

TRANSPARENCY INTERNATIONAL E.V.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Transparency International is a global movement with one vision: a world in which government, business, civil society and the daily lives of people are free of corruption. Through more than 100 chapters worldwide and an international secretariat in Berlin, we are leading the fight against corruption to turn this vision into reality.

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GENERAL INFORMATION

Board of Directors:

NAME	COUNTRY	NOTES
José Ugaz	Peru	Chair
Elena A. Panfilova	Russia	Vice Chair, until Mar 2017
Boris Divjak	Bosnia and Herzegovina	Elected Nov. 2016
Nada Abdelsater Abusamra	Lebanon	
Iftekhar Zaman	Bangladesh	
Sion Assidon	Morocco	
Emile Carr	Sierra Leone	
Jeremy Carver	United Kingdom	
Mercedes de Freitas	Venezuela	
Mark Mullen	Georgia	
Natalia Soebagjo	Indonesia	
Elizabeth Ungar Bleier	Colombia	
J.C. Weliamuna	Sri Lanka	Until Nov. 2016

Managing Director (Interim):

Robin Hodess

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Registration :

Registration office: Amtsgericht Charlottenburg
Registration number: VR 13598 B
Date of latest change: 15/02/2017

Tax registration : Registration office: Finanzamt für Körperschaften I
Tax number: 27/678/51105
Date of latest triennial exemption: 12/08/2016
Value Added Tax (VAT) identification number: DE273612486

Auditors : Mazars GmbH & Co.KG
Wirtschaftsprüfungsgesellschaft
Alt-Moabit 2
10557 Berlin
Germany

Banks : Commerzbank AG
Theodor-Heuss-Platz 6
10877 Berlin
Germany

Deutsche Bank AG
Unter den Linden 13/15
10117 Berlin
Germany

Bank of America NA
100 North Tryon Street
Charlotte, NC 28255
United States

KBC Bank
Avenue Marnix 31
1000 Brussels
Belgium

MANAGING DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The Managing Director (Interim) presents the annual report on the affairs of Transparency International e.V. for the year ended 31 December 2016.

GOVERNANCE STRUCTURE

The TI Movement

Transparency International (TI) is an unincorporated, international coalition, which has the objective to stop corruption and promote transparency, accountability and integrity at all levels and across all sectors of society. The TI movement consists of more than 100 National Chapters, Chapters in Formation and National Contacts in different countries throughout the world and an international Secretariat in Berlin. Additionally, the movement comprises Transparency International Liaison Office to the European Union (TI-EU), based in Brussels, and Friends of Transparency International (FOTI) based in New York. The Secretariat, TI-EU and FOTI present their accounts on a consolidated basis and are collectively referred to as TI-S in this report. All other movement entities are referred to as coalition partners.

TI-Secretariat

Transparency International e.V. (the Secretariat) is an incorporated membership association registered in Berlin and recognised as being exempt from income tax in Germany. Its governing document is the Charter of Transparency International.

The members of the association comprise individuals and independent entities. Their accreditation is the result of a formal process, awarding them the status "Individual Member" (physical persons) or "National Chapter" (entities). Accredited members have voting rights at Membership Meetings.

Representatives of National Chapters and Individual Members meet on an annual basis at the Annual Membership Meeting (AMM) to learn from each other, coordinate their activities, hold the Board of Directors to account and elect new Board members. The Board is comprised of twelve members who are elected for a three-year term and hold the Secretariat to account, including by review and approval of its budget. The Board has several committees, including the Finance and Audit Committees, which advise the Board on financial matters.

The Secretariat's operations are led by the Managing Director, who has registered power of attorney for the organisation. The Managing Director is appointed by the Board of Directors and reports to it.

OBJECTIVES AND ACTIVITIES

Overview

In line with the TI Charter, the main objective of TI-S is “to take action to combat corruption and prevent criminal activities arising from corruption so as to help build a world in which government, politics, business, civil society and the daily lives of people are free of corruption, because of the potential of corruption to undermine economic development, generate poverty, foster political instability and create global insecurity”.

In particular, this is done by:

- Raising public awareness of the occurrence and impact of corruption;
- Developing coalitions to address it;
- Developing and disseminating tools to curb it;
- Promoting transparency and accountability in politics and business;
- Monitoring the control of corruption; and
- Supporting institutions and mechanisms to combat it.

2016 Achievements and Impacts

The harder Transparency International fights against corruption, the more we raise awareness of how widespread corruption is and how much it threatens the rights and livelihoods of millions of human beings. 2016 has been a year of important success in our mission to combat corruption, promote transparency, and support the TI movement. There have been many highlights; these are just a few:

- We have seen significant achievements from our chapters in Ukraine, Bangladesh, Honduras, Kenya, and many, many others. TI UK played a key role in the organisation of the Anti-Corruption Summit in London in May. The Unmask the Corrupt campaign reached millions of people, exposing the stories of the worst cases of corruption worldwide. We are actively engaged in bringing the former president of Panama to justice, to end impunity. Our team in Brazil has done a tremendous job supporting the Lava Jato case and promoting institutional reform.
- We ended 2016 with a successful IACC in Panama with more than 1,600 participants. We made strong contributions at the OGP meeting, a week later in Paris. We have started a dialogue with the IMF to strengthen the inclusion of corruption in its programming. We have launched TI's legal definition on Grand Corruption, and the anti-corruption community has started to use it.
- Our reports on lobbying and whistleblowing in Europe have had real impact both in media coverage and results. In the Maldives, we supported a whistleblower, Gasim Abdul Kareem, who was jailed for exposing the transfer of public money into private bank accounts. He featured on the 2016 Anti-Corruption Award shortlist and, through our efforts and those of the chapter, was released from prison with a minimal sentence.

For the world, TI is the most relevant and important anti-corruption coalition: the go-to organisation for research and solutions. In our visits to chapters, we have witnessed how visible and impactful TI is at the country level. At the international level, our views garner respect in all key fora. Our focus on high-profile corrupt individuals and impunity is now creating a sense of fear among the corrupt. We will not let them get away with corruption.

In 2015, Transparency International developed a five-year strategy which sets out our collective ambition for the coming years. [Together against Corruption: Transparency International Strategy 2020](#) is a strategy by and for the movement. Today the Transparency International movement includes

more than 100 independent national chapters, partners and individuals around the world, who work Together against Corruption. The three strategic priorities identified are: 1) People and Partners, 2) Prevention, Enforcement and Justice, and 3) Strong Movement.

Plans for the Future

In 2017, TI will continue to bring its critical and constructive voice to the table wherever anti-corruption expertise, advocacy and action are needed. From global processes such as the implementation and monitoring of the Sustainable Development Goals, the G20, the follow-up on the implementation of the commitments of the 2016 UK Anti-Corruption summit, to national work on the OGP Action plans, Transparency International plays a key role in efforts to stop corruption around the world in 2017. Concretely, TI-S will implement the following work:

Influencing the global and regional agenda

Public demand for accountability

In follow up to the adoption of the Sustainable Development Goals (SDGs) TI-S will support chapters in engaging with their governments on national indicators, and in shadow-monitoring the implementation of the SDGs, in particular Goal 16. We will promote fiscal transparency and open data for anti-corruption in key fora, such as the G20 and OGP. We will work with a range of global, regional and national stakeholders in the areas of climate finance, public procurement, and land governance to ensure that government services meet the intended purposes, and citizens are in a position to hold governments to account.

Ending impunity for Grand Corruption

As part of our commitment to protect our activists and our drive to advocate against grand corruption, TI-S will focus on achieving recognition for the need for special criminal procedures and redress and compensation for victims. We will pursue human rights-related aspects of the crime of grand corruption with inter-governmental institutions and international human rights bodies, international law associations, non-governmental organizations, and business associations. Cases of grand corruption will be addressed by TI-S-led advocacy campaigns, in close collaboration with investigative journalist communities, with the potential for legal action. Furthermore, we will start to engage in research on and relevant partnerships with the real estate and accounting sectors to promote anti-corruption standards and practices to prevent the corrupt money flows that characterise grand corruption.

