

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 32 Ashadh 2082 (16 July 2025), 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 32 Ashadh 2082, and of its financial performance and its cash flows for the year then ended on the basis of 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.

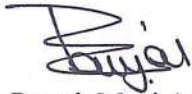
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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: 29 August 2025

UDIN: 250830CA006006nMzS

TRANSPARENCY INTERNATIONAL NEPAL

STATEMENT OF FINANCIAL POSITION

As at 32 Ashadh 2082 (16 July 2025)

Amount in NPR


Particulars	Notes	Current Year	Previous Year
ASSETS			
Non - Current Assets			
Property, Plant and Equipment Net of Dep	4.1	13,85,083	17,98,598
Intangible assets	4.2	-	-
Investment Property		-	-
Other noncurrent assets		-	-
Total Non - Current Assets [A]		13,85,083	17,98,598
Current Assets			
Inventories	4.3	-	-
Account receivable	4.4	33,570	5,03,673
Endowment Fund Investment	4.5	1,45,00,000	1,45,00,000
Cash and cash equivalents	4.6	1,35,27,858	51,79,750
Total Current Assets [B]		2,80,61,428	2,01,83,423
TOTAL ASSETS [A+B]		2,94,46,511	2,19,82,021
LIABILITIES & RESERVES			
Accumulated Reserves			
Unrestricted Funds/accumulated surplus	4.7	49,16,671	45,13,240
Designated Funds	4.8	-	-
Restricted Funds	4.9	78,13,287	6,07,690
Endowment Fund	4.10	1,45,00,000	1,45,00,000
Other Capital Reserves	4.11	-	-
Total Accumulated Reserves [C]		2,72,29,959	1,96,20,930
Non - Current Liabilities			
Loans and borrowings			
Employee benefit liabilities	4.22	7,98,724	5,28,854
Deffered Revenue	4.12	13,84,821	17,97,845
Other non-current liabilities			
Total Non - Current liabilities [D]		21,83,545	23,26,699
Current Liabilities			
Account payable	4.13	33,008	34,393
Loans and borrowings			
Provisions	4.14	-	-
Bank overdrafts	4.15	-	-
Total Current Liabilities [E]		33,008	34,393
Total Liabilities [D+E]		22,16,552	23,61,091
TOTAL LIABILITIES AND RESERVES [C+D+E]		2,94,46,511	2,19,82,021


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


As per our report of even date


Ashish Thapa
Executive Director


Sunita Gurung
Treasurer


Sagar Raj Sharma
Secretary General


Madan Krishna Sharma
President


CA Parash Mani Aryal
P M & Associates
Chartered Accountants

Place: Kathmandu

Date: 29 August 2025



TRANSPARENCY INTERNATIONAL NEPAL

STATEMENT OF INCOME AND EXPENDITURE
For the Year Ended 32 Ashadh 2082 (16 July 2025)

Amount in NPR

Particulars	Notes	Current Year	Previous Year
INCOME			
Incoming Resources	4.16	1,16,20,523	86,48,960
Project Grant		1,13,96,817	
TIN Sources		2,23,707	
Interest Income		6,72,238	10,98,364
Income from Deferred Revenue		3,66,673	4,80,491
TOTAL INCOME		1,26,59,434	1,02,27,815
EXPENDITURE			
HR and Activities Expenditure	4.17	99,38,589	79,25,836
Project Grant		97,75,291	
TIN Sources		1,63,298	
General Administration Expenditure	4.18	19,50,654	14,88,477
Project Grant		16,21,526	
TIN Sources		3,29,129	
Depreciation	4.1	3,66,759	4,80,741
TOTAL EXPENDITURE		1,22,56,002	98,95,054
Net Surplus/(Deficit) Before Taxation		4,03,432	3,32,761
Income Tax Expenses	4.19	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		4,03,432	3,32,761

