

# Financial Statement 2011



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**AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF  
TRANSPARENCY INTERNATIONAL SRI LANKA (GUARANTEE) LIMITED**

We have audited the accompanying financial statements of Transparency International Sri Lanka (Guarantee) Limited, which comprise the Balance Sheet as at 31 December 2011, and the Statement of Financial Activities, Statement of Changes in Accumulated Funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Sri Lanka Statement of Recommended Practice (SoRP) for Non-Governmental Organisations (NGOs) issued by the Institute of Chartered Accountants of Sri Lanka. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Scope of Audit and Basis of Opinion**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.


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, so far as appears from our examination, the Organisation has maintained proper accounting records for the year ended 31 December 2011 and the financial statements present fairly in all material respects, the Organisation's state of affairs as at 31 December 2011 and its financial activities and cash flows for the year then ended in accordance with the Sri Lanka Statement of Recommended Practice (SoRP) for Non-Governmental Organisations (NGOs) issued by the Institute of Chartered Accountants of Sri Lanka.

**Report on Other Legal and Regulatory Requirements**

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

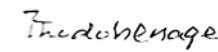


20 April 2012  
Colombo

## Balance Sheet

As at 31 December 2011

ASSETS	Note	2011	2010
		Rs.	Rs.
<b>Non-Current Assets</b>			Restated
Property, Plant & Equipment	4	2,444,489	3,654,607
		<b>2,444,489</b>	<b>3,654,607</b>
<b>Current Assets</b>			
Short Term Deposits	5	2,633,033	2,488,984
Receivables	6	2,112,347	2,253,413
Cash & Bank Balances	16	28,014,024	18,916,911
		32,759,404	23,659,308
<b>Total Assets</b>		<b>35,203,893</b>	<b>27,313,915</b>
<b>FUNDING &amp; LIABILITIES</b>			
<b>Accumulated Funds</b>			
Restricted Funds	7	23,727,806	16,602,298
Unrestricted Funds	8	3,394,252	2,430,561
Capital Grants	9	4,420,941	3,904,080
<b>Total Accumulated Funds</b>		<b>31,542,999</b>	<b>22,936,939</b>
<b>Non-Current Liabilities</b>			
Retirement Benefit Liability	10	1,653,724	1,589,111
		<b>1,653,724</b>	<b>1,589,111</b>
<b>Current Liabilities</b>			
Income Tax Payable		156,276	-
Creditors	11	1,211,048	1,615,246
Bank Overdraft	16	639,846	1,172,619
		2,007,170	2,787,865
<b>Total Accumulated Funds and Liabilities</b>		<b>35,203,893</b>	<b>27,313,915</b>

  
Finance Officer

The Management is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Organization by;

  
Director

  
Director

The accounting policies and notes on pages 40 through 53 form an integral of the finance statements.  
20 April 2012  
Colombo

## Statement of Financial Activities

Year ended 31 December 2011

	Note	2011	2010
		Rs.	Rs.
Incoming Resources	3	54,117,446	73,990,205
Project Expenditure	12	(34,159,097)	(50,785,297)
<b>Net Surplus on Projects</b>		<b>19,958,349</b>	<b>23,204,908</b>
Revenue Earned from Other Activities	14	963,691	838,118
Administrative Expenses	15	(19,709,100)	(22,959,800)
<b>Net Surplus / (Deficit) Before Tax</b>		<b>1,212,940</b>	<b>1,083,226</b>
Income Tax (Expenses) / Reversal		(249,249)	(245,108)
<b>Net Surplus / (Deficit) After Tax</b>		<b>963,691</b>	<b>838,118</b>

The accounting policies and notes on pages 40 through 53 form an integral part of the financial statements.