Documenting and disseminating anti-corruption evidence

Many of TI's flagship research products feature in our plans for 2017. The Corruption Perceptions Index 2016 has its launch date January 2017, and several regional reports of the Corruption Barometer, capturing citizens' experiences with and views on corruption, will be launched in the course of 2017. The CPI, GCB and other TI global research tools will be promoted among relevant policy-makers and practitioners, as well as the general public, through social media messaging and website publicity, webinars, knowledge sharing meetings and further knowledge products. The Anti-corruption Helpdesk will service national chapters and selected stakeholders to promote an informed and evidence-based approach to anti-corruption policy challenges. In addition, the Help Desk and our research team will focus on our strategic priorities and on learning what works to best to stop corruption. We will roll out the Business Integrity Country Assessments in a range of countries. We will also reflect on anti-corruption commitments in OGP and develop a set of resources that show how anti-corruption is linked to open government, as part of peer learning in our role leading the OGP anti-corruption working group. Currently, a number of new knowledge products are planned for 2017, such as a methodology and shadow reporting template for SDG reporting, an e-learning course on developing and using corruption indicators and topic guides on climate finance and service delivery, and an updated draft of G20 implementation of beneficial ownership transparency principles.

Strengthening the TI movement

In 2017, TI-S will continue to support our network of chapters on a range of thematic areas. We will advocate for strong whistleblowing legislation and practise. We will develop public action following up on cases identified through our Advocacy and Legal Advice Centres (ALACs) at the national level. We will support TI chapter engagement with the business community on anti-corruption issues. We will also work with our chapters to better capitalise on the impact achieved and better use success stories to mobilise people and resources. TI-S will also continue to backstop the Global Thematic Network Initiatives that are led by chapters. These initiatives currently focus on mining, pharmaceuticals and healthcare, defence and security, humanitarian assistance and the judiciary. In addition, the TI movement will strengthen its presence and impact in key countries such as the United States of America and Brazil, as well as in countries where crisis demands mobilisation on anti-corruption.

Assessing and managing risks

Given the risks entailed by an increased focus on cases of corruption and citizen engagement, our safety processes and response procedures to crises around the world will be further improved. We will continue to evaluate security risks, using our risk management health checks in targeted countries and undertaking dedicated missions by our safety and security programme. Furthermore, improved information and physical security management will be delivered at TI-S. In the context of shrinking civil society space, strong advocacy for safeguarding anti-corruption activists and/ or against emerging and new restrictive CSO laws will continue to be delivered via TI-S. Internationally, human rights mechanisms will be used to raise protection issues, and national chapters will be supported to use UN human rights and associated protection mechanisms.

A “fit-for-purpose” Secretariat

Building upon the progress made in 2016, our first year implementing our strategy, we will continue to work towards ensuring that the Secretariat is “fit for purpose” and provides maximum value for money when implementing its work and supporting the TI movement.

At the end of 2015, the Secretariat began a transformation process to change its organisational structure and operational model. The overall objective was for the Secretariat to become a more agile, dynamic and a better learning organisation. The Secretariat’s structure is now aligned to support our strategic goals. The transformation in our operations created a flatter organisation and shifted initiative and accountability to staff who follow agreed procedures to align their work behind the five-year implementation plan.

The Secretariat has also responded to a reduction of unrestricted income in 2017, and is investing its limited unrestricted income in its priority areas. In two of these areas, Public Demand for Accountability and Grand Corruption, we have a number of restricted grants contribute directly to the achievement of our goals. In supporting Best Governance and Organisational Standards and Practices for our movement, while a core team continues focusing on governance, finance and legal expertise remains in place to round out this work. At the same time, we continue to mobilise resources to enable maximum impact for and with the TI movement – in these three priority areas and beyond. Given the challenges related to our core income, we will manage growth carefully and only invest resources in line with our strategic goals, and ensuring value for money is achieved.

RISK MANAGEMENT

As an advocacy organisation, taking risks is an essential part of bringing about change. The purpose of strengthening how risk is managed is not to make TI-S more risk averse, but rather to make it more capable of identifying, assessing and addressing risks in a timely manner. In short, managing risks more effectively allows the organisation to fight corruption more successfully.

The Board has ultimate responsibility for risk management and to ensure that there are structures and processes in place for the effective management of risk. Responsibility for risk oversight has been delegated to the Audit Committee, which reports and provides advice regularly to the Board.

The Secretariat's risk management infrastructure rests on five integrated pillars, each broadly responsible for an area of risk; these include: 1) Institutional; 2) Political and Legal; 3) Personnel Safety; 4) Media Interest and Reputation; and 5) National Chapters. Cross-cutting the five pillars, there is a focus on programmatic risk, which concentrates particularly on TI's shift in how it approaches fighting corruption, from people engagement to campaigning and case work. Robust and effective systems and processes to manage day-to-day risks across the organization are implemented and maintained.

The Audit Committee has reviewed current risk management arrangements, and considers that they are sufficient to ensure that major risks are identified and systems are established to manage them. The Audit Committee regularly receives updates on risk management, and on an annual basis reviews the overall systems and processes on risk management.

FINANCIAL REVIEW

Results review

In 2016 the income of TI-S decreased compared to the prior reporting period by €2,919,590 or 11% in spite of the consolidation area being expanded to include TI-EU. A comparison with 2015 on the same consolidation area as last year would indicate a decrease of €3,847,884, or 14%.

Restricted income decreased by €2,372,144 due to a different phase in the lifecycle of TI-S's main projects: while in 2015 several large undertakings came to their final phase, which implies significant recognition of costs and income, this year's programme activities are mostly at the start of the implementation phase. The increase in advances to project partners of €750,320 (+47%) highlights how the TI-S has started the implementation of new projects.

Availability of **unrestricted income** is substantively decreasing on the fundraising landscape. This implied a reduction of €593,518 (8%) in 2016.

TI-S continued to seek further **diversification**, with promising signs in the case of foundations and trusts. In 2016, this funding channel generated 48% more resources than in 2015 and now represent 12% of total income. The share of income acquired through institutional donors decreased to 75% of restricted (2015: 84%), and 80% of total income (2015: 88%).

The expected reduction in unrestricted income in 2017 required nevertheless a **restructuring plan** to ensure the Secretariat would remain financially sustainable. As a result, activities and costs have been aligned with the funding available and projected. Costs related to severance payments and termination periods, totaling €689,540, are accounted for in 2016 costs, in compliance with accounting standards. Net of these and of TI-EU's personnel cost, staff expense at the Secretariat decreased by €942,261 (9%) compared to 2015.

The Board approved the **investment** of €1,600,000 from the former 'endowment funds' in a portfolio of securities and equities, traded mostly in the Eurozone. The value of the portfolio at year-end increased by approximately 2.5%, above the initial expectations.

Reserves policy

The reserves policy approved by the Finance Committee has set a target for the total reserves as between three and six months of total adjusted operating expenses plus commitments. The current level of reserves, at €3,975,720 is above the minimum target and corresponds to approximately 5 months of adjusted expenditure plus commitments.

Going Concern

No material uncertainties that cast significant doubt about the ability of TI-S to continue as a going concern have been identified by management.

FINANCIAL STATEMENTS

TI-S presents the financial statements voluntarily. The decision to apply International Financial Reporting Standards (IFRS) as adopted by the EU was first applied in 2007 in keeping with our core values and to serve as a leader in terms of accountability, transparency and credibility.

Auditors

Mazars GmbH & Co. KG were appointed to audit the Financial Statements as of 31 December 2016.

29 March 2017



Robin Hodess
Managing Director (Interim)

AUDIT REPORT

INDEPENDENT AUDITOR'S REPORT

To Transparency International e.V., Berlin

We have audited the accompanying consolidated financial statements of Transparency International e.V., Berlin and its subsidiary, which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and the Notes to the Financial Statements for the year ended 31 December 2016.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with IFRSs, as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the parent company's preparation and fair presentation of consolidated 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 group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Transparency International e.V., Berlin and its subsidiary, as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with the IFRSs, as adopted by the EU.

