

**AUDITORS REPORT  
TO THE MEMBERS OF TRANSPARENCY INTERNATIONAL SRI LANKA**

We have audited the Balance Sheet of the Transparency International Sri Lanka as at 31<sup>st</sup> December 2008 and the related Statements of Financial Activities, Changes in Accumulated Fund and Cash Flow for the year then ended together with the notes thereto.

**Respective Responsibilities of Directors and Auditors**

The Directors are responsible for preparing and presenting these financial statements in accordance with Sri Lanka Statement of Recommended Practice for Not-For-Profit Organisations (SL SoRP NPOs). Our responsibility is to express an opinion on the financial statements based on our audit.

**Basis of Opinion**

We conducted our audit in accordance with Sri Lanka Auditing Standards. These Standards 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 policies 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 SL SoRP NPOs. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion, so far as appears from our examination, the Organisation maintained proper books of account for the year ended 31<sup>st</sup> December 2008, and to the best of our information and according to the explanations given to us, the said Balance Sheet and related Statements of Financial Activities, Changes in Accumulated Fund and Cash Flow together with the Notes thereto, which are in accordance with the said books and have been prepared and presented in accordance with SL SoRP NPOs, provide the information required by the Companies Act No 7 of 2007, and give a true and fair view of the state of affairs of the Organisation as at 31<sup>st</sup> December 2008, and of the results of its activities for the year then ended.

**Directors Interest in Contracts with the Company**

According to the information made available to us, the Directors of the Organisation were not directly or indirectly interested in contracts with the Organisation.

*Joe Muttupulle & Co.*  
**CHARTERED ACCOUNTANTS**

Colombo  
5th June 2009



**TRANSPARENCY INTERNATIONAL SRIL LANKA**  
**28/1, BULLERS LANE, COLOMBO - 07**

**BALANCE SHEET**  
**AS AT 31TH DECEMBER**

	NOTE	2008 Rs.	2007 Rs.
<b>Non Current Assets</b>			
Property, Plant and Equipment	1	<u>3,055,405</u>	<u>1,277,869</u>
		<b>3,055,405</b>	<b>1,277,869</b>
<b>Current Assets</b>			
Treasury Bills	2	6,104,392	13,980,303
Project Receivables		-	200,000
Other Receivables	3	1,046,546	50,000
Deposits and Advances	4	1,751,000	1,183,148
Balance at Bank and Cash in Hand	5	<u>115,629</u>	<u>1,251,198</u>
		<b>9,017,567</b>	<b>16,664,649</b>
<b>Less:</b>			
<b>Current Liabilities</b>			
Project Payables	6	-	951,404
Other Payable	7	2,895,028	1,490,430
Restricted Funds	8	3,309,273	13,275,288
Audit Fees Payable		-	51,750
Balance at Bank		-	-
		<u>6,204,301</u>	<u>15,768,872</u>
<b>Net Current Assets</b>		<b>2,813,266</b>	<b>895,777</b>
<b>Net Assets</b>		<b>5,868,671</b>	<b>2,173,646</b>
<b>Funds Employed</b>			
Capital Reserve		4,155,425	607,803
<b>Fund - Transparency International Secretariat</b>			
Balance as on 01.01.2008		5,131,914	5,131,914
Receipts for the Period		-	-
Balance as on 31.12.2008		<u>5,131,914</u>	<u>5,131,914</u>
<b>Accumulated Fund</b>			
Balance as on 01.01.2008		(3,566,071)	(2,513,922)
Excess Of (Expenditure over Income) / Income over Expenditure		147,403	(1,052,149)
Balance as on 31.12.2008		<u>(3,418,668)</u>	<u>(3,566,071)</u>
		<b>5,868,671</b>	<b>2,173,646</b>

Directors: 1

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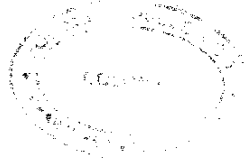
Colombo  
Dated: 5th June 2009



