

**FINANCIAL STATEMENTS
OF
TRANSPARENCY INTERNATIONAL
PAKISTAN
FOR THE YEAR ENDED
JUNE 30, 2022**

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES

Opinion

We have audited the financial statements of Transparency International Pakistan, herein after referred to as "the Organization", which comprise the statement of financial position as at June 30, 2022 and the income statement, statement of changes in general fund and statement of cash flows for the year ended. And notes to the financial statements. Including summary of significant accounting policies,

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2022 and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the international Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, we are Independent of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Organization of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

The Board of Trustees is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board of Trustees is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Chartered Accountants
Karachi

Date: 15-Feb-2023

UDIN: AR202210130YFdJUPxCy

TRANSPARENCY INTERNATIONAL PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
-----Rupees-----			
ASSETS			
NON CURRENT ASSETS			
Fixed Assets	4	1,573,540	1,916,174
Long term investment	5	36,486,856	26,900,629
		38,060,396	28,816,803
CURRENT ASSETS			
Other receivables	6	78,270	662,723
Short term investment	7	7,500,000	8,671,000
Cash & bank balances	8	5,671,092	9,356,308
		13,249,362	18,690,031
TOTAL ASSETS		51,309,758	47,506,834
GENERAL FUND & LIABILITY			
Opening balance		47,506,294	42,795,109
Excess for the year		3,802,886	4,711,185
		51,309,180	47,506,294
CURRENT LIABILITIES			
Accrued and other payable	9	578	540
TOTAL FUNDS AND LIABILITIES		51,309,758	47,506,834

The annexed notes 1 to 16 form an integral part of these financial statements.



Chairman / Trustee


Trustee

TRANSPARENCY INTERNATIONAL PAKISTAN
 INCOME STATEMENT
 FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 -----Rupees-----	2021
INCOME			
Grants	10	9,348,044	8,633,264
EXPENDITURE			
Donor's project related expenditure	11	<u>(6,711,477)</u> 2,636,567	<u>(5,028,350)</u> 3,604,914
Other income	12	3,423,290	4,292,383
Administration and general expenses	13	(2,256,971)	(3,186,112)
Taxation	14	-	-
EXCESS OF INCOME OVER EXPENDITURE		<u><u>3,802,886</u></u>	<u><u>4,711,185</u></u>

The annexed notes 1 to 16 form an integral part of these financial statements.



Chairman / Trustee


Trustee

TRANSPARENCY INTERNATIONAL PAKISTAN
STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Excess of income over expenditure	Endowment Fund	Total
	----- Rupees-----			
Balance as at July 1, 2020	37,495,109	-	5,300,000	42,795,109
Excess of income over expenditure for the year ended June 30, 2021	-	4,711,185	-	4,711,185
Transfer to general fund	4,711,185	(4,711,185)	-	-
Balance as at June 30, 2021	42,206,294	-	5,300,000	47,506,294
Excess of income over expenditure for the year ended June 30, 2022	-	3,802,886	-	3,802,886
Transfer to general fund	3,802,886	(3,802,886)	-	-
Balance as at June 30, 2022	46,009,180	-	5,300,000	51,309,180

The annexed notes 1 to 16 form an integral part of these financial statements.



Chairman / Trustee

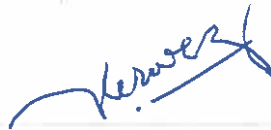


Trustee

TRANSPARENCY INTERNATIONAL PAKISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
Note	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of income over expenditure	3,802,886	4,711,185
Adjustment for non cash items:		
Depreciation	4 1,119,600	886,510
Accrued profit on investment	6 (78,270)	(659,803)
	<u>4,844,216</u>	<u>4,937,892</u>
Increase / decrease in current assets and liabilities:		
Decrease / (Increase) in accounts receivable	584,453	1,313,694
(Decrease) in deferred grant		-
(Decrease) / Increase in accrued and other payable	<u>38</u>	<u>(1,816,214)</u>
Net cash flow generated from operating activities (A)	5,428,706	4,435,372
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in property, plant and equipment	(776,965)	-
Addition in investment	<u>(9,507,957)</u>	<u>(26,900,629)</u>
Net Cash flows from investing activities (B)	(10,284,922)	(26,900,629)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Cash flows from financing activities (C)	-	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<u>(4,856,216)</u>	<u>(22,465,257)</u>
Cash and cash equivalents at the beginning of the year	18,027,308	40,492,565
Cash and cash equivalents at the end of the year	8.2 <u>13,171,092</u>	<u>18,027,308</u>

The annexed notes 1 to 16 form an integral part of these financial statements.