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

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Chartered Accountants

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Date: 29 August 2025



TRANSPARENCY INTERNATIONAL NEPAL

STATEMENT OF CASH FLOWS
For the Year Ended 32 Ashadh 2082 (16 July 2025)

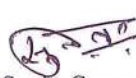
Amount in NPR

Particulars	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/ (deficit) for the year (Before Tax)	4,03,432	3,32,761
Adjustments to reconcile surplus/(deficit) to net cash flows:		
Non-cash items:		
Add:		
Depreciation and impairment of property, plant and equipment	3,66,759	4,80,741
Amortization and impairment of intangible assets	-	-
Provision and losses on inventories	-	-
Movement in provisions, receivables and specific risks	-	-
Movement in Restricted Fund	77,04,882	10,00,863
Less:		
Gains/(losses) on securities	-	-
Proceed from other fund	(46,352)	-
Income from Deferred Revenue	(3,66,672)	(4,80,491)
Working Capital Adjustments:		
Accounts receivable	(29,181)	1,30,667
Prepayments	-	-
Inventories	-	-
Other financial assets	-	-
Accounts payable	2,68,485	(43,622)
Accrued expenses and deferred income	-	-
Other financial liabilities	-	-
Less:		
Income Tax Paid	-	-
Interest Paid	-	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES [A]	83,01,352	14,20,919
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	-	-
Purchase of intangible assets	-	-
Proceeds from sale of assets	46,756	-
investment in Term Deposits	-	-
Interest received	-	-
Income from securities, net	-	-
NET CASH FROM/(USED IN) INVESTING ACTIVITIES [B]	46,756	-
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]	83,48,108	14,20,919
CASH AND CASH EQUIVALENTS OPENING BALANCE	51,79,750	37,58,831
CASH AND CASH EQUIVALENTS CLOSING BALANCE	1,35,27,858	51,79,750


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


As per our report of even date


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Place: Kathmandu
Date: 29 August 2025



TRANSPARENCY INTERNATIONAL NEPAL

STATEMENT OF CHANGES IN RESERVES
For the Year Ended 32 Ashadh 2082 (16 July 2025)

Amount in NPR

Description	Restricted Reserves	Designated Fund	Unrestricted Reserves	Endowment Funds	Capital Reserves	Result for the Year	Total
Balance as at 01 Shrawan 2080	-	-	41,80,479	1,45,00,000	-	-	1,86,80,479
Result for the Year						3,32,761	3,32,761
Allocation of results to Restricted Reserves						-	-
Allocation of results to Designated Fund						-	-
Allocation of results to Unrestricted Fund			3,32,761			(3,32,761)	-
Allocation of results to Endowment Fund						-	-
Allocation of results to Capital Fund						-	-
Balance as at 31 Ashad 2081	-	-	45,13,240	1,45,00,000	-	-	1,90,13,240
Result for the Year						4,03,432	4,03,432
Allocation of results to Restricted Reserves						-	-
Allocation of results to Designated Fund						-	-
Allocation of results to Unrestricted Fund			4,03,432			(4,03,432)	-
Allocation of results to Endowment Fund						-	-
Allocation of results to Capital Fund						-	-
Balance as at 32 Ashadh 2082	-	-	49,16,672	1,45,00,000	-	-	1,94,16,672

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

As per our report of even date


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Place: Kathmandu
Date: 29 August 2025