**TRANSPARENCY INTERNATIONAL SRI LANKA  
28/1, BULLERS LANE, COLOMBO - 07**

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31ST DECEMBER**

	NOTE	2008 Rs.	2007 Rs.
<b>Incoming Resources</b>	<b>9</b>	<b>52,296,693</b>	24,274,908
<b>Project Expenditure</b>			
Staff		2,609,753	6,568,628
Other Direct Cost		36,014,617	15,041,644
Other Indirect Expenditure		2,359,478	2,664,637
Total Project Costs		<b>40,983,848</b>	24,274,908
Net Surplus/ Deficit on Projects		<b>11,312,845</b>	-
Revenue Earned	<b>10</b>	<b>963,571</b>	1,355,044
		<b>12,276,416</b>	1,355,044
Administrative Expenses		915,140	1,432,688
Staff Cost		8,703,830	177,030
Establishment Expenses		1,693,875	163,329
		<b>11,312,845</b>	1,773,048
Net Surplus / Deficit on Operating Activities		<b>963,571</b>	(418,004)
Finance Cost		-	(16,833)
Net Surplus/ Deficit Before Tax		<b>963,571</b>	(434,837)
Income Tax Expenses		<b>(816,168)</b>	(154,312)
Net Surplus/Deficit After Tax		<b>147,403</b>	(589,149)



**TRANSPARENCY INTERNATIONAL SRI LANKA**  
**28/1, BIII IFRS LANE, COLOMBO - 07**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST DECEMBER**

	<b>2008</b>	<b>2007</b>
	<b>Rs.</b>	<b>Rs.</b>
Excess of Income Over Expenditure	963,571	(434,837)
<b>Adjustment For:</b>		
Balances Written Off	(499,295)	(463,000)
Depreciation	1,770,088	520,795
Interest Income	(3,622)	(688,558)
Finance Cost	-	18,833
<b>Operating Cash Flow Before Working Capital Changes</b>	<b>2,230,742</b>	<b>(1,048,766)</b>
(Increase) / Decrease in Project Receivables	200,000	190,294
(Increase) / Decrease in Other Receivables	(996,546)	96,800
(Increase) / Decrease in Deposits and Advances	(567,852)	826,353
Increase / (Decrease) in Project Payables	(951,404)	(138,875)
Increase / (Decrease) in Other Payables	1,291,537	752,125
Increase / (Decrease) in Audit Fees Payables	(51,750)	11,500
	<b>(1,076,015)</b>	<b>1,738,197</b>
<b>Cash Generation from Operations</b>	<b>1,154,727</b>	<b>689,431</b>
Finance cost paid	-	(16,833)
Interest Income	3,622	688,558
Income Tax Paid	(203,814)	(104,785)
<b>Net Cash from Operating Activities</b>	<b>954,535</b>	<b>1,256,371</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of Fixed Assets	-	10,000
Acquisition of Property, Plant & Equipment	-	-
Acquisition / (Disposal) of Treasury Bills	7,875,911	(12,980,303)
<b>Net Cash from Investing Activities</b>	<b>7,875,911</b>	<b>(12,970,303)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Restricted Funds Payable	(9,966,015)	12,816,240
<b>Net Cash from Financing Activities</b>	<b>(9,966,015)</b>	<b>12,816,240</b>
<b>Net Increase / (Decrease) in cash &amp; Cash Equivalents</b>	<b>(1,135,569)</b>	<b>1,102,308</b>
Cash and Cash Equivalent at the Beginning of the year	1,251,198	148,891
Cash and Cash Equivalent at the end of the year	<b>115,629</b>	<b>1,251,198</b>



## **Corporate Information**

### **General**

The Transparency International Sri Lanka is a Company limited by guarantee, incorporated on 23<sup>rd</sup> March 2004 under section 15(1) of the Companies Act as a not-for-profit Company and domiciled in Sri Lanka. The registered office of the Company is located at 28/1, Buller's Lane, Colombo 7.

