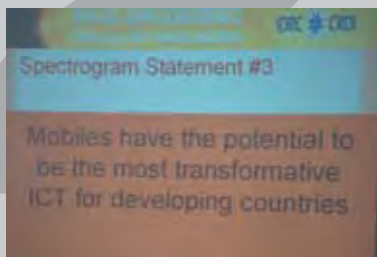


received 371.34 351.55 593
necessarily **Financial statements**
profit income 472 845
682.21 021 26 25 14 938.00 171 125
less 320.73 590 schedules 37 15
administration 692.07 571 682.21 income year income
644.74 income 011.05 **turnover**
LKR **expenses** profit statement outgoings ended
636 879 807 719 2009 377.85 315.85 13 year
cost finance 361.41 2010



Report of the auditors

To the members of LIRNEasia

Report on the financial statements

We have audited the accompanying financial statements of LIRNEasia, which comprise the balance sheet as at 31 March 2010, the income 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 Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control 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 principles 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 Association maintained proper accounting records for the year ended 31 March 2010 and the financial statements give a true and fair view of the Association's state of affairs as at 31 March 2010 and its result for the year then ended in accordance with Sri Lanka Accounting Standards.

Sgd.

Wijeyeratne & Company

CHARTERED ACCOUNTANTS

Colombo

13 September 2010

Statement of income

Year ended 31 March

	Notes	2010 LKR	2009 LKR
Turnover	5	26,125,682	14,881,938
Other Income	6	719,361	590,378
		<hr/>	<hr/>
		26,845,044	15,472,315
Administration expenses		(25,636,371)	(13,571,645)
		<hr/>	<hr/>
Profit from operations	7	1,208,672	1,900,671
Finance cost		(1,171,321)	(1,021,660)
		<hr/>	<hr/>
Profit before taxation		37,352	879,011
Taxation	8	(433,845)	(55,171)
Loss / profit after taxation		<hr/> <hr/>	<hr/> <hr/>
		(396,493)	823,840

Balance Sheet

As at 31 March

	Notes	2010 LKR	2009 LKR
Assets			
Non-current assets			
Property, plant and equipment	9	6,642,425	2,460,484
Term deposit	10	7,807,659	24,223,020
		<u>14,450,084</u>	<u>26,683,504</u>
Current assets			
Trade and other receivables		5,134,178	2,927,316
Cash and bank balances		11,066,294	43,360,474
		<u>16,200,472</u>	<u>46,287,790</u>
Total assets		<u>30,650,556</u>	<u>72,971,294</u>
Equity and liabilities			
Reserves			
Profit and loss account		100,090	496,583
		<u>100,090</u>	<u>496,583</u>
Non-current liabilities			
Projects	11	18,945,026	43,085,761
Retirement benefit obligation	12	946,711	-
		<u>19,891,737</u>	<u>43,085,761</u>
Current liabilities			
Trade and other payables		7,949,693	28,728,162
Provisions for taxation		406,603	55,171
Bank overdraft		2,302,434	605,617
		<u>10,658,729</u>	<u>29,388,950</u>
Total equity and liabilities		<u>30,650,556</u>	<u>72,971,294</u>
Signed on behalf of the board of directors:			
Directors:	Sgd.	Sgd.	
	Rohan Samarajiva	Luxman Siriwardena	
	Chair and CEO	Director	

Cash flow statement

Year ended 31 March

	2010 LKR	2009 LKR
Cash flow from operating activities		
Net profit before taxation	37,352	879,011
Adjustment for		
Depreciation	2,648,510	1,329,871
Gratuity provision	946,711	-
Profit from sale of property, plant and equipment	(67,614)	(17,350)
Cash generated from operating activities		
before working capital changes	3,564,958	2,191,532
Increase / decrease in working capital		
Trade and other receivables	(2,206,862)	(802,856)
Trade and other payables	(20,778,469)	18,226,437
Cash generated from / (used in) operating activities	(19,420,374)	19,615,113
Tax paid	(82,413)	
Cash flow from investing activities		
Purchase of property, plant and equipment	(6,851,067)	(837,215)
Purchase of investment	16,415,361	(24,223,020)
Proceeds from sale of property, plant and equipment	88,230	116,724
	(9,850,262)	(5,328,398)

Statement of changes in equity

Year ended 31 March

	Profit and loss account LKR	Total LKR
Balance as at 1 April 2008	(327,257)	(327,257)
Net profit for the year	<u>823,840</u>	<u>823,840</u>
Balance as at 1 April 2009	496,583	496,583
Net loss for the year	(396,493)	(396,493)
Balance as at 31 March 2010	<u><u>100,090</u></u>	<u><u>100,090</u></u>

Notes to the financial statements

Year ended 31 March 2010

1. **Fundamental accounting assumption and policies**

1.1 **General accounting**

The Financial Statements of the association have been prepared in accordance with generally accepted accounting principles in conformity with the Sri Lanka Accounting Standards.