TRANSPARENCY INTERNATIONAL NEPAL

Fund Accountability Statement
Financial Year : 2081/2082

Amount in NPR

A	Sources of Fund	Previous Year	Current Year			Total of Project
			CGIP	TSAI	GIN	
	Opening Fund Balance	(8,92,458)	(4,99,284)	6,07,690	-	1,08,406
	Fund Received during the Period	94,94,659	1,17,70,911	-	43,42,548	23,14,884
	Membership Fee	-	-	-	-	-
	Interest Income	-	-	-	-	-
	Income from overhead charge	-	-	-	-	-
	Miscellaneous Income	-	-	-	-	-
	Exchange Gain	-	6,73,355	-	-	6,73,355
	Income from Deffered Revenue	-	-	-	-	-
	Less:					
	Capital Reserve Adjustment	-	-	-	-	-
	Unused fund refund	-	-	-	-	-
	Fund (transferred to) / received from other Projects, Funds	(1,10,974)	-	(6,07,690)	6,07,690	-
	Total Fund Available (A)	84,91,228	1,19,44,982	(0)	43,42,548	29,22,574
						1,92,10,104
B	Expenditure	Previous Year	Current Year			Total of Project
			CGIP	TSAI	GIN	GIN-S
1	Personnel Expenses	33,01,340	28,34,694	-	12,20,012	1,35,885
2	Project Administration/OH Charge	8,71,252	6,06,509	-	7,25,872	2,89,144
3	Activity Costs	42,10,230	25,20,620	-	16,30,401	14,33,679
4	Exchange (Gain)/Loss	-	-	-	-	-
	Total Expenditure (B)	83,82,822	59,61,823	-	35,76,285	18,58,708
	Fund Balance (A-B)	1,08,406	59,83,159	(0)	7,66,264	10,63,866
	Fund Balance Represented by:					
SN	Particulars	Previous Year	Current Year			Total of Project
			CGIP	TSAI	GIN	GIN-S
1	Cash Balance	-	-	-	-	-
2	Bank Balance	7,14,476	62,68,752	0	8,72,069	11,27,607
3	Advance & Receivables	1,719	1,226	-	29,486	2,359
4	Interproject Receivable	-	-	-	-	-
5	Payables	(28,501)	(11,974)	0	(6,746)	(1,857)
6	Interproject/TIN Payable	(5,79,288)	(2,74,845)	-	(1,28,545)	(64,243)
7	Fixed Assets	-	-	-	-	-
8	Deferred Revenue	-	-	-	-	-
	Total	1,08,406	59,83,159	0	7,66,264	10,63,865.84


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Place: Kathmandu

Date: 29 August 2025



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 32 Ashad 2082 (16 July 2025)

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 32 Ashad 2082 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 29 August 2025.

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



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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% on WDV
Motor Vehicles	20% on WDV
Office Equipment	25% on WDV

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 the expenditure is incurred.

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



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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.



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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.

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- 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.



4. Notes to the Financial Statements

4.1 Property, Plant and Equipment

Item	Opening Balance	Additions During the Year from Completed Project	Addition During the Year from TIN Source	Disposals During the Year	Balance as at 32.03.2082
Land					-
Buildings					-
Vehicles	80,59,029		-		80,59,029
Office Equipment	26,02,723		-	7,05,309	18,97,414
Furniture and Fittings	5,64,783		-	26,117	5,38,666
	1,12,26,535	-	-	7,31,426	1,04,95,108
Capital work in progress					-
TOTAL	1,12,26,535	-	-	7,31,426	1,04,95,108

Depreciation

Item	Opening Balance	Accumulated depreciation from transferred assets	Charge For the Year	Disposals During the Year	Balance as at 31.03.2082
Land					-
Buildings					-
Vehicles	66,35,024		2,84,801	-	69,19,825
Office Equipment	22,57,178		74,795	6,58,948	16,73,025
Furniture and Fittings	5,35,735		7,163	25,722	5,17,176
	94,27,937	-	3,66,759	6,84,670	91,10,025
Capital work in progress					-
TOTAL	94,27,937	-	3,66,759	6,84,670	91,10,025
PPE Net of Depreciation	17,98,599				13,85,083

Balance of Assets (Net of Depreciation) procured from the running project yet to be capitalized is amounting to Rs 628,620 under Office Equipment group.