### **Principal Activities and Nature of Operations**

During the year, the principal activities of the Company were as follows:

- To encourage the growth of democratic concepts, practice and good governance in Sri Lanka
- To promote accountability and eradication of corruption in all public institutions, departments and other spheres of government and private sector
- To take steps to promote and bring about transparency and integrity in public life, governments and undertakings and national and multinational trade and industry, and work towards the eradication of corruption from all spheres of life in Sri Lanka
- To co-operate with other organizations and like minded bodies interested in fighting corruption and to support governmental and other efforts in this regard remaining independent of government and any political party
- To highlight, educate and inform the public about the effects of corruption and to encourage the public to play an active role to ensure ethical and transparent governance
- To lobby, encourage and work for suitable changes in laws, systems and procedures to ensure transparency and accountability in governmental functioning and dealing in respect of public procurement
- To share knowledge and experience nationally and internationally regarding the containment and eradication of corruption

**Transparency International Sri Lanka**  
**No 28/1, Bullers Lane, Colombo 7**

## **Summary of Significant Accounting Policies**

### **General Policies**

#### **Statement of Compliance**

The Financial Statements have been prepared in accordance with Sri Lanka Statement of Recommended Practice for Not – For – Profit Organisations (including NGOs), by the Institute of Chartered Accountants of Sri Lanka (ICASL).

#### **Basis of Measurement**

The Financial Statements have been prepared on the historical cost basis.

#### **Grants**

Grants received on account of specific projects have been credited to the appropriate restricted fund (project fund). These sums are then transferred to income account as and when the relevant expenses are being charged.

Monetary Grants and Donations received without any specific conditions are credited directly to income account to be used against normal unrestricted expenses of the Organisation.

#### **Transactions in Foreign Currency**

All other assets and liabilities denominated in foreign currencies at the year end are translated at the exchange rates prevailing at the balance sheet date.

Other normal foreign currency transactions are converted at the exchange rates prevalent on the date of the transaction.

All gains or losses on foreign currency transactions is transferred to Restricted Funds Account.

#### **Property, Plant and Equipment**

##### **Cost or Valuation**

Property, Plant and Equipment are reflected at cost less accumulated depreciation. Property, Plant and Equipment purchased for projects would be capitalized at the completion of projects at their fair values determined by the Directors.

##### **Depreciation**

A full year's depreciation is charged in the year of sale and none in the year of purchase. Fixed assets are depreciated at 25% per annum on a straight line basis.

**Transparency International Sri Lanka**  
**No 28/1, Bullers Lane, Colombo 7**

**Summary of Significant Accounting Policies - Continued**

**Investments – Treasury Bills**

Treasury Bills are accounted for at cost plus the relevant proportion of the discount. Investment income is credited to Restricted Fund Account.

**Defined Benefit Plan - Gratuity**

Full provision has been made in the accounts for retiring gratuities payable under the Payment of Gratuities Act No. 12 of 1983, for all employees, including those who have less than five years of continued service. Gratuities are recognized as project expense in the period during which their services are rendered, in accordance with Sri Lanka Accounting Standards 16 – Retiring Benefits Costs.

**Defined Contribution Plans – Employees’ Provident Fund and Employees’ Trust Fund**

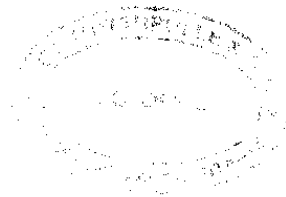
Employees are eligible for Employees Provident Fund contributions and Employees Trust Fund Contributions in line with the respective Statutes and Regulations. The Company contributes 12% and 3% of the salary of each employee to the Employees’ Provident Fund and the Employees’ Trust Fund respectively.

