

**VOICE AREA FEDERATION (GUARANTEE) LIMITED**

**FINANCIAL STATEMENTS**

**30 JUNE 2018**



Building a better  
working world

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APAG/ENDP/AD

**INDEPENDENT AUDITORS' REPORT  
TO THE BOARD OF DIRECTORS OF VOICE AREA FEDERATION (GUARANTEE) LIMITED**

**Report on the Financial Statements**

**Opinion**

We have audited the accompanying Financial Statements of Voice Area Federation (Guarantee) Limited ("Company") which comprise the Statement of Financial Position as at 30 June 2018, and Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows Statement for the year then ended ("the financial statements"), and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2018, and of its financial performance and 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 Organisation) (SL SoRP-NPO's [including NGO's]) issued by the Institute of Chartered Accountants of Sri Lanka.

**Basis for opinion**

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 the Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations (Including Non-Governmental Organisation) (SL SoRP-NPO's [including NGO's]) issued by the Institute of Chartered Accountants of Sri Lanka 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.

**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.

(Contd.....)

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA 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  
Principal T P M Ruberu FCMA FCCA

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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.

#### **Report on other legal and regulatory requirements**

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

30 September 2018  
Colombo

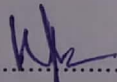
Voice Area Federation (Guarantee) Limited

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

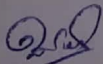
ASSETS	Note	2018 Rs.	2017 Rs.
<b>Non Current Assets</b>			
Plant and Equipment	5	4,336,026	6,662,178
		<u>4,336,026</u>	<u>6,662,178</u>
<b>Current Assets</b>			
Receivables	6	195,092	225,237
Cash in Hand and at Bank	15	11,473,564	13,101,384
		<u>11,668,656</u>	<u>13,326,621</u>
<b>Total Assets</b>		<u>16,004,682</u>	<u>19,988,799</u>
<b>RESERVES AND LIABILITIES</b>			
<b>Accumulated Reserves</b>			
Unrestricted Funds	8	4,428,215	5,001,053
Restricted Funds	9	-	5,677,549
		<u>4,428,215</u>	<u>10,678,602</u>
<b>Non Current Liabilities</b>			
Retirement Benefit Liability	10	10,857,738	9,084,600
		<u>10,857,738</u>	<u>9,084,600</u>
<b>Current Liabilities</b>			
Payables	7	718,729	200,899
NGO Tax Payable	14.2	-	24,698
		<u>718,729</u>	<u>225,597</u>
<b>Total Reserves and Liabilities</b>		<u>16,004,682</u>	<u>19,988,799</u>

These Financial Statements are in compliance with the requirements of the Companies Act No.7 of 2007.



Finance Officer

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



Director



Director

The accounting policies and notes on pages 07 through 16 form an integral part of the Financial Statements.



Voice Area Federation (Guarantee) Limited  
**STATEMENT OF COMPREHENSIVE INCOME**  
 Year ended 30 June 2018

	Note	2018 Rs.	2017 Rs.
<b>Incoming Resources</b>	4	63,196,897	79,146,499
<b>OPERATING EXPENDITURE</b>			
Project Expenditure	13.1	(54,025,186)	(70,166,554)
Administration Expenditure	13.2	<u>(12,618,260)</u>	<u>(10,603,606)</u>
<b>Net (Deficit) on Operating Activities</b>		(3,446,549)	(1,623,661)
Revenue Earned from Other Activities	12	<u>494,975</u>	<u>421,188</u>
<b>Net (Deficit) Before Taxation</b>		(2,951,574)	(1,202,473)
Income Tax Expenses	14.1	(511,176)	(718,609)
<b>Net (Deficit) for the Year</b>		<u>(3,462,750)</u>	<u>(1,921,082)</u>
Other Comprehensive Income		-	-
<b>Total Comprehensive (Loss) for the Year</b>		<u><u>(3,462,750)</u></u>	<u><u>(1,921,082)</u></u>

The accounting policies and notes on pages 07 through 16 form an integral part of the Financial Statements.