Final remarks

This report is issued for information purposes to Transparency International e.V., Berlin only and for no other purpose.

Our assignment and professional liability is governed by the General Conditions of Assignment for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017. By reading and using the information contained in this report, each recipient confirms notice of provisions of the General Conditions of Assignment (including the limitation of our liability as stipulated in No. 9) and accepts the validity of the attached General Conditions of Assignment with respect to us.

Berlin, 30 March 2017

MAZARS GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft



Zapp
Wirtschaftsprüfer



Oelze
Wirtschaftsprüfer

Consolidated Statement of Financial Position

ASSETS	Notes	31 December 2016	31 December 2015
<i>all amounts are stated in Euros</i>			
Current Assets			
Cash and cash equivalents	3	10,408,835	13,705,213
Accounts receivable		2,456,634	1,267,745
Debtors	4	275,416	187,149
Accrued income	5	2,181,218	1,080,596
Advances to project partners	6	2,359,605	1,609,285
Other current assets	7	168,344	244,074
Current Assets, total		15,393,418	16,826,317
Non Current Assets			
Intangible assets	8	42,270	27,909
Tangible assets	8	127,194	218,094
Investments	9	1,641,991	2,500
Other financial assets	9	105,730	85,161
Non Current Assets, total		1,917,185	333,664
Assets, total		17,310,603	17,159,981

LIABILITIES AND RESERVES	Notes	31 December 2016	31 December 2015
<i>all amounts are stated in Euros</i>			
Current Liabilities			
Accounts payable		1,239,474	1,312,218
Liabilities to project partners	10	286,354	422,912
Liabilities to suppliers	11	545,093	546,272
Other current liabilities	12	408,027	343,034
Deferred income, current	13	7,640,232	7,030,536
Current Liabilities, total		8,879,706	8,342,754
Non Current Liabilities			
Deferred income, non current	14	3,717,933	4,077,933
Other non current liabilities	9	1,250	1,250
Provisions	15	735,994	831,691
Non Current Liabilities, total		4,455,177	4,910,874
Reserves	16	3,975,720	3,906,353
Liabilities and Reserves, total		17,310,603	17,159,981

The notes on pages 16 to 43 form part of these financial statements

Consolidated Statement of Comprehensive Income

	Notes	2016	2015
<i>all amounts are stated in Euros</i>			
Operating income			
Unrestricted income	17.a	7,184,617	7,778,135
Restricted income	17.b	16,726,785	19,098,929
Other income	17.c	267,007	220,935
Operating Income, total		24,178,409	27,097,999
Expenditure			
Personnel expenses	19	10,590,385	10,011,855
Partner support	20	8,134,238	10,944,525
Other expenses	21	5,270,331	5,652,007
Depreciation and amortisation	8	120,071	123,366
Expenditure, total		24,115,025	26,731,753
Result from Operating Activities		63,384	366,246
Financial Result, net	24	(39,116)	(81,805)
Comprehensive Income, total		24,268	284,441

All the above results are derived from continuing activities.

There are no recognised gains and losses other than the ones stated above.

The notes on pages 16 to 43 form part of these financial statements

Consolidated Statement of Changes in Reserves

	Free Reserves	Designated Reserves		Total
		Special Fund	Network Reserve	
<i>all amounts are stated in Euros</i>				
Opening balance at 01 January 2015	2,697,244	774,500	150,000	3,621,744
Transferred reserves on consolidation of subsidiary	168			168
Transfer from Total Comprehensive Income in 2015	284,441	-	-	284,441
Balance at 31 December 2015	2,981,853	774,500	150,000	3,906,353
Opening balance at 01 January 2016	2,981,853	774,500	150,000	3,906,353
Transferred reserves on consolidation of subsidiary	45,100	-	-	45,100
Transfer from Total Comprehensive Income in 2016	24,268	-	-	24,268
Balance at 31 December 2016	3,051,221	774,500	150,000	3,975,721

The notes on pages 16 to 43 form part of these financial statements

Consolidated Statement of Cash Flows

	Notes	2016	2015
<i>all amounts are stated in Euros</i>			
Total Comprehensive Income		24,268	284,441
CASH FLOW FROM OPERATING ACTIVITIES			
Adjustments for:			
Acquisition of fixed assets upon consolidation	8	(14,051)	-
Depreciation and amortisation	8	120,071	123,366
Release of leasehold improvements	8	459	-
Loss on disposal of fixed assets	8	6,016	12,473
Proceeds from the sales of fixed assets	8	(620)	-
Interest income/expense	24, 9	(42,572)	(20,996)
Unrealised currency translation gains and losses	24	22,146	76,074
Provisions	15	(95,697)	831,691
Adjustments:		(4,249)	1,022,608
Granting activities:			
Decrease/(Increase) in advances to project partners	6	(750,320)	3,949,874
(Decrease)/Increase in liabilities to project partners	10	(136,560)	307,951
Decrease/(Increase) in accrued income	5	(1,100,623)	(269,492)
(Decrease)/Increase in deferred income	13	609,696	(4,173,722)
Cash flow from granting activities		(1,377,807)	(185,389)
Other operating activities:			
Decrease/(Increase) in debtors and other current assets	4, 7	(12,537)	3,375
(Decrease)/Increase in liabilities to suppliers and other c. liab.	11, 12	63,814	(207,435)
Decrease/(Increase) in other financial assets	9	(20,569)	15,522
Interest income received	24	42,838	21,492
Interest expense paid	24	(266)	(496)
Cash flow from other operating activities		73,280	(167,542)
Net cash flow from operating activities		(1,284,508)	954,118
CASH FLOW FROM INVESTING ACTIVITIES			
Disbursements for the purchase of fixed assets	8	(35,953)	(173,529)
Investment of current endowment funds		(1,639,491)	-
Proceeds from sale of fixed assets	8	620	-
Net cash flow from investing activities		(1,674,824)	(173,529)
CASH FLOW FROM FINANCING ACTIVITIES			
Reserves transferred upon consolidation	SoCR	45,100	168
Release of former endowment funds	14	(360,000)	4,077,933
Net cash flow from financing activities		(314,900)	4,078,101
Decrease/Increase in cash and cash equivalents		(3,274,232)	4,858,690
Cash and cash equivalents balance at 01 January	3	13,705,213	8,922,597
(Decrease) / Increase in cash and cash equivalents	3	(3,274,232)	4,858,690
Effect of exchange rate fluctuation on cash held	24	(22,146)	(76,074)
Cash and cash equivalents at 31 December		10,408,835	13,705,213

The notes on pages 16 to 43 form part of these financial statements

NOTES

Transparency International e.V. (henceforth referred to as the Secretariat) is a registered, incorporated association ("eingetragener Verein") based at Alt-Moabit 96, 10559 Berlin, Germany. It acts as the secretariat of Transparency International (TI), the global civil society organisation leading the fight against corruption.

The financial statements comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and the Notes to the Financial Statements for the year ended 31 December 2016. The area of consolidation is defined below. The financial statements are presented in units of Euros.

1. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are detailed below.

1.a Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (henceforth, Adopted IFRS).

The financial statements have been prepared voluntarily, under the historical cost basis. The accounting policies adopted in preparing these statements are consistent with those applied in the year ended 31 December 2015.