TRANSPARENCY INTERNATIONAL SRI LANKA  
28/1, BULLERS LANE, COLOMBO - 07

Notes to the Accounts

Note 1

Property, Plant and Equipment	Computers Rs	Furniture & Fittings Rs	Office Equipment Rs	Electrical Equipment Rs	Total Rs
<b>Cost / Valuation</b>					
Balance as at 01.01.2008	616,251	137,897	54,241	1,301,045	2,109,435
<i>Capitalised during the year:</i>					
Projects	918,000	515,953	608,689	646,300	2,688,942
Value for Money Audit	423,250	84,197	117,233	-	624,680
Donations from ARD	81,000	26,000	127,000	-	234,000
Balance as at 31.12.2008	<u>2,038,501</u>	<u>764,047</u>	<u>907,163</u>	<u>1,947,345</u>	<u>5,657,057</u>
<b>Accumulated Depreciation</b>					
Balance as at 01.01.2008	428,275	53,128	24,900	325,261	831,564
Charge for the year	872,347	184,115	226,789	486,837	1,770,088
Balance as at 31.12.2008	<u>1,300,622</u>	<u>237,243</u>	<u>251,689</u>	<u>812,098</u>	<u>2,601,652</u>
<b>Net Book Value</b>					
As at 31.12.2008	<u>737,879</u>	<u>526,804</u>	<u>655,475</u>	<u>1,135,247</u>	<u>3,055,405</u>
As at 31.12.2007	<u>187,976</u>	<u>84,769</u>	<u>29,342</u>	<u>1,301,045</u>	<u>1,277,870</u>





**TRANSPARENCY INTERNATIONAL SRI LANKA**  
**28/1, BULLERS LANE, COLOMBO - 07**

**Notes to the Accounts**

<b>Note 2</b>	<b>2008</b>	2007
<b>Treasury Bill</b>	<b>Rs</b>	<b>Rs</b>
TI - General Treasury Bills	<b>1,294,431</b>	-
Benevolent Fund	<b>203,451</b>	203,451
<b>Co - Donor Funding</b>		
Helvetas Treasury Bills	<b>562,580</b>	376,853
NORAD & SLIDA	<b>4,043,930</b>	12,400,000
Treasury Bills VFM	-	1,000,000
<b>Total</b>	<b>6,104,392</b>	<b>13,980,304</b>

**Note 3**  
**Other Receivables**

Value for Money Audit Project - SIDA	-	50,000
Amounts Receivable from Programme - Galle	<b>54,458</b>	-
Amounts Receivable from Programme - Badulla	<b>87,085</b>	-
IACC - CIM, GTZ	<b>233,935</b>	-
IACC - Per diem payment from participants	<b>295,168</b>	-
Damages Recoverable from Insurance	<b>364,150</b>	-
Office Maintenance	<b>11,750</b>	-
	<b>1,046,546</b>	<b>50,000</b>

**Note 4**  
**Deposits and Prepayments**

Hall Charges - BMICH UN Anti-Corruption Day 2008	<b>20,000</b>	30,000
Exigency Advance	<b>20,000</b>	-
Franking Machine Deposit	<b>100,000</b>	-
Thimbrigasyaya Rent Deposit	-	150,000
Hongkong Travel - AMRC	-	2,648
Mobitel Lanka (Pvt) Ltd - Mobile Deposit	<b>3,000</b>	-
Employers' Federation of Ceylon	<b>17,500</b>	-
Advance Payment Taj Lanka	-	69,000
Anti Corruption Tool Kit	-	5,000
Rent Prepayment - 28/1, Bullers Lane	-	841,500
- 28/1, Bullers Lane - New Agreement	<b>990,000</b>	-
- 24 1/1, Bullers Lane	<b>445,500</b>	-
Refundable Rent Deposit - 28/1, Bullers Lane	<b>100,000</b>	85,000
- 24 1/1, Bullers Lane	<b>55,000</b>	-
	<b>1,751,000</b>	<b>1,183,148</b>

**Note 5**  
**Balance at Bank and Cash in Hand**

Balances at Banks	<b>95,629</b>	1,199,354
Cash in Hand	<b>20,000</b>	51,844
	<b>115,629</b>	<b>1,251,198</b>

