

**REPORT OF THE AUDITORS TO THE MEMBERS OF**  
**AFLAC INTERNATIONAL**

1. We have audited the Balance Sheet of Aflac International as at 31<sup>st</sup> March 2004 and the related statements of Receipts and Payments, for the year then ended, together with the accounting policies and notes as set out on pages (01) to (10).

2. **Respective Responsibilities of Directors and Auditors**

The Directors are responsible for preparing and presenting these financial statements in accordance with the Generally Accepted Accounting Principles. Our responsibility is to express an opinion on these Financial Statements, based on our audit.

3. **Basis of Opinion**

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 Directors, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles. 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.

4. **Opinion**

In our opinion, so far as appears from our examination, the Company maintained proper books of accounts for the year ended 31<sup>st</sup> March, 2004 and to the best of our information and according to the explanations given to us, the said Balance Sheet and related statements of Receipts & Payments and the accounting policies and notes thereto, which are in agreement with the said books and have been prepared and presented in accordance with the Generally Accepted Accounting Principles, provide the information required by the Companies Act, No.17 of 1982 and give a true and fair view of the Company's state of affairs as at 31<sup>st</sup> March, 2004 and its Receipts and Payments for the year then ended.

5. **Directors' Interest in Contracts with the Company**

According to the information made available to us, the Directors of the Company were not directly or indirectly interested in contracts with the Company during the year ended 31<sup>st</sup> March 2004.

signed

**B.R. DE SILVA & CO.**  
Chartered Accountants

Colombo 5.

Date 18 July 2005

NM/csa

**AFLAC INTERNATIONAL**

**RECEIPTS AND PAYMENTS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2004**

<b><u>RECEIPTS</u></b>	<b>Note</b>	<b>2003/2004</b>		<b>2002/2003</b>
		Rs.	Cts.	Rs.
Donations for Education Programme	(3)	2,908,830.54		2,518,765
Donations for Health Programme	(4)	1,241,798.67		1,403,146
Donations for Food Programme	(5)	1,491,820.53		1,442,041
Donations / Funds Raised for Other Programmes	(6)	1,975,158.81		1,727,330
Interest Earned		58,095.76		96,793
<b>Total Receipts</b>		<u>7,675,704.31</u>		<u>7,188,075</u>
 <b><u>PAYMENTS</u></b>				
Education Programme	(3)	3,224,946.65		3,044,139
Health	(4)	1,595,007.76		1,465,672
Food	(5)	1,348,250.00		1,235,926
Shelter				
- Indigaswewa Housing Project	(7 A)	3,245,096.25		15,000
- Other Shelter Projects	(7 B)	42,324.00		70,963
Adhoc Projects	(8)	103,859.45		129,080
Bank Charges		20,837.27		12,462
<b>Total Payments</b>		<u>9,580,321.38</u>		<u>5,973,242</u>
<b>EXCESS OF RECEIPTS OVER PAYMENTS FOR THE YEAR</b>		(1,904,617.07)		1,214,833

**EXCESS OF RECEIPTS OVER PAYMENTS**

	<b><i>Opening Balance</i></b>		<b><i>Excess</i></b>		<b><i>Closing Balance</i></b>	
	<b><i>Rs.</i></b>	<b><i>Cts.</i></b>	<b><i>Rs.</i></b>	<b><i>Cts.</i></b>	<b><i>Rs.</i></b>	<b><i>Cts.</i></b>
Education Programme	447,676.98		(316,116.11)		131,560.87	
All Other Programmes/Projects	5,149,614.62		(1,625,759.45)		3,523,855.17	
Bank Savings Interest less Bank Charges	<u>192,282.43</u>		<u>37,258.49</u>		<u>229,540.92</u>	
	<u><u>5,789,574.03</u></u>		<u><u>(1,904,617.07)</u></u>		<u><u>3,884,956.96</u></u>	

**AFLAC INTERNATIONAL**

**BALANCE SHEET**

**AS AT 31ST MARCH 2004**

<b><u>ASSETS</u></b>	<b><i>Note</i></b>	<b><i>2003/2004</i></b>		<b><i>2002/2003</i></b>
		<b><i>Rs.</i></b>	<b><i>Cts.</i></b>	<b><i>Rs.</i></b>
<b><u>Non Current Assets</u></b>				
Office Equipment	(9)	70,526.36		105,784
Furniture & Fittings		31,106.25		35,550
		<hr/>		<hr/>
		101,632.61		141,334

