



## **Independent Auditors' Report**

To Transparency International e.V., Berlin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Transparency International e.V., Berlin, which comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in reserves and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our 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, we consider 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 principles 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 opinion.

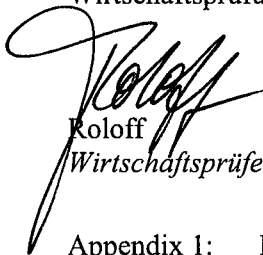
### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Transparency International e.V., Berlin as at December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

We have provided the services described above on behalf of Transparency International e.V., Berlin. We have carried out our engagement on the basis of the General Engagement Terms included in our engagement agreement dated as of January 1, 2002 (Appendix 2). By taking note of and using the information as contained in our Auditors' Report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations specified in item No. 9 included therein) and acknowledges their validity in relation to us.

June 22, 2009

KPMG AG  
Wirtschaftsprüfungsgesellschaft



Rolloff  
Wirtschaftsprüferin



Jaenecke  
Wirtschaftsprüferin

- Appendix 1: Financial Information at 31 December 2008 of Transparency International e.V., Berlin
- Appendix 2: General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

## Appendix 1

Financial Information at 31 December 2008  
of Transparency International e.V., Berlin





**TRANSPARENCY  
INTERNATIONAL**  
the global coalition against corruption

**FINANCIAL INFORMATION**

at 31 December 2008

of

**TRANSPARENCY INTERNATIONAL e. V.  
BERLIN**

(with Independent Auditor's Report)



## **Index**

<b>Content</b>	<b>Page</b>
General information	2
Report of Managing Director	3
Financial statements	
Balance sheet	4
Income Statement	5
Statement of Changes in Reserves	6
Cash Flow Statement	7
Notes to the financial statements	8 - 32
Endowment Fund	33 - 34
Independent Auditors' Report	
 <b>Supplementary information</b>	
Donor Payments received	Annex 1
Detailed Programme Information per Department	Annex 2

## General information

<b>Board of Directors</b>	Huguette Labelle	Canada	Chair
	Akere T. Muna	Cameroon	Vice Chair
	Sion Assidon	Morocco	
	John Devitt	Ireland	
	Boris Divjak	Bosnia and Herzegovina	
	Delia Matilde Ferreira		
	Rubio	Argentina	elected October 2008
	Geo-Sung Kim	South Korea	
	Chong San Lee	Malaysia	until October 2008
	Rueben L. Lifuka	Zambia	elected October 2008
	Devendra Raj Panday	Nepal	
	Laura Puertas Meyer	Peru	until October 2008
	Frank Vogl	USA	until October 2008
	Iftekhhar Zaman	Bangladesh	elected October 2008
	Gerard Zovighian	Lebanon	
	Nancy Zucker Boswell	USA	

**Managing Director** Cobus de Swardt

**Registered Office** Alt-Moabit 96  
 10559 Berlin  
 Germany  
 Tel: +49 - 30 - 34 38 20 0  
 Fax: +49 - 30 - 34 70 39 12  
 email: [ti.transparency.org](mailto:ti.transparency.org)  
[www.transparency.org](http://www.transparency.org)

Registered at: Amtsgericht Charlottenburg  
 Vereinregister number: 13598 Nz  
 Date of latest change 25.05.2007

Assessed at Finanzamt für Körperschaften I  
 Bretschneiderstraße 5  
 14057 Berlin  
 Germany  
 Tax number 27/678/51105  
 Date of latest triennuel exemption 06.12.2007

**Auditor** KPMG AG  
 Wirtschaftsprüfungsgesellschaft  
 Klingelhöferstraße 18  
 10785 Berlin  
 Germany

**Bank** Dresdner Bank AG  
 Theodor-Heuss-Platz 6  
 10877 Berlin  
 Germany

## Report of Managing Director

The Managing Director has the pleasure in presenting the annual financial statements of Transparency International Secretariat – in the following referred to as TI-S for the year ended 31<sup>st</sup> December 2008.

### Organisation Overview

Transparency International e.V., a Berlin (Germany) registered not-for-profit association is the leading global non-governmental organisation whose mission is combating corruption. In compliance with its Charter, TI-S serves a charitable purpose and is recognised by the Berlin tax authorities as being exempt from corporate and trade tax liabilities.

TI-S is the Secretariat which supports over 90 National Chapters and leads on the implementation of the Movements international anti-corruption agenda. The Board of Directors are elected by the Annual Membership Meeting which comprise of National Chapters and Individual Members.

### Key Events

While the latter part of 2008 was characterised by the financial crisis, with global economic consequences, TI-S experienced a high level of growth and successfully managed to achieve a surplus. 2008 Surplus: € 245.242

The consistent and success driven performance forecasting enabled TI-S to strengthen the capital position to € 2.731.095.

### Strategy

In keeping with the tradition of innovation, TI-S will be reviewing the results on the present 2010 strategy and make every attempt to exploit any new opportunities when beginning to develop the post-2010 framework with a view to a cohesive framework for 2015.

### Risk Management

Risk is not possible to eliminate however TI-S ensures that risk is managed carefully and systematically with regard to all activities.

TI-S pursues a risk management strategy that covers governance and management risks, operational risks, financial risks and compliance risks. As part of the risk management strategy each identified risk stream is governed by risk mitigating processes.

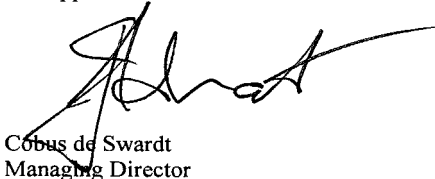
In terms of governance and management risks, the establishment of the 2010 strategic framework and the annual work plans serve to frame the risks identified. This is further enhanced by operational reports to the Board of Directors on a biannual basis.

Operational risks are mitigated by the establishment of processes and procedures based operational needs.

Financial risks are managed by creation of annual budgets which are reviewed and updated regularly. Timely and accurate reports are produced and monitored by project managers for individual projects and organisationally by senior management.

### Auditors

The appointment of the auditors for 2009 is in process.



Cobus de Swardt  
Managing Director

22 June 2009

## Balance Sheet

	31 December 2008 '000 Euro	31 December 2007 '000 Euro	Note
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	96	100	
Intangible assets	4	5	
<b>Total non current assets</b>	<b>100</b>	<b>105</b>	8
<b>Current assets</b>			
<b>Receivables</b>			
Donor commitments	179	236	9
<b>Other receivables and prepayments</b>			
Advance to National Chapters or Coalition partners	914	463	10
Advance to other parties as project outlays	187	111	11
Others	218	124	12
<b>Cash and cash equivalents</b>	<b>8.352</b>	<b>5.444</b>	13
<b>Total current assets</b>	<b>9.850</b>	<b>6.378</b>	
<b>Total assets</b>	<b>9.950</b>	<b>6.483</b>	
<b>Liabilities and Reserves</b>			
<b>Reserves *)</b>	<b>2.731</b>	<b>2.486</b>	
<b>Current liabilities</b>			
Account payable	333	331	14
Donors' funding received in advance	5.367	2.686	15
Liabilities to National Chapters or Coalition partners	111	63	
Liabilities to Donors	1.093	575	16
Liabilities to other parties as project outlays	0	94	
Other liabilities and accruals	315	248	17
<b>Total Current liabilities</b>	<b>7.219</b>	<b>3.997</b>	
<b>Total liabilities and reserves</b>	<b>9.950</b>	<b>6.483</b>	

\*) Statement of Changes in Reserves on page 6

## Income Statement

	2008 '000 Euro	2007 '000 Euro	Note
<b>Income</b>			
Donor contributions	10.006	9.264	18,19
Other income	150	154	20
<b>Total Income</b>	<b>10.156</b>	<b>9.418</b>	
<b>Expenditure</b>			
Personnel expenses	4.441	3.631	21
Depreciation and amortisation	88	83	8
Other expenses	4.996	5.032	22
<b>Total Expenditure</b>	<b>9.525</b>	<b>8.746</b>	
<b>Result from operating activities</b>	<b>631</b>	<b>672</b>	
Finance income	302	161	23
Finance costs	-688	-232	23
<b>Financial results</b>	<b>-386</b>	<b>-71</b>	23
<b>Net surplus</b>	<b>245</b>	<b>601</b>	

## Statement of Changes in Reserves

'000 Euro	Special Fund	Reserve for investment	Reserve for TI network support	Other free Reserves	Total
Balance at 01 January 2007	500	250	137	998	1.885
Appropriation from Net surplus of the year	275		13	313	601
<b>Balance at 31 December 2007</b>	<b>775</b>	<b>250</b>	<b>150</b>	<b>1.311</b>	<b>2.486</b>

Balance at 01 January 2008	775	250	150	1.311	2.486
Appropriation from Net surplus of the year				245	245
<b>Balance at 31 December 2008</b>	<b>775</b>	<b>250</b>	<b>150</b>	<b>1.556</b>	<b>2.731</b>

## Cash Flow Statement

	2008	2007
	'000 Euro	
<b>Net surplus of the year</b>	245	601
<b>Cash flows from operating activities</b>		
Adjustments for		
Depreciation and amortisation	88	83
Financial results	386	71
	474	154
Increase in Liabilities	3.232	310
Increase / Decrease in current assets	-564	573
	2.668	883
Interest paid	-1	
Interest received	184	141
<b>Net cash flow from operating activities</b>	<b>3.570</b>	<b>1.779</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	-84	-99
<b>Net cash flow from investing activities</b>	<b>-84</b>	<b>-99</b>
<b>Increase in cash and cash equivalents</b>	<b>3.486</b>	<b>1.681</b>
Cash and cash equivalents balance at 01 January	5.444	3.948
Increase in cash and cash equivalents	3.486	1.681
Effect of exchange rate fluctuations	-578	-185
<b>Cash and cash equivalents at 31 December</b>	<b>8.352</b>	<b>5.444</b>

## Notes to the financial statements

### 1) Reporting entity

Transparency International e.V. established in 1993 – in the following referred to as TI-S - comprises the movement's secretariat and is domiciled in Germany. TI-S is recognised as registered German association ("eingetragener Verein"). The address of the International Secretariat is

Alt-Moabit 96 in 10559 Berlin.

The financial statements have been prepared voluntarily and comprise the Balance Sheet as of and the Income Statement of TI-S for the year ended 31 December 2008.

The transition of TI-S' financial statements to International Financial Reporting Standards (IFRS) has been done in accordance to the regulations of IFRS 1. TI-S is presenting an individual financial statement.

The Endowment Fund movements are reported separately.

National Chapters, Chapters in Formation and Contact groups – in the following referred to as Coalition Partners - report independently.

The financial statements were authorized by the Managing Director of TI-S on 22 June 2009.

### 2) Basis of preparation and first year adoption

#### (a) **Statement of compliance**

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The transition from German GAAP (HGB) to IFRS is accounted for in accordance with IFRS 1 First Time Adoption of IFRS with the 01 January 2007 as the date of transition with the transitional year ending 31 December 2007.

