

AUDITORS' REPORT TO THE BOARD OF TRUSTEES

We have audited the accompanying Balance Sheet of **Transparency International-Pakistan** (the Trust) as at June 30, 2009 and the related Statements of Income & Expenditure Account and Cash flow Statement together with the notes forming part thereof for year then ended and we state that we have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit. It is the responsibility of the Trust's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any 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 policies and significant estimates made by management as well as evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion.

This report is intended solely for the information & use of Transparency International-Pakistan & is not intended to be and should not be used by any one other than the above said trust and its parent company.

In our opinion, the financial statements give a true and fair view of the financial position of the Organization as at June 30, 2009 and of the results of its operations and its cash flow for the year then ended in accordance with International Accounting Standards.

November 12, 2009
Lahore.



ALE IMRAN & CO.
Chartered Accountants

Ref: TIP/AI/221

November 12, 2009

Syed Adil Gilani

Chairman

Transparency International Pakistan
5-C, 2nd Floor, Khayaban-e-Ittehad,
Phase VII, DHA, Karachi

Dear Sirs,

**FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009 –
MANAGEMENT LETTER**

Reference to the audit of financial statement conducted for the period July 2008 – June 2009. We would like to enclose our review for the Internal Controls of the organization.

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

**RESPONSIBILITIES OF THE AUDITORS AND THE MANAGEMENT IN RELATION TO
THE FINANCIAL STATEMENTS**

- 1) The responsibilities of the independent auditors, in a usual examination of financial statements are explained in the International Standards on Auditing -200. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of the financial statements is primarily that of the organizations management. The management's responsibility includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting practices, safeguarding the asset of the company and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities. Accordingly, our

examination of the books of accounts and records should not be relied upon to disclose all the errors or irregularities in relation to the financial statements.

- 2) Another area of importance that TIP should emphasize is about documentation of the capital expenditure policy. The organization should have written policy relating to capital expenditure and that policy should be followed while making the payments against capital expenditure.

- 3) Although TIP is following the requirements regarding deduction of tax at source, we would like to mention the significance of not complying with the provisions of the Income Tax Ordinance 2001 in case of even any inadvertent omission. With holding tax is required to be deducted from every payment that is being made including payment against salaries and on line with holding tax returns should be submitted with tax authorities. We recommend that TIP should familiarize itself with E-Filing system since annual and monthly tax returns are now required to be furnished through E-Filing methodology.

We would like to place on record our appreciation for the courtesy and co-operation extended to us during the course of our audit by all the officials of the organization.

Yours truly



Ale Imran & Co.
Chartered Accountants.

**TRANSPARENCY INTERNATIONAL PAKISTAN
BALANCE SHEET
AS ON JUNE 30, 2009**

	<u>Note</u>	<u>2009</u> Rupees	<u>2008</u> Rupees
<u>GENERAL FUND & LIABILITIES</u>			
GENERAL FUND			
Opening Balance		16,414,891	4,174,660
Excess of Income over Expenditure for the year		4,597,149	12,240,231
		21,012,040	16,414,891
<u>CURRENT LIABILITIES</u>			
Accrued and other Payable	5	3,269,199	-
		3,269,199	-
		24,281,239	16,414,891

ASSETS

NON CURRENT ASSETS

Property, Plant & Equipment

	<u>Note</u>	<u>2009</u> Rupees	<u>2008</u> Rupees
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	6	2,920,110	3,124,791
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CURRENT ASSETS

Other Receivables
Short Term Investment
Cash & Bank Balances

7	3,169,199	-
8	14,000,000	12,000,000
9	4,191,930	1,290,100
	21,361,129	13,290,100

	24,281,239	16,414,891
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The annexed notes form an integral part of these accounts.

November 12, 2009
Karachi.


TRUSTEE
SYED ADIL GILANI
CHAIRMAN - TIP




TRUSTEE
KHURRAM ABBAS
TREASURER - TIP



**TRANSPARENCY INTERNATIONAL PAKISTAN
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	2009 Rupees	2008 Rupees
INCOME			
Grant / Income	10	18,872,850	19,298,415
EXPENDITURE			
Honors Expenditure	11	(13,842,277)	(6,576,544)
Administration & General Expenses	12	(433,424)	(481,640)
EXCESS OF INCOME OVER EXPENDITURE		4,597,149	12,240,231

-The annexed notes form an integral part of these accounts.

November 12, 2009
Karachi.



TRUSTEE
SYED ADIL GILANI
CHAIRMAN - TIP



TRUSTEE
KHURRAM ABBAS
TREASURER - TIP



**TRANSPARENCY INTERNATIONAL PAKISTAN
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009**

1. Status & Activities

Transparency International Pakistan is an NGO registered in May 2002 as a Trust under the Laws of Pakistan and having office at 5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII, DHA, Karachi. TIP is dedicated primarily to fighting "Grand Corruption in business transactions". TIP is a non-profit, non partisan and non political Organization to fight corruption at the National Level.

