

**SOCIAL ORGANIZATIONS NETWORKING FOR DEVELOPMENT -
SOND**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

**SOCIAL ORGANIZATIONS NETWORKING FOR DEVELOPMENT - SOND
CONTENT FOR THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2020**

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INDEPENDENT AUDITOR'S REPORT

The Members of the Social Organizations Networking for Development - SOND

We have audited the financial statements of **Social Organizations Networking for Development - SOND**, which comprise the statement of financial position as at 31st December, 2020 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with **Sri Lanka Auditing Standards (SLAuSs) and Sri Lanka Statement of Recommended Practices for Not - for - Profit Organization** which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the management, evaluating the overall preparation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the **Sri Lanka Statement of Recommended Practices for Not - for - Profit Organization issued by the Institute of Chartered Accountants Sri Lanka**. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company, as at 31st December, 2020, and financial performance and its cash flows for the year then ended in accordance with **Sri Lanka Statement of Recommended Practices for Not - for - Profit Organization issued by the Institute of Chartered Accountants Sri Lanka**.

Respective Responsibilities of Management and Auditor

The Management is responsible for maintaining proper accounting records, preparing and presenting these financial statements in accordance with **Sri Lanka Statement of Recommended Practices for Not - for - Profit Organization issued by the Institute of Chartered Accountants Sri Lanka**. Our responsibility is to express an opinion on these financial statements, based on our audit.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, as far as it appears from our examination, proper accounting records have been kept by the Company.



UHY Centra Management Associates,
Chartered Accountants,
Colombo - 03.

29th June 2021

SOCIAL ORGANIZATIONS NETWORKING FOR DEVELOPMENT - SOND
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2020

(All amounts in Sri Lanka Rupees)

	Notes	31.12.2020	31.12.2019
ASSETS			
Non-Current Assets			
Property , Plant and Equipment	3	3,547,787.00	3,943,295.38
		<u>3,547,787.00</u>	<u>3,943,295.38</u>
Current Assets			
Other Receivables	4	296,000.00	275,000.00
Cash and Cash Equivalents	5	1,680,855.18	1,937,678.85
		<u>1,976,855.18</u>	<u>2,212,678.85</u>
Total Assets		<u>5,524,642.18</u>	<u>6,155,974.23</u>
RESERVES & LIABILITIES			
RESERVES			
Endowment Funds	6	2,397,100.98	3,069,059.07
		<u>2,397,100.98</u>	<u>3,069,059.07</u>
Non-Current Liabilities			
Employment retirement Obligation	7	325,000.00	320,767.12
		<u>325,000.00</u>	<u>320,767.12</u>
Current Liabilities			
Unspent Money	8	1,505,271.00	1,600,363.00
Accrued Expenses	9	222,623.00	288,388.00
Income Tax Payable	10	1,074,647.20	877,397.03
		<u>2,802,541.20</u>	<u>2,766,148.03</u>
Total Funds and Liabilities		<u>5,524,642.18</u>	<u>6,155,974.23</u>

The Executive Council is responsible for the preparation and presentation of these financial statements.

These financial statements were approved for issue by the Executive Council on 19th April 2021.

NameDesignationSignature

Mr. S. Senthurajah

President



Mr. V. Jeenas

Secretary



Mr. K. Kiritharan

Treasurer




The accounting policies and notes on pages 5-18 form an integral part of these financial statements.

SOCIAL ORGANIZATIONS NETWORKING FOR DEVELOPMENT - SOND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2020

(All amounts in Srilanka Rupees)

		2020	2019
OPERATING INCOME			
Incoming Resources	11	13,614,951.00	7,136,432.49
DISBURSMENT			
Direct Projects/ Activity Costs	12	(13,186,287.00)	(6,214,576.50)
Administration Costs	13	(880,393.49)	(1,656,724.82)
Total Operating Expenditure		(14,066,680.49)	(7,871,301.32)
Net Surplus/(Deficit) of Operating Activities		(451,729.49)	(734,868.83)
Other Income	14	416,279.94	139,627.37
		(35,449.55)	(595,241.46)
Depreciation		(408,108.40)	(552,869.00)
Finance & Other Expenses	15	(31,150.00)	(22,583.00)
Net Surplus/(Deficit) before Taxation		(474,707.95)	(1,170,693.46)
Income Tax Expense		(197,250.17)	(65,452.93)
Surplus/(Deficit) for the Year		(671,958.12)	(1,236,146.39)

The accounting policies and notes on pages 5-18 form an integral part of these financial statements.



