

Reports and Financial Statements
31st December, 2010

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
(Established under Societies Act,1966)

REPORTS AND FINANCIAL STATEMENTS
31ST DECEMBER, 2010

CONTENTS

	Page No.
Auditors' Report	1 – 2
Balance Sheet	3
Income and Expenditure Account	4 – 5
Statement of Changes in Fund	6
Statement of Receipts and Payments	7 – 8
Notes to the Financial Statements	9 – 14
Statement by Members of the Executive Committee	15
Statement by Treasurer	15

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
(Registration No.1649)

Report on the Financial Statements

We have audited the financial statements as set out on pages 3 to 14 comprising the balance sheet of The Malaysian Society For Transparency & Integrity and the notes to the financial statements as at 31st December, 2010 and the income and expenditure account, statement of changes in fund balances and statement of receipts and payments.

Executive Committee's Responsibility for the Financial Statements

The executive committee of the Society are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entities Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of 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 Society'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 Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive committees, as well as evaluating the overall presentation of the financial statements.

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

Registration No.1649

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entities Reporting Standards so as to give a true and fair view of the financial position of the Society as of 31st December, 2010 and of its financial performance and statement of receipts and payments for the year then ended.


Report on Other Legal and Regulatory Requirements

In accordance with the rules and regulations of the Society, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Society have been properly kept.

Other Matters

This report is made solely to the members of the Society, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.


GOMEZ & CO.
AF 0611
CHARTERED ACCOUNTANTS


JEFFREY GERARD GOMEZ
1245/4/11(J)

Kuala Lumpur
Date: 21 FEB 2011

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
(Established under Societies Act, 1966)

BALANCE SHEET - 31ST DECEMBER, 2010

	Note	2010 RM	2009 RM
PROPERTY, PLANT AND EQUIPMENT	3	48,980	32,218
CURRENT ASSETS			
Receivables, deposits and prepayment	4	591,000	420,718
Cash and bank balances		527,569	438,136
Current tax asset		19,477	44,178
		1,138,046	903,032
LESS: CURRENT LIABILITY			
Payables and accruals	5	814,578	476,216
NET CURRENT ASSETS		323,468	426,816
		372,448	459,034
Financed by:-			
ACCUMULATED FUND		372,448	459,034

The annexed notes form an integral part of the financial statements.

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
(Established under Societies Act, 1966)

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Note	2010 RM	2009 RM
INCOME			
Grant		300,000	336,838
Membership fee		20,400	28,600
Fixed deposit interest received		5,399	6,014
Sundry income		1,999	-
UNACD workshop & dinner income		66,850	-
Gain on disposal of plant and equipment		-	417
Training on TI's Anti Corruption Tools		-	5,150
National Anti Corruption Summit		-	53,300
Sale of materials		-	880
		394,648	431,199
OTHER INCOME			
Project TI-S Berlin		30,142	38,970
Net surplus of funding for FOI project		10,219	-
Net deficit of funding for KAS project		(1,571)	-
Reimbursement of expenses for CRINIS & FGI project		50,796	-
		484,234	470,169
PROJECT EXPENSES			
National Anti Corruption Summit		-	53,763
Training on TI's anti Corruption Tools		-	2,715
UNACD workshop & dinner cost		39,864	-
		(39,864)	(56,478)
STAFF COSTS (Appendix I)		(235,526)	(279,939)
DEPRECIATION		(13,325)	(10,881)
OTHER OPERATING EXPENSES (Appendix I)		(282,105)	(139,890)
DEFICIT FOR THE YEAR		(86,586)	(17,019)
TAXATION	6	-	27,498
NET (DEFICIT)/SURPLUS FOR THE YEAR		(86,586)	10,479

The annexed notes form an integral part of the financial statements.

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
(Established under Societies Act, 1966)

	2010 RM	2009 RM
STAFF COSTS		
Personnel expenses		
- Bonus	-	13,540
- Salaries and allowances	207,317	232,577
- EPF	24,811	29,749
- SOCSO	2,031	1,453
- Medical expenses	163	611
- Staff refreshments	1,204	2,009
	<u>235,526</u>	<u>279,939</u>
EXPENDITURE:		
Accounting fee	4,200	3,600
Advertisement	2,516	432
Audit fee	2,300	2,300
Annual General Meeting expenses	3,757	2,020
Bank charges	279	354
Compensation	81,900	-
Consultancy fee	37,067	7,885
Courier and postage	910	2,348
Press conference expenses	-	1,340
Extraordinary General Meeting expenses	-	4,550
Electricity and water	2,552	6,921
Entertainment	1,871	990
Meeting expenses	3,126	1,294
Insurance	18,707	6,924
Internet expenses	858	8,616
Legal fee	-	1,239
Licence and registration	-	50
Loss on foreign exchange - realised	-	945
Newspapers and periodicals	1,064	763
Office rental	45,444	34,279
Printing and stationery	12,362	10,686
Printing of newsletter	8,740	3,300
Tax fee	1,200	1,250
Sundry expenses	280	-
Service tax	282	357
Subscription fee	-	450
Media monitoring	-	63
Telecommunication	11,908	12,456
Penalty	-	1,302
Travel - local and overseas	23,251	16,858
Upkeep of office	3,735	3,281
Upkeep of office equipment and maintenance	13,796	3,037
	<u>282,105</u>	<u>139,890</u>