**TRANSPARENCY INTERNATIONAL SRI LANKA**  
**28/1, BULLERS LANE, COLOMBO - 07**

**Notes to the Accounts**

	<b>2008</b>	2007
	<b>Rs</b>	Rs
<b>Note 6</b>		
<b>Projects Payable</b>		
Value for Money Audit - SIDA	-	951,404
	<u>-</u>	<u>951,404</u>
<b>Note 7</b>		
<b>Other Payables</b>		
High Post Project - CIDA	-	131,924
Jakarta Expert Meeting - TI Secreteriat	-	25,641
Program for Protecting Public Resources (PPPR Project)-CIDA	-	7,511
Strategic Planning - CIDA	<b>99,597</b>	99,597
Value for Money (VFM) - SIDA	-	210,000
Provision For Gratuity	<b>1,047,250</b>	609,250
Regional Meeting Advance	-	3,440
Income Tax Payable	<b>612,354</b>	49,527
Provision for Expenses:		
Education - Health Sector Survey	<b>340,000</b>	-
Advocacy - Chief Guest UN Anti-Corruptin Day 2008	<b>558,155</b>	-
Employees Provident Fund	<b>184,350</b>	-
Employees Trust Fund	<b>27,653</b>	-
PAYE	<b>25,669</b>	-
	<u><b>2,895,028</b></u>	<u>1,136,890</u>
<b>Note 8</b>		
<b>Restricted Fund</b>		
<b>Strategic Plan</b>		
<b>Co-Donor Funding</b>		
SIDA	<b>1,492,261</b>	6,643,394
NORAD	<b>1,492,261</b>	6,643,395
HELVETAS - Sri Lanka	<b>34,751</b>	-
ACILS	-	(23,701)
Private Sector Sponsorship	<b>290,000</b>	-
ARD Rollouts	-	12,200
	<u><b>3,309,273</b></u>	<u>13,275,288</u>



**TRANSPARENCY INTERNATIONAL SRI LANKA**  
**28/1, BULLERS LANE, COLOMBO - 07**

**Notes to the Accounts**

**Note 9**

**Strategic Plan - Expenses**

<b>Funds Allocated From</b>	<b>2008</b>	2007
	<b>Rs</b>	Rs
Swedish International Development Agency (SIDA)	<b>23,820,548</b>	9,427,379
Norwegian Ministry of Foreign Affairs (MFA)	<b>23,820,548</b>	9,427,379
Friedrich Ebert Stiftung (FES)	<b>640,000</b>	800,000
HELVETAS SRI LANKA	<b>2,594,377</b>	3,000,000
TI Secretariat	<b>1,421,220</b>	-
Associate for Rural Development (ARD)	-	1,413,875
American Centre for International Labour Solidarity (ACILS)	-	206,276
	<b><u>52,296,693</u></b>	<b><u>24,274,908</u></b>

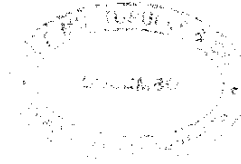
**Funds Allocated For**

Education	<b>5,223,767</b>	2,548,683
Advocacy	<b>10,412,343</b>	2,226,693
Representation	<b>3,585,103</b>	3,852,633
Monitoring	<b>5,755,358</b>	1,733,508
Core Expenses	<b>24,725,745</b>	9,293,239
Helvetas Sri Lanka	<b>2,594,377</b>	3,000,000
Associate for Rural Development (ARD)	-	1,413,875
American Centre for International Labour Solidarity (ACILS)	-	206,276
	<b><u>52,296,693</u></b>	<b><u>24,274,908</u></b>

**Note 10**

**Revenue Earned from other Activities**

Sundry Income	<b>377,358</b>	158,095
Interest Income	<b>3,622</b>	687,530
Long Outstanding Balances Written off	<b>499,295</b>	
Endowment Fund	<b>83,296</b>	509,420
	<b><u>963,571</u></b>	<b><u>1,355,044</u></b>



