

Ale Imran & Co.

CHARTERED ACCOUNTANTS

AUDITOR'S REPORT TO THE TRUSTEES / BOARD OF GOVERNORS / MANAGEMENT COMMITTEE

We have audited the annexed balance sheet of the M/s Transparency International Pakistan as at June 30, 2005 and the related Receipt & Payment account together with the notes forming part thereof (here- in- after referred to as the financial statements for the year then ended.)

It is the responsibility of the trustees / board of governors / management committee to establish and maintain a system of internal control, prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the financial statements present fairly in all material respects the financial position of the Transparency International Pakistan as at 30-06-2005 and of its balances for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Date:-December 22, 2005

Place:-Karachi.



(Ale Imran & Co)
Chartered Accountants

Ale Imran & Co.

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Syed Adil Gilani
Trustee
Transparency International Pakistan,
5-C, 2nd Floor, Khayaban-e-Ittehad,
Phase VII, D.H.A.,
Karachi.

Date:- 27-12-2005

Sub: Management Letter

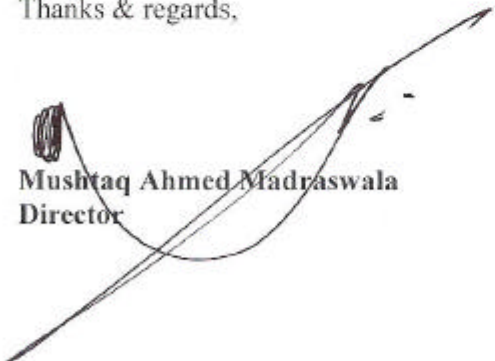
Dear Sir,

Reference to our audit for the period 2004- 2005. We would like to enclose our review for the Internal Control of the organization.

Review comprises of questionnaire and our assessment / suggestions likely to be implemented for strengthening the working of the organization.

We are available for professional services when ever needed.

Thanks & regards,



Mushfaq Ahmed Madraswala
Director

QUESTIONARE FOR INTERNAL CONTROL MEMO FOR MANAGEMENT LETTER
M/s.TRANSPERENCY INTERNATIONAL

AUDIT PERIOD JULY 2004-JUNE, 2005

Indicators ratings:				
E=essential;		S= up to standards		
R=recommended;		N = needs work		
A=additional to strengthen organizational activities				
Rating	Indicator	Met	Needs Work	N/A
E	1. The organization follows accounting practices which conform to accepted standards.	S		
E	2. The organization has systems in place to provide the appropriate information needed by staff and board to make sound financial decisions and to fulfill Internal Revenue Service requirements.	S		
R	3. The organization prepares timely financial statements including the Balance Sheet [or statement of financial position) and Statement of Revenue and Expenses [or statement of financial activities] which are clearly stated and useful for the board and staff.		N	
R	4. The organization prepares financial statements on a budget versus actual and/or comparative basis to achieve a better understanding of their finances.	S		
E	5. The organization develops an annual comprehensive operating budget which includes costs for all programs, management and fundraising and all sources of funding. This budget is reviewed and approved by the Board of Directors.	S		
R	6. The organization monitors unit costs of programs and services through the documentation of staff time and direct expenses and use of a process for allocation of management and general and fundraising expenses.	S		
E	7. The organization prepares cash flow projections.	S		
R	8. The organization periodically forecasts year-end revenues and expenses to assist in making sound management decisions during the year.	S		
E	9. The organization reconciles all cash accounts monthly.	S		
E	10. The organization has a review process to monitor that they are receiving appropriate and accurate financial information whether from a contracted service or internal processing.	S		
E	11. If the organization has billable contracts or other service income, procedures are established for the periodic billing, follow-up and collection of all accounts, and have the documentation that substantiates all billings.			Y
E	12. Government contracts, purchase of service agreements and grant agreements are in writing and are reviewed by a staff member of the organization to monitor compliance with all stated conditions.	S		
E	13. Payroll is prepared following appropriate State and Federal regulations and organizational policy.	S		
E	14. Persons employed on a contract basis meet all Federal requirements for this form of employment. Disbursement records are kept so salaries payment certificates can be issued at year end.	S		