1.b Changes in adopted IFRS

During the last reporting period, the following standards and interpretations have become effective. As such they have been adopted by the Secretariat, although none had a significant impact on the financial statements for the year ending 31 December 2016:

- Improvements to IFRS: IFRS 10 and IAS 28, IFRS 11, IAS 16, IAS 38, IAS 41, IAS 27, IFRS 12, IFRS 28 and IAS 1
- New standards: IFRS 14, Regulatory Deferral Accounts

At the date of issue of these financial statements the following standards and interpretations, which have not been applied in these financial statements, were issued but not yet effective. The Secretariat is currently taking all the necessary steps to assess the impact of these standards on its statements and implement them accordingly, if necessary, by their effective date. Management anticipates that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Secretariat:

- Amendments to IAS 7: Disclosure Initiative, effective for accounting periods beginning on or after 1/1/2017
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses, effective for accounting periods beginning on or after 1/1/2017
- IFRS 9 (2014) Financial Instruments, effective for accounting periods beginning on or after 1/1/2018

- IFRS 15 Revenue from Contracts with Customers, effective for accounting periods beginning on or after 1/1/2018
- IFRS 16 Leases, effective for accounting periods beginning on or after 1/1/2019
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effectiveness not yet agreed)

1.c Preparation of the accounts on a going concern basis

The reported consolidated net surplus amounts to €24,268, lower than prior years' surplus of €284,441. Projected funding for 2017 is considered adequate for sustainability: the 2017 budget approved by the Board in March 2017 indicates that grants awarded are sufficient to fund the large majority of budgeted expenditure; in line with previous years, after the approval of the budget, additional income is expected to be secured through newly signed grants.

With reference to the liquidity at year end, current assets exceed current liabilities by €6,513,712; cash amounts to €10,408,835 or 60% of total assets. Cash flow shortages are not expected in the short and medium term. As such, there is no significant doubt on financial sustainability in the next 12-18 months. The accounts are therefore being prepared on a going concern basis.

1.d Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements and estimates that affect the valuation of assets, income, liabilities and expenses. These estimates and judgements are based on assumptions that are considered reasonable in the circumstances, having regard to historical experience. Actual results may differ from these estimates.

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

1.e Area of consolidation

These financial statements aggregate the results of the Secretariat with Friends of Transparency International (FOTI) and Transparency International Liaison Office to European Union AISBL (TI-EU) on a line-by-line basis. The entities are henceforth referred to collectively as TI-S in this report. A separate set of financial statements for the Secretariat is not presented.

TI-EU, previously assessed as a related party, has been included in the area of consolidation in 2016 as a result of the factual changes in the influence exercised by the Secretariat, which now has de facto control on the entity.

Other entities belonging to the TI Movement –subsequently referred to as “coalition partners”- share common strategic goals and meet certain agreed accreditation requirements; however, these are fully independent from the Secretariat per the criteria set by IFRS 10 and therefore report separately.

1.e.1 Consolidated entities

FOTI is a charity incorporated in the state of Minnesota, USA, and granted tax exempt status as per art. 501(c)3 of the United States Internal Revenue Code. It was founded in 2014 with the Secretariat as its sole member. The entity has currently no employees, and its registered address is:

777 UN Plaza, Suite 3D, New York NY 10017 – United States

During 2016, the Secretariat and FOTI jointly implemented two projects, which originated the following intragroup transactions:

RELATED PARTY TRANSACTIONS between TI-S and FOTI				
Project	01-Jan-16 Accrued/(deferred) income	Cash received	Expenditure	31-Dec-16 Accrued/(deferred) income
<i>all amounts are stated in Euros</i>				
Women, Land and Corruption	125,208	(139,426)	138,832	124,614
Public Sector, Open Governance	112,474	(307,996)	362,320	166,798

Note: headings refer to the relevant account in TI-S's separate books and, in brackets, to the correspondent account in FOTI's books

Additionally, the Secretariat provided administrative and accounting services to FOTI on a pro-bono basis. The value of the services was estimated at €10,372 based on the resources employed, measured at standard cost.

TI-EU is a charity incorporated in Belgium, and granted international non-profit status (AISBL) as per the Belgian law of foundations of 27 June 1921. It was founded in 2010. As of 31 December 2016, the entity employed 13 staff, and its registered address is:

Rue de l'industrie 10, 1000 Bruxelles - Belgium

During 2016, the Secretariat and TI-EU jointly implemented eleven projects, which originated the following intragroup transactions:

RELATED PARTY TRANSACTIONS between TI-S and TI-EU				
Project	01-Jan-16 Accrued/(deferred) income	Cash received	Expenditure	31-Dec-16 Accrued/(deferred) income
<i>all amounts are stated in Euros</i>				
Core support	120,000	(120,000)	120,000	120,000
Preventative Anti-Corruption for REDD+	1,596	(17,000)	25,442	10,038
Lifting the Lid on Lobbying	2,021	-	3,320	5,341
Integrity Pacts Phase I	15,313	-	-	15,313
Integrity Pacts Phase II	-	(24,982)	22,861	(2,121)
National Integrity System - Western Balkans	(525)	-	6,019	5,494
Climate Finance Integrity	-	(72,428)	104,581	32,153
Speak Up II -Engaging Citizens in Fighting Corruption in Europe	5,075	(4,258)	(817)	-
Public Sector, Open Governance	(11,624)	(74,776)	77,041	(9,359)
Anti-Corruption Advocacy for Sustainable Development	-	-	31,000	31,000

Note: headings refer to the relevant account in TI-S's separate books and, in brackets, to the correspondent account in TI-EU's books

1.f Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at bank.

Cash and cash equivalents denominated in foreign currencies are measured at fair value, using the bank exchange rate at the date of the Statement of Financial Position.

1.g Current assets and liabilities

Current assets are measured at their recoverable amount, while current liabilities are measured at the amount expected to be paid. All current balances are due within one year.

Allowances for the impairment of “accounts receivable” and “advances to project partners” are made if the collection of the balance is doubtful. The amount of the allowance is the difference between the carrying amount of the asset and its recoverable amount.

1.h Non-Current assets

Non-current assets include tangible and intangible fixed assets, and financial assets. The recognition criteria for each category of non-current asset is detailed below.

1.h.1 Tangible and intangible fixed assets

Tangible assets include office equipment and furniture and leasehold improvements, while intangible assets comprise software and licences. Compliant with IAS 16 and 38, both are initially recorded at cost and thereafter presented at the lower of historical cost less accumulated depreciation and their recoverable amount.

TI-S can obtain licences for certain software at highly discounted or nil price. Availability of open source or favourably priced software is customary for charities; as such, licences obtained at these conditions are not considered in-kind donations in these financial statements.

Depreciation is calculated on a straight-line basis over the useful life of each item; on average, the useful lives of TI-S’s main classes of assets are estimated as follows :

ASSET CLASS	years
Furniture	12
Servers and other IT hardware	8
Computers, software, licenses	3

Disposals are recorded when the assets are scrapped or sold. Cost of maintenance is expensed as incurred.

1.h.2 Financial assets

Financial assets include a portfolio of investments in securities and equities available for sale. In accordance with IFRS 9, these are presented at fair value through profit and loss. In addition, they include a minority equity interest presented at fair value and deposits on leases due beyond one year, presented at amortised cost, using the effective interest method.

1.i Non-Current liabilities

Non-current liabilities include funds available for the purpose of supporting the long-term sustainability of the TI Movement, therefore not relating to the continuing activities of TI-S.

The funds are recognised at their historical value at the time TI-S was entitled to use the principal of the awarded funds.

1.j Provisions

Provisions are recognised in accordance with IAS 37, when TI-S has a present obligation resulting from a past event that will determine a probable outflow of economic benefits, of which a reliable estimate can be made.

1.k Changes in reserves

Changes in reserves are accounted for in accordance with TI's Charter. Additionally, the Secretariat is subject to the requirements of the German Tax Code (Abgabenordnung § 55, 62) which defines maximum and minimum levels of reserves, and requires that the reserves are used exclusively for charitable purposes, as defined in the charter.

1.l Accounting for income

TI-S receives income mainly from grants, with residual amounts of funds being raised through individual donations, performance of charitable activities, and finance income. Regardless of the origin of the income, all contributors to income are henceforth defined as "donors". The recognition criteria for each category of income is detailed below.

