

SOCIAL AND ECONOMIC DEVELOPMENT CENTRE
Caritas Sri Lanka - SEDEC

July 3, 2006

Director
Caritas International Belgium
Rue de la Charite 43
1210 Bruxelles - Belgique

Dear Friends,

AUDITED ACCOUNTS 2005

We take this opportunity to thank you for responding positively towards the Tsunami Rehabilitation programme SOA 3/2005. Please find enclosed herewith the original copy of the audited statement of Accounts for the year 2005.

We are finalizing the revised programme and budget for the year 2006 and will send to you through CI in due course.

Seeking your continued support and assuring of our active collaboration.

Yours sincerely

Ryle Perera
SNR. FINANCE MANAGER
TSUNAMI PROGRAMME

Fr. Damian Fernando
NATIONAL DIRECTOR

Encl.

**CARITAS SRI LANKA
TSUNAMI RELIEF AND
REHABILITATION PROGRAMME
SOA 3/2005**

**FINANCIAL STATEMENTS
26 DECEMBER 2004 TO
31 DECEMBER 2005**

**CARITAS SRI LANKA
TSUNAMI RELIEF AND
REHABILITATION PROGRAMME
SOA 3/2005**

**FINANCIAL STATEMENTS
26 DECEMBER 2004 TO 31 DECEMBER 2005**

**CARITAS SRI LANKA
TSUNAMI RELIEF AND REHABILITATION PROGRAMME
SOA 3/2005**

**FINANCIAL STATEMENTS -
26 DECEMBER 2004 TO 31 DECEMBER 2005**

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Report of the auditors to

The Catholic National Commission for Justice, Peace and Human Development

1 We have audited the accompanying statement of receipts and payments, accounting policies and notes thereto of the funds utilised by Caritas Sri Lanka - SEDEC for the "Tsunami Relief and Rehabilitation Programme - SOA 3/2005 Project" for the period 26 December 2004 to 31 December 2005.

Respective responsibilities of the management and auditors

2 The statement of receipts and payments, accounting policies and notes thereto set out on pages 3 to 8 are the responsibility of the management of Caritas Sri Lanka - SEDEC. Our responsibility is to express an opinion on the statement of receipts and payments based on our audit.

3 We conducted our audit in accordance with Sri Lanka Auditing Standards and Sri Lanka Auditing Practice Statements. Those Standards and Practice Statements require that we plan and perform the audit to obtain reasonable assurance about whether the statement of receipts and payments is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of receipts and payments. An audit also includes assessing the accounting principles used as well as evaluating the overall presentation of the statement of receipts and payments. We believe our audit provides a reasonable basis for our opinion.

4 The policy of Caritas Sri Lanka - SEDEC is to prepare the statement of receipts and payments on a cash basis. On this basis, receipts are recognised based on funds received and expenses are recognised when cash is disbursed.

Non-compliance with the basis of preparation of statement of receipts and payments

5 The total payments reported for the period 26 December 2004 to 31 December 2005 included financial commitments of LKR 49,123,379 in respect of future payments and a liability of LKR 27,830,913 representing LKR 19,279,914 for administrative cost and LKR 8,550,999 payable to USAID/CRS which were paid at a later date although the policy of Caritas Sri Lanka - SEDEC is to prepare the statements of receipts and payments on a cash basis. Accordingly, the surplus shown in the statement of receipts and payments is LKR 76,887,819 less than the actual cash balance as at 31 December 2005.

Report of the auditors continued on page 2.

Report of the auditors to

**The Catholic National Commission for Justice, Peace
and Human Development (contd)**

Disagreement

6 The disbursements made for vocational training and construction of a school complex at the Batticaloa Diocesan Centre amounting to LKR 17,615,640 had been transferred from the project bank account to a separate savings account of the Diocesan Centre. The transfer has been recorded as a payment in the statement of receipts and payments of the project. Due to this reason, the actual cash balance as at 31 December 2005 is understated by LKR 17,615,640.

7 Except for the effect of the matters referred to in paragraphs 5 and 6, in our opinion, the accompanying statement of receipts and payments presents fairly, in all material respects, the project expenses met by Caritas Sri Lanka for the Tsunami Relief and Rehabilitation Programme - SOA 3/2005 Project for the period 26 December 2004 to 31 December 2005, in accordance with the cash basis of accounting as described in Note 1 to the Accounting Policies.

