

Financial statements



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 2012, and 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 2012 and the financial statements give a true and fair view of the Association's state of affairs as at 31 March 2012 and its result for the year then ended in accordance with Sri Lanka Accounting Standards.

Sgd.

Wijeyeratne & Company
CHARTERED ACCOUNTANTS
Colombo
10 July 2012

Statement of income | Year ended 31 March 2012

	Notes	2012 LKR	2011 LKR
Turnover	5	19,358,570	19,539,658
Other income	6	180,014	89,862
		<hr/>	<hr/>
		19,538,584	19,629,520
Administration expenses		(17,582,497)	(18,689,275)
		<hr/>	<hr/>
Profit from operations	7	1,956,086	940,245
Finance cost		(816,697)	(905,648)
		<hr/>	<hr/>
Profit before taxation		1,139,389	34,597
Taxation	8	(369,348)	(250,087)
		<hr/>	<hr/>
Profit/(loss) after taxation		<u>770,041</u>	<u>(215,490)</u>

Balance sheet | as at 31 March 2012

	Notes	2012 LKR	2011 LKR
Assets			
Non-current assets			
Property, plant and equipment	9	2,820,229	4,709,122
Term deposit	10	4,143,109	
		<u>6,963,338</u>	<u>4,709,122</u>
Current assets			
Trade and other receivables		4,327,946	4,184,053
Bank balances		33,160,170	39,154,539
		<u>37,488,116</u>	<u>43,338,592</u>
Total assets		44,451,454	48,047,714
Equity and liabilities			
Reserves			
Profit and loss account		761,280	(8,761)
		<u>761,280</u>	<u>(8,761)</u>
Non-current liabilities			
Projects	11	20,410,448	38,129,050
Retirement benefit obligation	12	1,687,260	1,250,851
		<u>22,097,708</u>	<u>39,379,901</u>
Current liabilities			
Trade and other payables		20,916,454	8,011,774
Provisions for taxation		369,348	250,087
Bank overdraft		306,664	414,713
		<u>21,592,466</u>	<u>8,676,575</u>
Total equity and liabilities		44,451,454	48,047,714
Signed on behalf of the board of directors			
Directors:		Sgd. Rohan Samarajiva Chair and CEO	Sgd. Luxman Siriwardena Director

Cash flow statement | Year ended 31 March 2012

	2012 LKR	2011 LKR
Cash flow from operating activities		
Net profit before taxation	1,139,389	34,597
Adjustment for		
Depreciation	2,302,615	2,674,112
Gratuity provision	436,409	304,140
Profit from sale of property plant and equipment	(20,872)	(72,755)
Cash generated from operating activities before working capital changes	<u>3,857,541</u>	<u>2,940,094</u>
Increase/decrease in working capital		
Trade and other receivables	(143,893)	1,056,762
Trade and other payables	11,794,173	62,081
Cash generated from / (used in) operating activities	<u>15,507,821</u>	<u>4,058,937</u>
Tax paid	(250,087)	(406,603)
Cash flow from investing activities		
Purchase of property, plant and equipment	(458,320)	(775,324)
Purchase of investment	(4,143,109)	7,807,659
Proceeds from sale of property, plant and equipment	65,470	107,271
	<u>10,721,775</u>	<u>10,791,940</u>
Cash flow from financing activities		
Funds received from project	(16,608,096)	19,184,025
Net (decrease) / increase in cash and cash equivalents	(5,886,321)	29,975,965
Cash and cash equivalents at the beginning of the year	<u>38,739,826</u>	<u>8,763,861</u>
Cash and cash equivalents at the end of the year (Note A)	32,853,506	38,739,826

Note A

Cash and cash equivalents at the end of the year

Bank and cash balance

Bankoverdraft

33,160,170

(306,664)

39,154,539

(414,713)

32,853,50638,739,826**Statement of changes in equity | Year ended 31 March 2012**

	Profit and loss account	Total
	LKR	LKR
Balance as at 1 April 2010	206,729	206,729
Net loss for the year	(215,490)	(215,490)
Balance as at 1 April 2011	(8,761)	(8,761)
Net profit for the year	770,041	770,041
Balance as at 31 March 2012	<u>761,280</u>	<u>761,280</u>

Notes to the financial statements | Year ended 31 March 2012**1. Fundamental accounting assumption and policies****General accounting**

The Financial statements of the association have been prepared in accordance with generally accepted accounting principles 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 their residual value on straight line basis over the expected useful lives of the concerned assets.