Voice Area Federation (Guarantee) Limited  
**STATEMENT OF CHANGES IN RESERVES**  
 Year Ended 30 June 2018

	Unrestricted Funds Rs.	Restricted Funds Rs.	Result for the Year Rs.	Total Rs.
<b>Balance as at 01 July 2017</b>	6,922,135	2,117,423	-	9,039,558
Total Comprehensive (Loss) for the Year	-	-	(1,921,082)	(1,921,082)
<b>Balance Before Transfer to Reserves</b>	6,922,135	2,117,423	(1,921,082)	7,118,476
Allocation of Results to Reserves	(1,921,082)	-	1,921,082	-
Funds Received During the Year	44,939,528	37,767,097	-	82,706,625
Funds Transferred to Statement of Comprehensive Income	(44,939,528)	(34,206,971)	-	(79,146,499)
<b>Balance as at 30 June 2017</b>	5,001,053	5,677,549	-	10,678,602
Total Comprehensive (Loss) for the Year	-	-	(3,462,750)	(3,462,750)
<b>Balance Before Transfer to Reserves</b>	5,001,053	5,677,549	(3,462,750)	7,215,852
Allocation of Results to Reserves	(3,462,750)	-	3,462,750	-
Funds Received During the Year	49,778,589	10,630,671	-	60,409,260
Transfer from/(to) Funds	2,889,912	(2,889,912)	-	-
Funds Transferred to Statement of Comprehensive Income	(49,778,589)	(13,418,308)	-	(63,196,897)
<b>Balance as at 30 June 2018</b>	4,428,215	-	-	4,428,215

The accounting policies and notes on pages 07 through 16 form an integral part of the Financial Statements.



Voice Area Federation (Guarantee) Limited

STATEMENT OF CASH FLOWS

Year Ended 30 June 2018

	Note	2018 Rs.	2017 Rs.
<b>Cash Flows From/(Used in) Project Activities</b>			
Net (Deficit) Before Taxation		(2,951,574)	(1,202,473)
<b>Adjustments</b>			
Depreciation	5.2	2,602,453	2,218,735
Provision for Retirement Benefit Liabilities	10	1,773,138	1,758,600
Interest Income	12	(429,165)	(364,188)
<b>Operating Profit Before Working Capital Changes</b>		<u>994,852</u>	<u>2,410,674</u>
(Increase)/ Decrease in Receivables		30,145	(103,193)
Increase in Payables		517,830	162,334
Cash Generated From Operations		<u>1,542,827</u>	<u>2,469,815</u>
Payment of Taxes	14.2	(535,875)	(718,609)
<b>Net Cash Flows From Operating Activities</b>		<u>1,006,952</u>	<u>1,751,206</u>
<b>Cash Flows From/(Used in) Investing Activities</b>			
Purchase of Plant & Equipment	5	(276,300)	(2,219,450)
Interest Income	12	429,165	364,188
<b>Net Cash From/(Used in) Investing Activities</b>		<u>152,865</u>	<u>(1,855,262)</u>
<b>Cash Flows From/(Used in) Financing Activities</b>			
Restricted Fund Unspent Balance		(2,787,637)	3,560,127
Bank Loan	11	-	(142,367)
<b>Net Cash Flows From/(Used in) Financing Activities</b>		<u>(2,787,637)</u>	<u>3,417,760</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<u>(1,627,820)</u>	<u>3,313,704</u>
Cash and Cash Equivalents at the Beginning of the Year	15	13,101,384	9,787,680
<b>Cash and Cash Equivalents at the End of the Year</b>	15	<u>11,473,564</u>	<u>13,101,384</u>

The accounting policies and notes on pages 07 through 16 form an integral part of the Financial Statements.



## 1. CORPORATE INFORMATION

### 1.1 General

Voice Area Federation (Guarantee) Limited was incorporated under the Companies Act No. 07 of 2007 and also registered with the Department of Social Services and has been established under the Social Services Act No 31 of 1980 amended by Act No 08 of 1998; Voluntary Social Services through Non-Governmental Organizations. Voice Area Federation (Guarantee) Limited is a Non-Government Organization domiciled in Sri Lanka. The registered office and the principal place of operation are situated in Kaasisetti Bawuma, Sirambiadiy, Puttalam.