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
(Established under Societies Act, 1966)

STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 31ST DECEMBER, 2010

	ACCUMULATED FUND RM
AS AT 1ST JANUARY, 2009	448,555
SURPLUS FOR THE YEAR	<u>10,479</u>
AS AT 31ST DECEMBER, 2009	<u><u>459,034</u></u>
AS AT 1ST JANUARY, 2010	459,034
DEFICIT FOR THE YEAR	<u>(86,586)</u>
AS AT 31ST DECEMBER, 2010	<u><u>372,448</u></u>

The annexed notes form an integral part of the financial statements.

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
(Established under Societies Act, 1966)

**STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2010**

	2010 RM	2009 RM
RECEIPTS		
Grant	180,000	296,954
UNAC workshop & dinner income	21,336	-
National Anti Corruption Summit	-	20,000
Membership fee	19,300	24,200
Fixed deposit interest received	5,399	6,014
Sundry income	1,999	-
Sale of materials	-	880
Reimbursement from TI-S Berlin	30,142	38,970
Receivables		
- Grant from Petronas	60,000	119,712
Advances received		
- Forestry Governance Integrity (FGI) Project	346,752	178,732
- Project TI-S Berlin	-	23,575
- Grant for development operational manual	26,460	-
- Membership fee	-	1,100
- CRINIS Project	330,258	129,660
- Freedom of Information (FOI) Project	-	97,918
- Others	580	-
Entrance fee received from National Anti Corruption Summit	-	13,300
Entrance fee received from Training on TI's Anti Corruption Tools		5,150
Tax refunded	25,672	-
	<u>1,047,898</u>	<u>956,165</u>
LESS:		
PAYMENTS (Appendix II)	<u>(958,465)</u>	<u>(840,127)</u>
SURPLUS OF RECEIPTS OVER PAYMENTS	89,433	116,038
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>438,136</u>	<u>322,098</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note 7)	<u><u>527,569</u></u>	<u><u>438,136</u></u>

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
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**DETAILS OF PAYMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2010**

	2010 RM	2009 RM
Accounting fee	-	3,300
Advertisement	2,516	432
Annual General Meeting expenses	3,757	2,020
Bank charges	279	354
Bonus	-	13,540
Compensation	81,900	-
Consultancy fee	37,067	7,885
Courier and postage	822	2,348
Electricity and water	2,622	6,662
Entertainment	1,871	990
EPF	18,269	29,749
Extraordinary General Meeting expenses	-	4,550
Insurance	18,707	6,924
Internet expenses	792	8,616
Legal fee	-	1,239
Licence and registration	-	50
Loss on foreign exchange - realised	-	945
Media monitoring	-	63
Medical expenses	163	611
Meeting expenses	3,068	1,294
National Anti Corruption Summit	-	53,763
Newspapers and periodicals	1,084	763
Office rental	36,875	34,279
Penalty	-	1,302
Press conference expense	-	1,340
Printing and stationery	8,748	10,023
Printing of newsletter	8,740	3,300
Purchase of property, plant and equipment	30,087	9,789
Deposits and prepayment	439,871	346,339
Salaries and allowances	199,384	232,300
Service tax	281	179
SOCSO	1,709	1,144
Staff refreshment	1,041	2,009
Subscription fee	-	450
Sundry payables and accruals	11,145	8,383
Sundry expenses	280	-
Tax fee	2,563	-
Tax paid	972	5,252
Telecommunication	11,240	12,129
Training on TI's anti Corruption Tools	-	2,715
Travel - local and overseas	15,896	16,778
Upkeep of office	3,270	3,281
Upkeep of office equipment and maintenance	13,446	3,037
	<u>958,465</u>	<u>840,127</u>

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
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NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2010

1. GENERAL INFORMATION

The principal activity of the Society is to promote transparency and integrity. There has been no significant change in this activity during the financial year.

