

VOICE AREA FEDERATION (GUARANTEE) LIMITED

FINANCIAL STATEMENTS

30 JUNE 2019



APAG/ADK/DM

Ernst & Young
Chartered Accountants
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**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 2019, 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 2019, 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...2/)

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

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.

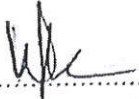


18 December 2019
Colombo

Voice Area Federation (Guarantee) Limited
STATEMENT OF FINANCIAL POSITION
 As at 30 June 2019

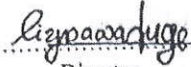
| ASSETS | Note | 2019 Rs. | 2018 Rs. |
|---------------------------------------|------|--------------------------|--------------------------|
| Non Current Assets | | | |
| Plant and Equipment | 5 | <u>5,325,998</u> | <u>4,336,026</u> |
| | | <u>5,325,998</u> | <u>4,336,026</u> |
| Current Assets | | | |
| Receivables | 6 | 1,110,108 | 195,092 |
| Cash in Hand and at Bank | 15 | <u>11,859,412</u> | <u>11,473,565</u> |
| | | <u>12,969,520</u> | <u>11,668,657</u> |
| Total Assets | | <u><u>18,295,518</u></u> | <u><u>16,004,683</u></u> |
| RESERVES AND LIABILITIES | | | |
| Accumulated Reserves | | | |
| Unrestricted Funds | 8 | 2,014,131 | 4,428,214 |
| Restricted Funds | 9 | <u>2,869,334</u> | <u>-</u> |
| | | <u>4,883,465</u> | <u>4,428,215</u> |
| Non Current Liabilities | | | |
| Retirement Benefit Liability | 10 | <u>13,199,002</u> | <u>10,857,738</u> |
| | | <u>13,199,002</u> | <u>10,857,738</u> |
| Current Liabilities | | | |
| Payables | 7 | 210,881 | 718,729 |
| NGO Tax Payable | 14.2 | <u>2,170</u> | <u>-</u> |
| | | <u>213,051</u> | <u>718,730</u> |
| Total Reserves and Liabilities | | <u><u>18,295,518</u></u> | <u><u>16,004,683</u></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 15 form an integral part of the Financial Statements.



Voice Area Federation (Guarantee) Limited
STATEMENT OF COMPREHENSIVE INCOME
 Year ended 30 June 2019

| | Note | 2019 Rs. | 2018 Rs. |
|--|------|---------------------------|---------------------------|
| Incoming Resources | 4 | 80,878,651 | 63,196,897 |
| OPERATING EXPENDITURE | | | |
| Project Expenditure | 13.1 | (69,842,001) | (54,025,187) |
| Administration Expenditure | 13.2 | <u>(13,274,727)</u> | <u>(12,618,260)</u> |
| Net (Deficit) on Operating Activities | | (2,238,077) | (3,446,550) |
| Revenue Earned from Other Activities | 12 | <u>550,108</u> | <u>494,975</u> |
| Net (Deficit) Before Taxation | | (1,687,969) | (2,951,575) |
| Income Tax Expenses | 14.1 | (726,114) | (511,176) |
| Net (Deficit) for the Year | | <u>(2,414,082)</u> | <u>(3,462,751)</u> |
| Other Comprehensive Income | | - | - |
| Total Comprehensive (Loss) for the Year | | <u><u>(2,414,082)</u></u> | <u><u>(3,462,751)</u></u> |

The accounting policies and notes on pages 07 through 15 form an integral part of the Financial Statements.



