NOOLAHAM FOUNDATION
(COMPANY LIMITED BY GUARANTEE)

Financial Statements
For the Period Ended
December 31, 2011

Amerasekera & Co.,
Chartered Accountants
12, Rotunda Gardens
Colombo 03
Sri Lanka
INDEPENDENT AUDITORS' REPORT

To The Members of Noolaham Foundation (Company Limited by Guarantee)

Report on the Financial Statements

1. We have audited the accompanying financial statements of Noolaham Foundation (Company Limited by Guarantee) which comprise the balance sheet as at December 31, 2011, and the statement of income and expenditure and cash flow statement for the period from May 11, 2010 to December 31, 2011, and a summary of significant accounting policies and other explanatory notes as set out on Pages 02 – 08.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards for Smaller Enterprises (“SLASSE”). 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

3. 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.

4. 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.

5. We have obtained all the information and explanations (except as noted in paragraphs 6 & 7) 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.

Reservations

6. Certain accounting records, supporting documents, preparation and presentation of the financial statements do not appear to conform the Accepted Financial Reporting Practices, and inadequate to a certain extent to satisfy the Sri Lanka Accounting Standards.

7. We have also brought to the attention of the Directors certain matters observed during the audit with a view to improving maintenance of accounting records, preparation and presentation of the Financial Statements.

Opinion

8. In our opinion, subject to any adjustments that may arise on account of matters referred to under reservations (items 6 & 7), so far as appears from our examination, the financial statements appear to show a fair picture of the Company’s state of affairs as at December 31, 2011 and its results and cash flows for the period from May 11, 2010 to December 31, 2011 in accordance with SLASSE.

Report on Other Legal and Regulatory Requirements

9. These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007, except as stated in paragraphs six to eight (6 - 8) above.

Chartered Accountants

Colombo, 23.05.2012
<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>Dec 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>3</td>
<td>1,615,825.00</td>
</tr>
<tr>
<td>Direct Expenses</td>
<td>4</td>
<td>(1,499,416.99)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td></td>
<td>116,408.01</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>5</td>
<td>(164,492.33)</td>
</tr>
<tr>
<td>Finance Cost</td>
<td>6</td>
<td>(1,800.38)</td>
</tr>
<tr>
<td><strong>Expenditure Over Income Before Taxation</strong></td>
<td></td>
<td>(49,884.70)</td>
</tr>
<tr>
<td>Income Tax Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Surplus / (Deficit) for the Period</strong></td>
<td></td>
<td>(49,884.70)</td>
</tr>
</tbody>
</table>
# NOOLAHAM FOUNDATION (COMPANY LIMITED BY GUARANTEE)

**BALANCE SHEET AS AT DECEMBER 31, 2011**

*(Expressed in Sri Lankan Rupees)*

### ASSETS

<table>
<thead>
<tr>
<th>Non - Current Assets</th>
<th>Note</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, Plant and Equipment</td>
<td>7</td>
<td>90,093.75</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>8</td>
<td>80,021.55</td>
</tr>
</tbody>
</table>

**Total Assets**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8</td>
<td>170,115.30</td>
</tr>
</tbody>
</table>

### FUNDS AND LIABILITIES

<table>
<thead>
<tr>
<th>Funds</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated Fund</td>
<td></td>
<td>(49,884.70)</td>
</tr>
<tr>
<td>Total Funds</td>
<td></td>
<td>(49,884.70)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Liabilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Account</td>
<td></td>
<td>200,000.00</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td></td>
<td>20,000.00</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td></td>
<td>220,000.00</td>
</tr>
<tr>
<td>Total Funds and Liabilities</td>
<td></td>
<td>170,115.30</td>
</tr>
</tbody>
</table>

I certify that these Financial Statements of the Company comply with the requirements of the Companies Act No. 07 of 2007.

**Finance Officer**

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

**Approved and Signed for and on behalf of the Committee of Management,**

Date: 12.08.2012

Colombo.

Audit Report on Page 1

Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 05 to 08 form an integral Part of these Financial Statements.
NOOLAHAM FOUNDATION (COMPANY LIMITED BY GUARANTEE)
CASH FLOW STATEMENT
FOR THE PERIOD FROM MAY 11, 2010 (THE DATE OF INCORPORATION) TO DECEMBER 31, 2011
(Expressed in Sri Lankan Rupees)

Cash Flows from Operating Activities
Excess of Expenditure Over Income

Adjustments for:
Depreciation
Expenditure Over Income Before Changes in Working Capital

Changes in Working Capital
Accrued Expenses
Net Cash Generated from Operating Activities

Cash Flows from Investing Activities
Acquisition of Computers
Loan Received
Net Cash Flow From Investing Activities

Net Changes in Cash and Cash Equivalents During the Period
Cash and Cash Equivalents at Beginning of the Period

Cash and Cash Equivalents at End of the Period

Cash and Cash Equivalents at End of the Period Represented by:
Cash at Bank
Cash in Hand

Dec : 31, 2011

Audit Report on Page 1
Figures in brackets indicate deductions
Notes to the Financial Statements on Pages 05 to 08 form an integral Part of these Financial Statements.
1. BACKGROUND INFORMATION
The Noolaham Foundation is a Limited Liability Company by Guarantee, incorporated and domiciled in Sri Lanka under Companies Act No. 07 of 2007. The Registered Office of the Company is located at No. 07, 57th Lane, Colombo 06.