## Statement of Changes in Accumulated Funds

Year ended 31 December 2011

	Restricted Funds	Unrestricted Funds (Restated)	Transparency International Secretariat	Capital Grants (Restated)	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 January 2010 (Restated)	29,697,916	(1,757,471)	5,131,914	5,125,016	38,197,375
Balance Transferred to Equity (Restated-Note 13)	-	3,349,914	-	-	3,349,914
Funds Transferred from Transparency International Secretariat to Restricted Funds	5,131,914	-	(5,131,914)	-	-
Funds Received During the Year	58,653,567	-	-	-	58,653,567
Funds Transferred to Statement of Financial Activities	(73,815,611)	-	-	(1,581,596)	(75,397,207)
Accrued Interest	964,029	-	-	-	964,029
Returned to Donor	(679,603)	-	-	-	(679,603)
Capitalize during the Year	-	-	-	360,660	360,660
Net Surplus / (Deficit) for the Year	-	838,118	-	-	838,118
Funds Transferred from Transparency International Secretariat to Restricted Funds	(3,349,914)	-	-	-	(3,349,914)
<b>Balance as at 31 December 2010</b>	<b>16,602,298</b>	<b>2,430,561</b>	<b>-</b>	<b>3,904,080</b>	<b>22,936,939</b>
Funds Received During the Year	60,922,584	-	-	-	60,922,584
Funds Transferred to Statement of Financial Activities	(54,117,446)	-	-	-	(54,117,446)
Accrued Interest	320,370	-	-	-	320,370
Returned to Donor	-	-	-	-	-
Capitalised During the year	-	-	-	516,861	516,861
Net Surplus / (Deficit) for the Year	-	963,691	-	-	963,691
<b>Balance as at 31 December 2011</b>	<b>23,727,806</b>	<b>3,394,252</b>	<b>-</b>	<b>4,420,941</b>	<b>31,542,999</b>

The accounting policies and notes on pages 40 through 53 form an integral part of the financial statements.

# Cash Flow Statement

Year ended 31 December 2011

	Note	2011	2010
Cash Flows from Operating Activities		Rs.	Rs.
Net Surplus/(Deficit) before Taxation		1,212,940	1,083,226
Adjustments for			
Depreciation	4	1,674,690	2,217,774
Provision for Gratuity	10	385,645	607,325
(Profit)/Loss on sale of Property, Plant & Equipment		2,295	32,321
Amortization		-	(1,581,596)
Interest Income		(823,640)	(466,623)
Net cash flow before Working Capital Changes		2,451,930	1,892,427
(Increase)/ Decrease in Receivables	6	141,066	821,492
Increase/(Decrease) in Creditors	11	(247,922)	1,122,298
Cash Generated from Operations		2,345,074	3,836,217
Payment of Taxes		(249,249)	(326,959)
Net Cash from Project Activities		2,095,825	3,509,258
<b>Cash Flows from/(Used in) Investing Activities</b>			
Purchase of Property, Plant & Equipment	4	-	(662,787)
Proceeds from sale of Property, Plant & Equipment		50,000	67,680
Proceeds from/(Investment on) Short Term Deposits		(144,049)	26,745,548
Interest Income	13	822,972	466,623
Net Cash from/(used in) Investing Activities		728,923	26,617,064
<b>Cash Flows from/(Used in) Financing Activities</b>			
Cash received from Donors not used		6,805,138	(15,842,047)
Net Cash from/(used in) Financing Activities		6,805,138	(15,842,047)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		9,629,886	14,284,275
<b>Cash and Cash Equivalents at the beginning of the year</b>	15	17,744,292	3,460,017
<b>Cash and Cash Equivalents at the end of the year</b>	15	27,374,178	17,744,292

The accounting policies and notes on pages 40 through 53 form an integral part of the financial statements.

# Notes to the Financial Statements

Year ended 31 December 2011

## 1. BACKGROUND INFORMATION

### 1.1 General

Transparency International Sri Lanka (Guarantee) Limited was incorporated on 23 March 2004 under the Companies Act No. 17 of 1982 as a limited company. It was re-registered on 07 May 2009 under the Companies Act No. 7 of 2007 as a company limited by guarantee.

Transparency International Sri Lanka is domiciled in the Democratic Republic of Sri Lanka. The registered office and the principal place of the Company is located at No. 06, 37th Lane, Off Queens Road, Colombo 03. Its programs are carried out throughout the country.

### 1.2 Principle activities of the organization

Transparency International Sri Lanka (Guarantee) Limited (TISL) is a National chapter of Transparency International (TI), the leading global movement against corruption. TI raises awareness of the damaging effects of corruption and works with partners in government, business and civil society to develop and implement effective measures to tackle it. TI has an international secretariat in Berlin, Germany, and more than 90 Chapters worldwide.

Transparency International Sri Lanka (Guarantee) Limited (TISL) commenced active operations at the end of 2002 and has since built a strong institution ardently fighting corruption in Sri Lanka. It functions as a self-financing autonomous Chapter of TI with its own strategic directions and priorities.