Depreciation is provided proportionality 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 33.33%

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 accrual basis.

5. Turnover

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

	2012 LKR	2011 LKR
Income received	19,358,570	19,539,658

	2012 LKR	2011 LKR
6. Other income		
Profit on disposal of property, plant & equipment	20,872	72,755
Interest income	17,371	17,107
Other income	<u>141,771</u>	<u> </u>
	<u>180,014</u>	<u>89,862</u>
7. Profit from Operations		
The following items have been charged in arriving at operating profit.		
Audit Fees	25,000	22,000
Consultancy Fees	2,279,643	2,336,486
8. TAXATION		
Provision for taxation has been made for the year computed in accordance with the Inland Revenue Act No. 10 of 2006		
Provision for taxation	369,348	239,534
Under provision	<u> </u>	<u>10,553</u>
	<u><u>369,348</u></u>	<u><u>250,087</u></u>

9. Property, plant and equipment					
	Furniture and fittings	Computers	Equipment	Motor vehicle	Total
	LKR	LKR	LKR	LKR	LKR
Cost					
As at 1 April 2011	1,248,816	3,288,153	1,417,250	6,300,000	12,254,219
Additions		361,900	96,420		458,320
Disposals		(1,077,251)			(1,077,251)
As at 31 March 2012	<u>1,248,816</u>	<u>2,572,802</u>	<u>1,513,670</u>	<u>6,300,000</u>	<u>11,635,288</u>
Accumulated depreciation					
Balance as at 1 April 2011	786,894	2,852,102	951,332	2,954,769	7,545,097
Charge for the year	153,838	446,647	127,130	1,575,000	2,302,615
Disposals		(1,032,653)			(1,032,653)
Balance as at 31 March 2012	<u>940,732</u>	<u>2,266,096</u>	<u>1,078,462</u>	<u>4,529,769</u>	<u>8,815,059</u>
Net book value					
As at 31 March 2012	<u>308,084</u>	<u>306,706</u>	<u>435,208</u>	<u>1,770,231</u>	<u>2,820,229</u>
As at 31 March 2011	<u>461,922</u>	<u>436,051</u>	<u>465,918</u>	<u>3,345,231</u>	<u>4,709,122</u>
		LKR			LKR
10. Term Deposit					
Cash deposit					
HSBC bank		4,143,109.00			
NTB bank		-			
		<u>4,143,109.00</u>			<u>-</u>

10. Projects	2012 LKR	2011 LKR
3R project	-	(1,537,110)
Global Development Network	(178,854)	-
ILO project	252,210	36,232
Knowledge sharing of voice-enabled ICT	3,311,588	-
Telenor project	3,210,065	2,917,723
IDRC 2010/2012	5,894,163	34,454,452
CPR _{south} 2010/2012	4,482,779	2,257,752
Pacific ICT project	3,438,497	-
	<u>20,410,448</u>	<u>38,129,049</u>
12 Provision for retiring gratuity		
Balance at the beginning of the year	1,250,851	946,711
Add : Provision made during the year	436,409	304,140
Balance at the end of the year	<u>1,687,260</u>	<u>1,250,851</u>

13. Directors' interest in contract

Professor Rohan Samarajiva who is a Director of the organization received a sum of LKR 2,679,529.83 from LIRNEasia as consultancy fees during the year.