Currently, the IFRS do not contain specific guidelines for non-profit and non-governmental organisations concerning the accounting treatment and the presentation of the financial statements. Where the IFRS are silent or do not give guidance on how to treat transactions specific to the not-for-profit sector, accounting policies have been based on the general IFRS principles, as detailed in the IASB Framework for the Preparation and Presentation of Financial Statements.

The transition to IFRS resulted in no changes to accounting policies from the transition from German GAAP (HGB).

#### (b) **Basis of measurement**

The financial statements have been prepared on the historical cost basis except in the case of foreign currencies which are stated and measured at fair value at year end.

#### (c) **Functional and presentation currency**

The financial statements are presented in Euro, which is the organization's functional currency. Balance Sheet, Income Statement, Statement of Changes in Reserves and Cash Flow Statement are presented in and rounded to the nearest '000 Euro, all amounts in the Notes to the financial statements are shown in and rounded to the nearest Euro, which may cause rounding differences.

## Notes to the financial statements

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application amounts of assets, donor contributions, liabilities and expenses. The estimates and assumptions are based on historical experience. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

### 3) Summary of significant accounting policies

#### (a) Adoption of new and revised International Financial Reporting Standards (IFRS)

The International Accounting Standards Board (IASB) has issued the following – not yet endorsed by the EU – standards and interpretations that have not been adopted by TI-S:

- IFRS 1 ("First-time Adoption of International Financial Reporting Standards" (2008) which retains the substance of the previous version, but within a changed structure),
- IFRS 3 ("Business Combinations - revised"),
- IFRIC 15 ("Agreements for the Construction of Real Estate"),
- IFRIC 16 ("Hedges of a Net Investment in a Foreign Operation"),
- IFRIC 17 ("Distributions of Non-cash Assets to Owners"),
- Amendment to IAS 39 ("Reclassification of Financial Assets"),
- Amendment to IAS 39 ("Financial Instruments: Recognition and Measurement: Eligible Hedged Items"),
- Amendments to IFRS 1 and IAS 27 ("Cost of an Investment in a subsidiary jointly-controlled entity or associate"),
- Amendments to IAS 27 ("Consolidated and Separate Financial Statements").

In January 2008, the IASB published the amended standards IFRS 3, Business Combinations and IAS 27, Consolidated and Separate Financial Statements which are not yet endorsed. The other not yet mandatory standards and interpretations will not affect TI-S' financial statements.

In October 2008, the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments. The amendments permit the reclassification of some financial instruments. The amendments have been issued as part of the response to the deterioration of the world's financial markets. Companies can use the reclassification amendments from 1 July 2008. These amendments do not have any impact on TI-S' financial statements.

In December 2008, the IASB endorsed a revised version of IAS 1, Presentation of Financial Statements. IAS 1 revised in 2007 replaces IAS 1, Presentation of Financial Statements (revised in 2003), as amended in 2005. The revision is aimed at improving users' ability to analyse and compare the information given in financial statements. The new standard is effective for fiscal periods beginning on or after 1 January 2009. TI-S will adopt IAS 1 and expects, this will result in changes of presentation.

The IASB issued IFRS 8 (Operating Segments) in 2006, which will replace IAS 14 (Segment Reporting), and is mandatory for financial periods beginning on or after 1 January 2009. IFRS 8 is not relevant for TI-S.

## Notes to the financial statements

Following standards and interpretations were issued in prior years and are not relevant for TI-S:

- Amendments to IFRS 1 ("First-time adoption of International Financial Reporting Standards"),
- IFRIC 8 ("Application of IFRS 2"),
- IFRIC 9 ("Reassessment of Embedded Derivates"),
- IFRIC 10 ("Interim Financial Reporting and Impairment"),
- IFRIC 11 ("IFRS 2 – Group and Treasury Share Transactions"),
- IFRIC 12 ("Service Concession Arrangements");
- IFRIC 13 ("Costumer Loyalty Programmes"),
- IFRIC 14 ("IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"),
- IAS 23 ("Borrowing Costs – revised").

### (b) Income

Donor funds are recognised as Donor contributions either for unrestricted funds in the year for which the grant is made or for project funding in line with the progress of project expenditure.

Received but not yet utilised funds are recorded as Donors funding received in advance included in the Balance Sheet as Liabilities.

Already spent but not yet received project funding is recorded as receivables from donors - Donor commitments (provided that donor commitments have been received and the payments were due at the balance sheet date).

TI-S receives specific project related funds for projects which are carried out together with National Chapters or Coalition partners of TI's movement.

The payments by TI-S of donor funds to National Chapters or Coalition partners are initially recorded as receivables from National Chapters (Advances to National Chapters) or, if third parties are involved, as Advances to other parties representing project outlays.

They are included in Total Disbursements in the fiscal year in which they are disbursed by TI-S but are not recorded as income (Donor contributions).

All initial advances less reports received are recorded as Changes in Accrued Disbursements (see note 18 and 19). As long as they have not yet been accounted for by the recipients they are reported as Liabilities to Donors.

Donor funding is recorded at the exchange rate of the date when TI-S receives the donor payments since the reporting to the donors will be done at this exchange rate.

Advances to National Chapters, Advances to other parties as project outlays and Liabilities to Donors related to payments effected in a foreign currency are reported at the exchange rate realized at the date on which the related parties received the payment as the recipients report using this exchange rate.

### (c) Translation of foreign Currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. At the Balance Sheet date, monetary assets and liabilities denominated in foreign currency are converted into Euro at the rate of exchange at that date. Non-monetary assets and liabilities in foreign currencies that are stated at historical cost are translated at the foreign exchange rate at the date of transaction.

Foreign exchange differences arising on translation are reported as income and expenditure.

## Notes to the financial statements

### (d) Tangible and intangible fixed assets

Tangible fixed assets comprise mainly equipment and office furniture, which are initially recorded at cost and thereafter stated at historical cost less accumulated depreciation and – if any - impairment losses.

Intangible fixed assets comprise software and licenses, which are initially recorded at cost and thereafter stated at historical cost less accumulated amortisation and impairment losses.

Depreciation and amortisation on fixed assets is recognised on a straight line basis over the estimated useful lives of each part of an item to its residual value, using rates as follows:

	Rate
Furniture bought before 31.12.2004	8 %
Furniture bought after 01.01.2005	10 %
Installation for telephone and network	13 %
Computer, software, licences	33 %

Fixed assets bought in 2008 with acquisition costs of € 150 up to € 1.000 have been pooled and depreciated on a straight line basis over estimated useful lives of five years. Low value equipment, whose acquisition costs was less than € 150, have been written off in full in the year of acquisition. In the past (bought before 01.01.2008) low value equipment, whose acquisition cost was less than € 410 were reported as additions and disposals of equipment and as depreciation costs in the year of acquisition.

### (e) Cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalent comprise cash on hand and bank balances.

Cash and cash equivalents are measured at fair value, using the bank exchange rates at 31 December

2008	1	EUR	=	0,9790	GBP
	1	EUR	=	1,4205	USD
2007	1	EUR	=	0,7345	GBP
	1	EUR	=	1,4715	USD

### (f) Taxation

No income and VAT taxation has been provided in these accounts as the organization was not in receipt of taxable income and enjoys tax-exempt status.

### (g) Accounting for leases

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income and expenditure account on a straight line basis over the period of the lease.

TI-S leases office areas under operating leases.

## Notes to the financial statements (continued)

According to the rental contracts TI-S established a bank deposit in the initial amount of € 38.859 for the offices in Berlin and one in the amount of € 2.992 for the office in Brussels, including the accrued interest.

Both security deposits are reported as Other receivables (see note 12)

### (h) Financial assets and liabilities

Loans and receivables comprises financial assets with fixed or determinable payments that are not quoted in an active market and are neither classified as held for trading nor as available for sale. The category includes TI-S's Donor commitments and other current assets. Initial recognition is done at fair value which generally equals the nominal value of the receivable loan. Subsequently, the loans and receivables are measured at amortised costs using the effective interest method less any impairment losses, if necessary.

The carrying values are equal to the fair value of the receivables and other assets due to their short-term nature. Donor commitments and other current assets are due within 1 year and neither past due nor impaired.

Non-derivative financial liabilities are recognised at fair value which either equals the amount received or the net present value of future obligations. Subsequently, they are measure at amortised costs using the effective interest method. At TI-S the category includes the accounts payables and other liabilities.

Due to the short-term maturities of the trade payables and other liabilities, it is assumed that the fair value is equal to the carrying amount.

### (i) Other receivables and liabilities

Other receivables are measured at amortized cost, using the effective interest method, less an allowance for impairment.

An allowance for impairment of receivables is established if the collection of a receivable becomes doubtful. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The impairment loss is recognized in the statement of income, if any.

The category includes TI-S's advances to National chapters and advances to other parties as project outlays.

Liabilities are measured at amortized cost, using the effective interest method.

At TI-S the category includes the Donors' funding received in advance, liabilities to National chapters and liabilities to Donors.

€ 53.475 of the reported advances to National Chapters are due within 1-5 years, all other recorded receivables and liabilities are due within one year.

### (j) Finance income and expenses

Finance income and expenses comprise interest income on funds, interest received to be paid back to the donor in case it was recognized in previous years as interest income and exchange rate translation gains and losses. Foreign currency gains and losses are reported on a net basis.

## Notes to the financial statements (continued)

### (k) Reserves

The Reserves of TI-S consist of retained earnings, unrestricted Donor contributions received in previous years and not yet utilised at the balance sheet date.

The Special Fund is created for the long-term needs of TI-S.

The Reserve for investment is established to cover the costs of the new TI-S website and will be used partly in 2009.

The Reserve for TI network support provides funds to strengthen the National Chapter network.

### (l) Personnel Expenses and Pension

The Personnel costs consist of salaries, wage taxes and social security contributions paid by TI-S and pension contributions for members of the Senior Management Team (SMT) paid by TI-S as well as employees' voluntary pension contributions.

TI-S concluded a contract with Allianz insurance for their SMT members effective May 2007. Insurance holder is TI-S, the beneficiary is the named Director. They receive benefits, a maximum at their legal retirement age, a minimum only five years before. According to this contract the following payments per person were made, each for one calendar year:

	<u>Euro</u>
Managing Director	10.000
Group Director / CFO	7.500
Director	5.000

Contributions paid in 2008 but relating to 2009 have been accrued. The costs reported as Personnel expenses are

€ 54.999.

In 2008 TI-S employed an average of 78 employees (2007: 66) of which 8 (2007: 8) were on part time. In addition it benefited from a number of interns who contributed to its activities throughout the year.

### 4) Financial Instruments

The following table shows the carrying amounts and fair values of the Group's financial instruments as at 31 December 2008. Reported fair values can only be seen as indications of prices that might be achieved when selling these instruments in the markets.

	2008			2007		
	Carrying amount	Amortised cost	Fair value	Carrying amount	Amortised cost	Fair value
Donor commitments	178.604		178.604	235.590		235.590
Other receivables	218.434		218.434	124.475		124.475
Cash and cash equivalents	8.352.103		8.352.103	5.444.402		5.444.402
<b>Total Financial assets</b>	<b>8.749.142</b>		<b>8.749.142</b>	<b>5.804.466</b>		<b>5.804.466</b>
Account payable	333.029	333.029		330.890	330.890	
Other liabilities and accruals	315.015	315.015		247.539	247.539	
<b>Total Financial liabilities</b>	<b>648.045</b>	<b>648.045</b>	<b>0</b>	<b>578.429</b>	<b>578.429</b>	<b>0</b>

## Notes to the financial statements (continued)

The following table shows the carrying amount of the financial instruments applying the categories of IAS 39. There were no reclassifications between the valuation categories in 2008 and 2007.