### 1.3 Date of Authorization for Issue

The Financial Statements of Transparency International Sri Lanka (Guarantee) Limited, for the year ended 31 December 2011 was authorized for issue in accordance with a resolution of the board of directors on 20 April 2012.

# Notes to the Financial Statements

Year ended 31 December 2011

## 2. BASIS OF PREPARATION

### 2.1 General Policies

#### 2.1.1 Basis of Preparation

The Financial Statements have been prepared on a historical cost basis. The Financial Statements are presented in Sri Lanka Rupees. The Preparation and Presentation of these financial statements is in compliance with the Companies Act No. 07 of 2007.

#### 2.1.2 Statement of compliance

The Financial Statements of Transparency International Sri Lanka have been prepared in accordance with the Sri Lanka Statement of Recommended Practice (SoRP) for Non-Governmental Organisations (NGOs) issued by the Institute of Chartered Accountants of Sri Lanka.

#### 2.1.3 Comparative Information

Previous year's figures and phrases have been re-arranged wherever necessary to conform to the current presentation.

#### 2.1.4 Translation of Foreign Currency

The Financial Statements are presented in Sri Lanka Rupees, which is the Trust'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 balance sheet date and non-monetary items that are measured in terms of historical cost in a foreign currency are retranslated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value was determined.

Any resulting exchange gains and losses are accounted for in the statement of financial activities except for gains or losses relating to items adjusted through the Accumulated Fund which are reflected therein.

#### 2.1.5 Taxation

##### Current Taxes

Board of Directors of the Organization is of the view that it does not come under the definition of a Non-Governmental Organization (NGO) as being limited by Guarantee Company. Accordingly the grants and donations received by TISL are not liable for income tax. Interest income on Treasury bill is taxed at 30%.

# Notes to the Financial Statements

Year ended 31 December 2011

## 2.2 Accounting for the Receipts & Utilization of Funds

### 2.2.1 Funds

#### a) Unrestricted Funds

Unrestricted Funds are those that are available for use by the organization at the discretion of the board, in furtherance of the general objectives of the organization and which are not designated for any specific purpose.

Contributions received from the general public are recognized in the statement of Financial Activities on a cash basis.

#### 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 Financial Activities Account to match with the expenses incurred in respect of that identified project. Unutilized funds are held in their respective fund accounts and included under Accumulated Fund in the Balance Sheet until such time as they are required.

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

Where approved grant expenditure exceeds the income received and there is a certainty that the balance will be received such amount is recognized through debtors in the Balance Sheet.

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

#### c) 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.

d) Investment income and other gains realized from funds available under each of the categories are allocated to the appropriate funds, unless the relevant agreement or minute provides otherwise.

### 2.2.2 Grants and Subsidies

Grants and subsidies related to assets are deferred in the Balance Sheet and recognized as income over the life of depreciable asset by way of a reduced depreciation charge in the Statement of Financial Activities over the useful life of the asset.

# Notes to the Financial Statements

Year ended 31 December 2011

## 2.3 Valuation of Assets and their Measurement Bases

### 2.3.1 Receivables

Receivables are stated at the amounts they are estimated to realize net of allowances for bad and doubtful receivables.

### 2.3.2 Cash & Cash Equivalents

Cash and cash equivalents are defined as cash in hand, short term investments readily convertible to identified amounts of cash and which are not subject to any significant risk of change in value.

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

### 2.3.3 Property Plant & Equipment

#### 2.3.3.1 Cost and Valuation

Property, Plant & Equipment is stated at cost excluding the cost of day today servicing less accumulated depreciation and accumulated impairment in value.

Property, Plant and Equipment is purchased as a part of a project is capitalised at the completion of projects at cost less accumulated depreciation and accumulated impairment is in value.

#### 2.3.3.2 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 less any terminal value in order to write off such amount over the estimated useful lives of such assets. Depreciation is provided on assets commencing from the month assets are available for use. Where project assets are subsequently transferred to property, plant & equipment a corresponding amount is credited to capital grant account. Depreciation charged on these assets are set off against the amortization of this capital grant.

#### 2.3.3.3 Investments

Fixed Deposits and other interest bearing securities held for resale in the near future to benefit from short term market movements are accounted for at cost plus the relevant proportion of the discounts or premium.