### 1.2 Principle Activities and Nature of Operation of the Company

During the period, principal activities of the Voice Area Federation (Guarantee) Limited were described as follows:

- Flood Recovery
- Children Aged 6-14 in Educated & Confident
- Skilled and Youths in the Aged 15-24 yrs. are Skilled & Involved
- EU Project
- Safe & Secure Infant & Young Children
- Designated Fund for Children (DFC)
- KOICA Project
- Community Based Child Rehabilitation
- Non Sponsorship Program (NSP)
- Effective Sponsor Relations Management
- Capacity Building
- KOICA Project II
- Safety Net
- Emergency Response Grant

### 1.3 Date of Authorization for Issue

The Financial Statements of Voice Area Federation (Guarantee) Limited for the year ended 30 June 2018 was authorized by the Board of Directors on 30 September 2018.





## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Statement of Financial Position as at 30 June 2018 and the Statement of Comprehensive Income, the Statement of Changes in Reserves and the Statement of Cash Flows for the year then ended, and a Summary of Significant Accounting Policies and Other explanatory notes of Voice Area Federation (Guarantee) Limited 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 and Presentation Currency

The Financial Statements are 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 of the Company have been prepared on the assumption that the Company 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 Company'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 reporting date. All differences are taken the Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions.



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd...)**

**3.2 Receivables**

Receivables are stated at the 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. Cash and cash equivalents consists of cash in hand and at bank.

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

**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 impairment 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 and Fittings	20%
Office Equipment	20%
Computer Equipment	20%
Motor Vehicles	20%

An item of Plant & Equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (Calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year the assets derecognized.

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

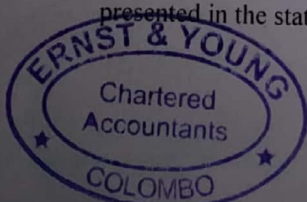
**3.5 Grant Assets**

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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd...)****3.6 Liability and Provisions (Contd....)****3.6.2 Retirement Benefit Obligations****a) Retirement Benefit Liability - 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.

**b) Compensation**

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

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

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

**3.7 Taxation****Current Taxes**

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 Statement of Financial Position date.

As per the Inland Revenue Act No. 10 of 2006 and subsequently amendments there to, all Non-Governmental Organizations are liable to Income Tax on 3% of all funds received at the rate of 28%. Other income is subject to the tax rate of 28%.



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd...)**

**3.8 Funds**

**a) Unrestricted Funds**

Unrestricted funds are those that are available for use by the Company at the discretion of the board of directors, in furtherance of the general objectives of the Company and which are not designated for any specific purpose. Funds collected through a fund raising activity for any specific or defined purpose are also included under this category.

Contributions received from general public are recognized in the Statement of Comprehensive Income on a cash basis.

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

**b) Restricted Funds**

Where grants are received for use in an identified project or activity, such funds are held in a restricted fund account and transferred to the Statement of Comprehensive Income to match with expenses incurred in respect of that project. Unutilized funds are held in their respective fund account and included under Reserves in the Statement of Financial Position until such time as they are required.

Where approved grant expenditure exceeds the income received and there is a certainty that the balance will be received such amount is recognized as receivables in the Statement of Financial Position.

The activities for which these Restricted Funds may and are being used are identified in the notes to the Financial Statements.

**c) Designated Funds**

Restricted funds designated by the management to a specific purpose are identified as designated funds. The activities for which funds may be used are identified in the Financial Statements.

**3.9 Statement of Comprehensive Income**

**a) 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.

**b) Revenue Earned from Other Activities**

Interest earned is recognized on an accrual basis.

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.



3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd...)**

3.9 **Statement of Comprehensive Income (Contd....)**

b) **Revenue Earned from Other Activities (Contd....)**

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.

c) **Expenditure Recognition**

Expenses in carrying out the projects and other activities of the Company are recognized in the Statement of Comprehensive Income during the period in which they are incurred. Other expenses incurred in administrating and running the Company and in restoring and maintaining the 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.