Chairman / Trustee


Trustee

**TRANSPARENCY INTERNATIONAL PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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 Karachi. The Organisation is one of over 100 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

These financial statements have been prepared under the historical cost convention. The preparation of these financial statements are in conformity with the Trust Deed, respective agreements entered into between the Organisation and the donor agencies, and approved accounting standards, as applicable in Pakistan. Approved accounting standards comprises of Accounting and Financial Reporting Standard for Small Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

These financial statements have also been prepared in accordance with "Guideline for accounting and reporting for Non-Government (NGOs) and Non-Profit Organisations (NPOs)" issued by ICAP and in case requirements differ, Accounting and Financial Reporting Standard for SSEs shall prevail.

The preparation of financial statements require 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 Fixed Assets

These are stated at historical 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. 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.

Gains and losses on disposals, if any, is included in income currently.

3.2 Cash and cash equivalents

Cash and cash equivalents include 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 future for goods and services received.

3.4 Financial Instruments

All financial assets and financial liabilities are recognized at the time when the organization becomes a party to the contractual provisions of the instruments. Any gain or loss on derecognizing of financial assets and financial liabilities are taken to profit and loss currently.

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case maybe.

3.5 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.

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3.6 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.

3.7 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.

Grants for which no basis of allocation exist, other than allocating these over periods in which it is received, are recognised on receipt basis.

(b) Interest income

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

3.8 Taxation

The Organisation is registered as a withholding tax agent for the purpose of sales tax and income tax.

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TRANSPARENCY INTERNATIONAL PAKISTAN
4. Fixed Assets

Particulars	C O S T				Rate	D E P R E C I A T I O N				Written Down Value as at June 30, 2022
	As at July 01, 2021	Additions	Deletions	As at June 30, 2022		As at July 01, 2021	Adjustment	For the year	As at June 30, 2022	
Office premises	3,050,000	-	-	3,050,000	5%	2,112,506	-	152,500	2,265,006	784,994
Electronic Items	2,446,700	-	-	2,446,700	30%	1,468,020	-	734,010	2,202,030	244,670
Computers	-	776,965	-	776,965	30%	-	-	233,090	233,090	543,876
Total Rs. 2022	5,496,700	776,965	-	6,273,665		3,580,526	-	1,119,600	4,700,126	1,573,540

Particulars	C O S T				Rate	D E P R E C I A T I O N				Written Down Value as at June 30, 2021
	As at July 01, 2020	Additions	Deletions	As at June 30, 2021		As at July 01, 2020	Adjustment	For the year	As at June 30, 2021	
Office premises	3,050,000	-	-	3,050,000	5%	1,960,006	-	152,500	2,112,506	937,494
Electronic Items	2,446,700	-	-	2,446,700	30%	734,010	-	734,010	1,468,020	978,680
Total Rs. 2021	5,496,700	-	-	5,496,700		2,694,016	-	886,510	3,580,526	1,916,174