15 May 2006
COLOMBO

PricewaterhouseCoopers.
CHARTERED ACCOUNTANTS

CARITAS SRI LANKA - SEDEC
Tsunami Relief and Rehabilitation Programme - SOA 3 / 2005

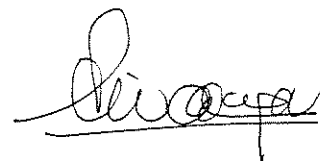
Statement of receipts and payments
26 December 2004 to 31 December 2005

	Notes	Amount (LKR) <u>2005</u>
RECEIPTS		
Grants received from Caritas Partners	1	2,682,600,864
Interest Income	2	<u>48,295,586</u>
		<u>2,730,896,450</u>
PAYMENTS		
Programme supplies	3	812,575,630
Livelihood	4	464,093,613
Partner capacity building	5	58,913,099
Equipment, furniture and vehicles	6	348,448,426
Personnel	7	114,290,578
Travel and transport	8	36,507,275
Other direct costs	9	82,069,628
Emergency Response Support Team (ERST)		1,225,676
Administrative cost	10	<u>49,555,128</u>
		<u>1,967,679,053</u>
Surplus as at 31 December 2005	11	<u>763,217,397</u>

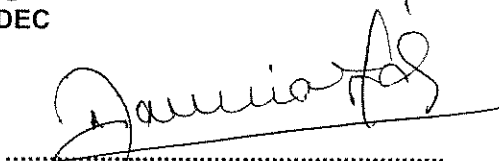
This financial statements have been approved on 11th MAY 2006



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Ryle Perera
 Senior Finance Manager
 Tsunami Rehabilitation Programme
 Caritas Sri Lanka - SEDEC



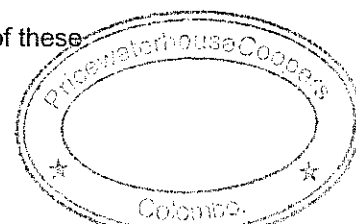
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S. Sivakumar
 Finance Manager
 Caritas Sri Lanka - SEDEC



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Fr Damian Fernando
 National Director
 Caritas Sri Lanka - SEDEC

The accounting policies on page 4 and notes on pages 5 to 8 form an integral part of these financial statements

Auditors' report - Page 1 and 2.



CARITAS SRI LANKA - SEDEC
Tsunami Relief and Rehabilitation Programme - SOA 3 / 2005

Accounting policies

The principal accounting policies adopted in the preparation of this statement of receipts and payments is set out below:

1 Basis of preparation

The statement of receipts and payments is prepared on a cash basis.

2 Foreign currencies

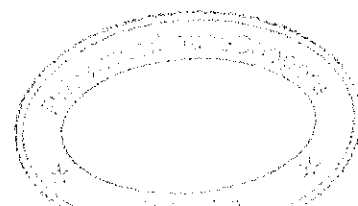
Funds received for the Tsunami Relief and Rehabilitation Programme - SOA 3 / 2005 Project have been accounted for by translating the receipts at the rate of exchange prevailing at the dates of receipt.

3 Receipts

Grants and interest on bank deposits are recognised when received.

4 Payments

Payments represents expenses incurred directly or indirectly for programme activities. These are recognised when cash is disbursed or paid.



CARITAS SRI LANKA - SEDEC
Tsunami Relief and Rehabilitation Programme - SOA 3 / 2005

Notes to the statement of receipts and payments
- 26 December 2004 to 31 December 2005

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

1 Grants received from Caritas Partners

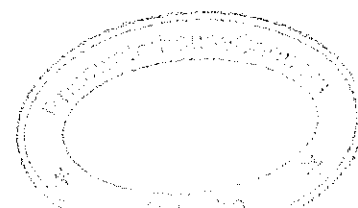
	Currency	Grants (Actual)	Amount (LKR)
Caritas Argentina	USD	18,900	1,875,825
Caritas Athens	EUR	14,980	1,925,597
Caritas Australia	AUD	3,199,974	243,288,023
Caritas Bangladesh	USD	2,480	247,206
Caritas Belgium	EUR	375,511	47,798,434
Caritas Canada	USD	80,627	8,014,303
Caritas Ceska	USD	199,970	19,931,994
Caritas Croatia	EUR	99,970	13,056,082
Caritas Denmark	EUR	10,000	1,260,145
CAFOD	STG	1,999,575	361,154,630
Caritas France	EUR	2,115,750	265,552,070
Caritas Georgia	USD	1,975	195,328
Caritas Germany	EUR	3,704,326	452,798,556
Caritas Guadalajara, Mexico	USD	88,150	8,647,515
Caritas Hong Kong	USD	499,984	49,798,406
Caritas Hungary	EUR	244,000	30,626,840
Caritas Taiwan	USD	249,940	25,026,477
Caritas India	INR	1,000,000	2,249,799
Caritas Italiana	EUR	1,800,725	225,561,637
Caritas Ireland - Trocaire	EUR	1,538,418	199,999,512
Caritas Japan	USD	94,598	9,379,434
Caritas Luxembourg	EUR	199,970	25,836,124
Caritas Macau	HKD	32,447	398,772
Caritas Malaysia	USD	10,498	1,067,123
Caritas New Zealand	EUR	107,047	13,828,086
Caritas Norway	USD	915,661	92,108,985
Caritas Peru	USD	13,665	1,363,084
Caritas Poland	USD	15,000	1,554,000
Caritas Portugal	EUR	231,357	29,636,770
Caritas Puerto Rico	USD	869	86,596
Caritas Philippines	USD	34,980	3,522,486
Caritas Romania	USD	75,000	7,413,750
Caritas Slovenia	EUR	277,774	36,024,566
Caritas Spain	EUR	149,986	19,373,184
Caritas Sweden	EUR	147,640	19,040,433
Caritas Consortium of Switzerland, Austria and Luxemburg	USD	2,143,929	214,904,221
Catholic Relief Services	USD	2,100,000	210,650,000
CORDAID, Netherlands	EUR	112,485	14,521,224
One Heart One Body Movement	USD	229,857	22,883,647
			<u>2,682,600,864</u>