#### 2.3.3.4 Donated Asset

When Property, Plant and Equipment is purchased as a part of a project through restricted funds until the conclusion of the project or if on conclusion of the project, the asset is 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. Depreciation is not provided on such assets.

# Notes to the Financial Statements

Year ended 31 December 2011

## 2.4 Liability and Provisions

### 2.4.1 Retirement Benefit obligations

#### (a) Defined Benefit Plan- Gratuity

Retirement Gratuity is a Defined Benefit Plan. The organization is liable to pay gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried in the Balance Sheet that is based on a half month salary as of the last month of the financial year for all employees for each completed year of service commencing from the first year of service. The difference between the provision that is brought forward at the beginning of the year and the provision that is required to be carried forward at the end of the year is adjusted through the Statement of Financial Activities.

This provision is not externally funded. However in accordance with the payment of Gratuity Act No 12 of 1983, this liability arises only on the completion of five years of continued service of any employee.

#### (b) Defined Contribution Plans

All employees are eligible to contribute to the Employees Provident Fund and the Employees Trust Fund in accordance with the relevant statutes and regulations. The organization contributes 12% and 3% of the gross emolument of the employees to the Employees Provident Fund and to the Employees Trust Fund respectively.

## 2.5 Statement of Income

### 2.5.1 Income Recognition

#### (a) Incoming Resources

Income realized from restricted funds is recognized in the Statement of Financial Activities only when there is a certainty that all conditions for receipt of funds have been complied with and the relevant expenditure that is expected to compensate has been incurred and charged to the Statement of Financial Activities. Unutilized funds are carried forward as such in the Balance Sheet.

All other income is recognized when the organization is legally entitled to the use of such funds and the amount can be quantified.

#### (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.

### 2.5.2 Expenditure Recognition

(a) Expenses in carrying out the projects and other activities of the organization are recognised in the statement of Financial Activities during the year in which they are incurred. Other expenses incurred in administering and running the organization and in restoring and maintaining the property, plant and equipment to perform at expected levels are accounted for on an accrual basis and charged to the statement of financial activities.

(b) For the purpose of presentation, of the statements of financial activities, the Management is of the opinion that the function of expenses method, presents fairly the elements of the Organisation's performance, and hence such a presentation method is adopted.

# Notes to the Financial Statements

Year ended 31 December 2011

3.	INCOMING RESOURCES			2011	2010
				Rs.	Rs.
	Restricted Funding			54,117,446	73,815,611
	Income from Private Sponsorships			-	174,594
				54,117,446	73,990,205

4.	PROPERTY, PLANT & EQUIPMENT	Balance As at	Additions	Disposals	Balance As at
4.1	Gross Carrying Amounts	01.01.2011			31.12.2011
	At Cost	Rs.	Rs.	Rs.	Rs.
	Furniture & Fittings	1,651,546	-	(22,610)	1,628,936
	Office Equipment	4,577,750	304,861	(282,476)	4,600,135
	Computer	2,605,810	212,000	(10,000)	2,807,810
	Motor Vehicle	465,325	-	(57,385)	407,940
		9,300,431	516,861	(372,471)	9,444,821
	<b>Total Gross Carrying Amount</b>	9,300,431	516,861	(372,471)	9,444,821

4.2	Depreciation	As at 01.01.2011	Charge for the Year	Disposals	As at 31.12.2011
	At Cost	Rs.	Rs.	Rs.	Rs.
	Furniture & Fittings	810,229	379,723	(22,612)	1,167,340
	Office Equipment	2,836,729	883,996	(258,878)	3,461,847
	Computer	1,890,660	294,640	(10,000)	2,175,300
	Motor Vehicle	108,206	116,331	(28,692)	195,845
		5,645,824	1,674,690	(320,182)	7,000,332
	<b>Total Depreciation</b>	5,645,824	1,674,690	(320,182)	7,000,332

4.3	Net Book Values	As at 01.01.2011			As at 31.12.2011
		Rs.	Rs.	Rs.	Rs.
	<b>Total Carrying Value of Property, Plant &amp; Equipment</b>	3,654,607			2,444,489

4.4 During the financial period, the Company acquired Property, Plant & Equipment to the aggregate value NIL and capitalised Property, Plant & Equipment which has been categorised under "Project Assets Not Included in the Balance Sheet" to the aggregate value of Rs.516861/-

4.5 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs.4,921,106 (2009 -Rs. 3,357,536/-).