**Current Assets**

Cash at Bank

<b><i>Account No.</i></b>	<b><i>Currency</i></b>	<b><i>Amount</i></b>		<b><i>Rate</i></b>	<b><i>Rs. Cts.</i></b>		<b><i>Rs.</i></b>
		<b><i>Rs.</i></b>	<b><i>Cts.</i></b>		<b><i>Rs.</i></b>	<b><i>Cts.</i></b>	<b><i>Rs.</i></b>
<b><u>Hatton National Bank</u></b>							
A/C No: 005 0011496	LKR	(402,931.92)		1.00	(402,931.92)		(119,975)
A/C No: 005 0145123	US \$	49,932.13		96.95	4,840,920.00		6,342,768
A/C No: 005 0149404	SG \$	14,022.49		57.69	808,957.45		889,029
<b><u>Peoples Bank</u></b>							
A/C No: 0091 154 0096941	LKR	59,578.39		1.00	59,578.39		10,026
					<hr/>		<hr/>
					5,306,523.92		7,121,847
					<hr/>		<hr/>
<b>Total Assets</b>					5,408,156.53		7,263,182
					<hr/>		<hr/>

**REPRESENTED BY**

**Accumulated Fund**

Balance Brought Forward	5,789,574.03	4,574,741
Excess of Receipts over Payments for the year	(1,904,617.07)	1,214,833
	<hr/>	
Balance Carried Forward	3,884,956.96	5,789,574

**Exchange Equalization Reserve**

Balance Brought Forward	1,473,608.41	1,419,103
Exchange Gain for the year	<u>49,591.16</u>	<u>54,505</u>
Balance Carried Forward	<u>1,523,199.57</u>	<u>1,473,608</u>
<b>TOTAL LIABILITIES</b>	<u><u>5,408,156.53</u></u>	<u><u>7,263,182</u></u>

The Board of Directors is responsible for the preparation and presentation of these Financial Statements Signed for and on behalf of the Board by.

	<u>Signature</u>	<u>Name</u>
DIRECTORS	1. signed	D E De Mel
	2. signed	R S Fernando

**AFLAC INTERNATIONAL**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31<sup>ST</sup> MARCH 2004**

1. **CORPORATE INFORMATION**

1.1 General

Aflac International (“Company”) is a Limited Liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is situated at No. 45, Cornelious Place, Korlawella, Moratuwa and the principal place of business is situated at No 11/3, Dharmarathne Avenue, Rawathawatta, Moratuwa.

1.2 Principal Activities and Nature of Operations

Aflac International is a non profit charitable institution reaching out and helping the less Fortunte in Sri Lanka

1.3 The notes to the Financial Statements on pages (03) to (10), form an integral part of the Financial Statements.

1.4 Number of Employees

The number of employees at the end of the year was 6.

**AFLAC INTERNATIONAL**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31<sup>ST</sup> MARCH 2004**

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

2.1 General Policies

2.1.1 Basis of Preparation

The Balance Sheet, Statement of Receipts and Payments, together with accounting policies and notes (“Financial Statements”) of the Company as at 31<sup>st</sup> March 2004 and for the year then ended comply in all material respects with the applicable Generally Accepted Accounting Principles.

These financial statements presented in Sri Lanka Rupees have been prepared on a historical cost basis.

The Directors have made an assessment of the Company’s ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

2.1.2 Foreign Currency Translation

All foreign exchange transactions are converted to Sri Lanka Rupees, which is the reporting currency at the rates of exchange prevailing at the time the transactions were effected. Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lanka Rupee equivalents using year-end spot foreign exchange rates. The resulting gains and losses are accounted for in the Balance Sheet as a exchange equalization reserve.

**AFLAC INTERNATIONAL**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31<sup>ST</sup> MARCH 2004**

2.1.3 Cash and Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

2.1.4 Property, Plant & Equipment

(a) Cost

Property, Plant & Equipment are recorded at cost less accumulated depreciation.

