

**Transparency International Pakistan
Financial Statement
For the year ended June 30, 2011**

AUDITOR'S REPORT TO THE BOARD OF TRUSTEES

We have audited the annexed balance sheet of Transparency International Pakistan (the Organization) as at June 30, 2011 and the related income and expenditure account, statement of changes in general fund and cash flow statement together with the notes forming part thereof (hereafter referred to as the financial information) for the year then ended. This financial information is the responsibility of the management of the Organization. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with the generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said information is free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said information. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said information. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial information give a true and fair view of the financial position of the Transparency International Pakistan (the Organization) as at June 30, 2011 and of the result of its operations and of the deficit for the year then ended.

The financial information as at June 30, 2010 were audited by another firm of auditor whose report dated September 14, 2010 expressed an unqualified opinion thereon.

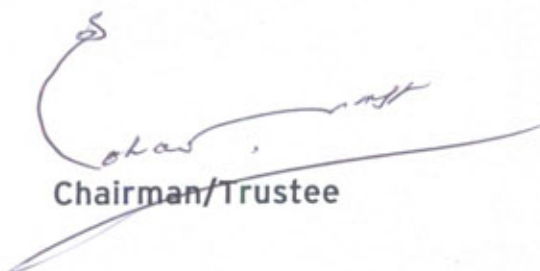

Chartered Accountants
Karachi
Dated: 30 SEP 2011

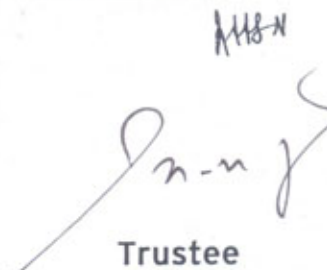
Engagement partner: Adnan Zaman

**TRANSPARENCY INTERNATIONAL PAKISTAN
BALANCE SHEET
AS AT JUNE 30, 2011**

	Note	2011 -----Rupees-----	2010
ASSETS			
Non current assets			
Property, plant and equipments	4	2,488,799	2,736,224
Current assets			
Other receivables	5	163,647	887,402
Short term investment	6	14,000,000	21,000,000
Cash and bank balances	7	9,492,276	5,477,195
		23,655,923	27,364,597
Total assets		<u>26,144,722</u>	<u>30,100,821</u>
GENERAL FUND & LIABILITY			
Opening balance		29,359,869	21,012,040
(Deficit)/surplus for the year		(3,652,904)	8,347,829
		25,706,965	29,359,869
Current liabilities			
Accrued and other payable	8	437,757	740,952
Total funds and liabilities		<u>26,144,722</u>	<u>30,100,821</u>

The annexed notes 1 to 15 form an integral part of this financial information.

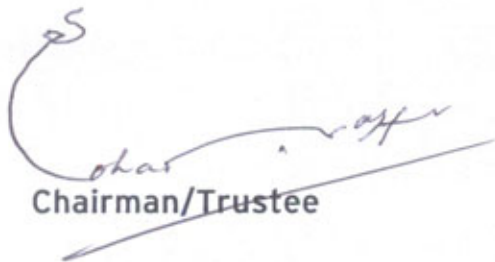

Chairman/Trustee

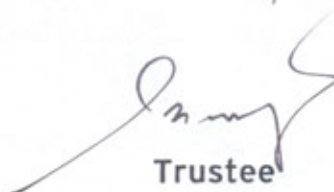

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**TRANSPARENCY INTERNATIONAL PAKISTAN
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011**

	Note	2011 -----Rupees-----	2010 -----
Income			
Grants	9	46,441,118	25,658,070
Expenditure			
Donor's expenditure	10	<u>(49,907,722)</u> <u>(3,466,604)</u>	<u>(19,667,133)</u> <u>5,990,937</u>
Other income	11	67,106	2,712,549
Administration and general expenses	12	(253,406)	(355,657)
(Deficit)/surplus of income over expenditure		<u><u>(3,652,904)</u></u>	<u><u>8,347,829</u></u>

The annexed notes 1 to 15 form an integral part of this financial information.