Voice Area Federation (Guarantee) Limited

STATEMENT OF CHANGES IN RESERVES

Year Ended 30 June 2019

| | Unrestricted Funds Rs. | Restricted Funds Rs. | Result for the Year Rs. | Total Rs. |
|--|------------------------------|----------------------------|-------------------------------|--------------|
| Balance as at 01 July 2018 | 5,001,053 | 5,677,549 | - | 10,678,602 |
| Total Comprehensive (Loss) for the Year | - | - | (3,462,751) | (3,462,751) |
| Balance Before Transfer to Reserves | 5,001,053 | 5,677,549 | (3,462,751) | 7,215,851 |
| Allocation of Results to Reserves | (3,462,751) | - | 3,462,751 | - |
| 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) |
| Balance as at 30 June 2018 | 4,428,214 | - | - | 4,428,214 |
| Total Comprehensive (Loss) for the Year | - | - | (2,414,082) | (2,414,082) |
| Balance Before Transfer to Reserves | 4,428,214 | - | (2,414,082) | 2,014,130 |
| Allocation of Results to Reserves | (2,414,082) | - | 2,414,082 | - |
| Funds Received During the Year | 47,481,694 | 36,266,291 | - | 83,747,985 |
| Funds Transferred to Statement of Comprehensive Income | (47,481,694) | (33,396,957) | - | (80,878,651) |
| Balance as at 30 June 2019 | 2,014,131 | 2,869,334 | - | 4,883,464 |

The accounting policies and notes on pages 07 through 15 form an integral part of the Financial Statements.



STATEMENT OF CASH FLOWS

Year Ended 30 June 2019

| | Note | 2018 Rs. | 2017 Rs. |
|---|------|--------------------|--------------------|
| Cash Flows From/(Used in) Project Activities | | | |
| Net (Deficit) Before Taxation | | (1,687,969) | (2,951,575) |
| Adjustments | | | |
| Depreciation | 5.2 | 2,678,377 | 2,602,452 |
| Provision for Retirement Benefit Liabilities | 10 | 2,341,264 | 1,773,138 |
| Interest Income | 12 | (452,851) | (429,165) |
| Operating Profit Before Working Capital Changes | | <u>2,878,821</u> | <u>994,851</u> |
| (Increase)/ Decrease in Receivables | | (915,016) | 30,146 |
| Increase in Payables | | (507,848) | 517,830 |
| Cash Generated From Operations | | <u>1,455,958</u> | <u>1,542,828</u> |
| Payment of Taxes | 14.2 | (723,944) | (535,875) |
| Net Cash Flows From Operating Activities | | <u>732,013</u> | <u>1,006,952</u> |
| Cash Flows From/(Used in) Investing Activities | | | |
| Purchase of Plant & Equipment | 5 | (3,668,350) | (276,300) |
| Interest Income | 12 | 452,851 | 429,165 |
| Net Cash From/(Used in) Investing Activities | | <u>(3,215,499)</u> | <u>152,865</u> |
| Cash Flows From/(Used in) Financing Activities | | | |
| Restricted Fund Unspent Balance | | 2,869,334 | (2,787,637) |
| Bank Loan | 11 | - | - |
| Net Cash Flows From/(Used in) Financing Activities | | <u>2,869,334</u> | <u>(2,787,637)</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | 385,848 | (1,627,820) |
| Cash and Cash Equivalents at the Beginning of the Year | 15 | 11,473,565 | 13,101,384 |
| Cash and Cash Equivalents at the End of the Year | 15 | <u>11,859,412</u> | <u>11,473,565</u> |

The accounting policies and notes on pages 07 through 15 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 2019 was authorized by the Board of Directors on 18 December 2019.



2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Statement of Financial Position as at 30 June 2019 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.



3.2 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.



3.6.2 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 is 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%.

3.8 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.

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 2019

| 4. INCOMING RESOURCES | 2019 Rs. | 2018 Rs. |
|-----------------------|-------------------|-------------------|
| Restricted Funds | 33,396,957 | 13,418,308 |
| Unrestricted Funds | 47,481,694 | 49,778,589 |
| | <u>80,878,651</u> | <u>63,196,897</u> |

5. PLANT & EQUIPMENT

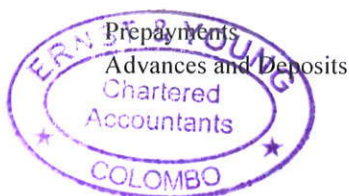
| 5.1 At Cost | Balance as at 01.07.2018 Rs. | Additions Rs. | Disposals Rs. | Balance as at 30.06.2019 Rs. |
|------------------------|---------------------------------------|------------------|------------------|---------------------------------------|
| Furniture and Fittings | 2,054,097 | - | - | 2,054,097 |
| Office Equipment | 4,556,111 | 1,227,500 | - | 5,783,611 |
| Computer Equipment | 4,482,611 | 624,500 | - | 5,107,111 |
| Motor Vehicles | 6,921,610 | 937,850 | - | 7,859,460 |
| Mobile Phones | 131,550 | 878,500 | - | 1,010,050 |
| | <u>18,145,979</u> | <u>3,668,350</u> | <u>-</u> | <u>21,814,329</u> |