**AFLAC INTERNATIONAL**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31<sup>ST</sup> MARCH 2004**

2.1.4 Property, Plant & Equipment (Contd...)

(b) Depreciation

The provision for depreciation is calculated by using a straight line method on the cost or valuation of all Property, Plant and Equipment in order to write off such amounts over the following estimated useful lives. The principal annual rates used are;

Furniture & Fittings @ 12.5 % p.a

Computer Equipment @ 33.33% p.a

Full provision is made in the year of sale and none in the year of purchase.

2.2 Receipts and Payments Statements

Grants

- (a) Donations received have been accounted for on a cash basis.

Interest

- (b) Interest Income is recognized on accrual basis.

**AFLAC INTERNATIONAL**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2004**

	<b>2003/2004</b>		<b>2002/2003</b>
	<b>Rs.</b>	<b>Cts.</b>	<b>Rs.</b>
(3) <b><u>EDUCATION PROGRAMME</u></b>			
<b><i>Receipts</i></b>			
Sponsorship Donations	2,815,042.74		2,468,448
Other Donations	<u>93,787.80</u>		<u>50,317</u>
	<u><u>2,908,830.54</u></u>		<u><u>2,518,765</u></u>
<b><i>Payments</i></b>			
Sponsored Students	2,789,195.40		2,465,760
Herbal Porridge for School Children	49,500.00		-
Libraries	73,215.25		85,765
Other Education Projects	<u>313,036.00</u>		<u>492,614</u>
	<u><u>3,224,946.65</u></u>		<u><u>3,044,139</u></u>
(4) <b><u>HEALTH PROGRAMME</u></b>			
<b><i>Receipts</i></b>			
Cancer Programme Donations	1,209,970.63		1,388,202
Other Health Donations	<u>31,828.04</u>		<u>14,944</u>
	<u><u>1,241,798.67</u></u>		<u><u>1,403,146</u></u>
<b><i>Payments</i></b>			
Cancer Programme	1,453,807.76		1,350,233
Other Health Projects	<u>141,200.00</u>		<u>115,439</u>
	<u><u></u></u>		<u><u>1,465,672</u></u>

1,595,007.76	

(5) **FOOD PROGRAMME**

***Receipts***

Sponsorship Donations	1,487,846.53	1,442,041
Other Donations For Food	<u>3,974.00</u>	<u>-</u>
	<u>1,491,820.53</u>	<u>1,442,041</u>

***Payments***

Food Supplement for Families	1,342,100.00	1,227,101
Other Food Projects	<u>6,150.00</u>	<u>8,825</u>
	<u>1,348,250.00</u>	<u>1,235,926</u>

(6) <b><u>DONATIONS/FUNDS RAISED FOR OTHER PROGRAMMES</u></b>	<b>2003/2004</b>	<b>2002/2003</b>
	<b>Rs. Cts.</b>	<b>Rs.</b>
Net Proceeds of Greetings Cards Project - (Note 6 A)	733,701.80	104,390
Clothing	18,270.00	18,036
<b>Less :</b> Payments for Clothing	(6,064.00)	-
Donations for Indigaswewa Project	635,386.14	-
Donations for Other General Projects	<u>593,864.87</u>	<u>1,604,904</u>
	<u>1,975,158.81</u>	<u>1,727,330</u>

(6A) **Net Proceeds**

Sale of Greetings Cards	1,920,172.05		1,514,554
<b>Less :</b> Cost of Printing Cards	871,862.46	<u>                    </u>	<u>1,077,731</u>
		1,048,309.59	436,823
<b>Less : Administration Expenses</b>			
Staff Costs	209,500.00		215,750
Communication Costs	46,946.40		47,744
Stationery	18,085.00		46,179
Electricity	5,748.10		7,559
Office Equipment Maintainance	28,133.00		53,819
Other Administration Expenses	66,943.65		69,085
Depreciation - Office Equipment	35,257.89		-
Depreciation - Furniture & Fittings	<u>4,443.75</u>		<u>-</u>
	415,057.79		440,136
Special Contributions for Administration Expenses	<u>100,450.00</u>		<u>107,703</u>
Excess of Administration Expenses over Contribution		314,607.79	332,433
Net Proceeds after Administration Expenses		<u><u>733,701.80</u></u>	<u><u>104,390</u></u>