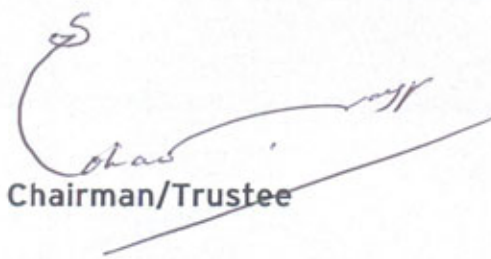

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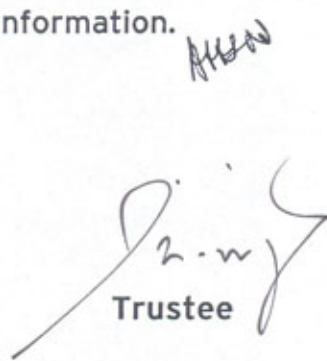

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**TRANSPARENCY INTERNATIONAL PAKISTAN
STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund	Excess of income over expenditure ----- Rupees-----	Total
Balance as at July 1, 2009	21,012,040	-	21,012,040
Excess of income over expenditure for the year ended June 30, 2010	-	8,347,829	8,347,829
Transfer to general fund	8,347,829	(8,347,829)	-
Balance as at June 30, 2010	<u>29,359,869</u>	-	<u>29,359,869</u>
(Deficit) of income over expenditure for the year ended June 30, 2011	-	(3,652,904)	(3,652,904)
Transfer to general fund	(3,652,904)	3,652,904	-
Balance as at June 30, 2011	<u><u>25,706,965</u></u>	-	<u><u>25,706,965</u></u>

The annexed notes 1 to 15 form an integral part of this financial information.

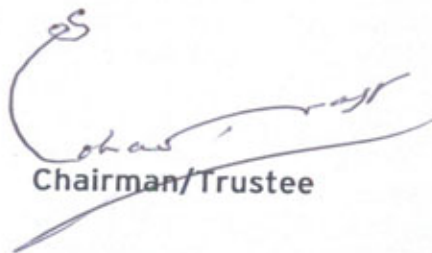

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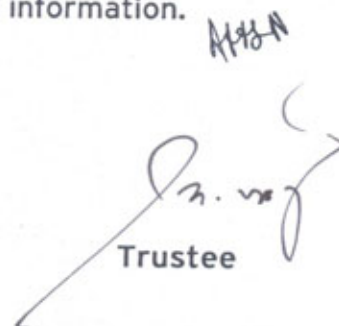

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**TRANSPARENCY INTERNATIONAL PAKISTAN
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011**

	June 30, 2011	June 30, 2010
	Note-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
(Deficit) / excess of income over expenditure	(3,652,904)	8,347,829
Adjustment for non cash items:		
Loss on sale of fixed assets	200	-
Depreciation	4 246,225	183,886
Accrued profit on investment	(46,954)	(191,546)
	<u>(3,453,433)</u>	<u>8,340,169</u>
Decrease in current assets and liabilities:		
Decrease in accounts receivable	770,709	2,473,343
(Decrease) in accrued and other payable	(303,195)	(2,528,247)
Net cashflow (used in)/from operating activities	<u>(2,985,919)</u>	<u>8,285,265</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed asset	1,000	-
Decrease in short term investment	<u>10,000,000</u>	<u>4,000,000</u>
Net cashflow from investing activities	10,001,000	4,000,000
Net increase in cash and cash equivalents	<u>7,015,081</u>	<u>12,285,265</u>
Cash and cash equivalents at the beginning of the year	16,477,195	4,191,930
Cash and cash equivalents at the end of the year	13 <u><u>23,492,276</u></u>	<u><u>16,477,195</u></u>

The annexed notes 1 to 15 form an integral part of this financial information.


Chairman/Trustee


Trustee

**TRANSPARENCY INTERNATIONAL PAKISTAN
NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011**

1. STATUS AND ACTIVITIES

Transparency International Pakistan (the Organisation) was registered in Pakistan on May 2002 as a Trust under Trust Act, 1882 and having its office at 5-C, 2nd Floor, Khayaban-e-Ittehad Phase VII, DHA, Karachi. The Organisation is one of over 90 national chapters world wide of the global organization Transparency International, headquartered in Berlin, Germany. The Organisation is a non-profit, non partisan and non political organization which aims at fighting corruption at the National Level.

2. BASIS OF PREPARATION

This financial information has been prepared under the historical cost convention. The preparation of the financial information is in conformity with the Trust Deed and respective agreements entered into between the Organisation and the donor agencies.