# Notes to the Financial Statements

Year ended 31 December 2011

4.6	The useful lives of the assets are estimated as follows;		2011	2010
	Furniture & Fittings		Over 4 Years	Over 4 Years
	Office Equipment		Over 4 Years	Over 4 Years
	Computer		Over 4 Years	Over 4 Years
	Motor Vehicle		Over 4 Years	Over 4 Years

4.7	Project Assets not Included in Balance Sheet	Balance As at	Additions During the year	Capitalised During the year	Balance As at
	At Cost	01.01.2011			31.12.2011
	Furniture & Fittings	169,575	-	-	169,575
	Office Equipment	38,575	154,611	(193,186)	-
	Computer	-	267,000	(212,000)	55,000
	Air Conditioners	111,675	-	(111,675)	-
		319,825	421,611	(516,861)	224,575

5.	SHORT TERM DEPOSITS		2011	2010
			Rs.	Rs.
	Fixed Deposits		2,633,033	2,488,984
			2,633,033	2,488,984

6.	RECEIVABLES		2011	2010
			Rs.	Rs.
	Deposits & Prepayments		44,000	1,758,767
	Advances		1,766,958	19,900
	Other Receivables		301,389	474,746
			2,112,347	2,253,413

7.	RESTRICTED FUNDS		2011	2010
			Rs.	Rs.
				Restated
	Balance as at Beginning of the Year		16,602,298	29,697,916
			-	(3,349,914)
			16,602,298	26,348,002
	Fund Transferred from Transparency International Secretariat			5,131,914
	Funds Received During the Year (7.1)		60,922,584	58,653,567
	Accrued Interest		320,370	964,029
	Transfer to Statement of Financial Activities (7.1)		(54,117,446)	(73,815,611)
	Returned to Donor		-	(679,603)
	Balance at End of the Year		23,727,806	16,602,298



