



**KANTOR AKUNTAN**  
**DRS JOHAN, MALONDA & REKAN**  
Registered Public Accountants & Management Consultants  
A Member of **NEXIA INTERNATIONAL**  
License No. : KEP-594 / KM. 17 / 1998



**Jakarta** : Jl. Pluit Raya 200 Blok V No. 1-5  
Tel. (62-21) 661-7155, 669-6921 Fax. 669-6918, 663-0455  
e-mail : jmmajkt@johanmalonda.com  
**Surabaya** : Jl. Manyar Kertoarjo V No. 20  
Tel. (62-31) 594-7939, 592-5981 Fax. 593-8601  
e-mail : jmsby@johanmalonda.com  
**Medan** : Jl. S. Parman No. 56 Tel. (62-61) 452-0350 Fax. 457-1681  
e-mail : jmmamdn@johanmalonda.com  
**Website** : [www.johanmalonda.com](http://www.johanmalonda.com)

## INDEPENDENT AUDITOR'S REPORT

Report No. 4104/03-A3

The Members of  
**THE SMERU RESEARCH INSTITUTE**

We have audited the accompanying Statements of Financial Positions of **The SMERU Research Institute** for the years ended December 31, 2002 and 2001, and the related Statements of Activities and Fund Balances and Statements of Cash Flows for the years then ended. These Financial Statements are the responsibility of **The SMERU Research Institute's** management. Our responsibility is to express an opinion on these Financial Statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements of are free of 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 believe that our audits provide a reasonable basis for our opinion.

As described in Note 3a, these Financial Statements were prepared based on the Modified Cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles applied in Indonesia.

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the Financial Positions of the SMERU Research Institute as of December 31, 2002 and 2001, and the Changes in its Fund Balances and its Cash Flows for the years then ended, in conformity with the basis of accounting described in Note 3a.

Our audits were made for the purpose of forming an opinion on the basic Financial Statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic Financial Statements. Such information has been subjected to the procedures applied in the audits of the basic Financial Statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic Financial Statements taken as a whole.

**DRS JOHAN, MALONDA & REKAN**  
Licence No. 98.2.00010

Justinus A. Sidharta  
Public Accountant Licence No. 98.1.0478

April 30, 2003

## ASSETS

Notes	2 0 0 2	2 0 0 1
	Rp	Rp
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalent	8,338,396,524	736,552,323
Employee Receivables	2,750,000	-
Total Current Assets	8,341,146,524	736,552,323
<b>NON CURRENT ASSETS</b>		
Equipment - Net of Accumulated Depreciation	384,907,550	-

## NET ASSETS

Cash and Cash Equivalent	4	8,338,396,524	736,552,323
Employee Receivables		2,750,000	-
Total Current Assets		<u>8,341,146,524</u>	<u>736,552,323</u>

## Total Fund Balances

Equipment - Net of Accumulated Depreciation	5	384,907,550
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## TOTAL NET ASSETS

8,726,054,074	736,552,323
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## NET ASSETS

Notes	2002	2001
	Rp	Rp
6	379,357,675	-
3d	1,932,311,850	-
	6,414,384,549	736,552,323
	8,346,696,399	736,552,323

## NET ASSETS

Donated Capital	6	379,357,675
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## FUND BALANCES

Restricted	1,932,311,850
Unrestricted	6,414,384,549
Total Fund Balances	<u>8,346,696,399</u>

## TOTAL NET ASSETS

8,726,054,074	736,552,323
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See accompanying Notes to Financial Statements  
which are an integral part of these Statements

**THE SMERU RESEARCH INSTITUTE**  
**STATEMENTS OF ACTIVITIES AND FUND BALANCES**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	Notes	2 0 0 2		2 0 0 1	
		Unrestricted	Restricted	Total	Total
		Rp	Rp	Rp	Rp
R E V E N U E					
Grants	7	6,222,052,800	5,438,125,000	11,660,177,800	4,038,901,941
Consultant Fee	8	1,611,136,628	-	1,611,136,628	1,116,068,976
Bank and Deposit Interest		20,594,385	-	20,594,385	-
Others	9	267,450,353	-	267,450,353	340,593,703
Total Revenues		8,121,234,166	5,438,125,000	13,559,359,166	5,495,564,620
E X P E N D I T U R E S					
The Government of Australia (GOA)- AusAID		1,229,575,498	-	1,229,575,498	2,462,537,057
The Ford Foundation		-	2,945,991,229	2,945,991,229	1,498,995,596
PO Nos.PEG-07, 11, 14, 21 and 22		551,634,886	-	551,634,886	795,939,354
The Department For International Development		-	559,821,921	559,821,921	-
The World Bank ( WB )		273,173,255	-	273,173,255	-
D e p r e c i a t i o n		112,082,364	-	112,082,364	-
Exchange Rate Difference		333,411,792	-	333,411,792	1,540,290
Total Cash Disbursements		2,499,877,795	3,505,813,150	6,005,690,945	4,759,012,297
EXCESS OF CASH RECEIPTS OVER CASH DISBURSEMENTS ( CASH BALANCE )					
		5,621,356,371	1,932,311,850	7,553,668,221	736,552,323
FUND BALANCE, BEGINNING					
		736,552,323	-	736,552,323	-
C O R R E C T I O N					
	10	56,475,855	-	56,475,855	-
FUND BALANCE, ENDING					
		6,414,384,549	1,932,311,850	8,346,696,399	736,552,323

See accompanying Notes to Financial Statements  
which are an integral part of these Statements

**THE SMERU RESEARCH INSTITUTE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	<u>2 0 0 2</u>	<u>2 0 0 1</u>
	Rp	Rp
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of Revenues over Expenditures	<u>7,553,668,221</u>	<u>736,552,323</u>
Adjustments to Reconcile Excess of Revenues over Expenditure to Net Cash Provided by (Used in) Operating Activities :		
D e p r e c i a t i o n	112,082,364	-
Decrease (Increase) in :		
Employee Receivables	<u>(2,750,000)</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>109,332,364</u>	<u>-</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Equipment	<u>(61,156,384)</u>	<u>-</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	7,601,844,201	736,552,323
 <b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>736,552,323</u>	<u>-</u>
 <b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u><u>8,338,396,524</u></u>	<u><u>736,552,323</u></u>
 <b>NON CASH ACTIVITIES</b>		
Donated Capital	379,357,675	-
E q u i p m e n t	379,357,675	-

See accompanying Notes to Financial Statements  
which are an integral part of these Statements