

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

REPORTS AND FINANCIAL STATEMENTS
31ST DECEMBER, 2011

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
(Established under Societies Act, 1966)
(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, 2011 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 Generally Accepted Accounting Principles, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 Generally Accepted Accounting Principles so as to give a true and fair view of the financial position of the Society as of 31st December, 2011 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
1245/4/13(J)

Kuala Lumpur

Date: 02 MAR 2012

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
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BALANCE SHEET - 31ST DECEMBER, 2011

	Note	2011 RM	2010 RM
PROPERTY, PLANT AND EQUIPMENT	3	40,505	48,980
CURRENT ASSETS			
Receivables, deposits and prepayment	4	1,256,868	591,000
Current tax asset		24,149	19,477
Fixed deposits	5	576,165	168,045
Cash and bank balances		289,522	359,524
		2,146,704	1,138,046
LESS: CURRENT LIABILITY			
Sundry payables and accruals	6	1,803,963	814,578
NET CURRENT ASSETS		342,741	323,468
		383,246	372,448
Financed by:-			
ACCUMULATED FUND		383,246	372,448

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

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
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INCOME AND EXPENDITURE ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2011

	Note	2011 RM	2010 RM
INCOME			
Grant		127,000	300,000
Membership fee		23,300	20,400
Fixed deposit interest received		8,120	5,399
Sundry income		240	1,999
UNACD workshop and dinner income		-	66,850
Contribution from individuals		16,842	-
Management fee organising RPM 2011		6,330	-
		181,832	394,648
OTHER INCOME			
Project TI-S Berlin		-	30,142
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		351,534	50,796
Net surplus of funding for Business Integrity programme		82,987	-
Gain on foreign exchange		897	-
		617,250	484,234
PROJECT EXPENSES			
UNACD workshop & dinner cost		-	(39,864)
		617,250	444,370
DEPRECIATION			
STAFF COSTS (Appendix I)		(13,306)	(13,325)
OTHER OPERATING EXPENSES (Appendix I)		(378,272)	(235,526)
		(214,684)	(282,105)
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR			
TAXATION	7	10,988	(86,586)
		(190)	-
NET SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR			
		10,798	(86,586)

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

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
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	2011	2010
	RM	RM
STAFF COSTS		
Personnel expenses		
- Bonus	12,730	-
- Salaries and allowances	319,068	207,317
- EPF	37,891	24,811
- SOCSO	3,336	2,031
- Medical expenses	145	163
- Staff refreshments	589	1,204
- meal allowances	4,513	-
	<u>378,272</u>	<u>235,526</u>
EXPENDITURE:		
Accounting fee	4,200	4,200
Advertisement	1,195	2,516
Audit fee	2,300	2,300
Annual General Meeting expenses	2,708	3,757
Bank charges	373	279
Compensation	-	81,900
Consultancy fee	70,000	37,067
Courier and postage	843	910
Electricity and water	2,552	2,552
Entertainment	-	1,871
Meeting expenses	6,493	3,126
Insurance	4,398	18,707
Internet expenses	726	858
Newspapers and periodicals	698	1,064
Office rental	45,552	45,444
Printing and stationery	7,987	12,362
Printing of newsletter	6,700	8,740
Tax fee	1,250	1,200
Sundry expenses	2,477	280
Service tax	423	282
Telecommunication	11,284	11,908
Travel - local and overseas	24,601	23,251
Upkeep of office	4,078	3,735
Upkeep of office equipment and maintenance	13,846	13,796
	<u>214,684</u>	<u>282,105</u>

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
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STATEMENT OF CHANGES IN FUND
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2011

	ACCUMULATED FUND RM
AS AT 1ST JANUARY, 2010	459,034
NET DEFICIT FOR THE FINANCIAL YEAR	<u>(86,586)</u>
AS AT 31ST DECEMBER, 2010	<u>372,448</u>
AS AT 1ST JANUARY, 2011	372,488
NET SURPLUS FOR THE FINANCIAL YEAR	<u>10,798</u>
AS AT 31ST DECEMBER, 2011	<u>383,286</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 FINANCIAL YEAR ENDED 31ST DECEMBER, 2011

	2011	2010
	RM	RM
RECEIPTS		
Grant	127,000	180,000
UNACD workshop & dinner income	1,000	21,336
Membership fee	24,250	19,300
Fixed deposit interest received	10,990	5,399
Sundry income	240	1,999
Reimbursement from TI-S Berlin	6,330	30,142
Receivables		
- Grant from Petronas	-	60,000
Fund received	-	-
- Business integrity programme	230,000	-
- Forestry Governance Integrity (FGI) Project	742,729	346,752
- Grant for development operational manual	-	26,460
- CRINIS Project	2,310	330,258
- Others	23,220	580
Tax refunded	14,023	25,672
	<u>1,182,092</u>	<u>1,047,898</u>
LESS:		
PAYMENTS (Appendix II)	<u>(843,974)</u>	<u>(958,465)</u>
SURPLUS OF RECEIPTS OVER PAYMENTS	338,118	89,433
CASH AND CASH EQUIVALENTS		
BROUGHT FORWARD	<u>527,569</u>	<u>438,136</u>
CASH AND CASH EQUIVALENTS		
CARRIED FORWARD (Note 8)	<u><u>865,687</u></u>	<u><u>527,569</u></u>