2. **Assets and bases of their valuation**

2.1. **Property, plant and equipment**

Cost incurred in acquiring, improving or extending a property, plant and equipment, have been treated as capital expenditure. Property, plant and equipment have been recorded at cost.

2.2. **Depreciation**

Depreciation is to be calculated in order to write-off the cost of property, plant and equipment less than residual value on a straight-line basis over the expected useful lives of the concerned assets.

Depreciation is provided proportionately in the year of purchase and in the year of disposal of assets. The principal annual rates for depreciation has been used as given below:

Computers	25%
Furniture and fittings	25%
Equipment	25%
Vehicle	25%

2.3. **Other receivables**

Other receivables have been stated at their amounts estimated to be realized.

3. **Liabilities and provisions**

All known liabilities have been accounted for in preparing the Financial Statements.

4. **Income and expenditure**

Incomes and expenditures have been accounted on an accrual basis.

5. **Turnover**

Turnover has been defined as income receivable in respect of project management fees provided during the year.

Notes to the financial statements (cont.)

	2010 LKR	2009 LKR
Income received	26,125,682	14,881,938
6. Other income		
Profit on disposal of property, plant and equipment	67,614	17,350
Interest income	651,747	573,028
	<u>719,361</u>	<u>590,378</u>
7. Profit from operations		
The following items have been charged in arriving at operating profit.		
Audit fees	20,000	18,000
Consultancy fees	1,760,562	803,300
8. Taxation		
Provision for taxation has been made for the year computed in accordance with the Inland Revenue Act No. 10 of 2006.		
	2010	2009
Provision for taxation	406,603	-
Under provision	27,242	-
	<u>433,845</u>	<u>-</u>

Notes to the financial statements (cont.)

9. Property, plant and equipment

	Furniture and fittings	Computers	Equipment	Motor Vehicle	Total
	LKR	LKR	LKR	LKR	LKR
Cost					
As at 1 April 2009	925,315	3,118,161	1,408,940	-	5,452,416
Additions	43,167	507,900	-	6,300,000	6,851,067
Disposals	-	(376,149)	-	-	(376,149)
As at 31 March 2010	<u>968,482</u>	<u>3,249,912</u>	<u>1,408,940</u>	<u>6,300,000</u>	<u>11,927,334</u>
Accumulated depreciation					
Balance as at 1 April 2009	668,645	1,604,350	718,937	-	2,991,932
Charge for the year	177,596	717,988	369,264	1,383,662	2,648,510
Disposals	-	-	(355,533)	-	(355,533)
Balance as at 31 March 2010	<u>846,241</u>	<u>2,322,338</u>	<u>732,668</u>	<u>1,383,662</u>	<u>5,284,909</u>
Net book value					
As at 31 March 2010	122,241	927,574	676,272	4,916,338	<u>6,642,425</u>
As at 31 March 2009	256,670	1,513,811	690,003	-	<u>2,460,484</u>

Notes to the financial statements (cont.)

	2010	2009
	LKR	LKR
10. Term deposit		
Cash deposit		
HSBC Bank	7,807,659	17,367,738
NTB Bank	-	6,855,282
	<u>7,807,659</u>	<u>24,223,020</u>
11. Funds and projects		
	2010	2009
	LKR	LKR
Tsunami Memorial Fund	-	(8,926)
California / IMTFI project	581,387	-
Knowledge to Innovation project	6,006,949	(839,409)
Social Science Research Council project	-	(369,172)
Teleuse on a shoestring II project	-	27,156
Evaluating a real-time bio-surveillance project	9,296,779	997,157
Agricultural information and markets project	-	(31,668)
GGs CORE project	(227,553)	-
Action research pilot project	2,357,877	-
IDRC 2008/2010 project (Grant no. 104918-001)	(6,878,071)	39,396,559
Telenor project	7,807,659	3,637,311
ICT project	-	426,339
Pragati Foundation	-	(149,586)
	<u>18,945,026</u>	<u>43,085,761</u>
12. Provision for retiring gratuity		
Balance at the beginning of the year	-	-
Provision made during the year	946,711	-
Balance at the end of the year	<u>946,711</u>	<u>-</u>
13. Directors' interest in contract		
Professor Rohan Samarajiva who is a director of the organization received a sum of LKR 5,673,158 from LIRNEasia as consultancy fees during the year.		