	2008	2007
	Carrying amount	Carrying amount
Loans and receivables	397.039	360.065
Other liabilities amortized at cost	648.045	578.429

TI-S has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Currency risk.

### (a) Credit risk

Credit risk is the risk of financial loss if the counterparty to a financial instrument fails to meet its contractual obligations and arises principally from accounts receivables.

Donor commitments and Other receivables:

The exposure to credit risk is influenced by the individual characteristics of the counterparties. More than 90% of all receivables are transacted with counterparties that have low default risk.

The carrying amount of financial assets represents the maximum credit exposure.

### (b) Liquidity Risk

Liquidity risk is the risk that TI-S will not be able to meet its financial obligations as they fall due.

TI-S ensures that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the reputation of TI-S by quarterly budget SMT and Board of Directors reviews.

### (c) Currency Risk

TI-S is exposed to currency risks from grants and receivables in a currency other than the respective functional currency, primarily Sterling (GBP) and US Dollar (USD).

TI-S ensures that its exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. Operational measures are taken to mitigate the risks for projects.

TI's exposure to foreign currency risk was as follows based on notional amounts:

	2008			2007		
	EUR	USD	GPB	EUR	USD	GPB
Donor commitments	144.351	26.824	7.429	202.934	5.029	27.626
Other receivables	193.649	7.608	17.178	107.409	10.901	6.165
Account payable	269.836	23.455	39.738	229.264	37.234	64.392
Other liabilities and accruals	311.549	1.865	1.601	247.539		
Net exposure	<b>919.385</b>	<b>59.752</b>	<b>65.946</b>	<b>787.146</b>	<b>53.165</b>	<b>98.184</b>

Since the net exposure is not material a sensitivity analysis was not prepared.

## Notes to the financial statements (continued)

### 5) Related Parties

TI-S comprises the movement's secretariat which supports over 90 National Chapters and leads the implementation of the organisation's international agenda. National Chapters are legally and financially independent organisations registered in their countries. Members of the Board of Directors are elected by the Annual Membership Meeting (AMM) of TI-S, which membership consists of accredited National Chapters and Individual Members. Since the Board of Directors is not an executive board, and the members of the Board of Directors receive no remuneration by TI-S, neither the National Chapters nor their members as elected members of the Board of Directors are related parties.

### 6) Commitments

TI-S rents office space in Berlin and Brussels for its operations, comprising the commitments:

#### Office Alt-Moabit 96, 10559 Berlin, Germany 3. and 5. floor

TI-S concluded a fixed rental term contract for 1.268 m<sup>2</sup> office space and three cellar rooms until November 2011, with an option to renew after that date for another year.

Rental payments monthly:	Rent	Running costs	Total
01.01.2008 – 30.11.2008	€ 14.750	€ 3.700	€ 18.450
01.12.2008 – 30.11.2011	€ 13.050		

If TI-S made use of the option  
01.12.2011 – 30.11.2012 € 16.500

The total commitment adds up to following amounts for run durations of

Up to 1 year	€ 156.600
1 to 5 years	€ 300.150

#### Office Place de Luxembourg 2-3, 1050 Brussels, Belgium

The termination of the sub rental contract in Brussels is from 01.01.2008 to 30.06.2009. There is an extension option. Rent will be adjusted annually as per the rental contract of the main lessee, German Foundation for World Population (DSW).

The fixed quarterly rent is € 2.992.

TI-S rents printers under operating leases. The commitment aggregates for run durations of

Up to 1 year	€ 14.954
1 to 5 years	€ 24.923

### 7) Subsequent Event

TI-S concluded an additional rental contract effective from 01.02.2009 for

#### Office Alt-Moabit 96, 10559 Berlin, Germany, 6. floor

for 383 m<sup>2</sup> office space until January 2014, with an option to renew after that date for another year.

Rental payments monthly:	Rent	Running costs	Total
01.02.2009 – 31.01.2010	€ 4.979	€ 1.149	€ 6.128

The rent will be increased by 2 percent annually related to the last paid rent.

## Notes to the financial statements (continued)

### 8) Non current assets

#### Property, plant and equipment

	Euro		
	Equipment	Furniture	Total
<b>Acquisition cost</b>			
Balance at 01 January 2008	244.411	35.760	280.171
Additions	45.392	29.787	75.179
Disposal	-12.306		-12.306
Balance at 31 December 2008	<b>277.498</b>	<b>65.547</b>	<b>343.045</b>
<b>Depreciation</b>			
Balance at 01 January 2008	153.907	26.698	180.605
Depreciation for the year	56.087	22.613	78.700
Disposal	-12.306		-12.306
Balance at 31 December 2008	<b>197.689</b>	<b>49.311</b>	<b>247.000</b>
<b>Book values</b>			
Balance at 01 January 2008	90.504	9.062	99.566
Balance at 31 December 2008	<b>79.809</b>	<b>16.236</b>	<b>96.045</b>

#### Intangible assets

	Euro		
	Software	Licences	Total
<b>Acquisition cost</b>			
Balance at 01 January 2008	53.407	3.377	56.783
Additions	8.869		8.869
Balance at 31 December 2008	<b>62.276</b>	<b>3.377</b>	<b>65.653</b>
<b>Amortisation</b>			
Balance at 01 January 2008	50.165	1.991	52.155
Amortisation for the year	8.471	894	9.365
Balance at 31 December 2008	<b>58.636</b>	<b>2.885</b>	<b>61.521</b>
<b>Book values</b>			
Balance at 01 January 2008	3.242	1.386	4.628
Balance at 31 December 2008	<b>3.640</b>	<b>492</b>	<b>4.132</b>

## Notes to the financial statements (continued)

### Property, plant and equipment

	Euro		
	Equipment	Furniture	Total
<b>Acquisition cost</b>			
Balance at 01 January 2007	179.616	35.760	215.376
Additions	94.757	0	94.757
Disposal	-29.962	0	-29.962
Balance at 31 December 2007	<b>244.411</b>	<b>35.760</b>	<b>280.171</b>
<b>Depreciation</b>			
Balance at 01 January 2007	112.298	23.842	136.141
Depreciation for the year	71.571	2.856	74.427
Disposal	-29.962	0	-29.962
Balance at 31 December 2007	<b>153.907</b>	<b>26.698</b>	<b>180.605</b>
<b>Book values</b>			
Balance at 01 January 2007	67.318	11.918	79.236
Balance at 31 December 2007	<b>90.504</b>	<b>9.062</b>	<b>99.566</b>

### Intangible assets

	Euro		
	Software	Licences	Total
<b>Acquisition cost</b>			
Balance at 01 January 2007	53.984	6.496	60.479
Additions	2.427	1.279	3.706
Disposal	-3.004	-4.398	-7.402
Balance at 31 December 2007	<b>53.407</b>	<b>3.377</b>	<b>56.783</b>
<b>Amortisation</b>			
Balance at 01 January 2007	45.392	5.331	50.722
Amortisation for the year	7.777	1.058	8.835
Disposals	-3.004	-4.398	-7.402
Balance at 31 December 2007	<b>50.165</b>	<b>1.991</b>	<b>52.155</b>
<b>Book values</b>			
Balance at 01 January 2007	8.592	1.165	9.757
Balance at 31 December 2007	<b>3.242</b>	<b>1.386</b>	<b>4.628</b>

## Notes to the financial statements (continued)

### 9) Receivables

	Euro Balance	
	31.12.2008	31.12.2007
<b><u>Donor commitments</u></b>		
<b><u>Governmental Agencies</u></b>		
U.S. Agency for International Development (USAID)	18.446	
Government of Greece (for 13th IACC)	13.145	
Royal Danish Ministry of Foreign Affairs (Danida)		78.500
Foreign & Commonwealth Office, UK (FCO)		33.774
	31.591	112.274
<b><u>Other development Organisations</u></b>		
German Corporation for Technical Cooperation (GTZ), Germany	24.205	
Organisation Internationale de la Francophonie	7.000	
Medicines Transparency	7.429	
The World Bank (IBRD)	5.506	5.029
Stockholm International Water Institute (SIWI), Sweden		33.157
Christian Michelsen Institute (CMI), Norway		27.626
Center for International Private Enterprise (CIPE), USA		7.453
	44.140	73.266
<b><u>Corporate Donors / Contributions to Project Costs</u></b>		
Shell International BV/Ltd.	50.000	
Deutsche Bank AG	50.000	
FLUIR	2.873	3.300
Private sector, Steering Committee members		46.750
	102.873	50.050
<b>Total Donor commitments</b>	<b>178.604</b>	<b>235.590</b>

## Notes to the financial statements (continued)

### 10) Advance to National Chapters and Coalition Partners

National Chapter or Coalition Partner	Euro			
	Balance 01.01.2008	Advances	Reporting received	Balance 31.12.2008
Proética (Peru)	688	59.866	2.054	58.500
TI-Kazakhstan	57.299			57.299
Ghana Integrity Initiative	43.979	19.276	17.674	45.581
Lebanese Transparency Association (LTA)	477	50.101	4.301	46.277
TI-Kenya	1.300	65.450	21.031	45.719
Transparency Uganda	34.854	40.227	30.907	44.174
Transparency International Initiative Madagascar	34.755	27.475	29.221	33.008
TI-Nigeria		26.700		26.700
MANS (Montenegro)		26.245		26.245
Transparency Maroc	42.215	27.912	44.053	26.074
Kosova Democratic Institute		22.917		22.917
TI-Cameroon		27.367	5.213	22.154
National Accountability Group (Sierra Leone)	28.204	25.646	31.739	22.111
Participación Ciudadana (Dominican Republic)	4.200	34.391	16.640	21.950
TI-Albania CAO (NCiF)		20.938	438	20.500
TI-Bosnia and Herzegovina		20.679	679	20.000
Zero Corruption (Macedonia)		20.000		20.000
Transparency Serbia		20.000		20.000
TI-Croatia		18.960		18.960
Association Nigerienne de Lutte Contre la Corruption (Niger)	30.701	19.524	31.390	18.835
TI-Nepal		16.614		16.614
Transparencia Venezuela	45.091	140.233	168.916	16.407
TI-Czech Republic		15.851		15.851
TI-Moldova		15.825		15.825
Acción Ciudadana (Guatemala)	25.872	22.381	32.516	15.737
TI-Zambia	96	15.053	96	15.053
Poder Ciudadano (Argentina)	1.401	36.085	22.865	14.622
The Coalition for Accountability and Integrity-AMAN (Palestine)		48.086	33.842	14.244
Uruguay Transparente	490	11.699		12.189
Grupo Cívico Etica y Transparencia (Nicaragua)	1.988	31.438	21.315	12.112
TI-Indonesia	1.754	12.885	3.910	10.729
TI-Bangladesh	4.822	13.801	8.623	10.000
TI-India		10.000		10.000
TI-Chinese Taipei	5.000	8.000	4.000	9.000
Center for Transparency and Accountability in Liberia		8.394		8.394
Balance	365.183	980.021	531.422	813.782

# Notes to the financial statements (continued)

National Chapter or Coalition Partner	Euro			
	Balance 01.01.2008	Advances	Reporting received	Balance 31.12.2008
Forward	365.183	980.021	531.422	813.782
TI-Bulgaria		8.358		8.358
TI-Korea (South)		8.000		8.000
TI-Slovakia		7.558		7.558
TI-Pakistan		7.395		7.395
TI-Fiji		7.262		7.262
TI-Japan	6.543	9.875	9.875	6.543
TI-Philippines	8.000	29.156	31.043	6.112
TI-Vanuatu	2.500	3.425		5.925
TI-Zimbabwe	664	16.687	11.636	5.715
TI-Lithuania		5.397		5.397
TI-Solomon Islands	9.637	8.525	13.162	5.000
Transparency Maldives		5.000		5.000
TI-New Zealand		4.000		4.000
Transparency Rwanda		3.807		3.807
Forum Civil (Senegal)	35.960	1.500	34.386	3.074
TI-Papua New Guinea	7.321	3.000	7.321	3.000
TI-Ireland		2.710	1.010	1.700
TI-Guinea	1.500			1.500
Honduras	2.885	2.780	4.275	1.390
TI-Tonga		1.346		1.346
TI-Mauritius	1.000			1.000
Transparencia Bolivia		875		875
TI-Mongolia	181			181
TI-Romania		11.185	11.185	
TI-Hungary	7.300	10.000	17.300	
TI-Latvia		10.000	10.000	
TI-Malaysia		9.500	9.500	
TI-Sri Lanka		9.001	9.001	
TI-Panama	1.138	7.163	8.300	
Transparencia Paraguay	5.205	4.839	10.043	
Fundación Nacional para el Desarrollo FUNDE (El Salvador)	6.289	4.727	11.016	
TI-Kuwait		2.980	2.980	
Transparencia por Colombia		1.752	1.752	
Transparencia Mexicana		1.500	1.500	
TI-South Africa	700	-700		
TI-Canada	1.256		1.256	
<b>Total</b>	<b>463.261</b>	<b>1.188.623</b>	<b>737.965</b>	<b>913.919</b>

## Notes to the financial statements (continued)

### 11) Advance to other parties as project outlays

Recipient	Euro Balance	
	31.12.2008	31.12.2007
EITI Secretariat-Oslo, Norway	76.000	
Gallup International	32.500	
Hussien,Omnia Nabil- Mohandseen, Cairo	21.269	
PERD Africa, Fort Portal	8.000	
Red Participacion y Justicia	6.503	
AGENDA - Action for Genuine Democratic Alternative	6.400	
CEADESC, Bolivia	6.240	
AID-ME	5.954	
RAS-HON Red de Agua y Saneamiento de Honduras, Teg	5.000	
Sri Lanka Water Partnership	4.000	
SEEDS TRUST, Dindigul	3.750	
VOICE, Dhaka 1207	3.260	
Guildhall	1.742	
ADISIL - Mr.M. Balasubramanian, Madurai 625706, Ta	1.000	
Volta Basin Development Foundation, Accra	1.000	
Panchayat Raj Movement	1.000	
Anjuman Samaji Behbood	1.000	
Volunteers for Africa, Nairobi, Kenya	1.000	
Chorus	873	
Urizar Cabrera, Guatemala	577	
Bierson	145	
Ramesh	100	
IRC International Water and Sanitation Centre		61.310
Trustees of Tufts College, Medford, MA		46.399
IBON Foundation, Inc.		2.030
Asadho		1.000
<b>Total</b>	<b>187.313</b>	<b>110.739</b>

## Notes to the financial statements (continued)

### 12) Others

	Euro Balance	
	31.12.2008	31.12.2007
<b><u>Deposit</u></b>	<b>43.173</b>	<b>39.705</b>
<b><u>Travel and outlays</u></b>		
Receivables from Personnel - Advances for travel	5.572	5.015
Other Personnel receivables	7.275	6.245
<b>Total travel and outlays</b>	<b>12.847</b>	<b>11.260</b>
<b><u>Other prepayments</u></b>		
Thereof reimbursement requests		
towards National Chapters	33.668	
towards Donors	15.540	7.000
from payments for maternity leave	15.153	
from payments towards Board members	210	
Payments for performances in 2009	57.066	42.991
Other receivables	21.710	21.113
<b>Total other prepayments</b>	<b>143.347</b>	<b>71.104</b>
<b><u>Accrued interest</u></b>	<b>19.067</b>	<b>2.406</b>
<b>Total Others</b>	<b>218.434</b>	<b>124.475</b>

### 13) Cash and cash equivalents

	31.12.2008		31.12.2007	
	foreign currency	Euro	foreign currency	Euro
Cash in Euro		2.822		4.749
Cash in USD	3.493	2.459	4.612	3.134
Cash in MYR		0	300	62
<b>Cash in hand</b>		<b>5.281</b>		<b>7.945</b>
<b>Bank balances / Dresdner Bank AG</b>				
Bank accounts in EUR		5.648.451		2.782.298
Bank accounts in GBP	2.217.819	2.265.393	1.066.114	1.451.483
Bank accounts in USD	615.046	432.978	1.769.738	1.202.676
<b>Total bank balances</b>		<b>8.346.822</b>		<b>5.436.457</b>
<b>Total cash and cash equivalents</b>		<b>8.352.103</b>		<b>5.444.402</b>

The money was invested in

saving accounts	2.626.118	3.677.583
current accounts	2.353.393	1.347.675
programme and donor related accounts	3.367.311	411.199
	<u>8.346.822</u>	<u>5.436.457</u>

## Notes to the financial statements (continued)

### 14) Account payable

	Euro Balance	
	31.12.2008	31.12.2007
Honoraria	111.764	99.671
Travel costs	23.730	11.704
Publication and communication costs	14.468	11.807
Employees' insurance	3.533	17
Maintenance, rent and leasing costs	30.420	10.648
Miscellaneous expenses	149.114	197.043
<b>Total Account payable</b>	<b>333.029</b>	<b>330.890</b>

## Notes to the financial statements (continued)

### 15) Donors' funding received in advance

Donor	Euro Balance	
	31.12.2008	31.12.2007
<b><u>Governmental Agencies</u></b>		
European Commission	668.304	40.014
Department for International Development, United Kingdom (DFID)	618.955	354.962
Ministry for Foreign Affairs of Finland	500.000	47.000
Australian Agency for International Development (AusAID)	308.260	337.160
Swedish International Development Cooperation Agency (Sida)	134.824	532.760
Ministry for Economic Cooperation and Development (BMZ), Germany	125.671	100.000
Irish Aid	125.000	129.942
Royal Danish Ministry of Foreign Affairs (Danida)	107.824	
Government of Greece (for the 13th IACC)	80.845	
Agencia Española de Cooperación Internacional para el Desarrollo (AECID)	78.803	65.439
Canadian International Development Agency (CIDA)	21.359	59.193
Comunidad de Madrid	20.228	93.720
Foreign & Commonwealth Office, UK (FCO)	8.872	
Legatum Global Development	8.837	
Federal Foreign Office, Germany	2.990	2.437
U.S. Agency for International Development (USAID)	410	
New Zealand's International Aid & Development Agency (NZAID)		2.563
K-Pact Council, South Korea		2.087
Ministry of Foreign Affairs, The Netherlands		1.325
	<b>2.811.180</b>	<b>1.768.602</b>
<b><u>Foundations</u></b>		
Bill & Melinda Gates Foundation	1.760.258	
William and Flora Hewlett Foundation	194.185	111.600
OSI Development Foundation, Switzerland	150.059	273.914
The Philanthropic Collaborative	8.414	
International Foundation for Electoral Systems (IFES)	2.554	2.555
	<b>2.115.470</b>	<b>388.069</b>
<b><u>Other development Organisations</u></b>		
Stockholm International Water Institute (SIWI), Sweden	250.917	
German Corporation for Technical Cooperation (GTZ), Germany	9.554	6.848
The World Bank (IBRD)	7.517	
International Fund for Agricultural Development (IFAD)	5.159	
Inter-American Development Bank (IADB)		386
	<b>273.147</b>	<b>7.234</b>
<b><u>Corporate Donors / Contributions to Project Costs</u></b>		
Ernst & Young LLP	98.170	150.000
SAP AG	69.066	157.000
Private sector, Steering Committee members		165.368
Casals & Associates Inc.	101	
Deutsche Bank AG		50.000
	<b>167.338</b>	<b>522.368</b>
<b>Total</b>	<b>5.367.135</b>	<b>2.686.273</b>

## Notes to the financial statements (continued)

### 16) Liabilities to Donors

Money received from / reports due to	Euro Balance	
	31.12.2008	31.12.2007
<b><u>Governmental Agencies</u></b>		
Federal Foreign Office, Germany	157.952	
Department for International Development, United Kingdom (DFID)	116.517	2.000
European Commission	94.463	57.299
Ministry for Economic Cooperation and Development (BMZ), Germany	77.500	82.998
Australian Agency for International Development (AusAID)	62.682	41.300
Comunidad de Madrid	59.077	
U.S. Agency for International Development (USAID)	52.895	
Agencia Española de Cooperación Internacional para el Desarrollo (AECID)	31.858	10.387
Royal Danish Ministry of Foreign Affairs (Danida)	23.233	23.246
Irish AID	1.093	
Swedish International Development Cooperation Agency (Sida)		46.399
	<b>677.269</b>	<b>263.630</b>
<b><u>Foundations</u></b>		
William and Flora Hewlett Foundation	133.630	250.666
Bill & Melinda Gates Foundation	131.307	
OSI Development Foundation, Switzerland	22.591	52.173
	<b>287.528</b>	<b>302.839</b>
<b><u>Other development Organisations</u></b>		
Stockholm International Water Institute (SIWI), Sweden	50.750	5.239
German Corporation for Technical Cooperation (GTZ), Germany	43.707	
European Investment Bank (EIB)	1.000	1.664
Corporacion Andina de Fomento (CAF)		1.401
Center for International Private Enterprise (CIPE), USA		477
	<b>95.457</b>	<b>8.782</b>
<b><u>Corporate Donors / Contributions to Project costs</u></b>		
Ernst & Young LLP	32.500	
	<b>32.500</b>	<b>0</b>
<b>Total</b>	<b>1.092.754</b>	<b>575.251</b>

## Notes to the financial statements (continued)

### 17) Other liabilities and accruals

	Euro	
	Balance	
	31.12.2008	31.12.2007
<b><u>Other liabilities</u></b>		
Personnel costs		
Salaries and other personnell costs	619	928
Social contributions and wage taxes	4.245	10.145
Personnel (travel cost reimbursements)	30.910	20.275
Board members (travel cost reimbursements)	8.660	16.054
Others	10.602	14.360
	<b>55.036</b>	<b>61.762</b>
<b><u>Accruals</u></b>		
Vacation entitlements of TI-S employees	167.069	88.967
Additional leave entitlements of TI-S employees	20.750	
Contribution to trade association	22.000	22.000
Audits	36.120	29.150
Contribution for disabled persons	14.040	10.660
Other project related accruals		35.000
	<b>259.979</b>	<b>185.777</b>
<b>Total Other liabilities and Accruals</b>	<b>315.015</b>	<b>247.539</b>

## Notes to the financial statements (continued)

### 18) Donor Contributions

Donor funds are recognised as income either in the year for which the grant is made (unrestricted funding) or in line with the progress of specifically funded projects. The payments actually received are recorded in Annex 1.

Donor	Euro			
	2008			2007
	Total Disbursements	Changes in accrued disbursements	Recorded as income	
<b>Governmental Agencies</b>				
Department for International Development, United Kingdom (DFID), PPA *)	1.322.660		1.322.660	1.503.225
Swedish International Development Cooperation Agency (Sida)	980.974	46.399	1.027.373	93.530
Ministry of Foreign Affairs, The Netherlands	750.000		750.000	750.000
Australian Agency for International Development (AusAID)	561.549	-21.382	540.167	420.835
Irish Aid	504.942	-1.093	503.849	379.247
Royal Danish Ministry of Foreign Affairs (Danida)	441.516	-16	441.500	690.663
Ministry for Economic Cooperation and Development (BMZ), Germany	424.604	99.498	524.102	765.187
Canadian International Development Agency (CIDA)	405.832		405.832	462.556
Norwegian Agency for Development Cooperation (Norad)	360.181		360.181	308.144
Government of Greece (for 13th IACC)	332.300		332.300	
U.S. Agency for International Development (USAID)	322.686	-52.895	269.791	31.412
Federal Foreign Office, Germany	224.572	-157.952	66.620	501.766
Swiss Agency for Development and Cooperation (SDC) **)	181.175		181.175	198.646
Ministry for Foreign Affairs of Finland	127.108		127.108	447.760
French Ministry of Foreign Affairs	100.000		100.000	178.493
Department for International Development, United Kingdom (DFID), GTF	97.905	-64.444	33.461	
Department for International Development, United Kingdom (DFID), TIM	93.633	-52.072	41.561	
Agencia Española de Cooperación Internacional para el Desarrollo (AECID)	87.170	-21.470	65.701	29.473
European Commission	84.576	-37.164	47.412	165.515
Comunidad de Madrid	73.492	-59.077	14.415	8.280
Legatum Global Development	41.163		41.163	26.291
Foreign & Commonwealth Office, UK (FCO)	34.617		34.617	217.525
K-Pact Council, South Korea	2.087		2.087	8.479
Seoul Metropolitan Government	715		715	696
Department for International Development, United Kingdom (DFID), Inst.support		2.000	2.000	370.536
Government of Guatemala (for the 12th IACC)				132.180
Government of Azerbaijan				46.613
Hungarian National Development Office				998
	<b>7.555.458</b>	<b>-319.669</b>	<b>7.235.789</b>	<b>7.738.050</b>
Balance	7.555.458	-319.669	7.235.789	7.738.050

\*) TI-S received payments of the five years PPA Grant, issued by the Department for International Development, United Kingdom (included in the Donor overview) in the total amount of € 967.698 (GBP 765.000), in 2008. One quarterly payment in the amount of € 354.962 was brought forward from 2007; € 1.322.660 are recorded as income in 2008.

\*\*) The recorded donation from Swiss Agency for Development and Cooperation (SDC) in the amount of € 181.175 was institutional funding.

# Notes to the financial statements (continued)

Donor	Euro			
	2008			2007
	Total Disbursements	Changes in accrued disbursements	Recorded as income	
Forward	7.555.458	-319.669	7.235.789	7.738.050
<b>Foundations</b>				
Bill & Melinda Gates Foundation	270.357	-131.307	139.049	
OSI Development Foundation, Switzerland	261.869	29.583	291.452	296.767
William and Flora Hewlett Foundation	242.350	117.036	359.386	169.908
The Philanthropic Collaborative	14.694		14.694	
AVINA Group, Switzerland				43.947
Starr Foundation, USA				31.049
Carter Center, USA				7.606
The Lee & Gund Foundation				7.180
Hunter-White Foundation, USA				1.113
	<b>789.270</b>	<b>15.311</b>	<b>804.581</b>	<b>557.569</b>
<b>Other development Organisations</b>				
Stockholm International Water Institute (SIWI), Sweden	457.048	-45.511	411.537	253.642
German Corporation for Technical Cooperation (GTZ), Germany	111.080	-43.707	67.373	22.352
Christian Michelsen Institute (CMI), Norway	93.166		93.166	110.010
Organisation Internationale de la Francophonie	70.000		70.000	
Revenue Watch Institute	52.128		52.128	
Center for International Private Enterprise (CIPE), USA	49.241	477	49.718	72.007
The World Bank (IBRD)	24.462		24.462	33.695
European Bank for Reconstruction and Development (EBRD)	17.000		17.000	
Food Agriculture Organization of UN (FAO)	12.000		12.000	
Catholic Agency for overseas Development (CAFOD)	10.734		10.734	
MedicinesTransparency	8.730		8.730	
Care International	6.367		6.367	
Secours catholique	5.000		5.000	
Corporacion Andina de Fomento (CAF)	1.325	1.401	2.726	38
Inter-American Development Bank (IADB)	386		386	25.324
European Investment Bank (EIB)		664	664	105.844
United Nations Development Programme (UNDP)				14.558
World Economic Forum (WEF)				14.153
International Foundation for Electoral Systems (IFES)				8.823
Nordiska Afrika Institut, Uppsala				8.500
Future Forest				5.277
Save the Children Fund				2.930
Middle East Partnership Initiative				2.587
	<b>918.667</b>	<b>-86.676</b>	<b>831.991</b>	<b>679.738</b>
Balance	9.263.394	-391.034	8.872.360	8.975.358

# Notes to the financial statements (continued)

Donor	Euro			
	2008			2007
	Total Disbursements	Changes in accrued disbursements	Recorded as income	
Forward	9.263.394	-391.034	8.872.360	8.975.358
<b><u>Corporate Donors / Contributions to Project Costs</u></b>				
Ernst & Young LLP	451.830	-32.500	419.330	
SAP AG	147.934		147.934	
Deutsche Bank AG	100.000		100.000	
Norsk Hydro	67.000		67.000	50.000
PricewaterhouseCoopers	50.746		50.746	3.000
Shell International BV/Ltd.	43.000		43.000	47.729
Procter & Gamble CEEMEA	40.010		40.010	40.000
Anglo American Services (UK) Ltd, London	40.000		40.000	40.000
Nexen Inc.	40.000		40.000	29.700
Rio Tinto London Ltd.	22.000		22.000	
BP International	20.500		20.500	
SGS AG	17.000		17.000	
HSBC Holdings plc	17.000		17.000	
Pfizer Inc.	10.000		10.000	
Sika Services AG	7.250		7.250	
F&C Asset Management PLC	7.250		7.250	
International Federation of Inspection Agencies	7.250		7.250	
TATA	7.000		7.000	
Casals & Associates Inc.	6.709		6.709	
KPMG AG	6.695		6.695	6.500
FLUIR	5.976		5.976	3.300
Instituto Prensa y Sociedad (IPYS)	3.165		3.165	
Trace International Inc.	1.715		1.715	
UBS AG				20.000
Connective Capital				1.401
	<b>1.120.030</b>	<b>-32.500</b>	<b>1.087.530</b>	<b>241.629</b>
<b><u>Individual Donors</u></b>				
William F. Biggs	22.366		22.366	25.557
Indigo Networks	2.500		2.500	
Bettina von Bogen	2.000		2.000	
Wirtschaftsclub Saar-Pfalz-Moselle e.V.	2.500		2.500	
Giovanna Longo	1.200		1.200	1.200
Rolf Hellenbrand	1.200		1.200	1.200
Judith Schultz	1.000		1.000	1.500
J.W. Christmas	1.000		1.000	1.000
Bilderhaus Gschwendt	1.000		1.000	
Gary Geoghegan				2.033
Hartmut Fischer				2.000
Arnesto Goncalves Segredo				2.000
A. Armitage				1.043
Other (less than Euro 1,000 each)	11.622		11.622	9.612
	<b>46.387</b>	<b>0</b>	<b>46.387</b>	<b>47.144</b>
<b>Total</b>	<b>10.429.812</b>	<b>-423.534</b>	<b>10.006.278</b>	<b>9.264.132</b>

## Notes to the financial statements (continued)

### 19) Changes in accrued disbursements

	Euro			
	2008		2007	
	Adjustments for Advances to National Chapters and other parties	Reports received from National Chapters and other parties	Changes in accrued disbursements	
<b>Donor</b>				
<b><u>Governmental Agencies</u></b>				
Federal Foreign Office, Germany	-168.282	10.330	-157.952	308.196
Department for International Development, United Kingdom (DFID)	-116.517	2.000	-114.517	10.800
U.S. Agency for International Development (USAID)	-107.541	54.646	-52.895	2.289
Australian Agency for International Development (AusAID)	-104.448	83.066	-21.382	72.958
Ministry for Economic Cooperation and Development (BMZ), Germany	-76.000	175.498	99.498	-137.247
Comunidad de Madrid	-59.077		-59.077	
Agencia Española de Cooperación Internacional para el Desarrollo (AECID)	-51.332	29.862	-21.470	-10.388
Swedish International Development Cooperation Agency (Sida)	-43.047	89.447	46.399	-36.299
Canadian International Development Agency (CIDA)	-40.707	40.707		6.084
European Commission	-37.164	0	-37.164	76.082
Royal Danish Ministry of Foreign Affairs (Danida)	-32.259	32.243	-16	194.370
Irish Aid	-1.093		-1.093	4.247
Foreign & Commonwealth Office, UK (FCO)				108.177
French Ministry of Foreign Affairs				32.490
Ministry for Foreign Affairs of Finland				9.285
Hungarian National Development Office				998
	<b>-837.468</b>	<b>517.799</b>	<b>-319.669</b>	<b>642.041</b>
<b><u>Foundations</u></b>				
OSI Development Foundation, Switzerland	-175.932	205.515	29.583	90.793
Bill & Melinda Gates Foundation	-135.008	3.700	-131.307	
William and Flora Hewlett Foundation	-69.111	186.147	117.036	-250.665
Starr Foundation, USA			0	9.573
AVINA Group, Switzerland			0	2.375
	<b>-380.050</b>	<b>395.361</b>	<b>15.311</b>	<b>-147.924</b>
<b><u>Other development Organisations</u></b>				
Stockholm International Water Institute (SIWI), Sweden	-86.662	41.151	-45.511	-5.239
German Corporation for Technical Cooperation (GTZ), Germany	-60.595	16.887	-43.707	
Organisation Internationale de la Francophonie	-8.996	8.996		
Corporacion Andina de Fomento (CAF)	-3.007	4.408	1.401	-1.401
European Investment Bank (EIB)	664	0	664	-1.664
Center for International Private Enterprise (CIPE), USA		477	477	-477
United Nations Development Programme (UNDP)				664
	<b>-158.596</b>	<b>71.920</b>	<b>-86.676</b>	<b>-8.117</b>
<b><u>Corporate Donors / Contributions to Project Costs</u></b>				
Ernst & Young LLP	-292.590	260.090	-32.500	
	<b>-292.590</b>	<b>260.090</b>	<b>-32.500</b>	<b>0</b>
<b>Total</b>	<b>-1.668.704</b>	<b>1.245.170</b>	<b>-423.534</b>	<b>486.000</b>

## Notes to the financial statements (continued)

### 20) Other income

	Euro Balance	
	2008	2007
Reimbursement of travel expenses by third parties	95.281	107.212
Speakers' fees	19.498	17.240
Publications	2.613	7.568
Reimbursement of expenses for maternal leave	20.508	6.342
Other	11.809	15.431
<b>Total</b>	<b>149.710</b>	<b>153.793</b>

### 21) Personnel Expenses

	Euro Balance	
	2008	2007
Salaries	3.796.778	3.062.836
Social contributions	644.192	567.734
<b>Total</b>	<b>4.440.970</b>	<b>3.630.570</b>

## Notes to the financial statements (continued)

### 22) Other expenses

	Euro Balance	
	2008	2007
Direct National Chapter and Regional support	903.347	1.495.187
Travel expenses Non-TI-S-Personnel	819.598	601.365
Surveys	681.695	256.336
Honoraria	591.952	757.907
Travel expenses Personnel	525.395	401.869
Meetings and workshops	403.655	338.362
Maintenance, rent and leasing costs	312.629	316.929
Publications and communications	304.194	372.712
Other Personnel and recruitment costs	169.237	223.883
Translations	90.159	84.044
Audits, Legal & advisory costs	81.240	59.335
Office supplies	32.891	13.506
Miscellaneous expenses	79.653	110.924
<b>Total other expenses</b>	<b>4.995.645</b>	<b>5.032.361</b>

Reports received from National Chapters or other project related partners for advances are recorded as Direct National Chapter and Regional support, except from workshop costs. They have been allocated to Meetings and workshops. Not included in Direct National Chapter and Regional support are payments by TI-S, Governance Core and project funded, e.g. the support of National Chapter's attendance at the Annual Membership meeting. These costs are included in travel expenses.

### 23) Financial results

	Euro Balance	
	2008	2007
<u>Finance income</u>		
Interest income	183.497	141.255
Foreign exchange translation gains	118.712	20.436
	<b>302.209</b>	<b>161.691</b>
<u>Finance costs</u>		
Interest paid	-1.051	-38
Foreign exchange translation losses	-687.224	-232.406
	<b>-688.275</b>	<b>-232.444</b>
<b>Financial results</b>	<b>-386.066</b>	<b>-70.753</b>

## Endowment Fund

### Donation from U.S. Agency for International Development (Cooperative Agreement DFD-A-00-03-00109-00)

	<u>USD</u>	<u>Euro equivalent</u>
Balance of Fund 01 January 2008	2.164.149	1.470.366
Interest received	103.110	73.153
Service charges / Withdrawal taxes	-63	-45
Exchange rate gain		65.011
Balance of Fund 31 December 2008	<u>2.267.196</u>	<u>1.608.485</u>
Represented by		
Investments, at cost	2.243.892	1.591.952
Cash at bank	23.304	16.533
	<u>2.267.196</u>	<u>1.608.485</u>
Market value of investments at 31 December 2008	<u>2.354.097</u>	<u>1.670.138</u>
Redemption value	<u>2.322.000</u>	<u>1.647.366</u>

Under the agreement with the donor the above endowment must be held in US Dollars. The investments comprise two US treasury notes of approx. USD 500.000,00 each, one of approx. USD 600.000,00, maturing respectively in April and November 2009, and two others of approx. USD 350.000,00 maturing in June 2010 and USD 200.000,00 maturing in August 2010. The interest income is recorded on redemption.

## Endowment Fund (continued)

### Donation from Ford Foundation (Grant number 1070-0705)

	<u>USD equivalent</u>	<u>Euro</u>
Balance of Fund 01 January 2008	2.142.488	1.520.010
Interest received	89.614	63.578
Balance of Fund 31 December 2008	<u>2.232.104</u>	<u>1.583.588</u>
Represented by		
Cash at bank	2.219.839	1.574.887
Interest paid on 11 February 2009 (for period 11.11.-31.12.2008)	12.265	8.701
	<u>2.232.104</u>	<u>1.583.588</u>

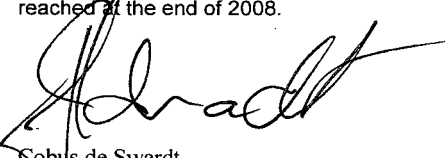
Money is recorded in a separate bank account into which the interest received is also credited.

### Endowment Funds in total

	<u>USD</u>	<u>Euro</u>
Balance of Fund 01 January 2008		
USAID	2.164.149	1.470.366
Ford Foundation		1.520.010
		<u>2.990.376</u>
Balance of Fund 31 December 2008		
USAID	2.267.196	1.608.485
Ford Foundation		1.583.588
		<u>3.192.073</u>

Transparency International's (TI) endowment fund has been set up with the intention of supporting the work of the organisation permanently. As such the grants that have been made to the endowment by the United States Agency for International Development (USAID) and the Ford Foundation are in principle not limited by a specified grant period or otherwise, so long as expenditure under the grants is made in full observance of the purpose for which the grant was made and if all reporting obligations are met by TI.

In the case of the grant made to TI by USAID, a specific provision was included to provide for the possibility of a change of the terms of the grant agreement should TI not have met the original December 2008 fundraising goal that was specified at the time the grant was awarded in 2003. This provision may result in a decision to review the unlimited duration of USAID's endowment grant. USAID has not expressed the intention for a review of the duration for the time being although the target has not been reached at the end of 2008.

  
Cobus de Swardt  
Managing Director

22 June 2009

## Donor Payments received

Donor	Payments received reduced by back payments	
	2008	2007
Governmental Agencies	8.650.064	7.542.939
Foundations	2.568.798	949.534
Other development Organisations	1.130.164	574.584
Corporate Donors / Contributions to Project costs	806.285	495.519
Individual Donors	46.388	47.144
	<b>13.201.699</b>	<b>9.609.721</b>

### Note

Brought forward from 2007

*represented by:*

*Donors' funding received in advance*

15 2.686.273

*Less: outstanding donor commitments*

9 -235.590

2.450.684

Payments received in 2008

13.220.624

Less: Repayments in 2008

-18.925

13.201.699

Interest repayable to Donor

5.137

Less: Net change in advances to National Chapters and others

19

-423.534

Less: Disbursed to National Chapters (according to special contracts)

-39.990

Less: Carried forward to 2009

*represented by:*

*Donors' funding received in advance*

15 5.367.135

*Less: outstanding donor commitments*

9 -178.604

*Less: Currency translation corrections of donor commitments*

-813

-5.187.718

Total donor contributions

18

**10.006.278**

**Donor Payments received (continued)**

Donor	Payments received	
	2008	2007
<b>EUR</b>		
<b><u>Governmental Agencies</u></b>		
Department for International Development, United Kingdom (DFID), PPA	967.698	1.473.606
Ministry of Foreign Affairs, The Netherland	750.000	750.000
European Commission	712.519	-14.682
Department for International Development, United Kingdom (DFID), GTF	687.785	
Swedish International Development Cooperation Agency (Sida)	583.038	660.094
Ministry for Foreign Affairs of Finland	580.108	480.675
Australian Agency for International Development (AusAID)	532.649	421.050
Irish Aid	500.000	500.000
Ministry for Economic Cooperation and Development (BMZ), Germany	450.000	983.231
Royal Danish Ministry of Foreign Affairs (Danida)	426.148	348.494
Government of Greece (for 13th IACC)	400.000	
Canadian International Development Agency (CIDA)	367.998	508.733
Norwegian Agency for Development Cooperation (Norad)	360.181	308.144
U.S. Agency for International Development (USAID)	304.399	29.123
Federal Foreign Office, Germany	225.125	100.025
Royal Danish Ministry of Foreign Affairs (Danida)	200.090	
Swiss Agency for Development and Cooperation (SDC)	181.175	196.151
Department for International Development, United Kingdom (DFID), TIM	120.738	
French Ministry of Foreign Affairs	100.000	
Agencia Española de Cooperación Internacional para el Desarrollo (AECID)	100.000	105.300
Foreign & Commonwealth Office, UK (FCO)	77.263	19.899
Legatum Global Development	25.000	25.000
Seoul Metropolitan Government	715	696
New Zealand's International Aid & Development Agency (NZ Aid)	-2.563	
Department for International Development, United Kingdom (DFID), Inst.support		370.536
Government of Guatemala (for the 12th IACC)		128.252
Comunidad de Madrid		102.000
Government of Azerbaijan		46.613
	<b>8.650.064</b>	<b>7.542.939</b>
<b><u>Foundations</u></b>		
Bill & Melinda Gates Foundation	2.030.614	
William and Flora Hewlett Foundation	324.935	532.173
OSI Development Foundation, Switzerland	190.141	351.370
The Philanthropic Collaborative	23.108	
AVINA Group, Switzerland		38.715
International Foundation for Electoral Systems (IFES)		11.378
Carter Center, USA		7.606
The Lee & Gund Foundation		7.180
Hunter-White Foundation, USA		1.113
	<b>2.568.798</b>	<b>949.534</b>

**Donor Payments received (continued)**

Donor	Payments received	
	2008	2007
<b>EUR</b>		
<b><u>Other development Organisations</u></b>		
Stockholm International Water Institute (SIWI), Sweden	741.122	225.724
Christian Michelsen Institute (CMI), Norway	120.792	110.010
German Corporation for Technical Cooperation (GTZ), Germany	89.581	29.200
Organisation Internationale de la Francophonie	63.000	
Center for International Private Enterprise (CIPE), USA	34.576	65.031
The World Bank (IBRD)	31.833	33.695
Food Agriculture Organization of UN (FAO)	12.000	
Catholic Agency for overseas Development (CAFOD)	10.734	
European Investment Bank (EIB)	10.000	57.000
Care International	6.367	
International Fund for Agricultural Development (IFAD)	5.159	
Secours catholique	5.000	
Inter-American Development Bank (IADB)		20.250
United Nations Development Programme (UNDP)		13.894
Corporacion Andina de Fomento (CAF)		2.764
Nordiska Afrika Institut, Uppsala		8.500
European Bank for Reconstruction and Development (EBRD)		3.000
Save the Children Fund		2.930
Middle East Partnership Initiative		2.587
	<b>1.130.164</b>	<b>574.584</b>
<b><u>Corporate Donors / Contributions to Project costs</u></b>		
Ernst & Young LLP	400.000	
SAP AG	60.000	153.000
Norsk Hydro	60.000	53.000
PricewaterhouseCoopers	51.746	
Anglo American Services (UK) Ltd, London	50.000	50.000
Procter & Gamble CEEMEA	50.000	50.000
Nexen Inc.	50.000	37.139
BP International	10.000	3.000
HSBC Holdings plc	10.000	3.000
Rio Tinto London Ltd.	10.000	3.000
SGS AG	10.000	3.000
TATA	7.000	
Casals & Associates Inc.	6.810	
KPMG AG	6.695	6.500
FLUIR	6.403	3.000
International Federation of Inspection Agencies	4.250	1.250
F&C Asset Management PLC	4.250	1.250
Sika Services AG	4.250	1.250
Instituto Prensa y Sociedad (IPYS)	3.165	
Trace International Inc.	1.715	
Deutsche Bank AG		50.000
Shell International BV/Ltd.		47.729
UBS AG		25.000
Pfizer Inc.		3.000
Connective Capital		1.401
	<b>806.285</b>	<b>495.519</b>

**Donor Payments received (continued)**

<b>Donor</b>	<b>Payments received</b>	
	<b>2008</b>	<b>2007</b>
<b>EUR</b>		
<b><u>Individual donors</u></b>		
William F. Biggs	22.366	25.557
Indigo Networks	2.500	
Wirtschaftsclub Saar-Pfalz-Moselle e.V.	2.500	
Bettina von Bogen	2.000	
Giovanna Longo	1.200	1.200
Rolf Hellenbrand	1.200	1.200
Bilderhaus Gschwendt	1.000	
Judith Schultz	1.000	1.500
J.W. Christmas	1.000	1.000
Gary Geoghegan		2.033
Hartmut Fischer		2.000
Arnesto Goncalves Segredo		2.000
A. Armitage		1.043
Other (less than Euro 1.000 each)	11.622	9.612
	<b>46.388</b>	<b>47.144</b>

Detailed Programme Information per Department

	Africa and Middle East	Asia Pacific	Americas	Europe & Central Asia	Global Programmes	Policy & Research	Communi- cations	Governance	International Anti-Corruption Conference	Advocacy Programmes	Foreign exchange translation losses	Total
<b>Restricted Donor Income</b>												
Governmental Agencies	422,161	591,687	402,069	315,713	657,330	328,130		26,249	327,704			3,071,064
Foundations	512,880		261,869	-174	-174		14,694					789,270
Other development Organisations	70,755		14,784		626,704	208,448						920,690
Corporate Donors / Contributions to Project costs			15,850		213,851	451,830	9,230	3,500	19,563			710,325
Individual Donors						984						4,484
Subtotal restricted donor income	1,005,796	591,687	694,593	315,713	1,497,711	989,392	23,924	29,749	347,268	0		5,495,833
<b>Other Income</b>												
Travel cost reimbursements	7,881	1,252	5,272	28,326	30,980	1,015	869	19,314	40			94,950
Exchange rate gains	9,881	451	7,446	907	15,010	3,151	731	7,244	682			45,502
Interest income	17,774	15			4,934							22,723
Settlement discount received/income in other accounting periods/from publications/from honoraria	3	428	3,019	196	2,855	8,263	440	380	24			15,608
Subtotal other income	35,539	2,145	15,737	29,429	53,780	12,430	2,040	26,939	745	0		178,763
<b>Total restricted income</b>	<b>1,041,334</b>	<b>593,833</b>	<b>710,329</b>	<b>345,142</b>	<b>1,551,490</b>	<b>1,001,821</b>	<b>25,964</b>	<b>56,688</b>	<b>348,013</b>	<b>0</b>		<b>5,674,615</b>
Project Cost	1,310,448	735,368	994,649	1,023,816	2,147,032	1,624,987	811,256	951,766	348,867	27,797	660,502	9,975,986
Foreign exchange translation losses												660,502
<b>Total Project Costs</b>	<b>1,310,448</b>	<b>735,368</b>	<b>994,649</b>	<b>1,023,816</b>	<b>2,147,032</b>	<b>1,624,987</b>	<b>811,256</b>	<b>951,766</b>	<b>348,867</b>	<b>27,797</b>	<b>660,502</b>	<b>10,636,488</b>
<b>Net project funding required from unrestricted Funds</b>	<b>269,114</b>	<b>141,535</b>	<b>284,320</b>	<b>678,673</b>	<b>595,541</b>	<b>623,166</b>	<b>785,292</b>	<b>895,079</b>	<b>854</b>	<b>27,797</b>	<b>660,502</b>	<b>4,961,873</b>

Note

Total restricted income	5,674,615
Net project funding required from unrestricted Funds	4,961,873
Net Surplus	245,242
Less: Other income	-149,710
Less: Finance income	-302,209
	-451,919
Net change in advances to National Chapters and others	19
	-423,534
Total donor contributions	18
	<b>10,006,278</b>

**Detailed Programme Information per Department (continued)**

**Africa and Middle East**

	TIS work on National Chapters Support	Measuring Anti-Corruption Efforts and Building Demand for Effective National Integrity Systems in Egypt and the Arab World (MABDA)	Participation of civil society in the fight against corruption - Organisation Internationale de la Francophonie	Africa Education Watch (AEW)	Transparency and Integrity in Service Delivery in Africa (TISDA)	Transparency International Mediterranean Advocacy and Legal Advice Centres Programme (TIM ALAC)	Total Department
<b>Restricted Donor Income</b>		322.686				93.633	322.686
U.S. Agency for International Development (USAID)							93.633
Department for International Development, United Kingdom (DFID), TIM	4.942						4.942
Irish Aid							900
Government of Greece (for 13th IACC)					270.357		270.357
Bill & Melinda Gates Foundation							242.523
William and Flora Hewlett Foundation							70.000
Organisation Internationale de la Francophonie	755		70.000				755
Center for International Private Enterprise (CIPE), USA							
Subtotal restricted donor income	5.697	322.686	70.000	243.423	270.357	93.633	1.005.796
<b>Other Income</b>							
Travel cost reimbursements	4.958	200	910	1.747	66		7.881
Exchange rate gains	690	782	58	280	8.051	20	9.881
Interest income					17.774		17.774
Settlement discount received/Income in other accounting periods/from publications/from honoraria	3						3
Subtotal other income	5.651	982	968	2.027	25.892	20	35.539
<b>Total restricted Income</b>	11.347	323.668	70.968	245.450	296.248	93.652	1.041.334
<b>Total Project Cost</b>	278.627	323.400	72.104	245.450	297.215	93.652	1.310.448
<b>Net project funding required from unrestricted Funds</b>	267.280	-268	1.136	0	967	0	269.114

**Detailed Programme Information per Department (continued)**

**Asia Pacific**

	Institutional Support Programme	Promoting Transparent Procurement and Corporate Responsibility in China	Monitoring & Evaluation	Corruption in Forestry	Ti-S work on National Chapters Support	Total Department
<b>Restricted Donor income</b>						
Australian Agency for International Development (AusAID)	534.372	28.052	5.281	21.895,93		561.549
Foreign & Commonwealth Office, UK (FCO)					2.087	28.052
K-Pact Council, South Korea						2.087
Subtotal restricted donor income	534.372	28.052	5.281	21.896	2.087	591.687
<b>Other Income</b>						
Travel cost reimbursements	324				928	1.252
Exchange rate gains	303		122	8	17	451
Interest income		15				15
Settlement discount received/Income in other accounting periods/from publications/from honoraria	380				48	428
Subtotal other income	1.007	15	122	8	993	2.145
<b>Total restricted Income</b>	<b>535.379</b>	<b>28.067</b>	<b>5.403</b>	<b>21.904</b>	<b>3.080</b>	<b>593.833</b>
<b>Total Project Cost</b>	<b>541.587</b>	<b>28.067</b>	<b>5.403</b>	<b>21.904</b>	<b>138.407</b>	<b>735.368</b>
<b>Net project funding required from unrestricted Funds</b>	<b>6.208</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>135.327</b>	<b>141.535</b>

**Detailed Programme Information per Department (continued)**

Americas

	Communi- cations	Assessing Transparency of Political Finance	Transparency in Central America	Monitoring of Conventions	TI-S work on National Chapters Support	Promoting Transparency and Integrity in Local Governments	Private Sector Transparency	Strengthening good Governance in Bolivia Through Civil Society Participation	Total Department
<b>Restricted Donor income</b>									
Royal Danish Ministry of Foreign Affairs (Danida)			121.246			73.492		120.180	241.427
Comunidad de Madrid			87.170						73.492
Agencia Española de Cooperación Internacional para el Desarrollo (AECID)				261.869			1.325		87.170
OSI Development Foundation, Switzerland									261.869
Corporación Andina de Fomento (CAF)									1.325
The World Bank (IBRD)		13.044							13.044
Inter-American Development Bank (IADB)		386			29				386
German Corporation for Technical Cooperation (GTZ), Germany							5.976		29
FLUIR	3.165				6.709				5.976
Instituto Prensa y Sociedad (IPYS)									3.165
Casals & Associates Inc.									6.709
Subtotal restricted donor income	3.165	13.430	208.417	261.869	6.738	73.492	7.301	120.180	694.593
<b>Other Income</b>									
Travel cost reimbursements									
Exchange rate gains	1	747	1.741	-1.400			6	60	5.272
Interest income								81	7.446
Settlement discount received/Income in other accounting periods/from publications/from honoraria									
Subtotal other income	1	747	1.741	-1.400		69	6	141	15.737
<b>Total restricted Income</b>	<b>3.166</b>	<b>14.176</b>	<b>210.158</b>	<b>260.469</b>	<b>21.171</b>	<b>73.561</b>	<b>7.307</b>	<b>120.321</b>	<b>710.329</b>
<b>Total Project Cost</b>	<b>39.141</b>	<b>32.733</b>	<b>245.379</b>	<b>276.511</b>	<b>169.643</b>	<b>91.107</b>	<b>19.847</b>	<b>120.288</b>	<b>994.649</b>
<b>Net project funding required from unrestricted Funds</b>	<b>35.975</b>	<b>18.556</b>	<b>35.221</b>	<b>16.042</b>	<b>148.473</b>	<b>17.545</b>	<b>12.540</b>	<b>-33</b>	<b>284.320</b>

**Detailed Programme Information per Department (continued)**

**Europe & Central Asia**

	EU Advocacy (Brussels Office)	Advocacy and Legal Advise Center (ALAC) Global Management	TI-S work on National Chapters Support	ALAC Kazakhstan	ALAC Azerbaijan	Judiciary Advocacy Working Group	Alac South East Europe	ALAC Kosovo	Excellence and Integrity in Public Procurement (OLAF)	Total Department
<b>Restricted Donor income</b> Federal Foreign Office, Germany European Commission Foreign & Commonwealth Office, UK (FCO)			2.437	24.836	6.565		197.685	26.887	57.303	224.572 84.576 6.565
Subtotal restricted donor income	0	0	2.437	24.836	6.565	0	197.685	26.887	57.303	315.713
<b>Other Income</b> Travel cost reimbursements Exchange rate gains Interest income Settlement discount received/Income in other accounting periods/from publications/from honoraria	120	618 75	27.588 822				11			28.326 907
Subtotal other income	122	692	28.604	0	0	0	11	0	0	29.429
<b>Total restricted Income</b>	122	692	31.041	24.836	6.565	0	197.696	26.887	57.303	345.142
<b>Total Project Cost</b>	142.609	140.328	390.403	31.045	6.565	25.640	197.696	27.192	62.338	1.023.816
<b>Net project funding required from unrestricted Funds</b>	142.487	139.636	359.362	6.209	0	25.640	0	305	5.035	678.673

Detailed Programme Information per Department (continued)

Global Programmes

	Support of Global Priorities	Anti-corruption: Delivering Change (Global Transparency Fund)	Business principles for countering bribery	Other private sector programmes	Development, Implementation and Enforcement of Conventions	Political Corruption	Public Contracting	Poverty and Development	Water Integrity Network	Corruption in Humanitarian Assistance	Safeguarding Anticorruption Fighters Efforts (SAFE)	Poverty Advocacy Working Group	Total Department
<b>Restricted Donor Income</b>													
Swedish International Development Cooperation Agency (Sida)	178.036				47.000					226.009			226.009
Ministry for Economic Cooperation and Development (BMZ), Germany											54.108		178.036
Ministry for Foreign Affairs of Finland		97.905											101.108
Department for International Development, United Kingdom (DFID), GTF										37.834			97.905
Canadian International Development Agency (CIDA)			8.527	7.635									37.834
Legatum Global Development													16.163
Government of Greece (for 13th IACC)	-174							275					275
William and Flora Hewlett Foundation													-174
Stockholm International Water Institute (SIWI), Sweden					13.882	76.846			459.072				459.072
German Corporation for Technical Cooperation (GTZ), Germany				6.755									90.728
Center for International Private Enterprise (CIPE), USA	11.418		41.731										48.486
The World Bank (IBRD)			123.096	27.869									11.418
Private sector, Steering Committee members			13.946	24.758									150.965
SAP AG			16.748	14.434									38.703
PricewaterhouseCoopers			9.064	916									31.182
Shell International BV Ltd.													10.000
Subtotal restricted donor income	189.280	97.905	213.132	82.368	60.882	76.846	275	0	459.072	263.843	54.108	0	1.497.711
<b>Other Income</b>													
Travel cost reimbursements	4.809	350	1.091	21.253			1.458	1.010	714		297		30.960
Exchange rate gains	1.690	1.149	4.597	3.395	224		26		2.594	1.237	97		15.010
Interest income									4.934				4.934
Settlement discount received/income in other accounting periods/from publications/honoraria	667				1.357		810		21				2.855
Subtotal other income	7.166	1.499	5.687	24.648	1.561	0	2.294	1.010	8.263	1.237	393	0	53.780
<b>Total restricted Income</b>	<b>196.446</b>	<b>99.404</b>	<b>218.819</b>	<b>107.016</b>	<b>62.463</b>	<b>76.846</b>	<b>2.569</b>	<b>1.010</b>	<b>467.335</b>	<b>265.080</b>	<b>54.501</b>	<b>0</b>	<b>1.551.490</b>
<b>Total Project Cost</b>	<b>297.556</b>	<b>141.645</b>	<b>218.819</b>	<b>107.016</b>	<b>226.363</b>	<b>107.165</b>	<b>138.127</b>	<b>90.462</b>	<b>467.637</b>	<b>265.080</b>	<b>54.674</b>	<b>32.485</b>	<b>2.147.032</b>
<b>Net project funding required from unrestricted Funds</b>	<b>101.110</b>	<b>42.241</b>	<b>0</b>	<b>0</b>	<b>163.900</b>	<b>30.319</b>	<b>135.558</b>	<b>89.453</b>	<b>303</b>	<b>0</b>	<b>173</b>	<b>32.485</b>	<b>595.541</b>

Detailed Programme Information per Department (continued)

Policy & Research

	Corruption Perception Index (CPI)	National Integrity Studies (NIS) - Country Studies	Bribe Payers Index (BPI)	Global Corruption Barometer	Promoting Revenue Transparency	Global Corruption Report (GCR)	Supporting Advocacy, Policy and Research	Transparency in Reporting on Anti-Corruption (TRAC)	U4 ACRC Helpdesk	Policy Development	Total Department
<b>Restricted Donor Income</b> Ministry for Economic Cooperation and Development (BMZ), Germany Norwegian Agency for Development Cooperation (Norad) Government of Greece (for 13th IACC) Christian Michelsen Institute (CMI), Norway Revenua Watch Institute German Corporation for Technical Cooperation (GTZ), Germany Food Agriculture Organization of UN (FAO) Catholic Agency for overseas Development (CAFOD) Medicines Transparency Care International Secours catholique Ernst & Young LLP Other (less than Euro 1,000 each)	60.766 984		244.545 80.414	12.000	52.128 20.323 10.734 6.367 5.000		3.172  8.730		93.166		244.545 80.414 3.172 93.166 52.128 20.323 12.000 10.734 8.730 6.367 5.000 451.830 984
Subtotal restricted donor income	61.750	0	657.717	70.305	94.552	0	11.902	0	93.166	0	989.392
<b>Other Income</b> Travel cost reimbursements Exchange rate gains Interest income Settlement discount received/income in other accounting periods/from publications/from honoraria	163 1.470	667	163 1.470	163	260 30 1.141	893 2.263	266		1.163	398	1.015 3.151 0
Subtotal other income	1.633	667	1.633	1.633	1.431	3.156	266	0	1.163	848	12.430
<b>Total restricted income</b>	<b>63.383</b>	<b>667</b>	<b>659.350</b>	<b>71.938</b>	<b>95.982</b>	<b>3.156</b>	<b>12.168</b>	<b>0</b>	<b>94.329</b>	<b>848</b>	<b>1,001.821</b>
<b>Total Project Cost</b>	<b>63.383</b>	<b>55.758</b>	<b>659.350</b>	<b>71.938</b>	<b>203.251</b>	<b>303.586</b>	<b>76.329</b>	<b>10.192</b>	<b>86.758</b>	<b>92.443</b>	<b>1,624.937</b>
<b>Net project funding required from unrestricted Funds</b>	<b>0</b>	<b>55.091</b>	<b>0</b>	<b>0</b>	<b>107.269</b>	<b>300.430</b>	<b>66.160</b>	<b>10.192</b>	<b>-7.571</b>	<b>91.595</b>	<b>623.166</b>

**Detailed Programme Information per Department (continued)**

**Communications**

	Promotion of Global Corruption Report	TI Integrity Awards	Media Relations and Press Work	Online Communications	Internal Communication	Total Department
<b><u>Restricted Donor income</u></b>						
The Philanthropic Collaborative SAP AG					14.694 9.230	14.694 9.230
Subtotal restricted donor income	0	0	0	0	23.924	23.924
<b><u>Other Income</u></b>						
Travel cost reimbursements			869			869
Exchange rate gains	274	33	423			730
Interest income						
Settlement discount received/Income in other accounting periods/from publications/from honoraria	3	9	214	214		440
Subtotal other income	277	43	1.506	214	0	2.039
<b>Total restricted Income</b>	<b>277</b>	<b>43</b>	<b>1.506</b>	<b>214</b>	<b>23.924</b>	<b>25.964</b>
<b>Total Project Cost</b>	<b>22.315</b>	<b>14.041</b>	<b>304.140</b>	<b>375.601</b>	<b>95.158</b>	<b>811.256</b>
<b>Net project funding required from unrestricted Funds</b>	<b>22.038</b>	<b>13.999</b>	<b>302.634</b>	<b>375.388</b>	<b>71.234</b>	<b>785.292</b>

**Detailed Programme Information per Department (continued)**

**Governance**

	Core Governance	Accreditation Review	Total Department
<b><u>Restricted Donor income</u></b>			
Ministry for Foreign Affairs of Finland	26.000		26.000
Government of Greece (for 13th IACC)	249		249
Wirtschaftsclub Saar-Pfalz-Moselle e.V.	2.500		2.500
Bilderhaus Gschwendt	1.000		1.000
Subtotal restricted donor income	29.749	0	29.749
<b><u>Other Income</u></b>			0
Travel cost reimbursements	19.314		19.314
Exchange rate gains	7.126	118	7.244
Interest income			0
Settlement discount received/Income in other accounting periods/from publications/from honoraria	380		380
Subtotal other income	26.821	118	26.939
<b>Total restricted Income</b>	<b>56.570</b>	<b>118</b>	<b>56.688</b>
<b>Total Project Cost</b>	<b>899.137</b>	<b>52.630</b>	<b>951.766</b>
<b>Net project funding required from unrestricted Funds</b>	<b>842.567</b>	<b>52.511</b>	<b>895.079</b>

**Detailed Programme Information per Department (continued)**

**International Anti-Corruption Conference**

	<b>IAAC Athens</b>	<b>Total Department</b>
<b><u>Restricted Donor income</u></b>		
Government of Greece (for 13th IACC)	327.704	327.704
PricewaterhouseCoopers	19.563	19.563
Subtotal restricted donor income	347.268	347.268
<b><u>Other Income</u></b>		
Travel cost reimbursements	40	40
Exchange rate gains	682	682
Interest income		
Settlement discount received/Income in other accounting periods/from publications/from honoraria	24	24
Subtotal other income	745	745
<b>Total restricted Income</b>	<b>348.013</b>	<b>348.013</b>
<b>Total Project Cost</b>	<b>348.867</b>	<b>348.867</b>
<b>Net project funding required from unrestricted Funds</b>	<b>854</b>	<b>854</b>

**Detailed Programme Information per Department (continued)**

**Advocacy Programmes**

	<b>Advocacy</b>	<b>Total Department</b>
<b>Restricted Donor income</b>		
<b>Other Income</b>		
<b>Total restricted Income</b>		
<b>Total Project Cost</b>	<b>27.797</b>	<b>27.797</b>
<b>Net project funding required from unrestricted Funds</b>	<b>27.797</b>	<b>27.797</b>

## Appendix 2

General Engagement Terms for Wirtschafts-  
prüfer and Wirtschaftsprüfungsgesellschaften



# General Engagement Terms

for  
**Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften**  
[German Public Auditors and Public Audit Firms]  
as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

## 1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

## 2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services – not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires – except for financial attestation engagements – an express written agreement.

(3) The engagement does not extend – to the extent it is not directed thereto – to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

## 3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer – even without his special request – is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

## 4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

## 5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

## 6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations – especially quantity and cost computations – prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

## 7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

## 8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected – and also be applicable versus third parties – by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw – also versus third parties – such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

## 9. Liability

(1) The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.

(2) Liability for negligence; An individual case of damages

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind – except for damages resulting from injury to life, body or health – for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) Preclusive deadlines

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim – at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

## 10. Supplementary provisions for audit engagements

- (1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.
- (2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.
- (3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

## 11. Supplementary provisions for assistance with tax matters

- (1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client – especially numerical disclosures – are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.
- (2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records – especially tax assessments – material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.
- (3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:
  - a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
  - b) examination of tax assessments in relation to the taxes mentioned in (a)
  - c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
  - d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
  - e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

- a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax
- b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
- c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

## 12. Confidentiality towards third parties and data security

- (1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.
- (2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.
- (3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

## 13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

## 14. Remuneration

- (1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.
- (2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

## 15. Retention and return of supporting documentation and records

- (1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.
- (2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

## 16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.