| 5.2 Accumulated Depreciation | Balance as at 01.07.2018 Rs. | Charge for the Year Rs. | Disposals Rs. | Balance as at 30.06.2019 Rs. |
|------------------------------|---------------------------------------|-------------------------------|------------------|---------------------------------------|
| Furniture and Fittings | 1,992,415 | 43,692 | - | 2,036,107 |
| Office Equipment | 4,090,610 | 706,518 | - | 4,797,128 |
| Computer Equipment | 3,749,255 | 504,704 | - | 4,253,959 |
| Motor Vehicles | 3,962,330 | 1,338,130 | - | 5,300,460 |
| Mobile Phones | 15,343 | 85,333 | - | 100,676 |
| | <u>13,809,953</u> | <u>2,678,377</u> | <u>-</u> | <u>16,488,330</u> |

| 5.3 Net Book Value | 2019 Rs. | 2018 Rs. |
|------------------------|------------------|------------------|
| Furniture and Fittings | 17,990 | 61,682 |
| Office Equipment | 986,483 | 465,501 |
| Computer Equipment | 853,152 | 733,356 |
| Motor Vehicles | 2,559,000 | 2,959,280 |
| Mobile Phones | 909,374 | 116,207 |
| | <u>5,325,998</u> | <u>4,336,026</u> |

5.4 During the year the Company acquired Plant Equipment to the aggregate value of Rs. 3,668,350/- (2018 - Rs. 276,300/-). Cash payments made amounted to Rs. 3,668,350/- (2018 - Rs.276,300/-).

| 6. RECEIVABLES | 2019 Rs. | 2018 Rs. |
|-----------------------|------------------|----------------|
| Prepayments | 114,914 | 62,092 |
| Advances and Deposits | 995,194 | 133,000 |
| | <u>1,110,108</u> | <u>195,092</u> |



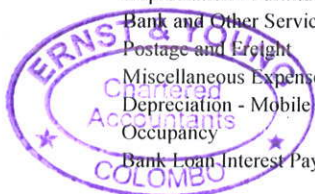
Voice Area Federation (Guarantee) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2019

| 7. PAYABLES | 2019 | 2018 |
|--|-------------------|-------------------|
| | Rs. | Rs. |
| Sundry Creditors including Accrued Expenses | 210,881 | 718,729 |
| | <u>210,881</u> | <u>718,729</u> |
| | | |
| 8. UNRESTRICTED FUNDS | 2019 | 2018 |
| | Rs. | Rs. |
| Balance at the Beginning of the Year | 4,428,214 | 5,001,053 |
| Funds Received During the Year | 47,481,694 | 49,778,589 |
| Funds Transferred to Statement of Comprehensive Income | (47,481,694) | (49,778,589) |
| Transfer from Restricted Funds | - | 2,889,912 |
| Total Comprehensive Income for the Year | (2,414,082) | (3,462,751) |
| Balance at the End of the Year | <u>2,014,131</u> | <u>4,428,214</u> |
| | | |
| 9. RESTRICTED FUNDS | 2019 | 2018 |
| | Rs. | Rs. |
| Balance at the Beginning of the Year | - | 5,677,549 |
| Funds Received During the Year | 36,266,291 | 10,630,671 |
| Transfer to Unrestricted Funds | - | (2,889,912) |
| Funds Transferred to Statement of Comprehensive Income | (33,396,957) | (13,418,308) |
| Balance at the End of the Year | <u>2,869,334</u> | <u>-</u> |
| | | |
| 10. RETIREMENT BENEFIT LIABILITY | 2019 | 2018 |
| | Rs. | Rs. |
| 10.1 Gratuity | | |
| Balance at the Beginning of the Year | 2,121,816 | 1,732,350 |
| Charge for the Year | 737,395 | 389,466 |
| | <u>2,859,211</u> | <u>2,121,816</u> |
| Payment Made During the Year | | - |
| Balance at the End of the Year | <u>2,859,211</u> | <u>2,121,816</u> |
| | | |
| 10.2 Compensation | | |
| Balance at the Beginning of the Year | 8,735,922 | 7,352,250 |
| Charge for the Year | 1,603,869 | 1,383,672 |
| | <u>10,339,791</u> | <u>8,735,922</u> |
| Payment Made During the Year | | - |
| Balance at the End of the Year | <u>10,339,791</u> | <u>8,735,922</u> |
| | | |
| Total Retirement Benefit Liability | <u>13,199,002</u> | <u>10,857,738</u> |
| | | |
| 11. INTEREST BEARING LOANS AND BORROWINGS | 2019 | 2018 |
| | Rs. | 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 2019

