

Independent Auditor's Report **To the Members of Transparency International Nepal (TIN)**

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Transparency International Nepal (TIN), which comprises the Statement of Financial Position as at 31 Ashadh 2080 (16 July 2023), the Statement of Income and Expenditure, Statement of Changes in Reserves and Statement of Cash Flow for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of TIN as at 31 Ashadh 2080, and of its financial performance and its cash flows for the year then ended on the basis of Generally Accepted Accounting Principles to the extent applicable and the Nepal Accounting Standards for NPOs (NAS for NPOs).

Basis of Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). 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 entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in ICAN's Handbook of Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Statements

Management is responsible for the preparation of the financial statements in accordance with applicable financial reporting framework, 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.

In preparing the financial statements, management 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.

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 NSAs 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 decision of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, 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 Organization'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 Organization'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 Organization to cease to continue as a going concern.


We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements

On the basis of our examination and according to explanations given to us, we would like to further report that:

To the best of our knowledge & belief and according to the explanation given and based on our audit, we are of view that the activities carried out are found to be within the objectives of TIN.

To the best of our information, belief and explanation given to us, we further report that TIN has complied generally with the provisions of Income Tax Act relating to withholding tax.


CA Parash Mani Aryal
P M & Associates
Chartered Accountants



Place: Kathmandu, Nepal
Date: 15 September 2023
UDIN: 230915CA00600WGu6p

TRANSPARENCY INTERNATIONAL NEPAL

STATEMENT OF FINANCIAL POSITION

As at 31 Ashadh 2080 (16 July 2023)


Amount in NPR


Particulars	Notes	Current Year	Previous Year
ASSETS			
Non - Current Assets			
Property, Plant and Equipment Net of Dep	4.1	2,071,491	2,618,967
Intangible assets	4.2	-	-
Investment Property		-	-
Other noncurrent assets		-	-
Total Non - Current Assets [A]		2,071,491	2,618,967
Current Assets			
Inventories	4.3	-	-
Account receivable	4.4	1,138,487	65,560
Endowment Fund Investment	4.5	14,500,000	13,500,000
Cash and cash equivalents	4.6	3,758,831	9,168,351
Total Current Assets [B]		19,397,318	22,733,911
TOTAL ASSETS [A+B]		21,468,809	25,352,877
LIABILITIES & RESERVES			
Accumulated Reserves			
Unrestricted Funds/accumulated surplus	4.7	4,180,479	5,321,917
Designated Funds	4.8	-	-
Restricted Funds	4.9	110,974	3,450,575
Endowment Fund	4.10	14,500,000	13,500,000
Other Capital Reserves	4.11	-	-
Total Accumulated Reserves [C]		18,791,453	22,272,491
Non - Current Liabilities			
Loans and borrowings			
Employee benefit liabilities		547,369	407,021
Deffered Revenue	4.12	2,070,487	2,616,865
Other non-current liabilities			
Total Non - Current liabilities [D]		2,617,856	3,023,886
Current Liabilities			
Account payable	4.13	59,500	56,500
Loans and borrowings			
Provisions	4.14	-	-
Bank overdrafts	4.15	-	-
Total Current Liabilities [E]		59,500	56,500
Total Liabilities [D+E]		2,677,356	3,080,386
TOTAL LIABILITIES AND RESERVES [C+D+E]		21,468,809	25,352,877


The Notes to account forms an integral part of the financial statements.

As per our report of even date


 Ashish Thapa
 Executive Director




 Madan Krishna Sharma
 Secretary General


 Padmini Pradhananga
 President


 CA Parash Mani Arya
 P M & Associates
 Chartered Accountants



Place: Kathmandu

Date: 15 September 2023

TRANSPARENCY INTERNATIONAL NEPAL

STATEMENT OF INCOME AND EXPENDITURE For the Year Ended 31 Ashadh 2080 (16 July 2023)

Amount in NPR


Particulars	Notes	Current Year	Previous Year
INCOME			
Incoming Resources	4.16	8,010,562	11,523,262
Project Grant			
TIN Sources			
Interest Income		1,225,891	982,375
Income from Deferred Revenue		546,378	687,074
TOTAL INCOME		9,782,831	13,192,711
EXPENDITURE			
HR and Activities Expenditure	4.17	8,042,845	9,642,556
Project Grant			
TIN Sources			
General Administration Expenditure	4.18	1,335,135	1,622,420
Project Grant			
TIN Sources			
Depreciation	4.1	546,288	687,774
TOTAL EXPENDITURE		9,924,269	11,952,749
Net Surplus/(Deficit) Before Taxation		(141,438)	1,239,962
Income Tax Expenses	4.19	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		(141,438)	1,239,962


The Notes to account forms an integral part of the financial statements.