# Notes to the Financial Statements

Year ended 31 December 2011

## 7. RESTRICTED FUNDS (Contd...)

### 7.1 Movements in Restricted Funds - 1 January to 31st December 2011

Name of Donor Organisation	Project	Project Budget 2011	(A) Balance Brought forward	(B) Transferred from TI Secretariat	(C) Received/ during the year	(D) Interest Accrued	E=(A)+(B) + (C)+(D) Total available in current Year	(F) Transferred to statement of financial activities for Project Cost	(G) Transferred to statement of financial activities for Administrative and Tax Expense	(H)=(F)+(G) Total Transferred to statement of financial activities	(I) Surplus Returned to Donor / Transferred to/(from) Co-donor	(J)=(E)-(H)-(I) Balance carried forward
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
SIDA / MFA	From Co-donors	46,746,529	3,982,806	-	32,080,707	11,307	36,074,820	10,811,141	19,958,349	30,769,490	-	5,305,330
FES	Investigative Journalism Workshop	1,656,296	(257,000)	-	2,041,575	-	1,784,575	1,798,886	-	1,798,886	-	(14,311)
TI Secretariat	3 Position Paper Translations	55,587	55,087	-	-	-	55,087	-	-	-	-	55,087
TI Secretariat	Security Grant 2010 - Enhance Security Measures	960,000	12,284	-	-	-	12,284	-	-	-	-	12,284
Stromme Foundation	Civil Society for Accountable Governance - CBO Network	895,550	98,188	-	-	-	98,188	-	-	-	-	98,188
TI Secretariat	National Integrity Study	1,049,096	321,218	-	646,026	2,025	969,269	608,231	-	608,231	-	361,038
FK	Exchange Programme - TI South Asian Chapters	1,402,031	293,330	-	-	-	293,330	-	-	-	-	293,330
FK-2010/11	Exchange Programme - TI South Asian Chapters	2,091,900	467,986	-	4,605,337	-	5,073,323	3,135,170	-	3,135,170	-	1,938,153
TI Secretariat	Seed Funding - Website , Newsletter & Annual Report	919,900	(47,252)	-	-	-	(47,252)	228,263	-	228,263	-	(275,515)
Helvetas Sri Lanka	Programme Activities	1,000,000	(100,000)	-	100,000	-	(0)	-	-	0	-	(0)
Helvetas Sri Lanka - Ampara	Public Officials Capacity Development	12,500	12,500	-	-	-	12,500	-	-	-	-	12,500
Helvetas Kalmunai	Public Officials Capacity Development	23,549	23,548	-	-	-	23,548	-	-	-	-	23,548
SAHR	Parliament Watch	584,000	(22,033)	-	257,500	-	235,467	458,522	-	458,522	-	(223,055)
NED Washington D C USA	Kurunegala Capacity Building Project-2 DS Divisions	4,206,542	(870,744)	-	2,330,828	-	1,460,084	443,283	-	443,283	-	1,016,801
Royal Netherlands Embassy	Governance Report 2010	2,416,060	2,150,182	-	-	11,225.00	2,161,407	1,817,660	-	1,817,660	-	343,747
European Union	Enhancing Demand for Accountability in Local Governance- Anurdhapura, Polonnaruwa and Ampara Districts	15,535,677	8,667,198	-	9,746,810	295,813	18,709,821	11,931,847	-	11,931,847	-	6,777,974
PTF	Financial Accountability in 2 Pradeshiya Sabhas-Badulla	3,956,146	(61,731)	-	1,322,116	-	1,260,385	786,057	-	786,057	-	474,328
Federation of Chambers of Commerce	FCCISL Seminar-Regional Chamber Awareness Seminar	37,111	37,111	-	-	-	37,111	-	-	-	-	37,111
TI Secretariat	Global Corruption Report	483,000	52,756	-	-	-	52,756	236,700	-	236,700	-	(183,944)
CHRI	Right to Information	172,110	4,865	-	1,189,035	-	1,193,900	1,211,200	-	1,211,200	-	(17,300)
ARD		3,969,228	-	-	-	-	-	27,955	-	27,955	-	(27,955)
TIS - ALAC		26,217,450	-	-	6,602,650	-	6,602,650	624,182	-	624,182	-	5,978,468
SAFMA		40,000	-	-	-	-	-	40,000	-	40,000	-	(40,000)
TI Secretariat		-	5,131,914	(3,349,914)	-	-	1,782,000	-	-	-	-	1,782,000
Interest Income		1,500,000	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>		<b>115,930,262</b>	<b>19,952,212</b>	<b>(3,349,914)</b>	<b>60,922,584</b>	<b>320,370</b>	<b>77,845,252</b>	<b>34,159,097</b>	<b>19,958,349</b>	<b>54,117,446</b>	<b>-</b>	<b>23,727,806</b>



# Notes to the Financial Statements

Year ended 31 December 2011

8. UNRESTRICTED FUNDS	2011	2010
	Rs.	Rs.
		Restated
Balance as at the Beginning of the Year	2,430,561	(1,757,471)
Transferred from Restricted Funds	-	3,349,914
Net Surplus / (Deficit) for the Year	963,691	838,118
Balance as at the End of the Year	3,394,252	2,430,561

9. CAPITAL GRANTS	2011	2010
	Rs.	Rs.
Balance as at the Beginning of the Year	3,904,080	5,125,016
Transfer to Statement of Income & Expenditure	-	(1,581,596)
Capitalise During the Year	516,861	360,660
Balance as at the End of the Year	4,420,941	3,904,080

10. RETIREMENT BENEFIT LIABILITY	2011	2010
	Rs.	Rs.
Retirement Benefits Obligation-Gratuity		
As at 1 January 2011	1,589,111	1,528,907
Charge for the Year	385,645	607,325
Payments Made During the Year	(321,032)	(547,121)
As at 31 December 2011	1,653,724	1,589,111

11. CREDITORS	2011	2010
	Rs.	Rs.
Accrued Expenses	952,994	1,568,972
Other Payables	258,054	46,274
	1,211,048	1,615,246

12. PROJECT EXPENDITURE	2011	2010
	Rs.	Rs.
Staff (12.1)	11,665,283	26,250,242
Direct Cost (12.1)	17,603,118	23,206,513
Indirect Cost (12.1)	4,890,696	1,328,542
	34,159,097	50,785,297