Voice Area Federation (Guarantee) Limited  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Year ended 30 June 2018

**4. INCOMING RESOURCES**

	2018 Rs.	2017 Rs.
Restricted Funds	13,418,308	34,206,971
Unrestricted Funds	49,778,589	44,939,528
	<u>63,196,897</u>	<u>79,146,499</u>

**5. PLANT & EQUIPMENT**

**5.1 At Cost**

	Balance as at 01.07.2017 Rs.	Additions Rs.	Disposals Rs.	Balance as at 30.06.2018 Rs.
Furniture and Fittings	2,054,097	-	-	2,054,097
Office Equipment	4,411,361	144,750	-	4,556,111
Computer Equipment	4,482,611	-	-	4,482,611
Motor Vehicles	6,921,610	-	-	6,921,610
Mobile Phones	-	131,550	-	131,550
	<u>17,869,679</u>	<u>276,300</u>	<u>-</u>	<u>18,145,979</u>

**5.2 Accumulated Depreciation**

	Balance as at 01.07.2017 Rs.	Charge for the Year Rs.	Disposals Rs.	Balance as at 30.06.2018 Rs.
Furniture and Fittings	1,944,647	47,768	-	1,992,415
Office Equipment	3,220,475	870,135	-	4,090,610
Computer Equipment	3,323,108	426,147	-	3,749,255
Motor Vehicles	2,719,270	1,243,060	-	3,962,330
	-	15,343	-	15,343
	<u>11,207,500</u>	<u>2,602,453</u>	<u>-</u>	<u>13,809,953</u>

**5.3 Net Book Value**

	2018 Rs.	2017 Rs.
Furniture and Fittings	61,682	109,450
Office Equipment	465,501	1,190,886
Computer Equipment	733,356	1,159,503
Motor Vehicles	2,959,280	4,202,340
Mobile Phones	116,207	-
	<u>4,336,026</u>	<u>6,662,178</u>

5.4 During the year the Company acquired Plant Equipment to the aggregate value of Rs. 276,300/- (2017 - Rs. 2,219,450/-). Cash payments made amounted to Rs. 276,300/- (2017 - Rs.2,219,450/-).

**6. RECEIVABLES**

	2018 Rs.	2017 Rs.
Prepayments	62,092	189,237
Advances and Deposits	133,000	36,000
	<u>195,092</u>	<u>225,237</u>



7. PAYABLES	2018 Rs.	2017 Rs.
Sundry Creditors including Accrued Expenses	718,729	200,899
	<u>718,729</u>	<u>200,899</u>
8. UNRESTRICTED FUNDS	2018 Rs.	2017 Rs.
Balance at the Beginning of the Year	5,001,053	6,922,135
Funds Received During the Year	49,778,589	44,939,528
Funds Transferred to Statement of Comprehensive Income	(49,778,589)	(44,939,528)
Transfer from Restricted Funds	2,889,912	-
Total Comprehensive Income for the Year	<u>(3,462,750)</u>	<u>(1,921,082)</u>
Balance at the End of the Year	<u>4,428,215</u>	<u>5,001,053</u>
9. RESTRICTED FUNDS	2018 Rs.	2017 Rs.
Balance at the Beginning of the Year	5,677,549	2,117,423
Funds Received During the Year	10,630,671	37,767,097
Transfer to Unrestricted Funds	(2,889,912)	-
Funds Transferred to Statement of Comprehensive Income	<u>(13,418,308)</u>	<u>(34,206,971)</u>
Balance at the End of the Year	<u>-</u>	<u>5,677,549</u>
10. RETIREMENT BENEFIT LIABILITY	2018 Rs.	2017 Rs.
<b>10.1 Gratuity</b>		
Balance at the Beginning of the Year	1,732,350	1,361,750
Charge for the Year	389,466	370,600
	<u>2,121,816</u>	<u>1,732,350</u>
Payment Made During the Year		-
Balance at the End of the Year	<u>2,121,816</u>	<u>1,732,350</u>
<b>10.2 Compensation</b>		
Balance at the Beginning of the Year	7,352,250	5,964,250
Charge for the Year	1,383,672	1,388,000
	<u>8,735,922</u>	<u>7,352,250</u>
Payment Made During the Year		-
Balance at the End of the Year	<u>8,735,922</u>	<u>7,352,250</u>
Total Retirement Benefit Liability	<u>10,857,738</u>	<u>9,084,600</u>
11. INTEREST BEARING LOANS AND BORROWINGS	2018 Rs.	2017 Rs.
Capital Amount	-	142,367
Payments Made During the Year	-	(142,367)
	<u>-</u>	<u>-</u>



Voice Area Federation (Guarantee) Limited  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Year ended 30 June 2018

**12. REVENUE EARNED FROM OTHER ACTIVITIES**

	2018 Rs.	2017 Rs.
Interest Income from Savings Accounts	429,165	364,188
Miscellaneous Income	3,110	-
Expenses Borne by Child Fund	62,700	57,000
	<u>494,975</u>	<u>421,188</u>

