

Total remuneration paid to country manager during the amounts to Rs. 5,011,200/-.

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 Position.