SOCIAL ORGANIZATIONS NETWORKING FOR DEVELOPMENT - SOND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2020

(All amounts in Srilankan Rupees)

	2020	2019
Cash Flow from Operating Activities		
Surplus/(Deficit) for the Year before Taxation	(474,707.95)	(1,170,693.46)
Adjustments to reconcile deficit to net cash flows:		
Non Cash Items:		
Prior Adjustment	0.02	105,128.25
Gratuity Provision	4,232.88	320,767.12
Depreciation of Property, Plant and Equipment	408,108.40	552,869.00
Operating deficit before Working Capital adjustments	(62,366.66)	(191,929.09)
Working Capital Adjustments :		
Increase/Decrease in Advance and Other Receivables	(21,000.00)	(78,085.00)
Increase/(Decrease) in Unspent Money	(95,092.00)	655,582.48
Increase/(Decrease) in Accrued Expenses	(65,765.00)	105,638.00
Net Cash Used in Operating Activities	(244,223.66)	491,206.39
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(12,600.00)	-
Net Cash Used in Investing Activities	(12,600.00)	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(256,823.67)	491,205.95
Cash & Cash Equivalents at the beginning of the Year	1,937,678.85	1,446,472.89
Cash and Cash Equivalents at the end of the Year (note A)	1,680,855.18	1,937,678.85
Note A - Cash and Cash Equivalents at the end of the Year		
Cash in Hand	3,076.00	5,130.00
Cash at Bank	1,677,779.18	1,932,548.85
	1,680,855.18	1,937,678.85

The accounting policies and notes on pages 5-18 form an integral part of these financial statements.



**SOCIAL ORGANIZATIONS NETWORKING FOR DEVELOPMENT - SOND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020**

1 GENERAL INFORMATION

1.1. Domicile and Legal Form

Social Organizations Networking for Development (SOND) is a non-government organization as per the definition provided in the Sri Lanka Statement of Recommended Practice for not-for-Profit Organization (including Non- governmental Organization)

The Organization has been incorporated under the Companies Act. 07 of 2007 of Sri Lanka as a Company Limited by Guarantee

It is domiciled in Sri Lanka. The principle place of activity of the organization head office is located at Jaffna, Sri Lanka.

Except for certain activities that will conclude on the realization of their relevant activities in accordance with the relevant terms of reference, the financial statements have been prepared on a going concern basis.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The statement of financial position, statement of comprehensive income, together with the accounting policies and notes to the financial statements as at 31st December 2020 and for the year then ended comply with Sri Lanka statement of recommended practice for not-for-profit organization (including non-governmental organizations) issued by the Institute of Chartered Accountants of Sri Lanka.(CASL)

The financial statement have been prepared on a historical basic.

2.2 Comparative Information

The comparative figures for the year ended 31st December, 2020 have been reclassified in order to conform to the presentation for the current year. Such reclassifications have been made by the Company to improve the quality of information presented and did not have any impact on the previously reported equity and profits.

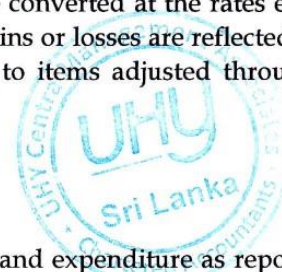
2.3 Foreign Currency Transactions

All foreign currency transactions have been converted in to Sri Lanka Rupees, which are the reporting currency at rate of exchange prevailing at the time that the transaction was effected. Monetary assets and liabilities as at the date of the balance sheet are converted at the rates prevailing at the balance sheet date, and non-monetary assets and liabilities are converted at the rates existing at the date that the value was determined. Any resulting exchange gains or losses are reflected in the statement of financial activities, except for gains or losses relating to items adjusted through the accumulated fund, which is reflected there in.