**13. OPERATING EXPENDITURE**

**13.1 Project Expenditure**

Summary

	2018 Rs.	2017 Rs.
Flood Recovery	-	17,244,927
Children Aged 6-14 in Educated & Confident	14,563,205	15,986,670
Skilled and Youths in the Aged 15-24 yrs. are Skilled & Involved	7,308,964	7,349,081
EU Project	4,782,552	6,378,780
Safe & Secure Infant & Young Children	8,475,344	6,032,622
Designated Fund for Children (DFC)	5,779,542	5,637,141
KOICA Project	-	2,404,103
Community Based Child Rehabilitation	1,525,893	2,382,969
Non Sponsorship Program (NSP)	368,363	1,938,445
Effective Sponsor Relations Management	3,743,302	1,841,664
Organizational Capacity Development	3,639,843	1,771,972
KOICA Project II	2,487,850	603,575
DDR Match Project	1,350,328	594,605
	<u>54,025,186</u>	<u>70,166,554</u>

**13.2 Administration Expenditure**

	2018 Rs.	2017 Rs.
Salaries Regular Staff	3,557,097	3,265,350
Depreciation - Motor Vehicles	1,243,060	1,130,318
Telephones, Cable and Internet	940,883	352,258
Depreciation - Office Equipment	870,136	526,136
ETF/EPF Payment	700,060	547,074
Rent Expense	679,500	611,462
Fuel	530,278	367,364
Maintenance - Vehicles	493,423	542,279
Depreciation - Computer Equipment	426,147	524,788
Maintenance - Equipment	363,782	363,549
Utilities Expenses	345,842	345,489
Salaries - Overtime	291,950	218,500
Gratuity and Compensation	270,147	398,013
Thirteenth Month	253,714	99,815
Insurance - Vehicles	238,646	76,546
Contracted Services	211,455	87,185
Meals and Accommodations	208,596	173,775
Conferences and Meetings	205,266	174,716
Other Travel Cost	137,066	108,546
Office Supplies	133,483	108,005
Insurance - Medical/Dental	81,030	79,251
Audit Fees	77,257	62,700
Maintenance - Building	76,650	143,715
Professional Services	66,750	127,250
Transport	65,040	56,398
Depreciation - Furniture & Fittings	47,768	37,494
Bank and Other Service Charges	32,830	27,350
Postage and Freight	26,271	22,415
Miscellaneous Expenses	22,660	24,975
Depreciation - Mobile Phones	15,342	-
Bank Loan Interest Payment	6,131	-
	<u>12,618,260</u>	<u>10,603,606</u>





**14. NGO TAX**

As per the Inland Revenue act No. 10 of 2006 and subsequently amendments there to, all Non Government Organizations are liable for Income tax 3% of all grants received during the year and are taxable at 28%. Other Income is subject to the tax rate of 28%.

**14.1 Tax Expenses**

	2018 Rs.	2017 Rs.
NGO Tax Charged for 2017/2018	511,176	718,609
Total Grants Received for the Year	60,409,260	82,706,625
Grants Liable for Income Tax	60,409,260	82,706,625
Deemed Profit at 3% of Grants Liable for Income Tax	1,812,278	2,481,199
Tax at 28%	507,437	694,736
NGO Tax Charged for 2017/2018	507,437	694,736
Withholding Tax on Interest Income	3,739	23,873
Total Tax Expenses	511,176	718,609

**14.2 Tax Payable**

Balance at the Beginning of the Year	24,698	-
Tax Expenses	511,176	718,609
WHT Paid on Saving Account Interest	(3,739)	(23,873)
Tax Paid During the Year	(532,136)	(670,038)
NGO Tax Payable	-	24,698

**15. CASH IN HAND AND AT BANK**

	2018 Rs.	2017 Rs.
<b>Favorable Cash and Cash Equivalents Balance</b>		
Current Account	20,508	2,797,692
Savings Account	11,454,456	10,303,692
	11,474,964	13,101,384
<b>Unfavorable Cash and Cash Equivalents Balance</b>		
Current Account	(1,400)	-
	11,473,564	13,101,384

**16. COMMITMENTS AND CONTINGENT LIABILITIES**

There are no significant capital commitments or contingent liabilities as at 30 June 2018.