| 12. REVENUE EARNED FROM OTHER ACTIVITIES | 2019 Rs. | 2018 Rs. |
|--|-------------|-------------|
| Interest Income from Savings Accounts | 452,851 | 429,165 |
| Miscellaneous Income | 20,000 | 3,110 |
| Expenses Borne by Child Fund | 77,257 | 62,700 |
| | 550,108 | 494,975 |
| | | |
| 13. OPERATING EXPENDITURE | | |
| 13.1 Project Expenditure | 2019 Rs. | 2018 Rs. |
| <u>Summary</u> | | |
| Safe & Secure Infant & Young Children | 4,667,052 | 8,475,344 |
| Children Aged 6-14 in Educated & Confident | 12,981,762 | 14,563,205 |
| Skilled and Youths in the Aged 15-24 yrs. are Skilled & Involved | 6,482,917 | 7,308,964 |
| EU Project | - | 4,782,552 |
| CEO Visit - NSP Expenses | 718,790 | |
| Designated Fund for Children (DFC) | 5,391,312 | 5,779,542 |
| Smart Class Room Establishment | 4,000,000 | - |
| Community Based Child Rehabilitation | 2,615,336 | 1,525,893 |
| Non Sponsorship Program (NSP) | 1,837,000 | 368,363 |
| Effective Sponsor Relations Management | 3,797,945 | 3,743,302 |
| Capacity Building | 2,593,712 | 3,639,843 |
| KOICA Project II | - | 2,487,850 |
| Safety net | 2,587,531 | 1,350,328 |
| Social Marketing Project | 1,939,200 | |
| LIPOID | 17,828,344 | |
| ECO DRR Grant | 2,401,100 | |
| | 69,842,001 | 54,025,187 |
| | | |
| 13.2 Administration Expenditure | 2019 Rs. | 2018 Rs. |
| Salaries Regular Staff | 3,507,570 | 3,557,097 |
| Depreciation - Motor Vehicles | 1,338,130 | 1,243,060 |
| Telephones, Cable and Internet | 584,247 | 940,883 |
| Depreciation - Office Equipment | 706,518 | 870,136 |
| ETF/EPF Payment | 451,458 | 700,060 |
| Rent Expense | 716,500 | 679,500 |
| Fuel | 470,501 | 530,278 |
| Maintenance - Vehicles | 824,805 | 493,423 |
| Depreciation - Computer Equipment | 504,704 | 426,147 |
| Maintenance - Equipment | 441,845 | 363,782 |
| Utilities Expenses | 305,095 | 345,842 |
| Salaries - Overtime | 292,000 | 291,950 |
| Gratuity and Compensation | 403,042 | 270,147 |
| Thirteenth Month | 249,249 | 253,714 |
| Insurance - Vehicles | 321,373 | 238,646 |
| Contracted Services | 230,280 | 211,455 |
| Meals and Accommodations | 303,635 | 208,596 |
| Conferences and Meetings | 290,502 | 205,266 |
| Other Travel Cost | 200,353 | 137,066 |
| Office Supplies | 206,300 | 133,483 |
| Insurance - Medical/Dental | 224,624 | 81,030 |
| Audit Fees | 70,700 | 77,257 |
| Maintenance - Building | 292,518 | 76,650 |
| Professional Services | 63,200 | 66,750 |
| Transport | 78,810 | 65,040 |
| Depreciation - Furniture & Fittings | 43,692 | 47,768 |
| Bank and Other Service Charges | 29,665 | 32,830 |
| Postage and Freight | 22,907 | 26,271 |
| Miscellaneous Expenses | 15,170 | 22,660 |
| Depreciation - Mobile Phones | 85,333 | 15,342 |
| Occupancy | - | 6,131 |
| Bank Loan Interest Payment | - | - |
| | 13,274,727 | 12,618,260 |