Statement of income

Year ended 31 March

	Schedules	2010 LKR	2009 LKR
Turnover			
Income received		26,125,682.21	14,881,938.00
Other income	1	719,361.41	590,377.85
		<u>26,845,043.62</u>	<u>15,472,315.85</u>
Less: expenses and outgoings			
Administration expenses	2	25,636,371.34	13,571,644.74
Finance cost	3	1,171,320.73	1,021,660.06
		(26,807,692.07)	(14,593,304.80)
Profit for the year		<u><u>37,351.55</u></u>	<u><u>879,011.05</u></u>

Schedules to the statement of income

Year ended 31 March

	2010 LKR	2009 LKR
1. Other income		
Interest income	651,747.41	573,027.68
Profit on disposal of property, plant and equipment	67,614.00	17,350.17
	<u>719,361.41</u>	<u>590,377.85</u>
2. Administration expenses		
Audit fees	20,000.00	18,000.00
Consultancy and research fees	1,760,561.63	803,300.00
Courier charges	75,937.41	40,076.36
Training and educational expenses	21,535.10	51,264.94
Professional fees	713,973.04	388,202.20
Rent	672,964.77	480,146.26
Printing and stationary	1,090,593.87	844,477.00
Telephone charges (local and international)	1,204,396.15	1,119,023.49
General expenses	205,920.81	108,006.73
Water	46,297.57	55,510.80
Travelling expenses	1,021,334.75	1,516,639.26
Accounting charges	17,000.00	10,414.09
Staff welfare	754,017.86	661,868.23
Casual wages	95,433.28	73,964.54
Office maintenance	1,012,385.72	151,931.18
EPF	295,962.65	327,445.03
ETF	74,520.05	81,861.26
Salaries	2,469,903.55	2,728,703.73
Business development and improvement expenses	1,813,034.78	639,016.84
Web maintenance	360,335.31	183,905.84
Insurance	1,301,983.28	775,254.30
Newspaper / magazine, advertising	96,232.17	113,012.68

Schedules to the statement of income (cont.)

Year ended 31 March

	2010	2009
	LKR	LKR
Furniture fittings hiring and maintenance charges	761,088.80	474,123.17
Electricity	494,174.76	406,210.53
Depreciation	2,648,509.72	1,329,871.46
Subscription	50,784.57	189,414.82
Computer repairs	426,382.94	
Vehicle maintenance	361,496.21	
Gratuity provision	946,710.60	
Strategy development	2,553,300.00	
Staff development provision	2,269,600.00	
	<u>25,636,371.34</u>	<u>13,571,644.74</u>
3. Finance cost		
Interest expenses	566,367.33	497,589.50
EPF surcharges	1,009.97	7,787.02
Bank charges	281,667.57	101,307.76
Exchange loss	253,677.19	364,864.26
Debit tax	68,598.66	50,111.52
	<u>1,171,320.73</u>	<u>1,021,660.06</u>

Schedules to the balance sheet

As at 31 March

LKR

1.	Trade and other receivables - LKR 5,134,178.08	
	Deposit for cooler and bottles	19,854.56
	Rent deposit	188,098.46
	Staff and other receivables	72,744.86
	Credit card deposit	211,192.84
	Prepayment (Schedule 1.1)	3,616,564.04
	USB stock	93,021.86
	Other receivables	808,343.73
	Connect Asia	124,357.71
		<u>5,134,178.08</u>
1.1	Prepayment - LKR 3,616,564.04	
	Central Corporation service	400,448.22
	Ceylinco insurance	102,659.07
	Other prepayments	3,113,456.75
		<u>3,616,564.04</u>
2.	Bank balance - LKR 11,066,294.31	
	Cash at bank	10,899,910.91
	Cash in hand	166,383.40
		<u>11,066,294.31</u>
3.	Trade and other payables - LKR 7,949,692.59	
	Accrued expenses (Schedule 3.1)	3,372,999.08
	Direct non-related project expenses	4,576,693.51
		<u>7,949,692.59</u>
3.1.	Accrued expenses - LKR 3,372,999.08	
	Accountancy charges payable	17,000.00
	Telephone bills	102,705.26
	Water	8,356.38
	Electricity	48,868.70
	EPF, ETF and PAYE	181,621.09
	Withholding tax payable	180,288.44
	Audit fee payable	20,000.00
	Other payables	561,159.22
	Staff development provision	2,253,000.00
		<u>3,372,999.08</u>
4	Bank Overdraft - LKR 2,302,434.20	
	HSBC current account	<u>2,302,434.20</u>

Coordination | Nirmali Sivapragasam

Content | Rohan Samarajiva

Cover design | mcn creative associates, <http://www.mcncreative.com/>

Layout | Asvajit Boyle