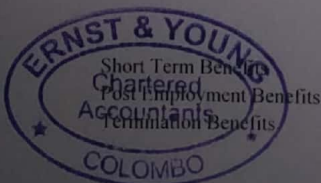
**17. EVENTS OCCURRING AFTER THE REPORTING DATE**

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

**18. RELATED PARTY TRANSACTIONS****Transactions with Key Management Personnel of the Company**

The Key Management Personnel of the Company are the Board of Directors and Chief Executive Officer.

	2018 Rs.	2017 Rs.
Short Term Benefits	1,596,707	1,411,126
Chartered Post Employment Benefits	187,734	178,794
Termination Benefits	64,150	67,375
	1,848,591	1,657,295



VOICE Area Federation (Gaurantee) Limited  
**PROJECT SUMMARY ACTIVITY**  
 Year ended 30 June 2018

**PROJECT ACTIVITY SUMMARY**

Description	Unrestricted Funds									Restricted Funds							Total	
	Community Development Activities									Sub Total	Designated Fund for Children (DFC)	Non Sponsorship Program (NSP)	KOICA Project I	KOICA Project II	EU Project	Emergency Grant		Flood Recovery Project
	Safe & Secure Infant & Young Children	Children Aged 6-14 in Educated & Confident	Skilled and Youths in the Aged 15-24 yrs. are Skilled & Involved	Community Based Child Rehabilitation	Organizational Capacity Development	DRR Match Project	Effective Sponsor Relations Management	Program Support Expenses	Rs.									
Balance as at 01 July 2017																		
Amount Received During the Year																		
<b>Total Fund Received for the Period</b>																		
<b>Total Amount Expended</b>																		
Salaries Regular Staff																		
Salaries - Overtime	1,423,536	1,935,278	1,079,647	-	-	213,000	1,403,168	3,557,097	9,611,726	-	-	-	135,000	331,538	-	-	10,078,264	
Thirteenth Month	66,150	174,800	75,075	-	-	-	-	291,950	291,950	-	-	-	-	-	-	-	291,950	
Insurance - Medical/Dental	174,800	174,800	174,800	-	-	33,075	58,934	253,714	553,098	-	-	-	-	55,256	-	-	608,354	
ETF/EPF Payment	202,419	292,864	148,648	-	-	-	72,030	81,030	677,460	-	-	-	25,000	25,000	-	-	727,460	
Gratuity and Compensation	387,608	411,090	272,304	-	-	-	17,860	136,489	700,060	-	-	-	17,861	59,677	-	-	1,575,878	
Training Expense - Combined	-	-	-	-	-	-	-	288,652	270,147	-	-	-	-	150,344	-	-	1,780,145	
Trainer's Fee	293,500	263,375	305,900	-	-	-	457,495	-	457,495	-	-	-	-	-	-	-	457,495	
Training Materials	114,721	64,073	141,485	-	30,000	140,000	20,000	-	1,051,875	-	-	-	-	-	-	-	1,051,875	
Transport for Training	389,108	429,870	467,214	-	-	190,290	-	7,190	9,286	-	-	-	-	4,494	42,000	-	383,249	
Meals and Accommodation - Incurred During Training	841,352	927,553	713,685	-	-	-	173,475	97,836	1,476,482	-	-	-	-	164,500	311,100	-	1,952,082	
Training Facilities	-	-	558,727	-	-	-	553,371	-	2,753,901	-	-	-	497,094	326,005	-	-	3,577,000	
Professional Services	-	-	-	-	-	-	-	-	1,112,098	-	-	-	-	-	-	-	1,112,098	
Contracted Services	831,425	2,114,871	943,050	252,500	788,523	-	451,242	211,455	5,593,066	-	-	-	135,533	914,975	-	-	6,643,574	
Office Supplies	-	35,189	-	-	-	-	-	22,935	133,483	-	-	-	-	28,500	-	-	220,107	