2.4 Taxation

Current Taxes

The provision for income taxes are based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the Inland Revenue Act, No. 24 of 2017.(ammended)



SOCIAL ORGANIZATIONS NETWORKING FOR DEVELOPMENT - SOND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

2 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

2.5 Accounting for the Receipt and Utilization of Funds

2.5.1 Fund

Unrestricted Funds

Unrestricted fund are those that are available for use by the Organization at the description of the board, in furtherance of the general objectives of the organization. Surplus fund are transferred from restricted funds to unrestricted funds in terms of the relevant donor agreements or with the subsequent approval of the donor. Contributions received from the general public are recognized in the statement of financial activities on a cash basis.

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 financial activities account to match with expenses incurred in respect of that identified project. Unutilized funds are held in the irrelative funds accounts and included under accumulated fund in the balance sheet until such time as they are required.

Funds collected through a fund raising activity for any specific or defined purpose are also included under this category.

Where approved grant expenditure exceeds the income received and therein certainly that the balance will be received such amount is recognized through debtor in the financial position.

The activities for which these restricted funds may and being used is identified in the notes to the financial statement.

Endowment Funds

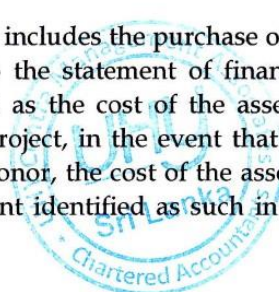
Where assets are received as an endowment, which are not exhausted, only the income earned from such assets may be recognized and used as income.

2.5.2 Grant and Subsidies

Grants and subsidies are recognized in the financial statements at their fair value. When the grant or subsidy relates to an expenses it is recognized as in come over the period necessary to match it with the costs, which it is intended to compensate for on a systematic basis.

Grant and subsidies related to assets are generally deferred in the balance sheet and credited to the statement of financial activates over the useful life of the asset.

In the case of Grants received to fund an entire project or activity, which includes the purchase of an asset, and the cost of such assets, is charged with the project cost to the statement of financial activities, the grant value is recognized as income in the same period as the cost of the asset is charged to the statement of financial activities. On conclusion of the project, in the event that the asset in not handed over to the beneficiary or returned to the original donor, the cost of the asset is included in a memorandum inventory of property, plant and equipment identified as such in the financial statements.



SOCIAL ORGANIZATIONS NETWORKING FOR DEVELOPMENT - SOND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Valuation of Assets and their bases of Measurement

2.6.1 Cash and Cash Equivalents

Cash and cash equivalent are defined as cash in hand and demand deposit readily convertible to identified amounts of cash and which are not subject to any significant risk of change in value

For purpose of cash flow statements, cash and cash equivalent consist of cash in hand bank deposits, net of outstanding bank overdrafts. Investments with short maturities (i.e. of 3 months or less from the date of auction are also treated as cash equivalents)

2.7 Property, Plant and Equipment

Cost and valuation

Items of property, plant and equipment are initially recorded at cost. Where any item of property, plant and equipment subsequently revalued entire class such assets is revealed. Revaluation is carried out with sufficient regularity to ensure that their carrying amounts do not differ materially

From their fair values as at the balance sheet date. Subsequently to the initial recognition of assets, property plant and equipment are carried at historical cost or if revealed, at their valued amounts less any subsequent depreciation. An addition subsequent to the last revaluation is carried at cost less any subsequent depreciation.

Buildings owned are used for purpose of the organization and is therefore do not fall under the definition of investment property.