2. Basis of Preparation

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. Basis of Measurement

These financial statements have been prepared under the historical cost convention. The organisation significant policies are stated in Note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policy the management considers critical because of its complexity, judgment of estimation involved in its application and its impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and actual results may differ from these estimates. The area involving a higher degree of judgment or complexity or area where assumptions and estimates are significant to the financial statements is as follows:

a) Useful life and residual values of property, plant and equipment

The organisation reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charged and impairment.

4. Significant Accounting Policies

4.1 Accrued and Other Payable

Liabilities for accrual 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.

4.2 Fixed Assets

These are stated at cost less accumulated depreciation. Depreciation is charged on reducing balance method at the rates prescribed in Note # 6 to the accounts. Depreciation is charged for 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.

4.3 Financial Assets and liabilities

Financial assets and liabilities are recognized when the organisation becomes a party to the contractual provisions of the instruments. The particular measurement methods adopted are disclosed in the individual policy statements associated.

4.4 Cash and Cash Equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand. Investments of short maturity i.e. for a period of less than three months which are subject to insignificant risks of changes in values are treated as cash and cash equivalents.

4.5 Foreign Currencies

All monetary assets and liabilities in foreign currencies are translated to Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated to rupees at the spot rate. All non monetary items are translated in to rupees at exchange rates prevailing on the date of transactions or on the date when fair values are determined. Any component of an exchange gain or loss relating to a recognized change in the fair value of non monetary assets is charged to profit. All of the exchange differences are included in profit currently.

**TRANSPARENCY INTERNATIONAL PAKISTAN
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2009</u> Rupees	<u>2008</u> Rupees
5- ACCRUED AND OTHER PAYABLE		
Payable to SDC	3,269,199	-
	<u>3,269,199</u>	<u>-</u>
6- FIXED ASSETS		
See Schedule Attached	<u>2,920,110</u>	<u>3,124,791</u>
7- OTHER RECEIVABLES		
Receivable from USAID	3,169,199	-
	<u>3,169,199</u>	<u>-</u>
8- SHORT TERM INVESTMENT		
	14,000,000	12,000,000
	<u>14,000,000</u>	<u>12,000,000</u>
Short Term Investment represents amount deposited with KASB Bank in Term Deposit Scheme.		
9- CASH & BANK BALANCES		
Cash in Hand	57,203	21,439
ABL PKR A/C # 0536-1	159,436	-
KASB PKR A/C # 121	1,087,121	501,503
KASB PKR A/C # 001	1,090,377	97,861
KASB £ a/c # 0039 123604 027	644,048	-
KASB PKR A/C # 0039 123604 101	391,780	-
Standard Chartered Bank PKR A/C 01	321,001	465,001
Standard Chartered Bank US\$ A/C 053	5,667	4,786
Standard Chartered Bank PKR A/C 01	-	183,823
Standard Chartered Bank EURO A/C 052	435,297	15,687
	<u>4,191,930</u>	<u>1,290,100</u>
10- GRANT / INCOME		
SDC	14,000,000	16,972,619
TIS	494,507	161,758
USAID	-	1,467,322
DFID	3,392,190	-
EXCHANGE DIFFERENCE	-	34,602
DONATION	-	562,750
EXCHANGE LOSS	(14,422)	-
INTEREST INCOME	1,000,575	99,364
	<u>18,872,850</u>	<u>19,298,415</u>

**TRANSPARENCY INTERNATIONAL PAKISTAN
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2009</u>	<u>2008</u>
	Rupees	Rupees
11- DONORS EXPENDITURE		
SDC	8,481,317	5,141,599
TIS	88,050	21,295
USAID	3,169,199	1,413,650
DFID	2,103,711	-
	<u>13,842,277</u>	<u>6,576,544</u>
12- ADMINISTRATION & SELLING EXPENSES		
Rent & Taxes	11,715	-
International Travel	215,378	189,006
Office Expenses	-	49,000
Generator Expenses	-	3,120
Bank Charges	1,650	4,210
Depreciation	204,681	236,304
	<u>433,424</u>	<u>481,640</u>

13.1 Concentration of Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The concern's credit risk is primarily attributable to its balance at bank. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Financial assets subject to credit risk amounted to Rs. 18,191,930 (2008: Rs. 13,290,100).

13.2 Interest Rate Risks

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest. The organization as such is not exposed to any interest rate risk.

13.3 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions in foreign currency. The organization believes that it is not exposed to any currency risk.

13.4 Liquidity Risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The cash requirements of the organization are to be met through donations, therefore the organization is not exposed to liquidity risk.

13.5 Date of Authorization for issue

These financial statements were authorized for issue on November 12, 2009 by the board of Trustees of the organization.

13.6 Corresponding Figures

Corresponding figures have been re-arranged wherever considered necessary for the purpose of comparison. However, no significant change has been made.

November 12, 2009
Karachi.


Trustee
SYED ADIL GILANI
Chairman - TIP




Trustee
KHURRAM ABBAS
Treasurer - TIP