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

DETAILS OF PAYMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011 RM	2010 RM
Accounting fee	3,500	-
Advertisement	1,195	2,516
Annual General Meeting expenses	2,708	3,757
Audit fee	2,300	-
Bank charges	373	279
Bonus	12,730	-
Compensation	-	81,900
Consultancy fee	70,000	37,067
Courier and postage	843	822
Deposit		
Electricity and water	2,552	2,622
Entertainment	-	1,871
EPF	37,891	18,269
Insurance	4,398	18,707
Internet expenses	726	792
Meal allowance	4,513	-
Medical expenses	145	163
Meeting expenses	6,493	3,068
Newspapers and periodicals	698	1,084
Office rental	45,552	36,875
Printing and stationery	7,987	8,748
Printing of newsletter	6,700	8,740
Purchase of property, plant and equipment	4,831	30,087
Deposits and prepayment	232,477	439,871
Salaries and allowances	319,068	199,384
Service tax	423	281
SOCSSO	3,336	1,709
Staff refreshment	589	1,041
Sundry payables and accruals	10,574	11,145
Sundry expenses	2,477	280
Tax fee	1,250	2,563
Tax paid	4,862	972
Telecommunication	11,284	11,240
Travel - local and overseas	23,575	15,896
Upkeep of office	4,078	3,270
Upkeep of office equipment and maintenance	13,846	13,446
	843,974	958,465

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
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NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2011

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 6 (2010 – 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 Generally Accepted Accounting Principles.

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 is as follows:-

EURO1.00 : RM4.1118

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.

l) 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, 2011	29,413	63,408	39,694	132,515
Additions	-	4,831	-	4,831
As at 31 st December, 2011	29,413	68,239	39,694	137,346
Accumulated Depreciation				
As at 1 st January, 2011	18,949	55,370	9,216	83,535
Charge for the financial year	2,139	7,197	3,970	13,306
As at 31 st December, 2011	21,088	62,567	13,186	96,841
Net Book Value				
As at 31 st December, 2011	8,324	5,673	26,508	40,505
As at 31 st December, 2010	10,464	8,038	30,478	48,980
Depreciation charge				
Financial year ended 31 st December, 2010	2,941	6,415	3,969	13,325

4. RECEIVABLES, DEPOSITS AND PREPAYMENT	2011 RM	2010 RM
Receivables		
Business Integrity Programme	82,987	-
CRINIS Project	159,064	33,650
Forestry Governance Integrity (FGI) Project	928,924	480,431
Grant receivable	60,000	60,000
Project TI-S Berlin	-	1,326
UNACD events receivables	-	1,000
TIM strategic Planning	8,600	-
	1,239,575	576,407
Deposits	16,393	13,993
Prepayment	900	600
	<u>1,256,868</u>	<u>591,000</u>

5. **FIXED DEPOSITS**

The fixed deposits are placed with licensed banks and have a maturity period of less than one year.

6. SUNDRY PAYABLES AND ACCRUALS	2011 RM	2010 RM
Sundry Payables		
Advance received for:		
- CRINIS Project	212,310	210,000
- Forestry Governance Integrity (FGI) Project	1,268,213	525,484
- EU Project	12,934	12,934
- Project TI-S Berlin	23,575	23,575
- Institute Integrity Malaysia	-	680
- Business Integrity Programme	230,000	-
- TI AusAid Grand	23,220	-
Membership fee received in advance	2,000	1,000
Grant for development operation manual	24,485	26,460
	1,796,737	800,133
Accruals		
Audit fee	2,300	2,300
Socso	664	664
Others	4,262	11,481
	7,226	14,445
	<u>1,803,963</u>	<u>814,578</u>

7.	TAXATION	2011 RM	2010 RM
	Current tax expense	<u>190</u>	<u>-</u>

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

Profit/(Loss) before taxation	<u>10,988</u>	<u>(86,586)</u>
Taxation at statutory rate of 20% (2010 – 20%)	2,198	(17,317)
Tax effect of non-deductible expenses	1,716	18,185
Utilisation of deferred tax asset	<u>-</u>	<u>(868)</u>
	<u>190</u>	<u>-</u>

8.	CASH AND CASH EQUIVALENTS	2011 RM	2010 RM
	Cash and cash equivalents consist of:		
	Fixed deposits	576,165	168,045
	Cash and bank balances	<u>289,522</u>	<u>359,524</u>
		<u>865,687</u>	<u>527,569</u>

9. COMPARATIVE FIGURES

The follow comparative figures have been reclassified for fairer presentation.

	As restated RM	As previously reported RM
Fixed deposits	168,045	-
Cash and bank balances	<u>359,524</u>	<u>527,569</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 JOSIE FERNANDEZ, 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, 2011 and of the income and expenditure account and receipts and payments of the Society for the financial year then ended in accordance with Generally Accepted Accounting Principles.

On behalf of the members of the Executive Committee



DATUK PAUL LOW SENG KUAN
President



JOSIE FERNANDEZ
Secretary General

Kuala Lumpur

Date: 02 MAR 2012

STATEMENT BY TREASURER

I, BRIAN FONG WAI KHEONG, 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.



BRIAN FONG WAI KHEONG

Date: 02 MAR 2012