The average number of employees during the year numbered 5 (2009 – 5).

The Society is a society registered with the Registrar of Societies.

The address of the registered office and principal place of business of the Society is as follows:-

Suite B-11-1, Level 11
Wisma Pantai, Plaza Pantai
No.5, Jalan 4/83A
Off Jalan Pantai Baru
59200 Kuala Lumpur.

2. ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of the Society have been prepared under the historical cost convention and comply with Private Entities Reporting Standards.

b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Office equipment	10%
Computer equipment	25%
Furniture and fittings	10%

The carrying values of property, plant and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the income statement immediately.

c) Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for any considered to be doubtful of collection.

d) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

e) Grants

Grants are recognised where there is reasonable assurance that the Society will comply with the conditions attaching to them and the grants will be received.

Grants are recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate.

f) Income Recognition

The Society's income consists of contributions from its members, donations and project funding from Transparency International, projects organiser and various donors. Income has been accounted for on accrual basis unless there exists significant uncertainty as to the measurability or recoverability.

g) Currency Translations

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at exchange rates approximating those ruling at balance sheet date. All exchange differences are taken to the income statement.

The closing rates used in translating foreign monetary assets and liabilities are as follows:-

SGD1.00	:	RM2.3838
EURO1.00	:	RM4.0781
GBP1.00	:	RM4.7786

h) Employee Benefits

i) Short term benefits

Wages, salaries, paid leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

Non-monetary benefits such as medical care and other staff related expenses are charged to the income statement as and when incurred.

ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the statement of comprehensive income in the financial year to which they relate.

i) Impairment of Assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

The impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

j) Operating leases

Lease rental under operating lease are recognised as an expense on straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessors are, if any, recognised as a reduction of rental expense over the lease term on a straight-line basis.

k) Income Tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1) Cash and cash equivalents

Cash and cash equivalents represent cash and bank balances, short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. **PROPERTY, PLANT AND EQUIPMENT**

The details of property, plant and equipment are as follows:-

	Office equipment RM	Computer equipment RM	Furniture and fittings RM	Total RM
Cost				
As at 1 st January, 2010	29,413	63,408	9,607	102,428
Additions	-	-	30,087	30,087
As at 31 st December, 2010	<u>29,413</u>	<u>63,408</u>	<u>39,694</u>	<u>132,515</u>
Accumulated Depreciation				
As at 1 st January, 2010	16,008	48,955	5,247	70,210
Charge for the year	2,941	6,415	3,969	13,325
As at 31 st December, 2010	<u>18,949</u>	<u>55,370</u>	<u>9,216</u>	<u>83,535</u>
Net Book Value				
As at 31 st December, 2010	<u>10,464</u>	<u>8,038</u>	<u>30,478</u>	<u>48,980</u>
As at 31 st December, 2009	<u>13,405</u>	<u>14,453</u>	<u>4,360</u>	<u>32,218</u>
Depreciation charge				
Year ended 31 st December, 2009	<u>2,941</u>	<u>6,979</u>	<u>961</u>	<u>10,881</u>

4. RECEIVABLES, DEPOSITS AND PREPAYMENT	2010 RM	2009 RM
Receivables		
CRINIS Project	33,650	47,521
Forestry Governance Integrity (FGI) Project	480,431	120,189
Freedom of Information (FOI) Project	-	178,418
Grant receivable	60,000	60,000
Project TI-S Berlin	1,326	-
UNACD events receivables	1,000	-
	<u>576,407</u>	<u>406,128</u>
Deposits	13,993	13,870
Prepayment	600	720
	<u>591,000</u>	<u>420,718</u>
5. PAYABLES AND ACCRUALS	2010 RM	2009 RM
Payables		
Advance received for:		
- CRINIS Project	210,000	129,660
- Forestry Governance Integrity (FGI) Project	525,484	178,732
- Freedom of Information (FOI) Project	-	97,917
- EU Project	12,934	12,934
- Project TI-S Berlin	23,575	23,575
- Institute Integrity Malaysia	680	-
Membership fee received in advance	1,000	1,100
Grant for development operation manual	26,460	-
	<u>800,133</u>	<u>443,918</u>
Accruals		
Audit fee	2,300	4,945
SOCISO	664	664
Others	11,481	16,689
CRINIS Project – Honorarium payable	-	10,000
	<u>14,445</u>	<u>32,298</u>
	<u>814,578</u>	<u>476,216</u>

6. TAXATION	2010	2009
	RM	RM
Current year taxation	-	-
Overprovision in previous years	-	(27,498)
	<u>-</u>	<u>(27,498)</u>