Voice Area Federation (Guarantee) Limited
 NOTES TO THE FINANCIAL STATEMENTS
 Year ended 30 June 2019

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 | 2019 Rs. | 2018 Rs. |
|---|-------------|-------------|
| NGO Tax Charged for 2018/2019 | 726,114 | 511,176 |
| Total Grants Received for the Year | 83,747,985 | 60,409,259 |
| Grants Liable for Income Tax | 83,747,985 | 60,409,259 |
| Deemed Profit at 3% of Grants Liable for Income Tax | 2,512,440 | 1,812,278 |
| Tax at 28% | 703,483 | 507,438 |
| NGO Tax Charged for 2017/2018 | 703,483 | 507,438 |
| Withholding Tax on Interest Income | 22,631 | 3,739 |
| Total Tax Expenses | 726,114 | 511,176 |
| 14.2 Tax Payable | | |
| Balance at the Beginning of the Year | - | 24,698 |
| Tax Expenses | 726,114 | 511,176 |
| WHT Paid on Saving Account Interest | (22,631) | (3,739) |
| Tax Paid During the Year | (701,314) | (532,136) |
| NGO Tax Payable | 2,170 | - |

| 15. CASH IN HAND AND AT BANK | 2019 Rs. | 2018 Rs. |
|--|-------------|-------------|
| Favorable Cash and Cash Equivalents Balance | | |
| Current Account | 340,865 | 20,508 |
| Savings Account | 11,526,698 | 11,454,456 |
| | 11,867,562 | 11,474,965 |
| Unfavorable Cash and Cash Equivalents Balance | | |
| Current Account | (8,150) | (1,400) |
| | 11,859,412 | 11,473,565 |

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.

| | 2019 Rs. | 2018 Rs. |
|--------------------------|-------------|-------------|
| Short Term Benefits | 1,500,000 | 1,596,707 |
| Post Employment Benefits | 270,000 | 187,734 |
| Termination Benefits | 276,000 | 64,150 |
| | 2,046,000 | 1,848,591 |