1.l.1 Grant income

Grant income is accounted for in accordance with IAS 20. As such, income is recognised when there is reasonable assurance that (a) the grant will be received and (b) the entity will comply with the conditions attached to the grant. TI-S considers proviso (a) met when the formal offer of funding is communicated in writing. Proviso (b) is met when the activities required by the grant have been performed or the objectives upon which the grant is conditional have been met.

When entitlement is dependent on certain specific performance conditions, funds are identified as "restricted" and recognised as income when conditions are satisfied. This is usually proportional to the relevant expenditure incurred. When grants are awarded to cover the general expenditure of the organisation, they are identified as "unrestricted" and recognised as income when TI-S is entitled to their receipt, over the period they are intended to fund.

Grants received but not yet utilised are presented in the Statement of Financial Position as current liabilities under "deferred income"; grants committed and utilised but not yet received in cash are presented within current assets under "accrued income".

1.l.2 Individual Donations

Consistent with the provisions of IAS 20, individual donations are recognised when receivable. An individual donation is deemed to be receivable when actually received, e.g. in the case of voluntary cash payments collected via the Secretariat's website; or when a contract is in place and any outstanding conditions under the contract have been met, e.g. contributions from legacies are recognised when the administrator confirms the transfer of title of the equity.

Donations in kind, if any, are recognised at fair value when received using a reliable estimate of the cost of the donated goods or services.

1.l.3 Income from charitable activities

In a limited number of circumstances, TI-S receives income ("Zweckbetrieb") as a remuneration for the performance of activities directly connected with its charitable purposes ("Gemeinnützigkeit"). The related income is recognised according to IAS 18 and therefore by reference to the stage of completion of the transaction at the end of the reporting period.

1.l.4 Finance income

Finance income comprises interest income on deposits and exchange rate gains. Interest income and realised exchange rate gains are recognised when TI-S becomes entitled to them. Unrealised exchange rate gains are accounted for in compliance with IAS 21, as detailed in note 1.n.

1.m Accounting for expenditure

Expenditure comprises operating expenditure incurred at TI-S, operating expenditure incurred by project partners, and finance costs. The recognition criteria for each category of expenditure are detailed below.

1.m.1 Operating expenditure incurred at TI-S

Operating expenditure incurred at TI-S consists generally of staff costs, office running costs, travel costs and consultancy fees. Service and labour costs are recognised in line with the rendering of services and labour; purchases of goods are recognised when TI-S acquires title to their property.

Office running costs include leases, related to office space and equipment. Under current lease contracts, a significant portion of the risks and rewards of ownership are effectively retained by the lessor. As such, in accordance with IAS 17, these are classified as operating leases, and the related payments are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease. Further information on leases is provided under note 23.

1.m.2 Operating expenditure incurred by project partners

A portion of TI-S's expenditure is incurred by project partners that receive grants from TI-S, mostly for the implementation of grant-funded projects. Most project partners are National Chapters, National Chapters in Formation or National Contacts: these are referred to collectively as Coalition Partners.

Expenditure is accounted for when incurred by the partner. TI-S estimates the expenditure incurred based on periodic reports issued by partners, which are assessed for accuracy and compliance with donor requirements and good accounting practice.

In Annex 3 to these financial statements, TI-S differentiates between expenditure reported through final reports, supported by documentation in full compliance with donor requirements, and interim reports. Expenditure recognised on the basis of interim reports amounts to €3,093,693 (€4,351,734 in 2015).

Grants disbursed but not yet spent by coalition partners are included in the Statement of Financial Position as "Advances to project partners". Donor funds disbursed to finance those outstanding advances are included within "Deferred income, current".

1.m.3 Finance costs

Finance costs comprise interest cost on deposits and exchange rate losses. Interest costs are recognised on an accrual basis. Unrealised exchange rate losses are accounted for in compliance with IAS 21, as detailed in note 1.n.

1.m.4 Cost accounting and full cost recovery

Direct expenditure is systematically allocated to projects and activities. Indirect costs are apportioned to each project according to a standard methodology based on staff taking part on the relevant project or activity. Indirect costs include expenditure related to financial, human resources, information technology, institutional governance and management, as well as office running costs. TI-S strives to achieve full cost recovery on every implemented project.

1.n Foreign currency translation

Unrealised exchange rate gains and losses are recognised at the date of the Statement of Financial Position, as a result of the conversion of all monetary assets and liabilities denominated in a foreign currency into

Euros, at the exchange rate prevailing at year end. “Deferred income”, “accrued income” and “advances to project partners” are not monetary items.

1.o Taxation

The Secretariat is registered as an incorporated charity in Germany (“eingetragener Verein”, “Gemeinnützig”); it has no trading income, and therefore no liability for income tax (“Körperschaftssteuer” and “Gewerbesteuer”). The Secretariat is also registered as a small entrepreneur for VAT purposes; none of its income is subject to VAT, which implies that VAT paid on purchases is an unrecoverable cost.

1.p Pensions

The cost of pension and post-employment benefits schemes are included in the Statement of Comprehensive Income as they are incurred, according to IAS 19. None of these schemes are a defined benefit scheme.

2. FINANCIAL RISK MANAGEMENT

Compliant with IFRS 7, TI-S discloses below an assessment of its exposure to financial risks, which include: market risk, credit risk and liquidity risk. Market risk is seen as resulting from the combination of foreign exchange risk, price risk and interest rate risk.

TI-S does not hold any derivative financial instruments, and measures most of its financial instruments at fair value, as noted in note 2.d.

2.a Market risk

2.a.1 Foreign exchange risk

Foreign currency risk relates to the potential losses incurred as a consequence of the change in the value of its financial instruments denominated in foreign currencies, due to exchange rate fluctuations.

Since the majority of expenditure is incurred in Euros, TI-S seeks to maximise receipts in Euros, as a way to naturally hedge against exchange rate fluctuations.

Income received in foreign currencies is, however, significant. Per TI-S's Foreign Exchange policy, foreign currency held (resulting from donations' received) has to approximate the forecast expenditure to be incurred in each currency, thus maximising the natural currency hedge. When differences between budgets denominated in a foreign currency and forecast expenditure in Euros arise, they are monitored on a timely basis and, if necessary, discussed with the donor to adapt planned activities to existing funds.

The tables below summarise the currency exposure per foreign currency and risk class, as of 31 December 2016 and 31 December 2015:

CURRENCY EXPOSURE	31 December 2016				
	EUR	GBP	USD	OTHER	TOTAL
<i>all amounts are stated in Euros</i>					
Investments	1,487,531	-	154,461	-	1,641,991
Cash and cash equivalents	9,878,666	8,740	521,429	-	10,408,835
Debtors	171,974	30	103,398	14	275,416
Other current assets	72,504	49,094	46,746	1	168,344
Accounts payable	(1,081,795)	(15,046)	(124,639)	(17,994)	(1,239,474)
Foreign currency exposure	10,528,880	42,818	701,395	(17,979)	11,255,112

CURRENCY EXPOSURE	31 December 2015				
	EUR	GBP	USD	OTHER	TOTAL
Cash and cash equivalents	9,105,594	2,244,340	2,355,279	-	13,705,213
Accounts receivable	1,101,302	53	166,390	-	1,267,745
Other current assets	227,367	3,342	13,365	-	244,074
Accounts payable	(1,123,591)	(52,545)	(87,124)	(48,958)	(1,312,218)
Foreign currency exposure	9,310,672	2,195,190	2,447,910	(48,958)	13,904,814

Other significant balances, including “advances to project partners”, “accrued income” and “deferred income” relate to non-monetary items, and therefore are not included as part of the currency exposure.

2.a.2 Price risk

Transparency International is exposed to equity and debt security price risks because of investments available for sale. These are managed by a professional portfolio manager (Deutsche Bank) who mitigates the price risk arising from them. The volatility of the portfolio since the investment was undertaken has been 4.44%.

2.a.3 Interest rate risk

Interest rate risk relates to the additional costs or reduced income depending on changes in interest rates over time.

All bank deposits have a maturity date that is below one year; as of 31 December 2016, TI-S cash is invested in immediately available cash accounts.