4.2 Intangible Assets

Item	Balance as at 01.04.2081	Adjustments	Additions During the Year	Disposals During the Year	Balance as at 31.03.2082
Software	-		-	-	-
Emblem	-		-	-	-
Other Intangible Assets	-		-	-	-
TOTAL	-		-	-	-

Amortization

Item	Balance as at 01.04.2081	Adjustments	Charge for the Year	Balance as at 31.03.2082
Software	-		-	-
Emblem	-		-	-
Other Intangible Assets	-		-	-
TOTAL	-		-	-

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4. Notes to the Financial Statement

4.3 Inventories

Particulars	2081/82	2080/81
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	2081/82	2080/81
Deposits and Advances	8,570	4,389
Prepayments		-
Withholding taxes	-	-
Other accounts receivable	25,000	-
CGIP Project Receivable	-	4,99,284
T-SAI Project Receivable		
TOTAL	33,570	5,03,673

4.5 Endowment Fund Investment

Particulars	2081/82	2080/81
Fixed Deposit - maturing On 2025.12.20	1,45,00,000	-
Fixed Deposit - maturing on 2024.12.17		15,00,000
Fixed Deposit- maturing on 2024.12.17		60,00,000
Fixed Deposit - maturing on 2024.11.26		50,00,000
Fixed Deposit- maturing on 2024.12.18		20,00,000
TOTAL	1,45,00,000	1,45,00,000

4.6 Cash and cash equivalents

Particulars	2081/82	2080/81
Cash in hand	35,000	35,000
Cash at bank	1,34,92,858	51,44,749
Short-term deposits	-	-
TOTAL	1,35,27,858	51,79,750

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4. Notes to the Financial Statement

4.7 Unrestricted Funds / accumulated surplus

Particulars	2081/82	2080/81
Balance at beginning of the year	45,13,240	41,80,479
Unrestricted surplus/deficit in operating activities	4,03,432	3,32,761
Allocation to Endowment Fund	-	-
Balance at the end of the year	49,16,671	45,13,240

4.8 Designated Funds

Particulars	2081/82	2080/81
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/Exchange gain on Restricted Funds	Balance carried forward shown in restricted fund balance
TI- Secretariat	Together for Social Accountability and Integrity	6,07,690	(6,07,690)	-	-	0
TI- Secretariat	Climate Governance Integrity Project (CGIP) Nepal	(4,99,284)	1,17,70,911	59,61,823	6,73,355	59,83,159
TI- Secretariat	Governance Initiative Nepal (GIN)	-	43,42,548	35,76,285	-	7,66,263
TI- Secretariat	Nepal- Sustainability (GIN-S)	-	29,22,574	18,58,708	-	10,63,866
TOTAL		1,08,406	1,84,28,343	1,13,96,817	6,73,355	78,13,287

4.10 Endowment Funds

Particulars	2081/82	2080/81
Balance at beginning of the year	1,45,00,000	1,45,00,000
Surplus/(deficit) for the year	-	-
Balance at end of the year	1,45,00,000	1,45,00,000

4.11 Other Capital Reserves

Particulars	2081/82	2080/81
Balance at beginning of the year		
Surplus/(deficit) for the year		
Balance at end of the year	-	-

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4. Notes to the Financial Statement

4.16 Incoming Resources

Particulars	2081/82	2080/81
Grants - Restricted Funding	1,13,96,817	83,82,822
Grants - Unrestricted Funding	-	1,10,974
Membership Fee	56,000	77,000
Donation from the public	-	-
Corporate Fund raising	-	-
Gifts in kind	-	-
Profits from trading or other activities	-	-
Other Income	1,67,707	78,164
TOTAL	1,16,20,523	86,48,960