Statement of income | Year ended 31 March 2012

		2012 LKR	2011 LKR
	Schedules		
Turnover			
Income received		19,358,570	19,539,658
Other income	1	180,014	89,862
		<u>19,538,584</u>	<u>19,629,520</u>
Less: Expenses and outgoings			
Administration expenses	2	17,582,497	18,689,275
Finance cost	3	816,697	905,648
		<u>(18,399,194)</u>	<u>(19,594,922)</u>
Profit for the year		<u>1,139,390</u>	<u>34,598</u>

Schedules to the statement of income | Year ended 31 March 2012

	LKR 2012	LKR 2011
1. Other income		
Interest income	17,371	17,107
Other income	141,771	
Profit on disposal of property, plant and equipment	20,872	72,755
	<u>180,014</u>	<u>89,862</u>
2. Administration expenses		
Audit fees	25,000	22,000
Consultancy and research fees	2,279,643	2,336,486
Courier charges	44,691	45,500
Training and educational expenses	179,589	190,217
Professional fees	324,043	104,894
Furniture fittings hiring & maintenance charges	547,617	482,771
Printing and stationary	796,836	973,465
Telephone charges (local and international)	638,872	769,142
General expenses	97,337	29,786
Water	44,625	56,205
Travelling expenses	893,944	917,626
Accounting charges	-	4,798
Staff welfare	812,353	860,929
Casual wages	103,798	91,219
Office maintenance	295,798	396,434
EPF	415,097	421,533
ETF	103,773	114,898
Salaries	3,406,839	3,569,929
Business development and improvement expenses	212,842	984,296
Web maintenance	418,504	368,368
Insurance	617,652	930,666
Newspaper / magazine, advertising	2,394	122,181

Rent	687,606	636,794
Electricity	336,500	463,008
Depreciation	2,302,615	2,674,112
Subscription	63,373	102,559
Computer repairs	448,868	474,437
Vehicle maintenance	421,767	162,661
Variable payments	114,605	-
Colloquium expenses	38,831	-
CSR expenses	468,569	-
Gratuity provision	436,409	304,140
Surcharges	2,107	-
USB stock Write off		78,224
	<u>17,582,497</u>	<u>18,689,275</u>
3. Finance cost		
Interest expenses	-	19,258
Bank charges	379,928	533,912
Exchange loss	436,670	292,766
Debit tax	99	59,711
	<u>816,697</u>	<u>905,648</u>

Schedules to the balance sheet | Year ended 31 March 2012

	LKR
1. Trade and other receivables - LKR 4,327,946	
Deposit for cooler and bottles	25,022
Rent deposit	291,428
Staff and other receivables	64,576
Prepayment (Schedule 1.1)	2,676,153
Other receivables	852,606
Staff loan	418,162
	<u>4,327,946</u>
1.1. Prepayment - LKR 2,676,153	
Ceylinco insurance	403,201
Union Assurance	23,671
Other Prepayments	883,822
Office Rent	1,365,459
	<u>2,676,153</u>
2. Bank balance - LKR 33,160,170	
HSBC-domestic foreign currency account	32,117,592
Cash in hand	77,055
HSBC - local currency account	186,791
NTB - local currency account	392,162
HSBC - Bio Survey - local currency account	386,569
	<u>33,160,170</u>
3. Trade and other payables - LKR 20,916,454	
Accrued expenses (Schedule 3.1)	17,081,478
Direct non-related project expenses	3,834,977
	<u>20,916,454</u>

3.1. Accrued expenses - LKR 17,081,478	
CONNECTasia	11,039,998
Telephone bills	22,050
Water	3,938
Electricity	29,226
EPF, ETF and PAYE	190,784
HSBC credit card payable	26,026
Other payables	3,166,211
Audit fee payable	25,000
Staff development provision	2,578,244
	<u>17,081,478</u>
4. Bank overdraft - LKR 306,664	
HSBC current account	<u>306,664</u>

