

The Board of Trustees

Transparency International Bangladesh (TIB)
MIDAS Centre (Level 4 & 5),
House-5, Road-16 (New) 27 (Old),
Dhanmondi, Dhaka -1209

**The Audited Financial Statements
of
Transparency International
Bangladesh (TIB)**

For the period from 01 January to 30 June 2016 (6 months)

Hoda Vasi Chowdhury & Co
Chartered Accountants
BTMC Bhaban (Level - 8)
7 - 9 Kawran Bazar
Dhaka - 1215

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Auditors' Report to the Board of Trustees

We have audited the accompanying financial statements of Transparency International Bangladesh, which comprises the statement of financial position as at 30 June 2016, and the statement of financial performance, and statement of receipts and payments for the six months period then ended, and a summary of significant accounting policies and other explanatory information.

Managements' responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Organization as at 30 June 2016, and of its financial performance and its receipts and payments for the six months period then ended in accordance with Bangladesh Financial Reporting Standards.

Dhaka, 03 NOV 2016




Chartered Accountants

TRANSPARENCY INTERNATIONAL BANGLADESH (TIB)

Statement of Financial Position


As at 30 June 2016

	<u>Notes</u>	30 June 2016 BDT	31 December 2015 BDT
ASSETS			
Non-current assets			
Property, plant and equipment	5.1	33,620,287	37,312,110
Intangible assets	5.2	4,189,303	720,533
		37,809,590	38,032,643
Current assets			
Advances, deposits & prepayments	6	6,534,625	6,361,212
Receivables	7	108,171	3,394,786
Cash & cash equivalents	8	135,024,551	110,420,522
		141,667,347	120,176,520
Total assets		179,476,937	158,209,163
LIABILITIES AND NET ASSETS			
Current liabilities	12	5,512,746	17,085,984
Net assets			
Due to donor	9	130,986,930	96,022,083
TIB General Fund	10	5,167,671	7,068,451
		136,154,601	103,090,534
Fixed asset fund- unfunded	11	37,809,590	38,032,644
		173,964,191	141,123,179
Total liabilities and net assets		179,476,937	158,209,163

This financial statements should be read in conjunction with the annexed notes


Treasurer


Executive Director


Chairperson

*Auditors Report
See annexed report of date*

Dhaka, **03 NOV 2016**


Chartered Accountants



TRANSPARENCY INTERNATIONAL BANGLADESH (TIB)

Statement of Financial Performance

For the period from 01 January to 30 June 2016

		2016 (06 Months)	2015 (12 Months)
	Notes	BDT	BDT
INCOME			
Grants income	13	210,603,435	378,805,339
Travel reimbursement		85,410	1,378,971
Grant from TIS		-	426,650
Membership subscription	14	8,000	19,200
Bank interest	16	319,911	1,902,710
Other income	17	192,914	196,897
Total income		211,209,672	382,729,767
EXPENDITURE			
General fund	18	119,345	1,927,156
Road Map to Good Governance	19	2,745,037	2,797,657
FK Norway Exchange Programme	20	1,683,604	3,902,154
Bangladesh Water Integrity Network (BAWIN)	21	1,628,464	4,154,681
Climate Finance Policy & Integrity	22	1,149,055	373,859
Building Integrity Blocks for Effective Change (BIBEC)	24	203,849,105	368,174,365
Strengthening Civil Society Networks to Address Corruption in Asia Pacific		-	1,009,420
Climate Finance Governance (CFG) Project		35,063	390,475
Total expenditures		211,209,672	382,729,767

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Treasurer


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Auditors Report
See annexed report of date

Dhaka, **03 NOV 2016**


Chartered Accountants



TRANSPARENCY INTERNATIONAL BANGLADESH (TIB)

Statement of Receipts and Payments

For the period from 01 January to 30 June 2016

		2016 <i>(06 Months)</i>	2015 <i>(12 Months)</i>
	<u>Notes</u>	<u>BDT</u>	<u>BDT</u>
Opening balance			
Cash in hand		213,333	283,648
Cash at bank		110,207,189	276,656,034
		110,420,522	276,939,682
Receipts			
Foreign grants	9.1	245,460,797	222,323,145
Travel reimbursement		85,410	1,378,971
Grants from TIS		-	426,650
Bank interest	16	319,911	1,666,346
Membership fee	14	8,000	19,200
Other receipts	15	1,718,629	1,205,272
Other income	17	192,914	170,476
Received against capital expenditure	23	183,446	204,327
Total receipts		247,969,108	227,394,387
Total		358,389,630	504,334,069
Payments			
General fund	18	1,188,310	10,630,664
Refund to TI-S NICSA		-	175,899
Road Map to Good Governance	19	2,743,787	2,768,907
FK Norway Exchange Programme	20	1,641,285	3,888,191
Bangladesh Water Integrity Network (BAWIN)	21	1,713,490	3,843,282
Climate Finance Policy & Integrity	22	1,208,635	373,859
Building Integrity Blocks for Effective Change (BIBEC)	24	214,834,571	370,681,803
Climate Finance Government Project		-	115,067
Strengthening Civil Society Networks to Address		35,000	974,420
Corruption in Asia Pacific		-	-
Refund to TI-S Climate Finance Government Project		-	461,454
Total payments		223,365,079	393,913,547
Closing balance:			
Cash in hand		166,741	213,333
Cash at bank		134,857,810	110,207,189
		135,024,551	110,420,522
Total		358,389,630	504,334,069

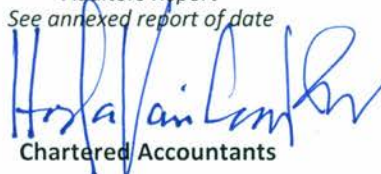
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Chartered Accountants



Dhaka, 03 NOV 2016

TRANSPARENCY INTERNATIONAL BANGLADESH (TIB)

Notes to the Financial Statements

For the period ended 30 June 2016

1.0 BACKGROUND

Transparency International Bangladesh (TIB) is an independent, non-profit and non-partisan non-government organisation which was established in 1996 as a Trust. TIB's mission is to catalyze and strengthen a participatory social movement to promote and develop institutions, laws and practices for combating corruption in Bangladesh, and to establish an efficient and transparent system of governance, politics and business. It has been registered with NGO Affairs Bureau of the Government of the People's Republic of Bangladesh bearing registration number 1301 dated 22 October 1998 (Renewed on 4th September 2013) under Foreign Donation Rules 1978.

2.0 TIB'S PROJECT PROFILE

2.1 Building Integrity Blocks for Effective Change (BIBEC) project

TIB is currently implementing its Building Integrity Blocks for Effective Change (BIBEC) project (October 2014-September 2019) which concentrates on building and strengthening a series of mutually supportive and reinforcing integrity blocks to effectively reduce corruption. "Blocks" here imply the key institutions policy/law, education, training, ethnics and values, and above all, the people of the country. BIBEC's goal is to promote a more enabling environment for reducing corruption with twin objectives: (a) advocate for reforms in laws, policies, processes, practices and oversight for improving governance in targeted institutions and sectors and (b) generate peoples' demand for good governance and to strengthen citizens' capacity to challenge corruption. To achieve this goal, TIB has adopted three-pronged strategies: 1) conduct research to generate knowledge on corruption and necessary reforms in selected sectors and institutions; 2) advocate and communicate with stakeholders to catalyze change in conduct and practice and 3) build capacity of stakeholders for effective engagement against corruption.

2.2 LGED: Road Map to Good Governance project

Objective of this project is to support two outputs i) governance and fiduciary risks identified and agreed; and ii) a road map with clear milestones and dates to ensure good governance, including immediate, intermediate and long-term actions requiring further funding, developed and operationalized by LGED (Local Government Engineering Department). Duration of the project is 11 September 2014 to 31 October 2016.

2.3 Bangladesh Water Integrity Network (BAWIN)

The Water Integrity Network (WIN), formed in 2009, aims to fight corruption in the water sector. It stimulates anti-corruption activities in the water sector locally, nationally and globally. It promotes solutions-oriented action and coalition-building between civil society, the private and public sectors, media and governments. WIN's vision is a world with equitable and sustained access to water and a clean environment, which is no longer threatened by corruption, greed, dishonesty and willful malpractice. WIN's mission is to increase integrity levels and reduce corruption in the water sector through a pro-poor and pro-equity focus. TIB is coordinating Water Integrity Network in Bangladesh since April 2012. A Memorandum of Understanding was signed on 25.03.2014 with WIN-S for implementation of the project for the period from 01 January 2014 to 31 December 2016 by the grants received from Water Integrity Network Secretariat (WIN-S). To stimulate public debate and support for integrity in the water sector in Bangladesh by promoting transparency and accountability in policies and actions affecting the sector; to help institutions in the water sector measurably improve transparency and accountability in policies, programmes and operations through knowledge and fact-based advocacy, campaign and engagement; and to facilitate change both at the local and national level that improves content and quality of services in the water sector with particular emphasis on sustainable livelihood of all, especially the poor and disadvantaged sections of the society.



2.4 Exchange Programme between South Asian TI Chapters

The following assignment is being offered, the participating chapters will build strong research and outreach base, create strong institutions, develop effective techniques of advocacy and communications, develop effective techniques in investigative journalism, expertise in fund raising and strategic planning skills, promote skills for high quality research, work towards enhancing institutional capacity in implementing good governance tools such as: Integrity Pact (IP), Right to Information (RTI) and social/value audit, influence political leaders to be more transparent and accountable to the general masses. A Letter of Intent was received on 02 May 2012 from FK Norway for implementation of the project for the period from 01 July 2012 to 31 July 2013 as well as another Letter of Intent was received on 07 April 2013 from FK Norway for implementation of the project for the period from 01 July 2013 to 31 August 2016.

2.5 Climate Finance Policy and Integrity Project

TI national chapters will focus on specific policy and practice reforms which they have identified as crucial to deter and correct corruption and corrupt behavior at the national level. Transparency International Bangladesh (TIB) will continue to advocate for an independent platform for effective and equitable use of climate funds in the future, by identifying gaps and supporting capacity development of the government's National Designated Authority on governance issues, as well as advocating for an open and transparent selection processes both for the National Implementation Entities (NIE) and projects in the pipeline for accessing funds from the Green Climate Fund (GCF). The Chapter will continue to push for an obligatory provision for all climate finance actors to engage affected communities in decision making and monitoring of project implementation, as well as for more pro-active disclosures of information in decision making process. TIB will employ its network of youth and community volunteers to further expand their community based adaptation project monitoring to a greater scope of climate affected regions in the country. The Chapter will continue to draw lessons through this local monitoring work on the governance strengths and weakness in project design, implementation and evaluation in the country, feeding up lessons to the national, regional and global level, and advocating for redress of specific cases of corruption that are identified through the monitoring process. Duration of the project is 01 August 2015 to 31 December 2017.

3.0 BASIS FOR PREPARATION

3.1 Statement of compliance and basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and presented in accordance with BAS 1. Accrual basis of accounting has been followed in recording and reporting the transaction except for the Receipts & Payments Account, which has been prepared on Cash Basis.

3.2 Reporting currency and level of precision

These financial statements are presented in Bangladeshi Taka (BDT) currency which is the organization's functional and reporting currency. All financial information has been rounded off to the nearest BDT.

3.3 Reporting period and comparatives

In pursuant to the amendment of the Finance Act 2015 (section 2.g), the organization has changed its accounting year from January- December to July- June. Accordingly, these financial statements cover six months period from 01 January to 30 June 2016. The comparative information has been disclosed in respect of previous year for the entire 12 months as per the last audited Financial Statements. Therefore comparatives may not be directly comparable. Previous year's figures have been re-arranged and restated to conform to the current year's presentation and comparison.

4.0 SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant & equipment

4.1.1 Recognition of fixed assets

Fixed assets are disclosed in the financial statements at the net book value, which represents historical cost (plus capital expenditure) less accumulated depreciation and impairment losses.

The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its operating condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

An asset will be treated as capital asset when it meets the following criteria:

- Authorized and approved expenditure of BDT 5,000 or more (including VAT) for an item which meets the definition of a fixed asset, the asset should be recognized on the TIB's balance sheet as fixed assets; and

- Costs of enhancements (not repairs and renewals), which significantly extend the life of the asset or provides additional benefits.

4.1.2 Measurement at recognition

An item of asset eligible for recognition as fixed asset will be measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the assets. The cost asset includes the following:

- the cost of materials and direct labor;
- any other costs directly attributable to bringing the assets to a working condition for their intended use (including VAT); and
- when the organisation has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located

4.1.3 Depreciation

Depreciation is the allocation of the total acquisition cost of fixed asset over its estimated useful life to reflect its usage over time. Depreciation is charged against fixed assets except land over the expected useful life of the asset to reflect the usage of the asset over time. Land is considered to have an unlimited useful life and its salvage value is unlikely to be less than its acquisition cost. Items of fixed assets are depreciated on straight line basis in profit or loss over the estimated useful lives of each component. For addition to fixed assets, depreciation is charged from the month of recognition and no depreciation is charged in the month of disposal. All tangible fixed assets, other than Fixed Assets in Progress must be depreciated on straight line basis over their useful lives (recognized cost divided by useful life) as per rates mentioned in Annexure 1.

4.1.4 Amortization

Intangible assets are amortized over the expected useful life of that asset. Intangible assets are. All intangible assets are amortized on straight-line basis over the three years (i.e. @ 33% p.a.) of their useful lives (recognized cost divided by useful life).

4.2 Fixed asset fund policy

As per MoU with donors and Property & Stores Manual of TIB, Fixed Assets purchased from project fund shall be used for the purpose of that project. If any income is earned from sale/disposal/insurance claim of Fixed Asset, the amount shall be adjusted with Donor Fund.

4.3 Staff welfare fund policy

TIB has introduced Staff Welfare Fund from 1st August 2011 to address financial need in emergency period especially in case of medical treatment for staff and their family members who are directly depended on the staff. Financial support is sanctioned based on application of TIB staff. TIB has developed a separate policy for managing this fund and separate committee has been formed for management and regulation of this fund. As per policy of this fund, fund will be created by staff contributing 0.5% of monthly basic salary. A new bank account has been opened for maintaining the fund.

4.4 Taxation

In accordance with the existing income tax rules, all NGOs working in Bangladesh are assessable entities and submission of Income Tax return is mandatory whether the income of any NGO for any year is taxable or not, which is to be decided only after regular assessment is made by the assessing authority.

4.5 Grants Income

Grants received during the period for implementing the project are initially recorded as liability under the head "Due to/ (from) Donor". For utilization of grants for fixed assets, grants are transferred to a separate head of accounts namely "Fixed Asset Fund" which is adjusted with the depreciation of fixed assets charged for a particular year and the corresponding amount of depreciation is recognized as income for that period in which it is so applied. For utilization of grants for accomplishing the program activities, income is recognized out of grants to the extent of the actual expenditure incurred for the project during the period.

4.6 Expenditures

All expenditures incurred, paid and/or accrued are considered as expenditure in the period/ year to which it relates. Currently, all the expenditures relating to core operational costs are being charged to the BIBEC project under the Institutional Strengthening & Programme Support (ISPS) component. The organization currently does not have any core cost sharing policy.



Transparency International Bangladesh (TIB)
Details of Fund received during the period
For the period from 01 January 2016 to 30 June 2016

Name of the Donor	Project	Date of Receive	Bank Name & Branch	Account Type & No.	Amount in Taka
					01 Jan to 30 June 2016
SDC	BIBEC	17-Feb-16	Standard Chartered Bank, Banani Branch	Current Account 01-6271472-01	38,498,280
		14-Jun-16			38,498,280
DFID		03-May-16			105,649,466
		30-Jun-16			54,794,521
Total of foreign donation received for BIBEC project					237,440,547
FK Norway	FK Exchange Programme	11-Feb-16	Standard Chartered Bank, Banani Branch	Current Account 01-6271472-01	1,730,724
		21-Apr-16			281,609
Total of foreign donation received for Exchange Programme project					2,012,332
BAWIN	BAWIN	25-May-16	Standard Chartered Bank, Banani Branch	Current Account 01-6271472-01	3,149,633
Total of foreign donation received for BAWIN project					3,149,633
ADB	Road Map to Good Governance	01-Feb-16	Standard Chartered Bank, Banani Branch	Current Account 01-6271472-01	2,701,000
		09-Feb-16			157,285
Total of foreign donation received for RMGGA project					2,858,285
Total of foreign donation received by TIB					245,460,797