2.b Credit risk

Credit risk is the risk of financial loss due to a counterparty to a financial instrument failing to meet its contractual obligations. The carrying amount of TI-S's financial assets represents its maximum credit exposure. Impairment losses, if any, are recognised in the Statement of Comprehensive Income.

Exposure to credit risk is significantly influenced by the individual characteristics of the counterparties. TI-S has two main classes of counterparties:

- Banks, where significant amounts of cash are deposited, and
- Project partners that receive advances for project implementation.

With reference to banks, TI-S operates with four major institutions. Below are summarised their current Standard and Poor's ratings:

Standard and Poor's rating	
Commerzbank AG	BAA1
Deutsche Bank AG	BAA2
Bank of America N.A.	BAA1
KBC Bank	A1

Project partners are small and medium-size entities, which are not publicly rated. TI-S systematically monitors financial risks associated with project partners.

Based on this assessment, TI-S estimates the fair value of outstanding advances and receivables, by provisioning or writing off the amounts deemed irrecoverable. Further detail on the receivables written off are given in notes 4 and 6.

The composition of the asset portfolio, with reference to the nature of its assets and their credit risk, is detailed in the following table.

CREDIT RISK	31 December 2016			
	Liquidity	Securities	Equity	TOTAL
<i>all amounts are stated in Euros</i>				
Non-current assets available for sale				
Rated A or better	-	416,377	477,874	894,251
Rated B or better	66,835	352,345	21,225	440,405
Other	-	136,544	170,791	307,335
Non-current assets available for sale	66,835	905,266	669,890	1,641,991

2.c Liquidity risk

Liquidity risk is the risk that the organisation encounters difficulty in meeting the obligations associated with settling its financial liabilities by the delivery of cash.

TI-S has a robust financial monitoring and reporting system, which allows it to foresee liquidity needs well in advance, and assess them against expected receipts. Expected cash flows, however, are taken into consideration starting from the project-development stage, with the aim of minimising advanced expenditure and pressure on cash balances.

TI-S keeps a significant portion of its reserves in cash, to minimise liquidity risk. Moreover, it is in a position to borrow short-term liquidity from its banks, although this has not been necessary to date.

The Board of Directors and its Finance Committee receive regular updates on the Secretariat's cash position.

2.d Fair value

Most of TI-S's financial assets are measured at fair value, consistent with the entity's operating model, and the contractual terms of the instruments (IFRS 9).

Non-current financial assets are measured at fair value based on quoted prices in active markets for identical assets and liabilities, as provided by the portfolio manager. The carrying amount, less any impairment noted, e.g. on receivables and advances, is considered in line with their fair value.

3. CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Petty cash	3,593	2,926
Cash at bank	10,405,242	13,702,287
Cash, total	10,408,835	13,705,213

Part of the cash at bank is in foreign currency. Cash held by currency is as follows:

CASH BY CURRENCY				
	31-Dec-16		31-Dec-15	
	foreign currency	Euro	foreign currency	Euro
Euro		9,878,666		9,105,594
Pound Sterling	7,504	8,740	1,649,702	2,244,340
United States Dollar	550,629	521,429	2,565,370	2,355,279
Cash total		10,408,835		13,705,213

Foreign currencies have been converted using the below exchange rates:

EXCHANGE RATES			
		31-Dec-16	31-Dec-15
Pound Sterling per Euro		0.8586	0.7350
United States Dollar per Euro		1.0560	1.0892

The increased exposure in USD and GBP was significantly reduced in January 2016 by converting the funds into Euro. Conversion rates were in line with those existing at year end.

4. DEBTORS

DEBTORS		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Receivables from project partners	40,351	156,731
Receivables from personnel	35,777	37,667
Receivables from others	199,288	20,108
Provision for doubtful accounts	-	(27,357)
Debtors, total	275,416	187,149

MOVEMENTS IN THE PROVISION FOR DOUBTFUL ACCOUNTS		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Balance as of 01 January	(27,357)	-
Release of allowance	9,495	-
Utilisation of the reserve for unrecoverable receivables	17,862	-
Amount accrued at year end	-	(27,357)
Provision for doubtful accounts total	-	(27,357)

Receivables from project partners mainly relate to balances unspent at the end of projects, which are to be given back in cash to TI-S. Receivables from others include mainly travel reimbursement requests.

“Receivables from project partners” and “receivables from others” are classified by ageing as follows:

AGEING OF RECEIVABLES		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Neither past due nor impaired	213,573	28,478
Past due 1-30 days	5,714	106,831
Past due 31-90 days	-	11,288
Past due 91-150 days	849	-
Past due greater than 150 days	19,503	30,242
Receivables from project partners and others, total	239,639	176,839

On the basis of the analysis above (see note 2.b), TI-S establishes a provision for doubtful debts for amounts past the due date where there is no reasonable expectation of receiving the funds. This year, however, no provision was deemed necessary

5. ACCRUED INCOME

“Accrued income” consists of grant income recognised in the Statement of Comprehensive Income, which has not yet been received in cash.

ACCRUED INCOME			
		31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>			
Government agencies			
Ministry of Foreign Affairs	The Netherlands	450,000	-
SPF Affaires étrangères, Commerce extérieur et Coopération au Développement	Belgium	107,639	-
Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)	Germany	37,475	-
U.S. Agency for International Development (USAID)	United States	15,989	15,989
Auswärtiges Amt	Germany	15,171	-
Department for International Development (DfID)	United Kingdom	11,373	-
Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit (BMUB)	Germany	10,878	-
Gesellschaft für internationale Zusammenarbeit (GIZ)	Germany	4,024	-
U.S. Department of State	United States	-	47,850
Foreign & Commonwealth Office (FCO)	United Kingdom	-	29,950
Anti-Corruption Commission of Bhutan	Bhutan	-	4,000
Government agencies, total		652,549	97,789
Multilateral institutions			
European Commission		879,004	395,437
Inter-American Development Bank (IDB)		33,144	-
United Nations Development Programme (UNDP)		-	161,721
Financial Mechanism Office (FMO)		-	18,538
European Bank for Reconstruction and Development (EBRD)		-	7,000
Multilateral institutions, total		912,148	582,696

ACCRUED INCOME		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Foundations		
Foundation Open Society Institute (FOSI)	15,552	-
King Baudouin Foundation	13,000	-
OSI Development Foundation	10,067	-
Pew Charitable Trusts	7,630	-
Corporate donors, total	46,249	-
Corporate donors		
EY GS LLP	350,000	350,000
Norsk Hydro ASA	7,000	-
Systrix GmbH	5,000	-
PricewaterhouseCoopers LLP	-	7,000
Corporate donors, total	362,000	357,000
Individual donors		
Dorothy Parker Maloff	103,263	-
Giovanna Longo	1,900	-
Rolf Hellenbrand	1,900	-
Detlev Elsner	1,000	2,000
Others (lower than €1,000)	9,662	7,520
Individual donors, total	117,725	9,520
Coalition partners		
Transparency International France	45,848	-
Transparency International Hungary	11,505	-
Coalition partners, total	57,353	-
Others (e.g. research institutes, NGOs)		
Christian Michelsen Institute (CMI)	33,194	33,591
Others, total	33,194	33,591
Accrued income, total	2,181,218	1,080,596

No accrued amounts are overdue or impaired.

6. ADVANCES TO PROJECT PARTNERS

Advances to project partners include outstanding balances of payments relating to the implementation of ongoing projects. Below is an overview of advances to partners by region and type.

ADVANCES TO PARTNERS BY REGION		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Coalition partners		
Europe and Central Asia	857,103	244,876
Americas	312,013	354,783
Sub-Saharan Africa	554,198	359,837
Middle-East and North Africa	113,336	131,680
Asia-Pacific	203,767	326,754
Coalition partners, total	2,040,416	1,417,930
Other project partners	324,224	214,449
Provision for doubtful advances	(5,035)	(23,094)
Advances to partners, total	2,359,605	1,609,285

Advances are shown net of the expenditure reported based on reports received. Annex 3 includes a reconciliation by partner of advances outstanding as of 31 December 2015 and 31 December 2016.