TRANSPARENCY INTERNATIONAL SRI LANKA  
2071, BULLERS LANE, COLOMBO - 07

Notes to the Accounts

Schedule 1

Project Activity Summary

Funds Allocated for	Signed Total Project Cost Rs	Transferred from Restricted Funds Rs	Total Amount Expended				Surplus/deficit on project Rs
			Staff Rs	Other Direct Costs		Total Rs	
				Assets Rs	Other Rs		
Representation	10,409,410	3,585,103	1,642,403	-	1,942,700	3,585,103	-
Education	8,207,210	6,452,350	1,389,951	-	5,062,399	6,452,350	-
Advocacy	9,649,420	11,778,137	1,472,816	-	10,305,321	11,778,137	-
Monitoring	7,099,620	5,755,358	1,260,974	-	4,494,384	5,755,358	-
Institutional Development	19,781,850	24,929,559	5,547,439	2,359,478	16,818,828	24,725,745	-
<b>Total</b>	<b>55,147,510</b>	<b>52,500,507</b>	<b>11,313,583</b>	<b>2,359,478</b>	<b>38,623,632</b>	<b>52,296,693</b>	<b>-</b>



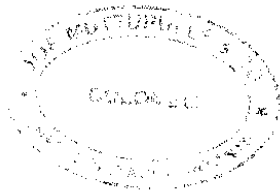
**TRANSPARENCY INTERNATIONAL SRI LANKA**  
**28/1, BULLERS LANE, COLOMBO - 07**

**Notes to the Accounts**

**Schedule 2**

**Movement in Restricted Funds**

Name of Donor Organisation	Project	Signed Total Project Cost	Balance Brought forward	Received/ Restricted surplus during the year	Interest Accrued	Total To Date	Transferred to Income and Expenditure	Balance carried forward	Transferred to Revenue Earned
		Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Associate for Rural Development (ARD)	Roll-out Programme of Community Level Awareness Workshops and Action Plan		12,200	-	-	12,200	-	-	12,200
American Centre for International Labour Solidarity (ACILS)	Roll - out Programme		(23,701)	-	-	(23,701)	-	-	(23,701)
SIDA	Programme Activities	19,513,808	6,643,394	17,484,728	1,184,688	25,312,810	23,820,548	1,492,262	-
NORAD	Programme Activities	19,513,808	6,643,394	17,484,727	1,184,687	25,312,808	23,820,548	1,492,260	-
Helvetas Sri Lanka	Programme Activities	2,550,000	-	2,550,000	79,128	2,629,128	2,594,377	34,751	-
FES	Programme Activities	640,000	-	640,000	-	640,000	640,000	-	-
Private Sector Sponsorship		290,000	-	290,000	-	290,000	-	290,000	-
TI Secretariat		1,421,220	-	1,421,220	-	1,421,220	1,421,220	-	-
<b>Total</b>		<b>43,928,836</b>	<b>13,275,287</b>	<b>39,870,675</b>	<b>2,448,503</b>	<b>55,594,465</b>	<b>52,296,693</b>	<b>3,309,273</b>	<b>(11,501)</b>



**TRANSPARENCY INTERNATIONAL SRI LANKA**  
**207/1, BULLERS LANE, COLOMBO - 07**

**Project Assets not included in the Balance Sheet**

Item	Balance as at 01.01.2008	Additions During the year	Capitalise during the year	Transfer	Balance as at 31.12.2008
	Rs	Rs	Rs	Rs	Rs
Computers	1,341,249	386,390	1,341,249	-	386,390
Office Equipment	725,922	1,304,304	725,922	-	1,304,304
Furniture	597,350	281,459	597,350	-	281,459
Electrical Equipment	646,300	-	646,300	-	-
Three Wheeler	-	329,940	-	-	329,940
TVS Champ Bike	-	57,385	-	-	57,385
	<b>3,310,821</b>	<b>2,359,478</b>	<b>3,310,821</b>	<b>-</b>	<b>2,359,478</b>



[www.tisrilanka.org](http://www.tisrilanka.org)