The preparation of financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial information, are disclosed in note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipments

These are stated at cost less accumulated depreciation. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. During the current year depreciation method was changed from reducing balance to straight line basis. Depreciation is charged for whole year in the year of acquisition, whereas no depreciation is charged in the year of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gain or loss on disposal, if any, is included in income currently.

3.2 Cash and cash equivalent

Cash and cash equivalents includes cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

3.3 Accrued and other payable

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

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3.4 Investment-held to maturity

The investments are classified under current assets and are expected to be realized within twelve months of balance sheet date. Held-to-maturity investments with fixed or determinable payments and fixed maturity that the Institution has the positive intent and ability to hold to maturity. These are subsequently carried at amortized cost using effective interest rate method.

3.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial information of each of the donor funded projects are measured using the currency in which the donation is received. The financial statements of the Organisation are presented in Pakistani Rupee, which is the Organisation's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the beginning of any month. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in income and expenditure account.

3.6 Revenue recognition

(a) Grant income

Grants are recognised at their fair value in income and expenditure account where there is a reasonable assurance that the grant will be received and the Organisation has complied with all attached conditions. Grants received where the Organisation has yet to comply with all attached conditions are recognised as a liability.

Grants that are received or become receivable as compensation for expenses incurred or for the purpose of giving immediate financial support to the Organisation, with no future related costs, are recognized as income of the period in which these are received or become receivable.

(b) Interest income

Profit on TDR and saving account is recognized on accrual basis using applicable interest rates.

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4 Property, plant and equipments

(in Rupees)

PARTICULARS	2011									
	Cost					Depreciation				Written down value as at June 30, 2011
	As at July 01, 2010	Additions	Deletions	As at June 30, 2011	Rate	As at July 01, 2010	Charge for the year	Adjustment	As at June 30, 2011	
Office premises	3,050,000	-	-	3,050,000	5%	435,006	152,500	-	587,506	2,462,494
Computer and accessories	567,057	-	(5,000)	562,057	30%	488,209	82,505	(3,800)	566,914	-
Office equipments	30,300	-	-	30,300	20%	20,551	6,060	-	26,611	3,689
Furniture and fixtures	51,600	-	-	51,600	10%	23,824	5,160	-	28,984	22,616
2011	3,698,957	-	(5,000)	3,693,957		967,590	246,225	(3,800)	1,210,015	2,488,799

PARTICULARS	2010									
	Cost					Depreciation				Written down value as at June 30, 2010
	As at July 01, 2009	Additions	Deletions	As at June 30, 2010	Rate	As at July 01, 2009	Charge for the year	Adjustment	As at June 30, 2010	
Office premises	3,050,000	-	-	3,050,000	5%	297,375	137,631	-	435,006	2,614,994
Computer and accessories	595,957	-	(28,900)	567,057	30%	476,377	35,875	(24,043)	488,209	83,705
Office equipments	30,300	-	-	30,300	20%	18,114	2,437	-	20,551	9,749
Furniture and fixtures	51,600	-	-	51,600	10%	20,738	3,085	-	23,824	27,776
2010	3,727,857	-	(28,900)	3,698,957		812,604	179,029	(24,043)	967,590	2,736,224

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		2011	2010
		-----Rupees-----	
10. Donor wise project expenditures			
SDC ACPP - II	10.1	11,185,402✓	10,188,946
USAID ACPP - II	10.2	11,208,966✓	4,321,719
DfID ALAC	10.3	4,326,928✓	4,363,463
USAID AFH	10.4	22,098,872✓	-
Fredskorpset	10.5	1,087,554✓	793,005
		<u>49,907,722✓</u>	<u>19,667,133</u>
10.1 SDC ACPP - II			
Payroll expenses		335,127✓	614,862
Office rent, utilities and others		535,245✓	474,167
Office furniture and equipment		12,254✓	16,800
Local travel expenses		593,019✓	375,180
International travel expenses		446,942✓	336,705
Structure, systems, and capacities of TI-P enhanced to implement the programme.		93,725✓	87,800
Enhance the capacity of CBR and AGP to implement anti-corruption reforms		457,374✓	655,114
Enhance capacity of provincial ministries of irrigation, power and agriculture		1,547,355✓	2,026,511
Enhance the capacity of NAB to ensure compliance with UNCAC and NACS		642,665✓	1,566,522
Enhance the capacity of private sector entities to adopt anti-bribery principles in their practices		183,872✓	655,411
Train selected CSO per province to promote transparency and minimise corruption		597,838✓	556,998
Carry out mass awareness campaigns against corruption		1,592,558✓	387,582
Motivate children, adolescents and youth to promote principles of integrity		3,722,676✓	2,266,232
Complaint centers established to redress civic complaints		-✓	65,070
Staff trainings, periodic reports issued		424,752✓	103,992
		<u>11,185,402✓</u>	<u>10,188,946</u>