Restoration Cost

Expenditure incurred on repairs or maintenance of property, plant and equipment to restore or maintain the economic benefits to be obtained at original levels of performance is recognized as an expense and when incurred.

Depreciation

Depreciation is provided for on all assets on the straight - line basis and is calculated on the cost or revalued amount of all property, plant and equipment other than land in order to write off such amount less terminal value over the estimated useful lives of such asset. Depreciation is not provided in the year of purchase while a full year depreciation is charged in the year of disposal.

The following annual rates are used for the depreciation of property, plant and equipment:

<u>Asset Category</u>	Rate
Computer Equipment	25.00%
Motor Bike	12.50%
Motor Vehicle-van	20.00%
Office Equipment	20.00%
Office furniture	20.00%
Utensil	25.00%
Communication Equipment	25.00%



SOCIAL ORGANIZATIONS NETWORKING FOR DEVELOPMENT - SOND
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2020

2 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

2.7 Property, Plant and Equipment(*Continued*)

Note I

The Organization revised its estimate of the useful lives of computer equipment. Previously, depreciated over 8 years. The change principally applies to all the assets existed in use. Those lives are now reduced to 4 years. These changes were made to better reflect the estimated periods during which such assets will remain in service. The change had the effect of increasing of depreciation expenses and decreasing net income by of Rs . 3,150/-

Donated Assets

Where property, plant and equipment are purchased as a part of a project through restricted funds, until the conclusion of the project the asset is not handed over to the beneficiary or retired to the original donor. The cost of the asset is included in a memorandum inventory of property, plant and equipment identified as such in the financial statement and depreciation is not provided on such assets

2.8 Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement, are defined as cash in hand, demand deposits and short term highly liquid investment which readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

2.9 Financial Instruments

Trade and other receivables are initially recognised at the transaction price. All sales are made on the basis of normal credit terms, and receivables do not bear interest. At end of each reporting period, the carrying amounts of trade other receivables are reviewed to determine whether there is any objective evidence that the amount are not recoverable. If so, an impairment loss is recognised in profit or loss as incurred.

Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs.

2.9.1 Other Income

Other income is recognised on actual basis.

2.10 Expenditure Recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenses incurred in running the business and in maintaining property, plant and equipment in state of efficiency has been charged to the income statement.

For the purpose of presentation of income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.



SOCIAL ORGANIZATIONS NETWORKING FOR DEVELOPMENT - SOND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

2 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

2.11 Employee Benefit

2.11.1 Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to Employee Provident and Employee Trust Fund covering all employees are recognized as an expense in profit or loss as incurred.

The Company contributes 12% and 3% of gross emoluments of employees as Provident Fund and Trust Fund contribution respectively.

Short-Term Employee Benefits Obligations

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.



SOCIAL ORGANIZATIONS NETWORKING FOR DEVELOPMENT - SONDA
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2020

(All amounts in Sri Lankan Rupees)

3 PROPERTY, PLANT AND EQUIPMENT

Cost - Jaffna	Balance as at 01.01.2020	Add. During the Year	Disposals/ Transfers	Balance as at 31.12.2020
Computer & Printer	1,002,695.00	12,600.00	-	1,015,295.00
Camera	114,850.00	-	-	114,850.00
Photo Copy Machine	154,000.00	-	-	154,000.00
Office Tabel & Chaire	214,065.00	-	-	214,065.00
Motor Cycles	600,490.00	-	-	600,490.00
Office Equipments	251,735.00	-	-	251,735.00
Multimedia Projector	119,000.00	-	-	119,000.00
Electric Fitting	90,940.00	-	-	90,940.00
Sound Equipment	13,770.00	-	-	13,770.00
Telephone	61,890.00	-	-	61,890.00
Water Filter	2,250.00	-	-	2,250.00
	2,625,685.00	12,600.00	-	2,638,285.00

