

To Haritha

JOE MUTTUPULLE & CO.

Chartered Accountants

J.G.D.R. MUTTUPULLE, F.C.A.
M.N. MUTTUPULLE, A.C.A., A.C.M.A.

252-A, 2nd Floor,
Galle Road,
Colombo - 4.

Telephone : 2501130
Tele / Fax : 5337072

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

We have audited the Balance Sheet of the Transparency International Sri Lanka as at 31st December 2009 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 31st December 2009, 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 31st December 2009, 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 A.
CHARTERED ACCOUNTANTS

Colombo

24th February 2010



TRANSPARENCY INTERNATIONAL SRILANKA
28/1, BULLERS LANE, COLOMBO - 07

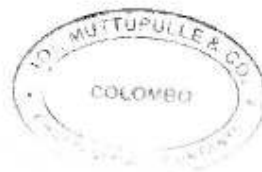
BALANCE SHEET
AS AT 31TH DECEMBER

	NOTE	2009 Rs.	2008 Rs.
Non Current Assets			
Property, Plant and Equipment	1	4,936,283	3,055,405
		<u>4,936,283</u>	<u>3,055,405</u>
Current Assets			
Treasury Bills	2	26,294,232	6,104,392
Fixed Deposits - Commercial Bank		2,940,300	-
Other Receivables	3	311,925	1,046,546
Deposits and Advances	4	2,782,980	1,751,000
Balance at Bank and Cash in Hand	5	2,202,572	115,629
		<u>34,532,009</u>	<u>9,017,567</u>
Less:			
Current Liabilities			
Other Payable	6	979,454	1,847,778
Restricted Funds		28,460,472	3,309,273
Provision for Gratuity		1,528,907	1,047,250
		<u>30,968,833</u>	<u>6,204,301</u>
Net Current Assets		<u>3,563,176</u>	<u>2,813,266</u>
Net Assets		<u>8,499,459</u>	<u>5,868,671</u>
Funds Employed			
Accumulated Fund			
Balance as on 01.01.2009		(3,418,668)	(3,566,071)
Excess Of (Expenditure over Income) / Income over Expenditure		271,310	147,403
Balance as on 31.12.2009		<u>(3,147,358)</u>	<u>(3,418,668)</u>
Fund - Transparency International Secretariat			
Balance as on 01.01.2009		5,131,914	5,131,914
Receipts for the Period		-	-
Balance as on 31.12.2009		<u>5,131,914</u>	<u>5,131,914</u>
Capital Reserve		<u>6,514,903</u>	<u>4,155,425</u>
		<u>8,499,459</u>	<u>5,868,671</u>

Directors: 1

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Colombo
 Date: 24th February 2010



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

Joe Muttupulle & Co., Chartered Accountants

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER

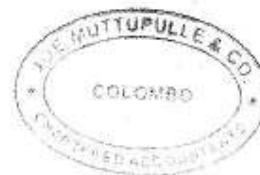
	NOTE	2009 Rs.	2008 Rs.
Incoming Resources	8	43,282,570	52,296,693
Project Expenditure			
Staff		10,048,736	2,609,753
Other Direct Cost		15,558,641	36,014,617
Other Indirect Expenditure		260,510	2,359,478
Total Project Costs		<u>25,867,887</u>	<u>40,983,848</u>
Net Surplus/ Deficit on Projects		17,414,683	11,312,845
Revenue Earned / Expenses Incurred from other Activities	7	283,111	963,571
Interest Income		199,698	-
		<u>17,897,492</u>	<u>12,276,416</u>
Administrative Expenses		7,686,573	915,140
Staff Cost		7,520,611	8,703,830
Establishment Expenses		1,844,669	1,693,875
		<u>17,051,853</u>	<u>11,312,845</u>
Net Surplus / Deficit on Operating Activities		845,639	963,571
Net Surplus/ Deficit Before Tax		845,639	963,571
Income Tax Expenses		(574,329)	(816,168)
Net Surplus/Deficit After Tax		<u>271,310</u>	<u>147,403</u>



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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER

	2009 Rs.	2008 Rs.
Excess of Income Over Expenditure	845,639	963,571
Adjustment For:		
Balances Written Off	-	(499,295)
Depreciation	1,264,914	1,770,088
Provision for Gratuity	481,656	-
Interest Income	(199,698)	(3,622)
Loss on Sale of Fixed Assets	39,499	-
Operating Cash Flow Before Working Capital Changes	2,432,010	2,230,742
(Increase) / Decrease in Project Receivables	-	200,000
(Increase) / Decrease in Other Receivables	734,621	(996,546)
(Increase) / Decrease in Deposits and Advances	(1,031,980)	(567,852)
Increase /(Decrease) in Project Payables	-	(951,404)
Increase /(Decrease) in Other Payables	(742,476)	1,291,537
Increase /(Decrease) in Audit Fees Payables	-	(51,750)
	(1,039,835)	(1,076,015)
Cash Generation from Operations	1,392,175	1,154,727
Finance cost paid	-	-
Interest Income	199,698	3,622
Income Tax Paid	(700,177)	(203,814)
Net Cash from Operating Activities	891,696	954,535
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of Fixed Assets	2,499	-
Acquisition of Property, Plant & Equipment	(828,312)	-
Acquisition of Treasury Bills	(20,189,840)	7,875,911
Investment in Fixed Deposits	(2,940,300)	-
Net Cash from Investing Activities	(23,965,953)	7,875,911
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted Funds Payable	25,151,199	(9,966,015)
Net Cash from Financing Activities	25,151,199	(9,966,015)
Net Increase /(Decrease) in cash & Cash Equivalents	2,086,942	(1,135,569)
Cash and Cash Equivalent at the Beginning of the year	115,629	1,251,198
Cash and Cash Equivalent at the end of the year	2,202,571	115,629



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.



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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
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Notes to the Accounts

Note 1

Property, Plant and Equipment	Computers	Furniture & Fitting	Office Equipment	Electrical Equipment	Motor Vehicles	Total
Rs	Rs	Rs	Rs	Rs	Rs	Rs
Cost / Valuation						
Balance as at 01.01.2009	2,038,501	784,047	907,163	1,947,345	-	5,657,056
Additions	98,700	321,262	408,350	-	-	828,312
Capitalised during the year	388,390	281,459	1,304,304	-	387,325	2,359,478
Disposals	(155,000)	-	(8,662)	-	-	(163,662)
Balance as at 31.12.2009	<u>2,368,591</u>	<u>1,386,768</u>	<u>2,611,155</u>	<u>1,947,345</u>	<u>387,325</u>	<u>8,681,184</u>
Accumulated Depreciation						
Balance as at 01.01.2009	1,300,622	237,243	251,689	812,098	-	2,601,652
Charge for the year	413,663	189,107	175,307	486,837	-	1,264,914
Disposal	(116,250)	-	(5,414)	-	-	(121,664)
Balance as at 31.12.2009	<u>1,598,035</u>	<u>426,350</u>	<u>421,582</u>	<u>1,298,935</u>	<u>-</u>	<u>3,744,902</u>
Net Book Value						
As at 31.12.2009	<u>770,556</u>	<u>940,418</u>	<u>2,189,573</u>	<u>648,410</u>	<u>387,325</u>	<u>4,936,283</u>
As at 31.12.2008	<u>737,879</u>	<u>526,804</u>	<u>655,474</u>	<u>1,947,345</u>	<u>-</u>	<u>3,055,404</u>