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10.2 USAID ACPP - II

	2011	2010
	-----Rupees-----	
Payroll expenses	2,217,491	1,448,790
Office rent, utilities and others	1,028,245	1,103,030
Office furniture and equipment	41,190	54,440
Local travel expenses	444,192	285,055
Enhance the capacity of CBR and AGP to implement anti-corruption reforms	1,214,663	76,439
Enhance capacity of provincial ministries of irrigation, power and agriculture	651,486	175,000
Enhance the capacity of NAB to ensure compliance with UNCAC and NACS	165,760	-
Enhance the capacity of private sector entities to adopt anti-bribery principles in their practices	426,478	-
Train selected CSO per province to promote transparency and minimise corruption	188,332	-
Carry out mass awareness campaigns against corruption	620,567	-
Motivate children, adolescents and youth to promote principles of integrity	2,161,332	712,490
Complaint centers established to redress civic complaints	-	44,440
Staff trainings, periodic reports issued	1,965,230	344,035
Audit fee	84,000	78,000
	<u>11,208,966</u>	<u>4,321,719</u>

10.3 DfID ALAC

Payroll expenses	2,228,612	1,498,127
Office running costs	284,805	223,548
Communication expenses	144,566	132,156
Office furniture and equipment	29,000	76,230
Local travel expenses	134,256	125,411
International travel expenses	149,860	177,379
Advertisement costs	340,400	1,083,400
Promotional Materials	487,312	601,980
Website design and maintenance	3,000	7,000
Other project costs	495,117	408,232
Audit fee	30,000	30,000
	<u>4,326,928</u>	<u>4,363,463</u>

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	2011	2010
	-----Rupees-----	
10.4 USAID AFH		
Payroll expenses	4,210,968	-
Office running costs	1,355,387	-
Office furniture and equipment	3,840,744	-
Local travel expenses	377,201	-
Communication expenses	390,633	-
Advertisement costs	8,605,786	-
Promotional Materials	2,213,870	-
Website design and maintenance	1,037,809	-
Other project costs	28,474	-
Audit fee	38,000	-
	<u>22,098,872</u>	<u>-</u>
10.5 Fredskorpset		
Payroll expenses	425,004	389,516
Follow up activities	-	98,658
Travel expenses	108,660	179,957
Mandatory meetings with Fredskorpset	55,066	48,874
Housing charges	259,904	-
Insurance	25,470	-
Set-up grant	69,540	-
Language tuition course	21,428	-
Equipment costs	46,482	-
Audit fee	76,000	76,000
	<u>1,087,554</u>	<u>793,005</u>
11 Other income		
TIP	-	118,350
Exchange gain	18,756	1,256,497
Interest income	10,370	1,233,702
Loss on sale of fixed asset	(200)	-
Income from sale of inventory	-	4,000
Reversal of excess provision	-	100,000
Administrative support	38,180	-
	<u>67,106</u>	<u>2,712,549</u>
12. Adminisntrative and general expenses		
Property tax	5,335	5,515
Bank charges	1,846	551
Depreciation	246,225	183,886
Office furniture and equipment	-	120,412
Travel expenses	-	45,293
	<u>253,406</u>	<u>355,657</u>

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2011 2010
-----Rupees-----

13. Cash and cash equivalents

Cash and bank balances
Short term investments

	9,492,276 ✓	5,477,195
6	<u>14,000,000 ✓</u>	<u>11,000,000</u>
	<u>23,492,276</u>	<u>16,477,195</u>

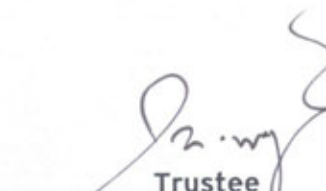
14. General

14.1. Prior years figures have been reclassified/re-arranged where necessary for the purpose of better presentation and comparison.

15. Date of authorization for issue

This financial information was authorized for issue on 30 SEP 2011 by the Board of Trustees of the Organization.


Chairman/Trustee


Trustee