# Notes to the Financial Statements

Year ended 31 December 2011

## 12. PROJECT EXPENDITURE (Contd.) 12.1 Project Activity Summary For the year ended 31st December 2010

Activity/Project	Donor Organization	Project Budget Year 2011	Transferred From Restricted Fund	Total Amount Expended			Total Expenses	Net Surplus /Deficit
				Staff Cost	DIRECT Project COST	Indirect Project COST		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
NIS Study	TI Secretariat	1,838,311	942,845	741,420	201,425	-	942,845	-
Position Papers & Short Publications	SIDA/MFA	879,331	5,400	-	5,400	-	5,400	-
Governance Report 2010	Royal Netherland Embassy	2,416,060	642,393	180,000	462,393	-	642,393	-
Enhancing Demand for Local Accountability	NED	7,663,797	808,716	494,676	314,040	-	808,716	-
Campaign for Right to Information	SIDA/MFA	1,610,728	892,878	782,364	110,514	-	892,878	-
Parliamentary Watch	SAHR	980,102	135,190	66,010	69,180	-	135,190	-
Enhancing demand for local Accountability	EU	17,249,932	5,625,557	2,395,496	2,441,733	788,327	5,625,557	-
Investigative Journalism Training & Tool Kit	FES/SIDA/MFA	2,857,386	1,000,467	215,778	784,689	-	1,000,467	-
CHRI	CHRI	172,110	1,375,881	80,500	1,295,381	-	1,375,881	-
		35,667,757	11,429,327	4,956,244	5,684,755	788,327	11,429,327	-

# Notes to the Financial Statements

Year ended 31 December 2011

## 12. PROJECT EXPENDITURE (Contd..)

### 12.1 Project Activity Summary For the year ended 31st December 2010 (Contd..)

Activity/Project	Donor Organization	Project Budget Year 2011	Transferred From Restricted Fund	Total Amount Expended			Total Expenses	Net Surplus /Deficit
				Staff Cost	DIRECT Project COST	Indirect Project COST		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Total brought forward		35,667,757	11,429,327	4,956,244	5,684,755	788,327	11,429,327	-
ACI Research			1,092,367	838,414	1,554	252,399	1,092,367	-
Anti Corruption Monitoring		78,996	252,594	-	195	252,399	252,594	-
Transparent Reg.PSDI		6,186,877	4,441,603	791,824	3,397,380	252,399	4,441,603	-
ACI Research & Teach. Mat.		4,637,365	3,822,056	294,307	3,275,350	252,399	3,822,056	-
Increased CIABOC		809,737	1,171,524	918,414	711	252,399	1,171,524	-
ACT of Integrity Regg.		2,103,997	1,934,746	-	1,682,347	252,399	1,934,746	-
<b>Private Sector &amp; Civil Society Organisation</b>								
ACI Evident Research & Integrity		1,836,641	725,894	202,169	300	523,425	725,894	-
ACI Dimensions in CSO's		1,421,856	819,910	196,335	100,750	522,825	819,910	-
ACT of Integrity & Best Practice		1,421,856	731,661	196,336	12,500	522,825	731,661	-
<b>Citizenry</b>								
Public Space for Corruption and Integrity		2,780,666	889,367	304,125	450,029	135,213	889,367	-
Develop of PG to Influence SDSO		4,050,654	2,438,856	534,125	1,767,869	136,862	2,438,856	-
PR Strategy Implemented to Prom Int		771,626	841,168	559,128	146,828	135,212	841,168	-
Acts of Int. and Best Practices		624,824	439,338	304,125	-	135,213	439,338	-
Exchange Programme - TI South Asian Chapters	FK	1,968,030	3,128,687	1,569,737	1,082,550	476,400	3,128,687	-
<b>TOTAL</b>		<b>64,360,882</b>	<b>34,159,098</b>	<b>11,665,283</b>	<b>17,603,118</b>	<b>4,890,696</b>	<b>34,159,098</b>	<b>-</b>

# Notes to the Financial Statements

Year ended 31 December 2011

<b>13. RETROSPECTIVE RESTATEMENT OF ERRORS</b>	
The Grant that had been received in 2003-2005 were erroneously included in the restricted Funds during the period. The Financial Statements of 2011 have been restated to correct this error. The effect of the restatement on those financial statements is summarised below. There is no effect from 2006 -2011.	