CARITAS SRI LANKA - SEDEC
Tsunami Relief and Rehabilitation Programme - SOA 3 / 2005

Notes to the statement of receipts and payments
- 26 December 2004 to 31 December 2005 (contd)

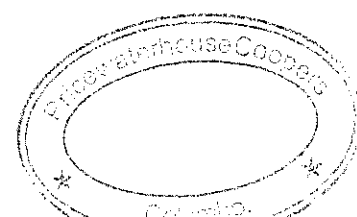
2	Interest income	Amount (LKR)
	Net interest	
	- National Centre	37,164,605
	- Other Diocesan Centres	11,130,981
		48,295,586
3	Programme supplies	Amount (LKR)
	Purchase of Land	24,941,200
	Temporary shelter supplies	221,214,939
	Permanent shelter supplies	361,545,247
	School supplies	24,682,547
	Household kits / Non food items	84,289,935
	Household repair kits & community rehabilitation	13,150,823
	Support to orphans / orphanages	20,344,942
	Latrines rehabilitation	7,569,824
	Medicine	2,525,243
	Trauma counselling supplies	6,272,620
	Other Supplies	22,741,862
	Visibility	7,869,520
	St Mary's Convent, Matara	15,426,928
		812,575,630
4	Livelihood	Amount (LKR)
	Cash for work	37,519,227
	Other income generation activity	101,435,056
	Outboard motorboats and nets	295,050,382
	Sea canoes and nets	11,950,668
	Vocational training	18,138,280
		464,093,613



CARITAS SRI LANKA - SEDEC
Tsunami Relief and Rehabilitation Programme - SOA 3 / 2005

Notes to the statement of receipts and payments
- 26 December 2004 to 31 December 2005 (contd)

5	Partner capacity building	Amount (LKR)
	Vehicles for non affected diocesan centres	50,795,000
	Staff training	2,701,720
	Trauma counselling training	490,624
	Other capacity support	4,925,755
		<u>58,913,099</u>
6	Equipment, furniture and vehicles	Amount (LKR)
	Equipment and Furniture	63,025,947
	Vehicles	283,440,429
	Extension to the building (Conference hall)	1,982,050
		<u>348,448,426</u>
7	Personnel	Amount (LKR)
	Salaries	93,107,572
	Allowances and fringe benefits	21,183,006
		<u>114,290,578</u>
8	Travel and transport	Amount (LKR)
	Transport / shipping	12,932,955
	Staff travel / fuel	23,574,321
		<u>36,507,276</u>



CARITAS SRI LANKA - SEDEC**Tsunami Relief and Rehabilitation Programme - SOA 3 / 2005****Notes to the statement of receipts and payments
- 26 December 2004 to 31 December 2005 (contd)****9 Other Direct costs**

	<u>Amount (LKR)</u>
Meetings	880,741
Stationery	6,511,942
Utilities	8,936,848
Security	1,931,178
Other office expense	19,025,370
Occupancy expenses	7,507,583
Insurance	5,715,028
Maintenance and repair	25,153,086
Miscellaneous expenses	6,407,852
	<u>82,069,628</u>

10 Administrative Cost

	<u>Amount (LKR)</u>
For Diocesan Centres - 3% of programme supplies and livelihood	36,788,436
For National Centre - 1% of programme supplies and livelihood	12,766,692
	<u>49,555,128</u>

11 Cash and bank balances

	<u>Cash in hand (LKR)</u>	<u>Bank balances (LKR)</u>	<u>Total (LKR)</u>
National Centre	218,336	828,041,145	828,259,481
Batticaloa	11,126,342	(69,013,762)	(57,887,420)
Colombo	835,211	7,481,687	8,316,898
Galle	1,577,004	31,783,221	33,360,225
Jaffna	1,193,094	(50,029,874)	(48,836,780)
Trincomalee	2,174,632	(2,169,639)	4,993
	<u>17,124,619</u>	<u>746,092,778</u>	<u>763,217,397</u>