Voice Area Federation (Guarantee) Limited

PROJECT SUMMARY ACTIVITY

Year ended 30 June 2019

PROJECT ACTIVITY SUMMARY

| Description | Community Development Activities | | | | | | Unrestricted Funds | | | | | | Restricted Funds | | | | | | Total |
|--|---------------------------------------|--|---|--------------------------------------|-------------------------------------|-------------------|--|--------------------------|--------------------------|------------|------------------------------------|--------------------------------|--------------------------|------------|---------------|-----------|-----|------------|-------|
| | Safe & Secure Infant & Young Children | Children Aged 6-14 in Educated & Confident | Skilled and Youth in the Aged 15-24 yrs. are Skilled & Involved | Community Based Child Rehabilitation | Organizational Capacity Development | DRR Match Project | Effective Sponsor Relations Management | CEO Visit - NSP Expenses | Program Support Expenses | Sub Total | Designated Fund for Children (DFC) | Smart Class Room Establishment | Social Marketing Project | LIPOID | ECO DRR Grant | NSP | Rs. | Rs. | |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | |
| Balance as at 01 July 2018 | | | | | | | | | | | | | | | | | | | |
| Amount Received During the Year | | | | | | | | | | | | | | | | | | | |
| Total Fund Received for the Period | 1,434,371 | 1,524,968 | 1,395,958 | 401,127 | - | 359,086 | 1,520,725 | - | 3,507,570 | 47,481,694 | 5,402,594 | 2,457,000 | 2,457,000 | 20,168,597 | 2,401,100 | 1,837,000 | - | 85,747,985 | |
| Total Amount Expended | | | | | | | | | | | | | | | | | | | |
| Salaries - Regular Staff | | | | | | | | | | | | | | | | | | | |
| Salaries - Overtime | | | | | | | | | | | | | | | | | | | |
| Thirteenth Month | | | | | | | | | | | | | | | | | | | |
| Staff-Fringe-Benef | | | | | | | | | | | | | | | | | | | |
| Staff-Professional | | | | | | | | | | | | | | | | | | | |
| Insurance - Medical/Dental | | | | | | | | | | | | | | | | | | | |
| ETF/EPF Payment | | | | | | | | | | | | | | | | | | | |
| Gratuities and Compensation | | | | | | | | | | | | | | | | | | | |
| Training Expense - Combined | | | | | | | | | | | | | | | | | | | |
| Trainer's Fee | | | | | | | | | | | | | | | | | | | |
| Training Materials | | | | | | | | | | | | | | | | | | | |
| Transport for Training | | | | | | | | | | | | | | | | | | | |
| Meals and Accommodation-Incurred During Training | | | | | | | | | | | | | | | | | | | |
| Professional Services | | | | | | | | | | | | | | | | | | | |
| Contracted Services | | | | | | | | | | | | | | | | | | | |
| Office Supplies | | | | | | | | | | | | | | | | | | | |
| Supplies - Photograph Services | | | | | | | | | | | | | | | | | | | |
| Health and Medical Supplies | | | | | | | | | | | | | | | | | | | |
| Agricultural | | | | | | | | | | | | | | | | | | | |
| Educational Supplies | | | | | | | | | | | | | | | | | | | |
| Emergency Supplies | | | | | | | | | | | | | | | | | | | |
| Nutrition Supplies | | | | | | | | | | | | | | | | | | | |
| Printing Materials | | | | | | | | | | | | | | | | | | | |
| Other Supplies and Materials | | | | | | | | | | | | | | | | | | | |
| Meals and Accommodations | | | | | | | | | | | | | | | | | | | |
| Transport | | | | | | | | | | | | | | | | | | | |
| Other Travel Cost | | | | | | | | | | | | | | | | | | | |
| Conferences and Meetings | | | | | | | | | | | | | | | | | | | |
| Fuel | | | | | | | | | | | | | | | | | | | |
| Maintenance - Vehicles | | | | | | | | | | | | | | | | | | | |
| Maintenance - Equipment | | | | | | | | | | | | | | | | | | | |
| Maintenance - Building | | | | | | | | | | | | | | | | | | | |
| Rent Expense | | | | | | | | | | | | | | | | | | | |
| Utilities Expenses | | | | | | | | | | | | | | | | | | | |
| Bank and Other Service Charges | | | | | | | | | | | | | | | | | | | |
| Insurance - Vehicles | | | | | | | | | | | | | | | | | | | |
| Telephones, Cable and Internet | | | | | | | | | | | | | | | | | | | |
| Postage and Freight | | | | | | | | | | | | | | | | | | | |
| Occupancy | | | | | | | | | | | | | | | | | | | |
| Advertising & Public Aw | | | | | | | | | | | | | | | | | | | |
| Miscellaneous Expenses | | | | | | | | | | | | | | | | | | | |
| Vehicles - Expensed | | | | | | | | | | | | | | | | | | | |
| Equipment - Expensed | | | | | | | | | | | | | | | | | | | |
| Depreciation - Furniture, & Fittings | | | | | | | | | | | | | | | | | | | |
| Depreciation - Office Equipment | | | | | | | | | | | | | | | | | | | |
| Depreciation - Computer Equipment | | | | | | | | | | | | | | | | | | | |
| Depreciation - Motor Vehicles | | | | | | | | | | | | | | | | | | | |
| Depreciation - Mobile Phones | | | | | | | | | | | | | | | | | | | |
| Audit Fee | | | | | | | | | | | | | | | | | | | |
| Designated Funds to Children Payment | | | | | | | | | | | | | | | | | | | |
| Total | 4,667,052 | 12,981,762 | 6,482,917 | 2,615,336 | 2,593,712 | 2,587,551 | 3,797,945 | 718,790 | 13,274,727 | 49,719,770 | 5,391,312 | 4,000,000 | 1,939,200 | 17,828,344 | 2,401,100 | 1,837,000 | - | 83,116,715 | |
| Net (Debit) on Operating Activities | | | | | | | | | | | | | | | | | | | |
| Transfer to (from) Restricted Funds | | | | | | | | | | | | | | | | | | | |
| Balance as at end of the Year | | | | | | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | | | | | | |