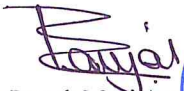
As per our report of even date


Ashish Thapa
Executive Director




Madan Krishna Sharma
Secretary General


Padmini Pradhananga
President


CA Parash Mani Aryal
P M & Associates
Chartered Accountants



Place: Kathmandu

Date: 15 September 2023

TRANSPARENCY INTERNATIONAL NEPAL


STATEMENT OF CASH FLOWS For the Year Ended 31 Ashadh 2080 (16 July 2023)


Amount in NPR


Particulars	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/ (deficit) for the year (Before Tax)	(141,438)	1,239,962
Adjustments to reconcile surplus/(deficit) to net cash flows:		
Non-cash items:		
Add:		
Depreciation and impairment of property, plant and equipment	546,288	687,774
Amortization and impairment of intangible assets	-	-
Provision and losses on inventories	-	-
Movement in provisions, receivables and specific risks	-	-
Movement in Restricted Fund	(3,339,601)	(11,313,488)
Income from Deferred Revenue	(546,377)	(687,074)
Less:		
Gains/(losses) on securities	-	-
Proceed from other fund	(10,812)	(154,216)
Working Capital Adjustments:		
Accounts receivable	(1,072,927)	120,674
Prepayments	-	-
Inventories	-	-
Other financial assets	-	-
Accounts payable	143,348	(444,196)
Accrued expenses and deferred income	-	-
Other financial liabilities	-	-
Less:		
Income Tax Paid	-	-
Interest Paid	-	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES [A]	(4,421,520)	(10,550,562)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	-	-
Purchase of intangible assets	-	-
Proceeds from sale of assets	12,000	155,140
Investment in Term Deposits	(1,000,000)	-
Interest received	-	-
Income from securities, net	-	-
NET CASH FROM/(USED IN) INVESTING ACTIVITIES [B]	(988,000)	155,140
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing of government loans	-	-
Repayments of government loans	-	-
NET CASH FROM/(USED IN) FINANCING ACTIVITIES [C]	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [A+B+C]	(5,409,520)	(10,395,422)
CASH AND CASH EQUIVALENTS AT 01 Shrawan 2079	9,168,351	19,563,773
CASH AND CASH EQUIVALENTS AT 31 Ashadh 2080	3,758,831	9,168,351

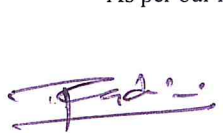
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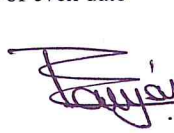
As per our report of even date


Ashish Thapa
 Executive Director


Sunita Gurung
 Treasurer


Madan Krishna Sharma
 Secretary General


Padmini Pradhananga
 President


CA Parash Mani Aryal
 P M & Associates
 Chartered Accountants



Place: Kathmandu

Date: 15 September 2023



TRANSPARENCY INTERNATIONAL NEPAL

STATEMENT OF CHANGES IN RESERVES For the Year Ended 31 Ashadh 2080 (16 July 2023)

Amount in NPR

Description	Restricted Reserves	Designated Fund	Unrestricted Reserves	Endowment Funds	Capital Reserves	Result for the Year	Total
Balance as at 01 Shrawan 2078	-	-	4,081,955	13,500,000	-	-	17,581,955
Result for the Year	-	-	-	-	-	1,239,962	1,239,962
Allocation of results to Restricted Reserves	-	-	-	-	-	-	-
Allocation of results to Designated Fund	-	-	-	-	-	-	-
Allocation of results to Unrestricted Fund	-	-	1,239,962	-	-	(1,239,962)	-
Allocation of results to Endowment Fund	-	-	-	-	-	-	-
Allocation of results to Capital Fund	-	-	-	-	-	-	-
Balance as at 32 Ashad 2079	-	-	5,321,917	13,500,000	-	-	18,821,917
Result for the Year	-	-	-	-	-	(141,438)	(141,438)
Allocation of results to Restricted Reserves	-	-	-	-	-	-	-
Allocation of results to Designated Fund	-	-	-	-	-	-	-
Allocation of results to Unrestricted Fund	-	-	(1,141,438)	-	-	1,141,438	-
Allocation of results to Endowment Fund	-	-	-	1,000,000	-	(1,000,000)	-
Allocation of results to Capital Fund	-	-	-	-	-	-	-
Balance as at 31 Ashadh 2080	-	-	4,180,479	14,500,000	-	-	18,680,479

The Notes to accounts form an integral part of the financial statements.

As per our report of even date

Ashish Thapa
Executive Director

Sumita Gurung
Treasurer

Madan Krishna Sharma
Secretary General

Padmini Pradhananga
President

CA Parash Mani Aryal
P M & Associates
Chartered Accountants



Place: Kathmandu

Date: 15 September 2023



TRANSPARENCY INTERNATIONAL NEPAL

Fund Accountability Statement

Financial Year : 2079/80

Amount in NPR

A	Sources of Fund	Previous Year	Current Year		Total of Project
			TSAI	UNCAC	
	Opening Fund Balance	14,764,063	3,468,597	(18,022)	3,450,575
	Fund Received during the Period	11,368,255	3,375,077	214,290	3,589,367
	Income from Deffered Revenue				
	Less:				
	Capital Reserve Adjustment				
	Unused fund refund	(11,398,596)	-	-	-
	Fund (transferred to) / received from other Projects, Funds	14,594	-	-	-
	Total Fund Available (A)	14,748,315	6,843,674	196,268	7,039,942

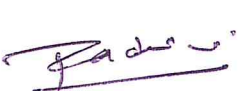
B	Expenditure	Previous Year	Current Year		Total of Project
			TSAI	UNCAC	
1	Personnel Expenses	1,470,919	2,286,976	-	2,286,976
2	Project Administration/OH Charge	1,385,248	759,346	-	759,346
3	Activity Costs	7,412,237	4,800,783	85,294	4,886,077
4	Exchange (Gain)/Loss	1,029,337	-	-	-
	Total Expenditure (B)	11,297,741	7,847,105	85,294	7,932,399
	Fund Balance (A-B)	3,450,575	(1,003,432)	110,974	(892,458)
	Fund Balance Represented by:				

SN	Particulars	Previous Year	Current Year		Total of Project
			TSAI	UNCAC	
1	Cash Balance	-	-	-	-
2	Bank Balance	3,677,528	-	110,974	110,974
3	Advance & Receivables	3,570	102,658	-	102,658
4	Interproject Receivable	43,500	-	-	-
5	Payables	(55,000)	(58,000)	-	(58,000)
6	Interproject Payable	(219,023)	(1,048,090)	-	(1,048,090)
	Total	3,450,575	(1,003,432)	110,974	(892,458)


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Date: 15 September 2023



STATEMENTS OF ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

Transparency International Nepal Statement of Accounting Policies and Notes to Financial Statements For the year ended 31 Ashad 2080 (16 July 2023)

1. General Information

Transparency International Nepal (TIN) was established in 1996 as a non-governmental and non-profit making organization. TIN is registered with the District Administration Office, Kathmandu under Societies Registration Act 1977 and affiliated with the Social Welfare Council.

TIN is the national chapter of Transparency International having its secretariat in Berlin, Germany. TIN is recognized as a tax exempt organization by the Inland Revenue Department.

Except for certain activities that will conclude on the realization of their relevant activities in accordance with the relevant terms of reference, the financial statements have been prepared on going concern basis.

2. Basis of Preparation

2.1. Statement of Compliance

The Statement of Financial Position, Statement of Income & Expenditure, Statement of Changes in Reserves, Statement of Cash Flows together with the Accounting Policies and Notes to the Financial Statements as at 31 Ashad 2080 and for the year then ended comply with the Generally Accepted Accounting Principles to the extent applicable and the Nepal Accounting Standards for NPOs (NAS for NPOs) issued by Accounting Standard Board of Nepal.

The Financial Statements have been authorized for issue as per decision of the Board or Executive Committee dated 15 September 2023.

2.2. Basis of measurement

The financial statements have been prepared using the historical cost convention or at fair value wherever specifically disclosed.

2.3. Functional and presentation currency

The financial statements are presented in Nepali Rupees (NRs.), which is the organization's functional and presentation currency. All financial information presented in Rupees has been rounded to the nearest rupees, except when otherwise indicated.

2.4. Changes in Accounting Policies and Disclosures

The Accounting policies have been consistently applied, unless otherwise stated, and are consistent with those used in previous years.

2.5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment



in the process of applying the accounting policies. The management makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions.

3. Summary of significant accounting policies

3.1. Property Plant and Equipment

a. Cost and Valuation

All items of property, plant and equipment are initially recorded at cost. Subsequent to the initial recognition of an asset, property, plant and equipment are carried at cost less any subsequent depreciation. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognized in the Statement of Income & Expenditure as an expense is incurred.

b. Depreciation

Depreciation is provided for on all Property, Plant and Equipment on the diminishing value basis and is calculated on the cost of all property, plant and equipment other than land, in order to write off such amounts less any terminal value over the estimated useful lives of such assets.

The annual rates of depreciation currently being used by Transparency International Nepal based on useful life less residual/terminal value are:

Assets	Rate p.a.
Furniture and Furnishing	25%
Motor Vehicles	20%
Office Equipment	25%

Donated Assets

Where property plant and equipment is purchased as a part of a project through restricted funds which are initially written off as project cost with corresponding income, if on conclusion of the project, the asset is not handed over to the beneficiary or returned to the original donor, the asset is valued on the conclusion of the project with the approval from funding agencies and brought into the financial statements under property plant and equipment with corresponding credit to a Deferred Revenue. Depreciation provided on such assets is charged against such deferred revenue. For the purpose of depreciation, the date of valuation for inclusion in the financial statements is considered the date of purchase.

3.2. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost minus any accumulated amortization, except for assets with indefinite useful lives. Internally generated intangible assets are not capitalized; expenditure is therefore reflected in the Statement of Income & Expenditure in the year in which expenditure is incurred.



The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite useful lives are amortized over their useful economic life. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Accordingly, straight line amortization over the useful life is carried out.

Intangible assets with indefinite useful lives are tested for impairment annually. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

3.3. Foreign-currency transactions

Transactions in currencies other than Nepal Rupees are converted into Nepal Rupees at rates which approximate the actual rates at the transaction date. At the reporting date, monetary assets (including securities) and liabilities denominated in foreign currency are converted into Nepali Rupees at the rate of exchange at that date. Realized and unrealized exchange differences are reported in the Statement of Income & Expenditure.

3.4. Cash and cash equivalents

Transparency International Nepal considers and classifies cash in hand, amounts due from banks and short-term deposits with an original maturity of three months or less under the category of "Cash and cash equivalents". Bank borrowings that are repayable on demand and form an integral part of the Transparency International Nepal's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash flows.

3.5. Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the price at which inventories can be reasonably expected to be sold in the market place, less any estimated cost necessary to make the sale.

The cost is determined on first-in first-out (FIFO) method and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

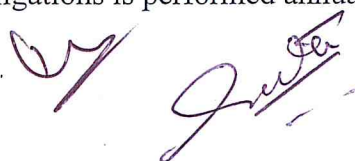
Items donated for distribution or resale are not included in the financial statements until such time they are distributed or resold.

3.6. Provisions

A provision is recognized in the statement of financial position when Transparency International Nepal has a legal or constructive obligation as a result of a past event, it is probable that an outflow of assets will be required to settle the obligation, and the obligation can be measured reliably.

3.7. Employee Benefits Liabilities

The organization's obligation in respect of the defined future benefit plans is calculated separately for each benefit plans by estimating the amount of future benefit that employees have earned in the current and prior periods. The calculation of the defined benefit obligations is performed annually.



Gratuity, medical facilities & accumulated leave provision have been provided as per By-Laws, assuming that all the staffs will be retired at the reporting date.

3.8. Loans and Borrowings and Account Payables

Loans and Borrowings and Accounts payables are stated at their cost.

3.9. Accounting for the receipt and utilization of Funds/Reserves

Reserves

Reserves are classified as either restricted or unrestricted reserves.

a. Unrestricted Reserves/Funds/accumulated surplus

Unrestricted funds are those that are available for use by Transparency International Nepal at the discretion of the Board, in furtherance of the general objectives of Transparency International Nepal and which are not designated for any specific purpose.

Surplus funds are transferred from restricted funds to unrestricted funds in terms of the relevant Donor Agreements or with the prior approval of the Donor.

Contributions received from the general public are recognized in the Statement of Income & Expenditure on a cash basis.

b. Designated Reserves/Funds

Unrestricted funds designated by the Board to a specific purpose are identified as designated funds. The activities for which these funds may be used are identified in the financial statements.

Where grants are received for use in an identified project or activity, such funds are held in a restricted fund account and transferred to the Statement of Income & Expenditure to match with expenses incurred in respect of that identified project. Unutilized funds are held in their respective Fund accounts and included under accumulated fund in the Statement of Financial Position until such time as they are required.

Funds collected through a fund raising activity for any specific or defined purpose are also included under this category.

Where approved grant expenditure exceeds the income received and there is certainty that the balance will be received, such amount is recognized through Debtors in the Statement of Financial Position.

c. Restricted Fund

The activities for which these restricted funds may and are being used are identified in the notes to the financial statements Restricted Reserves/Funds. Such restricted fund may include conditions for refund should there be balance of fund at the end of the project.

d. Endowment Reserves/Funds

Where assets are received as an endowment, which are not exhausted, only the income earned from such assets may be recognized and used as income.

e. Investment Income and other gains realized from funds available under each of the above categories are allocated to the appropriate funds, unless the relevant agreement or minute provides otherwise. Where such income can be used for



general purpose, same shall be treated as income in the Statement of Income & Expenditure.

3.10. Grants and Subsidies

Grants and subsidies are recognized in the financial statements at their fair value. When the grant or subsidy relates to an expense it is recognized as deferred income necessary to match it with the costs over the accounting years, which is intended to compensate for on a systematic basis.

Grants and subsidies in the form of PPE (Fixed assets) are generally shown as deferred income in the Statement of Financial Position and credited to the Statement of Income & Expenditure over the useful life of the asset by the amount of depreciation with corresponding debit to deferred income over more than one accounting period.

In the case of grants received to fund an entire project or activity, which includes the purchase of an asset, and the cost of such asset is charged with the project costs to the Statement of Financial Performance, the grant value is recognized as income in the same period as the cost of the asset is charged to the Statement of Income & Expenditure. At the end of the project, when there is certain fair value remains of such assets charged to Statement of Income & Expenditure, same will be recognized as capital reserve at fair value with corresponding value of PPE. Each year and over its useful life, the depreciation will be charged to capital reserve with corresponding credit to related PPE.

3.11. Income recognition

a. Contributions/Incoming Sources

Income realized from restricted funds is recognized in the Statement of Income & Expenditure only when there is certainty that all of the conditions for receipt of the funds have been complied with and the relevant expenditure that it is expected to compensate has been incurred and charged to the Statement of Income & Expenditure. Unutilized funds are carried forward as such in the Statement of Financial Position.

Gifts and donation received in kind are recognized at fair value at the time that they are distributed to beneficiaries, or if received for resale with proceeds being used for the purpose of Transparency International Nepal at the point of such sale. Items not sold or distributed are inventories but not recognized in the financial statements.

All other income is recognized when Transparency International Nepal is legally entitled to the use of such funds and the amount can be quantified. This would include income receivable through fund raising activities and donations.

Membership fee is measured in cash basis.

b. Financial Income

Interest earned is recognized on an accrual basis when there is certainty of receipt. Dividend received is recognized when the right to receive dividend is established.

Revenues earned on services rendered are recognized in the accounting period in which the services were rendered and accepted by the clients.

Net gains and losses on the disposal of property, plant and equipment and other non-current assets, including investments, are recognized in the Statement of



Income & Expenditure after deducting from the proceeds on disposal, the carrying value of the item disposed of and any related selling expenses.

- c. Other income is recognized on an accrual basis except otherwise categorically explained to be on cash basis.

3.12. Expenditure recognition

Expenses in carrying out the projects and other activities of Transparency International Nepal are recognized in the Statement of Income & Expenditure during the period in which they are incurred. Other expenses incurred in administering and running Transparency International Nepal and in restoring and maintaining the property plant and equipment to perform at expected levels are accounted for on an accrual basis and charged to the Statement of Income & Expenditure.

3.13. Taxation

a. Current Taxes

Income tax is provided in accordance with the provisions of the Income Tax Act on the profits earned by Transparency International Nepal subject to exemptions referred to in Note 4.19 to the financial statements.

b. Deferred Taxes

Transparency International Nepal has got tax exempted status and accordingly no provision for tax has been made.

c. Value added taxes

Transparency International Nepal is not VAT registered and is not entitled to VAT refund. Value added taxes (VAT) that are payable on services and goods purchased are normally included in the cost of such item.

3.14. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a Qualifying asset, are charged off to Statement of Income & Expenditure as expense. Other borrowing costs are treated as an expense in the period in which it is incurred.

3.15. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of Transparency International Nepal. It may also be a present obligation that arises from past events but in respect of which an outflow of economic benefit is not probable or which cannot be measured with sufficient reliability. Transparency International Nepal does not have any contingent liabilities as mentioned in Note 4.21.

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4. Notes to the Financial Statements

4.1 Property, Plant and Equipment

Item	Opening Balance	Additions During the Year	Disposals During the Year	Balance as at 31.03.2080
Land				-
Buildings				-
Vehicles	5,671,100	-	-	5,671,100
Office Equipment	2,468,898	-	(142,175)	2,326,723
Furniture and Fittings	539,783	-	-	539,783
	8,679,782	-	(142,175)	8,537,605
Capital work in progress				-
TOTAL	8,679,782	-	(142,175)	8,537,605

Depreciation

Item	Balance as at 01.04.2079	Charge For the Year	Disposals During the Year	Balance as at 31.03.2080
Land				-
Buildings				-
Vehicles	3,505,532	433,113	-	3,938,645
Office Equipment	2,053,077	103,781	(140,987)	2,015,870
Furniture and Fittings	502,205	9,394	-	511,599
	6,060,814	546,288	(140,987)	6,466,115
Capital work in progress				-
TOTAL	6,060,814	546,288	(140,987)	6,466,115
PPE Net of Depreciation	2,618,968			2,071,491

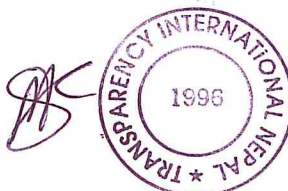
4.2 Intangible Assets

Item	Balance as at 01.04.2079	Additions During the Year	Disposals During the Year	Balance as at 31.03.2080
Software	-	-	-	-
Emblem	-	-	-	-
Other Intangible Assets	-	-	-	-
TOTAL	-	-	-	-

Amortization

Item	Balance as at 01.04.2079	Charge for the Year	Balance as at 31.03.2080
Software	-	-	-
Emblem	-	-	-
Other Intangible Assets	-	-	-
TOTAL	-	-	-

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4. Notes to the Financial Statement

4.3 Inventories

Particulars	2079/80	2078/79
Raw Materials and Consumables		
Finished Goods and Goods for Sale/use		
Work In Progress		
Stationery and Printings		
Project Materials		
General Inventory		
TOTAL	-	-

4.4 Accounts Receivable

Particulars	2079/80	2078/79
Deposits and Advances	13,221	36,500
Other accounts receivable	121,834	29,060
T-SAI Project Receivable	1,003,432	-
TOTAL	1,138,487	65,560

4.5 Endowment Fund Investment

Particulars	2079/80	2078/79
Fixed Deposit - maturing on 2024.03.18	1,500,000	1,500,000
Fixed Deposit- maturing on 2023.12.17	6,000,000	6,000,000
Fixed Deposit	-	3,500,000
Fixed Deposit	-	1,500,000
Fixed Deposit - maturing on 2023.11.25	5,000,000	-
Fixed Deposit- maturing on 2024.01.20	2,000,000	1,000,000
TOTAL	14,500,000	13,500,000

4.6 Cash and cash equivalents

Particulars	2079/80	2078/79
Cash in hand	35,000	35,000
Cash at bank	3,723,830	9,133,350
Short-term deposits	-	-
TOTAL	3,758,831	9,168,350

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4. Notes to the Financial Statement

4.7 Unrestricted Funds / accumulated surplus

Particulars	2079/80	2078/79
Balance at beginning of the year	5,321,917	4,081,955
Unrestricted surplus/deficit in operating activities	(141,438)	1,239,962
Allocation to Endowment Fund	(1,000,000)	
Balance at the end of the year	4,180,479	5,321,917

4.8 Designated Funds

Particulars	2079/80	2078/79
Balance as at beginning of year	-	-
Additional Funds received during the year	-	-
Balance as at year end	-	-

4.9 Restricted Funds

Project wise allocation and movement in Restricted Funds are as follows:

Name of Donor Organization	Project Name/Description	Balance brought forward	Received/(Refund)/(Transfer) During the year	Transferred to Statement of Income & Expenditure	Interest Income on Restricted Funds	Balance carried forward shown in restricted fund balance
TI- Secretariat UNCAC Coalition	Together for Social Accountability and Integrity	3,468,597	3,375,077	7,847,105	-	(1,003,432)
	UN Convention against Corruption	(18,022)	214,290	85,294	-	110,974

4.10 Endowment Funds

Particulars	2079/80	2078/79
Balance at beginning of the year	13,500,000	13,500,000
Surplus/(deficit) for the year	1,000,000	-
Balance at end of the year	14,500,000	13,500,000

4.11 Other Capital Reserves

Particulars	2079/80	2078/79
Balance at beginning of the year		
Surplus/(deficit) for the year		
Balance at end of the year	-	-



4. Notes to the Financial Statement

4.12 Deferred Revenue

Deferred revenue includes the fund for Property, plant and equipment that are purchased as a part of a project through restricted funds and on conclusion of the project, the asset is not handed over to the beneficiary or returned to the original donor.

Such property, plant and equipment are valued at fair value on the conclusion of the project and brought into the financial statements under property, plant and equipment with corresponding credit to the deferred income. Depreciation provided on such assets is charged against such deferred income.

The movement in Deferred Revenue is as follows:

Particulars	2079/80	2078/79
Opening Deferred Revenue	2,616,865	3,302,234
Additions during the year	-	57,000
Disposals during the year	(423)	(55,295)
Transfer to PL	(545,954)	(687,074)
Closing Deferred Revenue	2,070,487	2,616,865

4.13 Accounts Payable

Particulars	2079/80	2078/79
Advance from suppliers	-	-
Other Payables	59,500	56,500
TOTAL	59,500	56,500

4.14 Provisions

Particulars	2079/80	2078/79
Balances as at the beginning of the period	-	-
Allocations during the year	-	-
Use of provisions during the year	-	-
Less:		
Release of provisions during the year	-	-
TOTAL	-	-

4.15 Bank overdraft

Particulars	2079/80	2078/79
Bank	-	-
TOTAL	-	-



4. Notes to the Financial Statement

4.16 Incoming Resources

Particulars	2079/80	2078/79
Grants - Restricted Funding	7,932,399	11,297,740
Grants - Unrestricted Funding	-	-
Membership Fee	61,000	60,000
Donation from the public	-	-
Corporate Fund raising	-	-
Gifts in kind	-	-
Profits from trading or other activities	-	-
Other Income	17,163	165,522
TOTAL	8,010,562	11,523,262

4.17 Project HR and Activities Expenditure

Particulars	TSAI	UNCAC	Sub Total Projects	TIN	Current Year Total	Previous Year Total
Salary and Allowances	2,286,976	-	2,286,976	419,575	2,706,551	1,692,809
Human Resources - Affiliated Organization	-	-	-	-	-	-
Consultants cost	387,886	85,294	473,180	65,807	538,987	3,079,473
Research & Consultancy	100,000	-	100,000	-	100,000	124,300
Workshop and Seminar	1,041,279	-	1,041,279	77,407	1,118,686	798,470
Instilling VE	39,803	-	39,803	-	39,803	-
Tracking Inc. & Exp.	25,451	-	25,451	-	25,451	-
Exp. Expertise Visit	7,710	-	7,710	-	7,710	-
Meeting Refreshments	6,416	-	6,416	43,889	50,305	146,244
Transport and conveyance	383,598	-	383,598	59,080	442,678	520,078
Travel and daily expenses	1,342,662	-	1,342,662	16,678	1,359,340	721,735
Monitoring and Evaluation	120,000	-	120,000	-	120,000	-
Office Equipment	-	-	-	-	-	148,800
Vehicle	-	-	-	-	-	128,729
Awareness and Publicity	1,129,915	-	1,129,915	-	1,129,915	1,922,979
Printing and publication	195,124	-	195,124	3,600	198,724	231,058
Bank charges	2,185	-	2,185	-	2,185	6,295
Utility	6,929	-	6,929	63,625	70,554	32,169
Communication cost	11,825	-	11,825	-	11,825	-
Office materials	-	-	-	4,160	4,160	50,716
Registration and Taxes	-	-	-	-	-	38,700
Repair & Maintenance	-	-	-	115,971	115,971	-
TOTAL	7,087,759	85,294	7,173,053	869,792	8,042,845	9,642,556

4.18 General Administration Expenditure

Particulars	TSAI	UNCAC	Sub Total Projects	TIN	Current Year Total	Previous Year Total
Meeting & Refreshments	17,900	-	17,900	-	17,900	50,794
Rent	376,500	-	376,500	373,980	750,480	708,000
Office materials	60,603	-	60,603	13,860	74,463	113,662
Repair & Maintenance	36,725	-	36,725	43,373	80,098	187,590
Registration and Taxes	6,600	-	6,600	81,900	88,500	48,700
Insurance expenses	35,266	-	35,266	27,786	63,052	87,348
Communication cost	125,696	-	125,696	33,390	159,086	245,759
Utility	45,056	-	45,056	-	45,056	123,763
Bank Charge	-	-	-	-	-	304
Audit fee	55,000	-	55,000	1,500	56,500	56,500
Total	759,346	-	759,346	575,789	1,335,135	1,622,420

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4. Notes to the Financial Statement

4.19 Income Tax Expense

Transparency International Nepal has got tax exemption status and accordingly no provision for tax has been made. However, income tax deducted at sources of income has been charged to such revenue and reflected net of such withholding tax.

4.20 Capital Commitments

Transparency International Nepal doesnot have any capital commitments.

4.21 Contingent Liabilities

Transparenry International Nepal doesnot have any continget liabilities.

4.22 Employee benefit liabilities

Employee benefit liabilities includes amount of Rs. 547,369 allocated for gratuity fund. The fund is created by charging expenses at the rate of 8.33% of the basic salary of each staff. Amount equivalent of the allocated fund is deposited in separate bank account which would be paid at the retirement of the staff.

Movement of the Gratuity during the year was as per below:

Opening balance	407,021
Addition during the year	140,348
Total	547,369
Less: Paid during the year	-
Balance Gratuity of Gratuity payable	547,369

4.23 Related Party Transactions

Transparenry International Nepal has not provided any monetary benefits to its Executive members.

Executive Director of Transparency International Nepal, Mr. Ashish Thapa, has received remuneration and benefits for his partial engagement during FY 2079/80 as follows:

	Under TIN	Under Project UNCAC	Under Project TSAI	Total
Remuneration	148,743	-	551,726	700,469
Provision for Gratuity	7,606	-	40,254	47,860