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

Joe Muttupulle & Co., Chartered Accountants

Notes to the Accounts

Note 2	2009	2008
Treasury Bill	Rs	Rs
Strategic Plan		
TI - General Treasury Bills	1,683,956	1,294,431
Benevolent Fund	256,955	203,451
Co - Donor Funding		
Helvetas - Sri Lanka	16	562,580
MFA Norway	-	4,043,930
SIDA	9,129,462	-
Seed Funding - TI Secretariat	877	-
Stromme Foundation	6,386	-
NIS Study - TI Secretariat	860,830	-
World Bank Project	529,431	-
Fredkopset	1,414,094	-
Security Grant 2009 - TI Secretariat	112,225	-
European Union	12,300,000	-
Total	26,294,232	6,104,392
Note 3		
Other Receivables		
Amounts Receivable from Programme - Galle	-	54,458
Amounts Receivable from Programme - Badulla	-	87,085
IACC - CIM, GTZ	-	233,935
IACC - Per diem payment from participants	-	295,168
Damages Recoverable from Insurance	64,150	364,150
Office Maintenance	-	11,750
Treasury Bills - Interest Receivable	93,810	-
Fredskorpset - Air Ticket Fees to Nepal Recoverable	87,100	-
Shan Wijetunge - Advance Recoverable on German Tour	8,610	-
Helvetas Sri Lanka - Reimbursement on Kalmunai Project	44,079	-
Mario Gomes - NIS Study	14,176	-
	311,925	1,046,546
Note 4		
Deposits and Prepayments		
Hall Charges - BMICH UN Anti-Corruption Day 2008	-	20,000
Exigency Advance	20,000	20,000
Franking Machine Deposit	100,000	100,000
Refundable Deposit - FK Expenses	30,000	-
Mobitel Lanka (Pvt) Ltd - Mobile Deposit	3,000	3,000
Employers' Federation of Ceylon	18,750	17,500
Advance - Advocacy	832,500	-
Advance - Communication	6,000	-
Advance - Research	182,230	-
Rent Prepayment - 28/1, Bullers Lane	990,000	990,000
- 24 1/1, Bullers Lane	445,500	445,500
Refundable Rent Deposit - 28/1, Bullers Lane	100,000	100,000
- 24 1/1, Bullers Lane	55,000	55,000
	2,782,980	1,751,000



Notes to the Accounts

	2009 Rs	2008 Rs
Note 5		
Balance at Bank and Cash in Hand		
Balances at Banks	2,182,572	95,629
Cash in Hand	20,000	20,000
	<u>2,202,572</u>	<u>115,629</u>

	2009 Rs	2008 Rs
Note 6		
Other Payables		
Strategic Planning - CIDA	-	99,597
Audit Fees	50,000	-
Income Tax Payable	486,506	612,354
Provision for Expenses:		
Education - Health Sector Survey	-	340,000
Advocacy - Chief Guest UN Anti-Corrupting Day 2008	-	558,155
Employees Provident Fund	223,423	184,350
Employees Trust Fund	32,699	27,653
PAYE	35,326	25,669
Translation Cost - Advocacy Unit	28,000	-
Printing Cost Foreign Employment Study	123,500	-
	<u>979,454</u>	<u>1,847,778</u>

	2009 Rs	2008 Rs
Note 7		
Revenue Earned / Expenses Incurred from other Activities		
Sundry Income	66,214	377,358
Interest Income	-	3,622
Long Outstanding Balances Written off	258,296	499,295
Surplus Funding Written Off	99,597	-
Endowment Fund	-	83,296
Exchange Gain	101,565	-
Professional Fees	21,938	-
Loss on Disposal of Assets	(39,499)	-
Settlement of 3rd Party Accident Claim	(225,000)	-
	<u>283,111</u>	<u>963,571</u>



TRANSPARENCY INTERNATIONAL SRI LANKA
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Notes to the Accounts