A provision for doubtful accounts is made for certain advances that might neither be properly reported upon, nor repaid in cash. A summary of its movements is presented below:

MOVEMENTS IN THE PROVISION FOR DOUBTFUL ACCOUNTS, ADVANCES		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Balance as of 01 January	(23,094)	(27,200)
Release of allowance	7,585	20,000
Utilisation of the allowance for write-offs	15,509	6,390
Amount accrued at year end	(5,035)	(22,284)
Provision for doubtful accounts advances, total	(5,035)	(23,094)

7. OTHER CURRENT ASSETS

OTHER CURRENT ASSETS		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Advances to suppliers	60,468	21,407
Prepaid expenses	101,078	207,142
Deposit on leases	-	15,525
Other	6,798	-
Other current assets, total	168,344	244,074

Other current assets are mostly related to advance payments of operating costs, including pension costs, rent, licences and membership fees.

8. TANGIBLE AND INTANGIBLE FIXED ASSETS

MOVEMENTS IN NON-CURRENT ASSETS						
	Intangible Assets			Tangible Assets		
<i>all amounts are stated in Euros</i>						
	Software	Licences	Leasehold improvements	Equipment	Furniture	Total
ACQUISITION COST						
Balance at 01 January 2016	141,948	22,618	-	791,894	16,968	973,428
Acquisitions upon consolidation	5,028	-	-	30,173	13,890	49,091
Additions	-	1,347	30,270	4,336	-	35,953
Disposals	-	-	-	(54,407)	-	(54,407)
Balance at 31 December 2016	146,976	23,965	30,270	771,996	30,858	1,004,066
DEPRECIATION						
Balance at 01 January 2016	115,917	20,740	-	585,052	5,716	727,425
Depreciation upon consolidation	5,028	-	-	24,400	5,610	35,038
Depreciation for the year	15,045	1,753	-	98,973	4,300	120,071
Release of leasehold improvement	-	-	459	-	-	459
Disposals	-	-	-	(48,391)	-	(48,391)
Balance at 31 December 2016	135,990	22,493	459	660,034	15,626	834,602
BOOK VALUE						
Balance at 01 January 2016	26,031	1,878	-	206,842	11,252	246,003
Balance at 31 December 2016	10,986	1,472	29,812	111,962	15,232	169,465

Some old items of hardware were sold to employees at their market value, realizing proceeds of €620.

9. FINANCIAL ASSETS

An amount of €1,600,000 has been invested in a wealth management fund administered by Deutsche Bank in August 2016. Its value at year-end increased to €1,639,491. Further details on the risk profile of the fund and its composition are included in note 2. Financial risk management.

Investments of €2,500 relate to a 10% stake in the International Civil Society Centre (ICSC), a global learning and exchange platform for international civil society organisations. These were purchased at their nominal value in 2009, but only €1,250 has been paid to date. The outstanding amount due of €1,250 is shown as “other non-current liabilities”.

“Other financial assets” relate to security bank deposits for office space in Berlin. The total amount of security deposits is €100,686 including interest of €2,746 at 31 December 2016.

10. LIABILITIES TO PROJECT PARTNERS

Liabilities to project partners relate to balances due for ongoing and completed projects.

LIABILITIES TO PARTNERS BY REGION		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Coalition partners		
Europe and Central Asia	155,013	194,600
Americas	21,488	14,546
Sub-Saharan Africa	7,428	18,601
Middle-East and North Africa	29,030	13,295
Asia-Pacific	11,737	6,956
Coalition partners, total	224,696	247,998
Other project partners	61,658	174,914
Liabilities to partners, total	286,354	422,912

11. LIABILITIES TO SUPPLIERS

LIABILITIES TO SUPPLIERS		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Liabilities to suppliers	356,381	348,481
Year-end accruals	188,712	197,791
Liabilities to suppliers, total	545,093	546,272

LIABILITIES TO SUPPLIERS		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Honoraria	247,655	272,770
Workshop / Conference	60,663	-
Travel	11,389	41,824
Utilities	6,029	9,134
Other	30,646	24,753
Liabilities to suppliers, total	356,381	348,481

12. OTHER CURRENT LIABILITIES

OTHER CURRENT LIABILITIES		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Liabilities to staff		
Travel reimbursements	12,679	15,280
Vacation entitlements	198,509	229,630
Additional leave entitlements	18,886	7,719
Salary	112,587	224
Liabilities to staff, total	342,661	252,853
Liabilities to other parties		
to Fiscal Authorities for VAT	38,119	71,107
to Board Members	11,311	10,031
to Donors for interest on deferred income	49	8,850
Other	15,887	193
Liabilities to other parties, total	65,366	90,181
Other current liabilities, total	408,027	343,034

13. DEFERRED INCOME, CURRENT

“Deferred income” represents restricted and unrestricted funding received but not yet recognised as income. Part of the funds have been advanced to partners as disclosed in “advances to project partners” (note 6).

DEFERRED INCOME BY ENTITY TYPE		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Government agencies	3,024,657	3,284,013
Multilateral institutions	1,914,218	1,673,168
Foundations and trusts	1,723,395	1,267,164
Corporate donors	625,352	787,877
Coalition partners	45,848	-
Others	306,761	18,315
Deferred income, total	7,640,232	7,030,536

DEFERRED INCOME BY CLASS		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Unrestricted deferred income	-	1,738,844
Restricted deferred income	7,640,232	5,291,693
Deferred income, total	7,640,232	7,030,536

UNRESTRICTED DEFERRED INCOME			
		31-Dec-16	31-Dec-15

all amounts are stated in Euros

Government agencies

Department for International Development (DfID), PPA	United Kingdom	-	1,738,844
Unrestricted deferred income, total		-	1,738,844

RESTRICTED DEFERRED INCOME			
		31-Dec-16	31-Dec-15

all amounts are stated in Euros

Government agencies

Deaprtment of Foreign Affairs, Trade and Development (DFATD)	Canada	1,152,444	-
Sw iss Agency for Development and Cooperation (SDC)	Sw itzerland	740,643	-
Ausw ärtiges Amt	Germany	135,953	48,116
Department of Foreign Affairs and Trade (DFAT)	Australia	348,235	77,234
Bundesministerium für Umw elt, Naturschutz, Bau und Reaktorsicherheit (BMUB)	Germany	119,333	272,365
Government of Panama	Panama	109,134	-
Irish Aid	Ireland	100,000	130,000
U.S. Department of State	United States	82,051	48,169
Gesellschaft für internationale Zusammenarbeit (GIZ)	Germany	61,911	102,667
Ministère des Affaires étrangères et du Développement international	France	49,316	50,000
Ministry of Foreign Affairs	Norw ay	48,664	21,110
Ministry of Foreign Affairs	Estonia	43,294	73,395
Bundesministerium für w irtschaftliche Zusammenarbeit und Entw icklung (BMZ)	Germany	23,645	106,764
SPF Affaires étrangères, Commerce extérieur et Coopération au Développement	Belgium	10,034	78,300
Department for International Development (DfID)	United Kingdom	-	245,254
Ministry of Foreign Affairs and Trade	New Zealand	-	132,984
Norw egian Agency for Development Cooperation (NORAD)	Norw ay	-	91,606
Sw edish International Development Cooperation Agency (SIDA)	Sw eden	-	30,880
Ministry for Foreign Affairs of Finland	Finland	-	28,880
Independent Commission Against Corruption (ICAC)	China	-	4,356
Foreign & Commonw ealth Office (FCO)	United Kingdom	-	3,089
Government agencies, total		3,024,657	1,545,169

Multilateral institutions

European Commission	1,754,557	1,575,556
United Nations Office on Drugs and Crime (UNODC)	62,888	-
Inter-American Development Bank (IDB)	30,193	
United Nations Development Programme (UNDP)	18,680	39,403
United Nations Office for Project Services (UNOPS)	17,459	51,209
European Bank for Reconstruction and Development (EBRD)	14,000	7,000
United Nations (UN)	16,441	-
Multilateral institutions, total		1,914,218