The numerical reconciliations between tax income and the product of accounting result multiplied by the applicable tax rate are as follow:-

Loss before taxation	<u>(86,586)</u>	<u>(17,019)</u>
Taxation at statutory rate of 20% (2009 – 20%)	(17,317)	(3,404)
Overprovision in previous year	-	(27,498)
Non – deductible expenses	18,185	2,887
Deferred tax assets not recognised	-	517
Utilisation of deferred tax asset	<u>(868)</u>	<u>-</u>
	<u>-</u>	<u>(27,498)</u>

As at 31st December, 2010, the Society has unrecognised deferred tax assets arising from the following temporary differences as it is not probable that future profit will be available against which the assets can be utilised:

	2010	2009
	RM	RM
Unutilised tax losses	6,856	8,489
Unabsorbed capital allowances	24,546	18,927
Excess of net book value and tax written value of property, plant and equipment.	<u>(30,436)</u>	<u>(22,108)</u>
	<u>966</u>	<u>5,308</u>

7. CASH AND CASH EQUIVALENTS	2010	2009
	RM	RM
Cash and cash equivalents consist of:		
Fixed deposits placed with financial institutions	168,045	229,180
Cash and bank balances	<u>359,524</u>	<u>208,956</u>
	<u>527,569</u>	<u>438,136</u>

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
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STATEMENT BY MEMBERS OF THE EXECUTIVE COMMITTEE

We, DATUK PAUL LOW SENG KUAN and NGOOI CHIU ING, being two of the members of the Executive Committee of The Malaysian Society For Transparency & Integrity, state that, in the opinion of the Executive Committee, the financial statements set out on pages 3 to 14 are drawn up so as to give a true and fair view of the state of affairs of the Society as at 31st December, 2010 and of the income and expenditure account and receipts and payments of the Society for the year then ended in accordance with Private Entities Reporting Standards.

On behalf of the members of the Executive Committee



DATUK PAUL LOW SENG KUAN
President

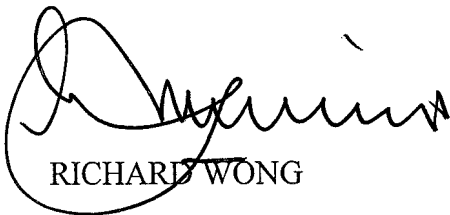


NGOOI CHIU ING
Secretary General

Kuala Lumpur
Date: 2 1 FEB 2011

STATEMENT BY TREASURER

I, RICHARD WONG, the person primarily responsible for the financial management of The Malaysian Society For Transparency & Integrity, do solemnly and sincerely declare that the financial statements set out on pages 3 to 14, are in my opinion, correct.



RICHARD WONG

Date: 2 1 FEB 2011

Review Report of TI-M Legal Defence Fund

3rd March 2011

The Executive Committee
Transparency International Malaysia (TI-M) Legal Defence Fund
B-11-6 Wisma Pantai
Plaza Pantai 5 Jalan 4/83A
59200 Kuala Lumpur.

Review Report of TI-M Legal Defence Fund

We have reviewed the accompanying statement of TI-M Legal Defence Fund for the period 11th March, 2010 to 31st December, 2010. The statement of TI-M Legal Defence Fund is the responsibility of TI-M's executive committee. Our responsibility is to issue a report on the statement of TI-M Legal Defence Fund based on our review.

We conducted our review in accordance with the approved standard on auditing in Malaysia (AI 910) applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement of TI-M Legal Defence Fund is free of material misstatement. A review is limited primarily to inquiries of the society's personnel and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying statement of TI-M Legal Defence Fund do not give a true and fair view in accordance with approved standard on auditing in Malaysia.

Yours faithfully,



TI-M Legal Defence Fund

Amount banked in

<u>Year 2010</u>	<u>RM</u>
Mar Advances for opening of bank account	1,000.00
donation received	10.00
Apr donation received	22,599.03
May donation received	7,330.00
Jun donation received	1,904.00
Jul donation received	3,000.00
Aug donation received	520.00
Sep donation received	750.00
Oct donation received	811.00
Nov donation received	-
Dec donation received	<u>5,200.00</u>
	<u>43,124.03</u>

Withdrawals

Mar Bank charges deducted by bank	(15.00)
Apr Bank charges deducted by bank	(7.50)
May Repayment of advances for opening of bank account	<u>(1,000.00)</u>
	<u>(1,022.50)</u>

Balance of fund currently held in CIMB Bank **42,101.53**
(account number : 1440-0009853-05-1)
as at 31 Dceember 2010