4.17 Project HR and Activities Expenditure

Particulars	CGIP	GIN	GIN-S	Sub Total Projects	TIN	Current Year Total	Previous Year Total
Salary and Allowances	26,42,719	11,56,437	1,21,565	39,20,721	12,000	39,32,721	32,08,845
Provision for Gratuity	1,91,975	63,575	14,320	2,69,870	-	2,69,870	2,08,495
Consultant's cost	2,33,616	1,50,764	70,174	4,54,554	-	4,54,554	5,51,732
Research & Consultancy	2,47,648	-	-	2,47,648	-	2,47,648	7,20,000
Workshop and Seminar	3,35,071	1,47,533	3,08,357	7,90,961	1,07,918	8,98,879	4,98,577
Meeting Refreshments	9,434	14,356	2,900	26,690	-	26,690	49,128
Transport and conveyance	1,47,986	2,12,911	1,32,853	4,93,750	43,380	5,37,130	3,49,573
Travel and daily expenses	4,40,514	2,03,500	23,750	6,67,764	-	6,67,764	2,33,466
Monitoring and Evaluation	-	2,25,000	-	2,25,000	-	2,25,000	1,90,000
Office Equipment	-	-	3,95,180	3,95,180	-	3,95,180	2,94,900
Awareness and Publicity	6,54,248	5,18,071	99,387	12,71,706	-	12,71,706	13,36,625
Printing and publication	4,52,103	1,15,872	-	5,67,975	-	5,67,975	1,62,974
Utility	-	-	-	-	-	-	63,125
Communication cost	-	-	1,29,200	1,29,200	-	1,29,200	14,295
Office materials/supplies	-	40,680	2,36,223	2,76,903	-	2,76,903	-
Insurance expenses	-	1,714	35,655	37,369	-	37,369	44,101
TOTAL	53,55,314	28,50,413	15,69,564	97,75,291	1,63,298	99,38,589	79,25,836

4.18 General Administration Expenditure

Particulars	CGIP	GIN	GIN-S	Sub Total Projects	TIN	Current Year Total	Previous Year Total
Meeting & Refreshments	23,203	36,238	18,801	78,242	5,577	83,819	77,530
Rent	3,14,022	3,15,000	1,23,408	7,52,430	90,810	8,43,240	7,95,508
Office materials/supplies	36,123	65,548	59,630	1,61,301	4,600	1,65,901	1,04,303
Repair & Maintenance	16,598	1,11,705	57,193	1,85,496	1,42,275	3,27,771	1,53,360
Registration and Taxes	3,300	40,905	-	44,205	45,822	90,027	86,000
Printing and Publication	-	-	5,424	5,424	-	5,424	17,357
Insurance expenses	30,386	25,660	12,639	68,685	3,759	72,444	30,074
Communication cost	11,975	41,832	2,359	56,166	6,181	62,347	86,875
Utility	28,979	64,124	9,690	1,02,793	17,675	1,20,468	79,898
Bank Charge	3,505	-	-	3,505	-	3,505	1,072
Audit fee	24,860	24,860	-	49,720	12,430	62,150	56,500
Overhead	1,13,559	-	-	1,13,559	-	1,13,559	-
Total	6,06,509	7,25,872	2,89,144	16,21,526	3,29,129	19,50,654	14,88,477

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4. Notes to the Financial Statement

4.19 Income Tax Expense

Transparency International Nepal has obtained tax-exempt status, and therefore, no provision for income tax has been made. However, any income tax deducted at the source has been applied to the relevant revenue, which is presented net of the withholding tax. The surplus amount for this financial year pertains to income that qualifies as tax-exempt under Section 10 (Chaa) and Section 92 (Nga 2) of the Income Tax Act 2058, and consequently, no tax has been calculated on this income.

4.20 Capital Commitments

Transparency International Nepal doesnot have any capital commitments.

4.21 Contingent Liabilities

Transparency International Nepal does not have any contingent liabilities.

4.22 Employee benefit liabilities

Employee benefit liabilities include amount of Rs.798,724 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	5,28,854
Addition during the year	2,69,870
Total	7,98,724
Less: Paid during the year	-
Balance Gratuity of Gratuity payable	7,98,724

4.23 Related Party Transactions

Transparency 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 2081/82 as follows:

	Under Project CGIP	Under Project GIN	Under Project GIN-S	Total
Remuneration	6,40,344	1,73,518	9,133	8,22,995
Provision for Gratuity	57,097	-	-	57,097

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