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E	15. Organizations that purchase and sell merchandise take periodic inventories to monitor the inventory against theft, to reconcile general ledger inventory information and to maintain an adequate inventory level.	S		
R	16. The organization has a written fiscal policy and procedures manual and follows it.	S		
E	17. The organization has documented a set of internal controls, including the handling of cash and deposits, approval over spending and disbursements.	S		
E	18. The organization has a policy identifying authorized check signers and the number of signatures required on checks in excess of specified rupee amounts.	S		
E	19. All expenses of the organization are approved by a designated person before payment is made.	S		
R	20. The organization has a written policy related to investments.	S		
R	21. Capital needs are reviewed at least annually and priorities established.	S		
R	22. The organization has established a plan identifying actions to take in the event of a reduction or loss in funding.		N	
R	23. The organization has established, or is actively trying to develop, a reserve of funds to cover at least three months of operating expenses.			Y
E	24. The organization has suitable insurance coverage which is periodically reviewed to ensure the appropriate levels and types of coverage are in place.			Y
E	25. Employees, board members and volunteers who handle cash and investments are bonded to help assure the safeguarding of assets.	S		
E	26. The organization files REQUIRED RETURNS(STATEMENTS) in a timely basis within prescribed time lines.	S		
R	27. The organization reviews income annually to determine and report unrelated business income.			Y
R	28. The organization has an annual, independent audit of their financial statements, prepared by Chartered Accountants.	S		
R	29. In addition to the audit, the Chartered Accountants prepares a management letter containing recommendations for improvements in the financial operations of the organization.	S		
R	30. The Board of Directors, or an appropriate committee, is responsible for soliciting bids, interviewing auditors and hiring an auditor for the organization.	S		
R	31. The Board of Directors, or an appropriate committee, reviews and approves the audit report and management letter and with staff input and support, institutes any necessary changes.	S		
E	32. The audit or an organization prepared annual report which includes financial statements, is made available to service recipients, volunteers, contributors, funding agencies and other interested parties.		N	
A	33. Training is made available for board and appropriate staff on relevant accounting topics and all appropriate persons are encouraged to participate in various training opportunities.	S		

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TRANSPARENCY INTERNATIONAL PAKISTAN
BALANCE SHEET AS AT JUNE 30, 2005

CAPITAL & LIABILITIES				ASSETS			
PARTICULAR	note	RUPEES 2005	RUPEES 2004	PARTICULAR	note	RUPEES 2005	RUPEES 2004
Balance for the year ending 30-06-2005		3,326,177	1,919,402	Fixed Assets			
				Computer / Printer	3	256,251	335,158
				Facsimile / Photocopies		4,950	
				Stablizer / UPS		12,060	
				Air Condition		15,750	17,500
				Furniture & Fixture		13,230	5,200
				Mobile Phone		6,030	6,700
				Movie Camera		31,682	40,702
						339,953	405,260
				Receivable from US-Aid		594,188	
Liabilities				Cash & Bank Balances			
Account EU	4	803,817		Cash in Hand		36,086	990
Account SDC	5	337,581		ABL US\$ a/c # 299		376,460	376,460
Account OWW	6	730,375		ABL Pak Rs. a/c # 496-4		6,642	36,692
		1,871,773		Prime Bank a/c 15981		1,009,025	1,100,000
				Prime Bank a/c 1087		4,183	
				Prime Bank US\$ a/c		363,292	
				Standard Chartered Bank		2,448,121	
						4,263,809	1,514,142
		5,197,950	1,919,402			5,197,950	1,919,402

J. A. Siddiqui 22/12/05
Jawaid A. Siddiqui
Chairman TIP



Naked Afro
Treasure Tip



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TRANSPARENCY INTERNATIONAL PAKISTAN DONATIONS AND PAYMENTS ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2005

	Note	Amount 2005	Amount 2004
Donations			
Profit a/c PCB		15,919	55,975
One World Vision		1,024,067	
EU		1,392,417	1,839,258
SDC		3,660,598	1,100,000
Total Receipts		6,093,001	2,995,233
 SDC			
EU		2,463,384	748,701
One World		975,995	
		748,323	742,997
Total Payments		4,187,702	1,491,698
 Excess of Receipt over Payments	7	1,905,299	1,503,535
		6,093,001	2,995,233

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2005**

1. STATUS AND ACTIVITIES

M/s Transparency International Pakistan (TI-P) a NGO registered as a Trust under the laws of Pakistan and having its office at 5-C, 2nd Floor, Khayaban-e Ithad , VII, D.H.A, Karachi.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These accounts have been prepared on the basis of the historical cost convention.

2.2 Fixed Assets

These are stated at cost less accumulated depreciation. Depreciation is charged on reducing balance method at the rates prescribed in note # 3 of the accounts. Depreciation is charged for the whole year in the year of acquisition, where as no depreciation is charged in the year of disposal. Normal repairs and maintenance are charged off as they are incurred

3. Fixed Assets Schedule

Details Schedule attached.

Liabilities

4. European union –(EU)

Detail Annexed -I

5. Swiss Agency for Development and Cooperation (SDC)

Detail Annexed -II

6. One World Vision (OWV)

Detail Annexed -III