Supplies - Photograph Services	-	-	-	-	-	-	-	49,293	-	-	-	-	-	-	-	-	49,293	
Health and Medical Supplies	-	-	-	138,229	-	-	-	-	138,229	-	-	-	-	131,841	-	-	270,070	
Educational Supplies	-	3,146,678	-	-	-	-	-	-	3,146,678	-	-	-	-	-	-	-	3,146,678	
Emergency Supplies	428,390	425,000	342,295	517,540	-	-	-	-	1,713,225	-	-	-	-	-	-	-	1,713,225	
Nutrition Supplies	226,215	-	-	-	-	-	-	-	226,215	-	-	-	-	-	-	-	226,215	
Printing Materials	97,640	707,883	950	-	-	-	-	313,700	-	-	-	-	-	-	-	-	1,120,173	
Other Supplies and Materials	1,910,989	1,020,004	1,002,095	38,340	956,835	103,030	189,705	-	5,220,998	-	360,000	-	1,239,919	1,814,809	-	-	8,635,726	
Meals and Accommodations	87,300	260,320	142,840	-	54,930	-	-	-	208,596	-	-	-	-	26,995	-	-	780,981	
Transport	-	-	-	-	-	-	-	65,040	65,040	-	-	-	-	-	-	-	65,040	
Other Travel Cost	729,164	1,420,695	745,080	320,554	605,643	205,203	443,290	137,066	4,606,695	-	8,363	-	187,606	203,066	-	-	5,005,730	
Conferences and Meetings	271,026	867,512	196,069	258,730	460,251	-	186,742	-	2,445,596	-	-	-	35,268	73,460	-	-	2,554,324	
Fuel	-	-	-	-	-	-	-	530,278	530,278	-	-	-	18,580	204,720	-	-	753,578	
Maintenance - Vehicles	-	-	-	-	-	-	-	493,423	493,423	-	-	-	-	46,290	-	-	539,713	
Maintenance - Equipment	-	-	-	-	-	-	-	363,782	363,782	-	-	-	-	-	-	-	363,782	
Maintenance - Building	-	-	-	-	-	-	-	76,650	76,650	-	-	-	-	-	-	-	76,650	
Rent Expense	-	-	-	-	-	-	-	679,500	679,500	-	-	-	-	37,500	-	-	717,000	
Utilities Expenses	-	-	-	-	-	-	-	345,842	345,842	-	-	-	-	-	-	-	345,842	
Bank and Other Service Charges	-	-	-	-	-	-	-	32,830	32,830	-	-	-	-	-	-	-	32,830	
Insurance - Vehicles	-	-	-	-	-	-	-	238,646	238,646	-	-	-	-	-	-	-	238,646	
Telephones, Cable and Internet	-	-	-	-	-	-	-	940,883	940,883	-	-	-	-	26,471	-	-	967,354	
Postage and Freight	-	-	-	-	-	-	-	26,271	26,271	-	-	-	-	-	-	-	26,271	
Occupancy	-	-	-	-	-	-	-	6,131	6,131	-	-	-	-	-	-	-	6,131	
Miscellaneous Expenses	-	-	-	-	-	-	-	22,660	22,660	-	-	-	-	-	-	-	22,660	
Depreciation - Furniture & Fittings	-	-	-	-	-	-	-	47,768	47,768	-	-	-	-	-	-	-	47,768	
Depreciation - Motor Vehicles	-	-	-	-	-	-	-	870,136	870,136	-	-	-	-	-	-	-	870,136	
Depreciation - Motorcycles	-	-	-	-	-	-	-	426,147	426,147	-	-	-	-	-	-	-	426,147	
Audit Fees	-	-	-	-	-	-	-	1,243,060	1,243,060	-	-	-	-	-	-	-	1,243,060	
Designated Funds for Children	-	-	-	-	-	-	-	15,342	15,342	-	-	-	-	-	-	-	15,342	
Total	8,475,344	14,563,205	7,308,964	1,525,893	3,639,843	1,350,328	3,743,302	12,618,260	53,225,139	5,779,542	368,363	-	2,487,850	4,782,552	500	1,301,682	66,643,446	
<b>Net (Deficit) on Restricted Activities</b>									<b>(3,446,549)</b>	<b>3,554</b>	<b>241,206</b>	<b>132,270</b>	<b>627,675</b>	<b>583,025</b>	<b>500</b>	<b>1,301,682</b>	<b>(2,889,932)</b>	
Transferred to Unrestricted Funds										(3,554)	(241,206)	(132,270)	(627,675)	(583,025)	(500)	(1,301,682)	(2,889,932)	
Balance as at End of the Year																		