1.1 Principal Activities and Nature of Operations
The Objectives for which the Foundation established are,
- To engage in activities relating to digital library services.
- To support digital preservation projects by providing financial assistance
- To provide advices on digital and archiving technology and preservation
- To create virtual digital libraries by indexing other websites.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 GENERAL POLICIES

2.1.1 Basis of Preparation
The Financial Statements of the Foundation have been prepared in accordance with the Generally Accepted Accounting Principles and the applicable Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka (Sri Lanka Accounting Standards for Smaller Enterprises ("SLASSE")) and the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

2.1.2 Reporting Period
The financial statements are prepared and presented at end of the financial year December 31, for local requirements.

2.2 VALUATION OF ASSETS AND THEIR BASIS OF MEASUREMENT

2.2.1 Property, Plant and Equipment
Property, Plant and Equipment is stated at cost less accumulated depreciation.

a) Cost
The Cost of PPE is the cost of purchase with any incidental expenses incurred in bringing the assets to its working conditions for its intended use. Expenditure incurred for the purpose of acquiring extending or improving assets of permanent nature has been treated as capital extending or improving assets of permanent nature has been treated as capital expenditure. Assets obtained on finance leases are capitalized.

b) Restoration Costs
Expenditure incurred on repairs and maintenance of Property, Plant and Equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognized as an expense when incurred.

c) Depreciation
The provision for depreciation is calculated by using a straight-line method on the cost of all Property, Plant and Equipment other than freehold land in order to write off such amounts over the following estimated useful lives.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers</td>
<td>50 %</td>
</tr>
</tbody>
</table>

Depreciation is provided on a pro-rata basis on the assets purchased/disposal of during the year.

Notes to the Financial Statements Continued on Page 6
NOOLAHAM FOUNDATION (COMPANY LIMITED BY GUARANTEE)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM MAY 11, 2010 (THE DATE OF INCORPORATION) TO DECEMBER 31, 2011  

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CON...,  

2.2.2 Receivables  
All accounts receivable are stated at the amounts that they are estimated to realize.  

2.2.3 Cash and Cash Equivalents  
Cash and Cash Equivalents are defined as cash in hand, deposits at bank, cash at bank and short term liquid investments, readily convertible to identified amounts of cash and subject to significant risk of charges in value.  

2.3 LIABILITIES AND PROVISIONS  

2.3.1 General  
All known liabilities have been provided for in preparing the Financial Statements contingent events and their financial impact if any, are disclosed in notes to the Financial Statements.  

2.3.2 Funds  
The funds that are restricted are recognized at their fair value. When such funds relate to an expense item it is recognized as income over the period necessary to match it, so the costs which it is intended to compensate for on a systematic basis. Funds that are related to assets are deferred in the Balance Sheet and credited to the Income Expenditure account at the end of the project.  

2.4 RECEIPTS / EXPENSES RECOGNITION  

2.4.1 Receipts  
Receipts are recognized on systematic and rational basis over the period necessary to match them with the related cost.  

2.4.2 Expenditure  
All Expenses are recognized as and when such expenses are incurred.  

Notes to the Financial Statements Continued on Page 7
3 Income

**Donation**
- Sivayoham Tootin Amman Koyil: 347,200.00
- R. Pathmanaba Iyer: 190,000.00
- Noolaham Australia: 127,700.00
- Noolaham England: 319,650.00
- Noolaham USA: 165,200.00
- Dr. Manomohan: 58,000.00
- S.V Kasyanathan: 100,000.00
- L. Natkeeran: 50,075.00

**Inkind**
- Noolaham Australia: 124,100.00
- Noolaham England: 102,000.00
- Noolaham USA: 12,650.00
- Paypal Contribution: 19,250.00

4 Direct Expenses

**Collaboration Project Funding (Donation)**
- Project Noolaham: 805,300.00
- University of Moratuwa: 34,080.00
- Grant: 15,000.00

**Program Expenses**
- Wages and Allowances: 336,000.00
- Communication: 54,467.74
- Rent and Hall Bookings: 82,500.00
- Printing and Stationary: 2,300.00
- Office Equipment Maintenance: 10,335.00
- Office Equipment Up-Grading: 71,740.00
- Traveling and Transport: 12,400.00
- Refreshment: 7,390.00
- Periodicals and Magazines: 11,998.00
- Seminar and Meeting Expenses: 3,000.00
- Hiring of Project: 3,500.00
- Depreciation: 49,406.25

**Total Direct Expenses**
- 1,499,416.99

5 Administrative Expenses
- Communication: 37,828.33
- Web-Site: 30,600.00
- Postage: 12,535.00
- Printing and Stationary: 13,565.00
- Office Equipment Maintenance: 1,200.00
- Computers Up-Grading: 9,680.00
- Traveling and Transport: 10,140.00
- Employee Welfare: 904.00
- Publication: 25,800.00
- Advertisement: 2,240.00
- Audit Fees: 20,000.00

**Total Administrative Expenses**
- 164,492.33

Figures in brackets indicate deductions.

Notes continue to the Financial Statements on Page 08.
6 Finance Cost
Bank Charges 1,700.00
Debit Tax 100.38
1,800.38

7 Property, Plant and Equipment

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance as at Beginning</th>
<th>Additions</th>
<th>Balance as at Dec 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers</td>
<td>-</td>
<td>139,500.00</td>
<td>139,500.00</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>139,500.00</td>
<td>139,500.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance as at Beginning</th>
<th>Charge for the Year</th>
<th>Balance as at Dec 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers</td>
<td>-</td>
<td>49,406.25</td>
<td>49,406.25</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>49,406.25</td>
<td>49,406.25</td>
</tr>
</tbody>
</table>

Written Down Value
90,093.75

8 Cash and Cash Equivalents

Cash at Bank
Commercial Bank - (A/c No - 1100063121) 69,456.55

Cash in Hand 10,565.00
80,021.55

Figures in brackets indicate deductions.