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Investment 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	
		Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
IDA	Programme Activities	32,651,903	1,492,262	31,985,787	701,532	34,189,581	23,220,885	10,988,896							
IPA - Norway	Programme Activities	11,284,780	1,492,262	8,794,573	576,938	11,632,641	11,632,641								
elweiss Sri Lanka	Programme Activities	3,000,000	34,751	2,700,000	3,512	2,738,263	2,738,264								
nedrich Ebsert Stiftung	Workshop on Investigative Journalism	1,043,580	-	795,988	-	-	795,988								
Secretariat	Security Grant	1,232,780	-	1,232,780	4,880	1,237,660	1,225,800	11,760							
World Bank	Registration Sector Community Development	1,090,000	-	1,090,000	44,648	1,134,648	924,944	496,702							
Ironme Foundation	Civil Society for Accountable Governance	270,500	-	273,266	6,398	279,662	161,875	97,787							
Secretariat	National Integrity Study	1,116,357	-	1,116,357	42,082	1,158,439	139,323	1,049,086							
Secretariat	Solid Funding Grant 2009 - Newsletter and website	611,780	-	611,780	25,468	637,276	637,275	-							
Secretariat	Exchange Programme	4,008,130	-	2,828,287	40,057	2,878,354	1,279,323	1,402,031							
elweiss Sri Lanka - Ampara	Public Officials Capacity Development	132,500	-	132,500	-	132,500	120,000	12,500							
elweiss - Kalmunai	Public Officials Capacity Development	102,500	-	102,500	-	102,500	76,851	23,549							
ED Washington DC - USA	Kurunegala Capacity Building Project	4,580,000	-	1,581,138	-	1,581,138	76,351	1,504,787							
European Union	Enhancing Demand for Accountability in Local Governance	48,744,271	-	12,339,365	99,901	12,409,266	1,600	12,407,668							
Secretariat	Global Corruption Report	482,896	-	482,896	-	482,896	-	482,896							
Total		108,323,037	3,019,275	86,639,238	1,523,290	71,350,803	42,920,331	28,490,470							





Muttupulle & Co. Chartered Accountants

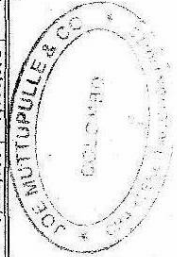
TRANSPARENCY INTERNATIONAL SRI LANKA
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Accounts to the Accounts

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Project Activity Summary

Accounts Allocated for:	Signed Total Project Cost Rs	Transferred from Restricted Funds						Total Amount Expended						Surplus/deficit on project Rs
		Staff		Other Direct Costs		Total		Assets		Other		Total		
		Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	
research	12,668,267	5,597,247	2,402,467	18,500	3,176,280	5,597,247	-	-	-	-	-	-	-	
advocacy	14,861,223	8,899,182	2,604,607	-	6,284,575	8,899,182	-	-	-	-	-	-	-	
capacity Building	7,414,492	5,353,402	1,900,966	11,500	3,440,937	5,353,402	-	-	-	-	-	-	-	
communication	6,877,846	4,553,603	2,531,017	123,600	1,898,966	4,553,603	-	-	-	-	-	-	-	
recreation/set	4,009,130	1,276,092	609,660	107,500	558,912	1,276,092	-	-	-	-	-	-	-	
relief - Ampara	132,500	120,000	-	-	120,000	120,000	-	-	-	-	-	-	-	
relief - Kalmunai	102,500	78,951	-	-	78,951	78,951	-	-	-	-	-	-	-	
European Union	46,744,271	-	-	-	-	-	-	-	-	-	-	-	-	
total	92,810,229	25,868,477	10,048,736	261,100	15,658,841	25,868,477	-	-	-	-	-	-	-	
Core Expenses														
institutional Development	15,029,812	17,051,853	7,520,611	7,686,573	1,844,669	17,051,853	-	-	-	-	-	-	-	
total	15,029,812	17,051,853	7,520,611	7,686,573	1,844,669	17,051,853	-	-	-	-	-	-	-	
add: Unrestricted Fund Reserved	362,241	-	-	-	-	362,241	-	-	-	-	-	-	-	
Private Sector Sponsorship	123,232,094	-	-	-	-	123,232,094	-	-	-	-	-	-	-	
total Funds Available													362,241	
													362,241	



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Object Assets not included in the Balance Sheet

Item	Balance as	Additions		Capitalise	Transfer	Balance as
	at 01.01.2009	During the year		during the year	at 31.12.2009	
	Rs	Rs	Rs	Rs	Rs	Rs
Computers	386,390	252,500	386,390	-	-	252,500
Office Equipment	1,304,304	-	1,304,304	-	-	-
Furniture	281,459	8,010	281,459	-	-	8,010
Electrical Equipment	-	-	-	-	-	-
Tree Wheeler	329,940	-	329,940	-	-	-
1/5 Champ Bike	57,385	-	57,385	-	-	-
	2,359,478	260,510	2,359,478	-	-	260,510