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	Note	2022	2021
		-----Rupees-----	
5. LONG TERM INVESTMENTS			
Pakistan Investments Bond - held at amortized cost	5.1	26,486,856	26,900,629
Term deposit certificate - held to maturity	5.2	10,000,000	-
		<u>36,486,856</u>	<u>26,900,629</u>
5.1. This represent Pakistan Investment Bonds having a maturity period of five years ending on 19 September 2024 carrying markup 9.50% per annum.			
5.2 This represent term deposit receipts having a maturity period of 3 years carrying markup 10.7% per annum ending on 24 January 2025			
6. OTHER RECEIVABLES			
Other receivable		-	2,920
Accrued profit on short term investment		78,270	659,803
		<u>78,270</u>	<u>662,723</u>
7. SHORT TERM INVESTMENTS			
Term deposit certificate - held to maturity	7.1	7,500,000	8,671,000
7.1. This represent term deposit receipts having a maturity period of June 2023 carrying markup 4.95% - 12.57% per annum.			
8. CASH AND BANK BALANCES			
Cash on hand		17,210	14,660
Cash at bank			
<i>Current accounts</i>			
Local currency account		316,376	359,020
<i>Saving accounts</i>			
Saving accounts		5,318,059	8,965,298
Foreign currency account	8.1.	19,447	17,330
		5,337,506	8,982,628
		<u>5,671,092</u>	<u>9,356,308</u>
8.1. Foreign currency account include 109.86 Dollar at a conversion rate of 174.97 rupees.			
8.2. CASH AND CASH EQUIVALENTS			
Cash and bank balances	8	5,671,092	9,356,308
Short term investments	7	7,500,000	8,671,000
		<u>13,171,092</u>	<u>18,027,308</u>

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	Note	2022	2021
		-----Rupees-----	
9. ACCRUED AND OTHER PAYABLE			
Other Payable		578	541
		<u>578</u>	<u>541</u>
10. DONOR WISE PROJECT GRANT			
Strengthening Civic Voices for Good Governance and Accountability		9,348,044	8,633,264
		<u>9,348,044</u>	<u>8,633,264</u>
11. DONOR WISE PROJECT EXPENDITURES			
Strengthening Civic Voices for Good Governance and Accountability	11.1	6,711,477	5,028,349
		<u>6,711,477</u>	<u>5,028,349</u>
STRENGTHENING CIVIC VOICES FOR GOOD GOVERNANCE AND ACCOUNTABILITY			
Payroll expenses		4,968,764	3,628,450
Telephone		31,250	41,620
Internet		44,133	28,047
Water, Electricity, Cleaning		126,188	187,535
Travel		80,540	97,824
Postage and Courier Communication		71,464	41,511
Communication		-	25,935
Office Expenses		4,000	104,217
Stationary Expense		313,451	13,860
Workshop Expense		898,485	474,020
Website Maintenance		53,088	3,955
Publications		-	2,800
Audit Cost		100,000	60,000
Bank Charges		3,464	5,996
Fuel & Maintenance		-	32,880
IT Support and Computer Maintenance		16,650	9,700
Office Rent		-	270,000
		<u>6,711,477</u>	<u>5,028,350</u>
12. OTHER INCOME			
Exchange gain		2,116	2,827
Interest income		3,333,367	3,750,935
Other income		87,807	538,621
		<u>3,423,290</u>	<u>4,292,383</u>

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2022 2021
-----Rupees-----

13. ADMINISTRATIVE AND GENERAL EXPENSES

Depreciation	1,119,600	886,510
Payroll	901,372	1,517,400
Travelling and Conveyance	48,490	40,355
Audit Fee	8,000	11,280
Utility Expenses	-	40,333
Communication	-	14,125
Office Supplies and Stationary	43,784	579,560
Postage and Courier	1,460	7,476
Repair and Maintenance	-	47,400
Bank Charges	57,899	4,116
Rent and Taxes	8,367	7,744
IT Support & Computer Maintenance	-	29,813
Water, Electricity, Cleaning	68,000	-
	<u>2,256,971</u>	<u>3,186,112</u>

14. Taxation

The trust has obtained tax exemption under section 100(c) of Income tax ordinance, 2001. According to which the trust is entitled for tax credit equal to 100% of the tax payable including minimum and final taxes, therefore, no taxation expense has been recorded during the year.

15. GENERAL

15.1 All figures have been rounded off to the nearest Rupee.

16. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on **14 FEB 2023** by the Board of Trustees of the Organization.

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Chairman / Trustee



Trustee