Depreciation - Jaffna	Balance as at 01.01.2020	Depreciation for the Year	Depreciation on Disposals	Balance as at 31.12.2020
Computer & Printer	1,002,695.00	3,150.00	-	1,005,845.00
Camera	79,960.00	22,970.00	-	102,930.00
Photo Copy Machine	154,000.00	-	-	154,000.00
Office Tabel & Chaire	214,065.00	-	-	214,065.00
Motor Cycles	600,490.00	-	-	600,490.00
Office Equipments	251,735.00	-	-	251,735.00
Multimedia Projector	76,475.00	23,800.00	-	100,275.00
Electric Fitting	65,060.00	18,188.00	-	83,248.00
Sound Equipment	13,770.00	-	-	13,770.00
Telephone	61,890.00	-	-	61,890.00
Water Filter	2,250.00	-	-	2,250.00
	2,522,390.00	68,108.00	-	2,590,498.00

Net Book Value - Jaffna

103,295.00

47,787.00



SOCIAL ORGANIZATIONS NETWORKING FOR DEVELOPMENT - SOND
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2020

(All amounts in Sri Lankan Rupees)

3 PROPERTY, PLANT AND EQUIPMENT

Cost - Akkaraipattu	Balance as at 01.01.2020	Add. During the Year	Disposals/ Transfers	Balance as at 31.12.2020
Building	3,500,000.00	-	-	3,500,000.00
Car-EP KX-8287	1,700,000.00	-	-	1,700,000.00
Office Equipment	22,700.00	-	-	22,700.00
Video Camera & Accessories	114,348.00	-	-	114,348.00
Computer Equipment	610,680.00	-	-	610,680.00
Motor Bike	200,000.00	-	-	200,000.00
Office Equipment	939,605.00	-	-	939,605.00
Office Furniture	345,150.00	-	-	345,150.00
Comunation Equipment	69,400.00	-	-	69,400.00
Utensil	19,990.00	-	-	19,990.00
	7,521,873.00			7,521,873.00

Depreciation - Akkaraipattu	Balance as at 01.01.2020	Depreciation for the Year	Depreciation on Disposals	Balance as at 31.12.2020
Car-EP KX-8287	1,360,000.00	340,000.00	-	1,700,000.00
Office Equipment	22,700.00	-	-	22,700.00
Video Camera & Accessories	114,348.00	-	-	114,348.00
Computer Equipment	610,679.60	0.40	-	610,680.00
Motor Bike	200,000.00	-	-	200,000.00
Office Equipment	939,605.00	-	-	939,605.00
Office Furniture	345,150.00	-	-	345,150.00
Communication Equipment	69,400.00	-	-	69,400.00
Utensil	19,990.00	-	-	19,990.00
	3,681,872.60	340,000.40		4,021,873.00
Net Book Value - Akkaraipattu	3,840,000.40			3,500,000.00



**SOCIAL ORGANIZATIONS NETWORKING FOR DEVELOPMENT - SONDA
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2020**

(All amounts in Sri Lankan Rupees)

3 PROPERTY, PLANT AND EQUIPMENT

Cost - Batticaloa	Balance as at 01.01.2020	Add. During the Year	Disposals/ Transfers	Balance as at 31.12.2020
Furniture & fitting	160,862.00	-	-	160,862.00
Office Equipment	446,855.00	-	-	446,855.00
Computer & Accessories	567,365.00	-	-	567,365.00
Motor Cycle	105,000.00	-	-	105,000.00
	1,280,082.00	-	-	1,280,082.00
	Balance as at	Depreciation	Depreciation	Balance as at
	01.01.2020	for the Year	on Disposals	31.12.2020
Depreciation - Batticaloa				
Furniture & Fitting	160,862.40	-	-	160,862.40
Office Equipment	446,855.00	-	-	446,855.00
Computer & Accessories	567,364.63	-	-	567,364.63
Motor Cycle	105,000.00	-	-	105,000.00
	1,280,082.01	-	-	1,280,082.01
	(0.00)			(0.00)
Net Book Value - Batticaloa				
	3,943,295.40	408,108.40	-	3,547,787.00
Grand Total				