Equity Statement			Year ended 31 December 2011
			Rs.
Increase in Revenue			
2003			1,204,964
2004			877,250
2005			1,267,700
<b>Increase in Equity</b>			<b>3,349,914</b>

14. SHORT TERM DEPOSITS		2011	2010
		Rs.	Rs.
Sundry Income		8,969	344,528
Interest Income		822,972	466,623
Partition Sales		128,000	-
Resoure Persanal Income		3,750	-
Exchange Gain		-	1,506
CBO Payment NIA		-	5,000
Old Newspaper Sale		-	6,500
Photocopy Charges		-	3,671
Supilipanna Books to EU		-	10,290
		<b>963,691</b>	<b>838,118</b>

# Notes to the Financial Statements

Year ended 31 December 2011

15. ADMINISTRATIVE EXPENSES	2011	2010
	Rs.	Rs.
Salaries	11,232,693	11,247,758
Consultancy Fees	52,000	632,296
Audit Fee	156,128	100,000
Staff Welfare	221,565	566,606
Staff Training and Development	-	37,748
Gratuity	385,645	607,325
Travelling	60,362	152,147
Foreign Travel	14,750	303,850
Insurance -Business Guard	36,328	84,715
Insurance -Life	64,280	176,717
Insurance -Cash in Transit	-	1,029
Printing and Stationery	420,917	1,063,207
Postage, Stamps and Courier Charges	3,822	8,308
Telephone/Internet charges	130,168	361,639
Internet and E-mail Charges	-	17,410
Water Rates	10,826	48,470
Electricity	454,493	735,160
Office Rent	1,682,396	825,119
Equipment Maintenance	90,476	1,072,566
Office Maintenance	677,282	395,748
Security	547,733	1,496,647
IT Maintenance	350,207	63,448
CMC Rate and Tax	-	34,477
Translation and Typesetting	98,250	194,720
Vehicle Maintenance	4,813	28,766
Fuel	52,211	59,847
Depreciation	632,293	636,183
Bank Charges	175,816	76,948
Work Shops	-	994,847
Loss on Disposal of Assets	2,295	32,321
PAYE + EPF Surcharge	8,719	10,515
Memberships	108,528	103,824
IACC Registration	55,000	294,743
Secretarial fees	14,548	55,527
Miscellaneous Expenses	92,403	439,169
Office Reallocation	994,190	-
Recruitment	32,618	-
Communication Strategy	142,500	-
Financial System & Control	587,360	-
AGM Expenses	67,345	-
News Papers	48,140	-
	19,709,100	22,959,800

# Notes to the Financial Statements

Year ended 31 December 2011

	TISL received grants from certain donors to be used to subsidise rent, rates & electricity expenses. The amounts received have been credited against those expenses as follows;	
	Rs.	
	<b>Rent</b>	<b>137,691</b>
	<b>Utility</b>	<b>103,230</b>
<b>16. CASH &amp; BANK BALANCES</b>	<b>2011</b>	<b>2010</b>
	Rs.	Rs.
<b>Favorable Balances</b>		
Balance at Bank	27,985,217	18,895,682
Cash in Hand	28,807	21,229
	28,014,024	18,916,911
<b>Unfavorable Balances</b>	(639,846)	(1,172,619)
Balance at Bank	27,374,178	17,744,292
<b>17. CAPITAL COMMITMENTS</b>		
	There are no capital commitments as at 31 December 2011.	
<b>18. CONTINGENT LIABILITIES</b>		
	There are no contingent liabilities as at 31 December 2011.	
<b>19. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE</b>		
	There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the financial statements.	
<b>20. RELATED PARTY DISCLOSURES</b>		
<b>20.1 Transactions with Key Management Personnel of the organization</b>		
	The key management personnel are the members of the executive committee being responsible for Project management, General management and implementation of policy decisions. None of these key personnel are members of the board of directors of TISL. No member of the board of directors receives any salary or other compensation.	
	<b>2011</b>	<b>2010</b>
a) Key Management Personnel Compensation		
Short - term employee benefits	7,568,448	7,526,774

## **Our Donors**

**The Royal Norwegian Embassy**

**National Endowment Fund for Democracy (NED)**

**Friedrich Ebert Stiftung (FES)**

**The Royal Netherlands Embassy**

**Transparency International Secretariat**

**Fredskorpset (FK) Norway**

**European Union**

**South Asians for Human rights (SAHAR)**

**Partnership for Transparency Fund (PTF), USA**

**Commonwealth Human Rights Initiative**

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