		<b>2003/2004</b>		<b>2002/2003</b>
		<b>Rs.</b>	<b>Cts.</b>	<b>Rs.</b>
(7)	<b><u>SHELTER</u></b>			
(7 A)	<b><i>Indigaswewa Housing Project</i></b>			
	Cost of Building Houses	3,096,046.25		15,000
	Agriculture	12,000.00		-
	Other - Playground etc.	137,050.00		-
	Indigaswewa Project Cost	<u>3,245,096.25</u>		<u>15,000</u>
(7 B)	<b><i>Other Shelter Projects</i></b>			
	Repairs to Houses	27,956.00		-
	Other Projects	14,368.00		70,963
		<u>42,324.00</u>		<u>70,963</u>
(8)	<b><u>OTHER GENERAL PROJECTS</u></b>			
	<b><i>Payments</i></b>			
	Blind Colony	34,000.00		34,500
	Other Projects	69,859.45		94,580
		<u>103,859.45</u>		<u>129,080</u>

(9). **FIXED**  
**ASSETS**

<b>Code</b>	<b>Description</b>	<b>Cost</b>	<b>Additions/ (Disposals)</b>	<b>Rates %</b>	<b>W.D.V.as at 31/03/2003</b>	<b>Depriciation 2003/2004</b>	<b>W.D.V.as at 31/03/2004</b>
		<b>Rs. Cts.</b>	<b>Rs. Cts.</b>		<b>Rs. Cts.</b>	<b>Rs. Cts.</b>	<b>Rs. Cts.</b>
<b>Furniture</b>							
1 - 01 - 03 - 01	Computer Table	2,500.00	-	12.50%	2,500.00	312.50	2,187.50
1 - 01 - 03 - 02	Cupboard	6,750.00	-	12.50%	6,750.00	843.75	5,906.25
1 - 01 - 03 - 03	Cupboard	6,750.00	-	12.50%	6,750.00	843.75	5,906.25
1 - 01 - 03 - 04	Computer Table	7,125.00	-	12.50%	7,125.00	890.62	6,234.38
1 - 01 - 03 - 05	Computer Table	2,450.00	-	12.50%	2,450.00	306.25	2,143.75
1 - 01 - 03 - 06	Typist Chair	4,570.00	-	12.50%	4,570.00	571.25	3,998.75
1 - 01 - 03 - 07	Writing Table	<u>5,405.00</u>	-	12.50%	<u>5,405.00</u>	<u>675.63</u>	<u>4,729.37</u>
		<u>35,550.00</u>	-		<u>35,550.00</u>	<u>4,443.75</u>	<u>31,106.25</u>
<b>Equipment</b>							
1 - 01 - 02 - 01	Cordless Telephone	4,000.00	-	33.33%	4,000.00	1,333.20	2,666.80
1 - 01 - 01 - 01	UPS	7,056.00	-	33.33%	7,056.00	2,351.76	4,704.24
1 - 01 - 01 - 02	Computer Monitor	2,000.00	-	33.33%	2,000.00	666.60	1,333.40
1 - 01 - 01 - 03	Computer Monitor	2,000.00	-	33.33%	2,000.00	666.60	1,333.40
1 - 01 - 01 - 04	Lexmark Printer	8,437.50	-	33.33%	8,437.50	2,812.22	5,625.28
1 - 01 - 01 - 05	UPS	7,056.00	-	33.33%	7,056.00	2,351.76	4,704.24

1 - 01 - 01 - 06	Computer, Floppy Drive & Installation Charges	68,178.75	-	33.33%	68,178.75	22,723.98	45,454.77
				33.33%			
1 - 01 - 01 - 07	UPS	<u>7,056.00</u>	-	33.33%	<u>7,056.00</u>	<u>2,351.77</u>	<u>4,704.23</u>
		<u>105,784.25</u>	-		<u>105,784.25</u>	<u>35,257.89</u>	<u>70,526.36</u>
<b>Grand Total</b>		<b><u>141,334.25</u></b>	-		<b><u>141,334.25</u></b>	<b><u>39,701.64</u></b>	<b><u>101,632.61</u></b>

**Depriciation Policy**

Depreciation on Fixed Assets will not be provided in the year of purchase and will be fully provided in the year of sale.