RESTRICTED DEFERRED INCOME		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Foundations and trusts		
Foundation Open Society Institute (FOSI)	581,557	254,659
BHP Billiton Foundation	364,690	-
Foundation to Promote Open Society	163,780	-
Wellspring Advisors, LLC	125,802	125,208
Stichting Adessium	191,383	247,310
Asia House Hong Kong Limited	86,831	-
Omidyar Network Fund, Inc.	58,150	112,474
William and Flora Hewlett Foundation	54,893	425,481
Sigrid Rausing Trust	37,376	-
Open Society Initiative for West Africa (OSWA)	20,469	92,883
The Tides Center	14,889	-
Robert Bosch Stiftung	13,575	-
Federation of European Accountants	10,000	-
Research Trust of Victoria University of Wellington	-	5,874
Seattle International Foundation	-	3,275
Foundations and trusts, total	1,723,395	1,267,164
Corporate donors		
EYGS LLP	371,149	350,000
Siemens AG (Siemens' Integrity Fund)	210,972	400,506
SGS AG	14,000	7,000
Sanlam Life Insurance Limited	10,640	3,640
Norsk Hydro ASA	7,000	-
Warburg Pincus LLC	6,155	12,731
Stora Enso Oyj	5,436	7,000
PricewaterhouseCoopers LLP	-	7,000
Corporate donors, total	625,352	787,877
Coalition partners		
Transparency International France	45,848	-
Coalition partners, total	45,848	-
Other (research institutes, other NGOs, other)		
Movement Fundraising Fund (Internal Donor)	281,934	-
Center for International Policy	17,463	14,451
Results for Development Institute	3,864	3,864
n-ost - Netzwerk für Osteuropa-Berichterstattung	3,500	-
Other (research institutes, other NGOs, other), total	306,761	18,315
Restricted deferred income, total	7,640,232	5,291,693

14. DEFERRED INCOME, NON CURRENT

Non-current deferred income includes donor funding aimed at ensuring the long-term sustainability of the movement. In 2016, the Board designated €350,000 to current projects aimed at creating fundraising capacity for the movement and left the remaining balance of €3,717,933 as non-current resources.

15. PROVISIONS

On 12 December 2015, the Board adopted a set of resolutions relating to an organisational transformation plan for the Secretariat. The plan was classified as an entity restructuring and, as a result, TI-S created a provision in accordance with IAS 37. As a result of the changing income prospects for the organisation, a new restructuring plan had to be devised. The unspent portion of the provision accrued in 2015 has therefore been released, and a new provision has been accrued in accordance with the Social Compensation Plan agreed with the Works Council on 20 December 2016. The amounts accrued relate mostly to termination costs for staff.

Other provisions include an estimate of sums possibly owed to donors and partners on past projects, where amounts and respective obligations are still being discussed.

MOVEMENTS IN PROVISIONS		31-Dec-16
<i>all amounts are stated in Euros</i>		
Opening balance as of 01 January 2016		831,691
Utilization		(551,746)
Release		(248,991)
Accrual as of 31 December 2016		705,040
Provisions, total		735,994

PROVISIONS		31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>			
Organisational transformation	-		781,052
Entity restructuring	689,540		-
Other provisions	46,454		50,639
Provisions total	735,994	735,994	831,691

16. RESERVES

Reserves totalling €3,975,720 at year-end (2015: 3,906,353) include two designated funds:

- **Special fund**, which is earmarked to support the organisational realignment with the Strategy
- **Network reserve**, which has been established to support Coalition Partners in emergency situations or facing governance challenges.

In 2016, free reserves increased also as a result of the inclusion of TI-EU in the area of consolidation.

17. OPERATING INCOME

Operating income in 2016 decreased by €2,919,590 or 11%. The tables below present operating income by funding entity and type.

OPERATING INCOME		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Unrestricted income	7,184,617	7,778,135
Restricted income	16,726,785	19,098,929
Restricted and unrestricted income, total	23,911,402	26,877,064
Other income	267,007	220,935
Operating income, total	24,178,409	27,097,999

RESTRICTED AND UNRESTRICTED INCOME BY FUNDING ENTITY		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Government agencies	14,825,913	18,169,086
Multilateral institutions	4,523,075	5,558,154
Foundations and trusts	2,857,746	1,753,988
Corporate donors	1,155,905	1,036,393
Individual donors	143,621	45,740
Coalition partners	115,862	34,265
Others (e.g. research institutes, NGOs)	289,281	279,438
Restricted and unrestricted income, total	23,911,402	26,877,064

RESTRICTED AND UNRESTRICTED INCOME BY TYPE		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Grants	23,189,748	26,240,971
Private donations	143,621	45,740
Charitable activities	578,033	590,353
Restricted and unrestricted income, total	23,911,402	26,877,064

Income from private individual donations is unrestricted, with the exception of €3,819 which was donated specifically to fund the Unmask the Corrupt campaign; all income from charitable activities is restricted.

17.a Unrestricted income

UNRESTRICTED INCOME		31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>			
Government agencies			
Department for International Development (DfID)	United Kindgom	4,124,299	3,533,315
Swedish International Development Cooperation Agency (SIDA)	Sweden	1,052,120	1,064,077
Swiss Agency for Development and Cooperation (SDC)	Switzerland	502,558	569,855
Ministry of Foreign Affairs of Denmark (Danida)	Denmark	333,659	332,850
Irish Aid	Ireland	260,000	200,000
Ministry of Foreign Affairs	Netherlands	450,000	1,200,000
Ministry for Foreign Affairs of Finland	Finland	-	800,000
Government agencies, total		6,722,636	7,700,097
Foundations and trusts			
Stichting Adessium		150,064	-
Sigrid Rausing Trust		118,549	-
Fondation Pierre Pfister		1,398	240
Pestalozzi Foundation		-	5,000
Foundations and trusts, total		270,011	5,240
Corporate donors			
Kohlberg Kravis Roberts & Co.		47,168	-
Sistrix GmbH		5,000	-
Shell International B.V.		-	25,000
The Hershey Company		-	6,432
Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft		-	3,000
Corporate donors, total		52,168	34,432
Individual donors			
Dorothy Parker Maloff		103,449	-
Soren Fabian Heupel		3,720	2,925
Johann Peter Jessen		2,500	3,000
Giovanna Longo		1,900	1,500
Rolf Hellenbrand		1,900	1,500
Johannes Wery		1,500	1,000
Detlev Elsner		1,000	2,000
Laurenz Reichl		1,000	-
Patrick Kinsch		-	2,000
Gregory Thomas		-	1,513
Other (less than Euro 1,000 each)		22,833	22,928
Individual donors, total		139,802	38,366
Unrestricted income, total		7,184,617	7,778,135

17.b Restricted income

RESTRICTED INCOME		31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>			
Government agencies			
Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)	Germany	1,490,427	1,240,867
Department of Foreign Affairs and Trade (DFAT)	Australia	852,431	2,674,151
Auswärtiges Amt	Germany	902,006	428,986
Department for International Development (DfID)	United Kingdom		
Project: TI-UK Defence and Security Programme		866,463	959,443
Project: Vietnam		-	415,738
Project: London Summit		11,373	-
Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit (BMUB)	Germany	740,394	339,013
		812,192	-
Department of Foreign Affairs, Trade and Development (DFATD)	Canada		
U.S. Department of State	United States	516,884	134,743
Gesellschaft für internationale Zusammenarbeit (GIZ)	Germany	502,257	445,182
Government of Panama	Panama	480,375	-
SPF Affaires étrangères, Commerce extérieur et Coopération au Développement	Belgium	175,905	-
Ministry of Foreign Affairs	Norway	153,327	-
Ministry of Foreign Affairs and Trade	New Zealand	132,984	296,053
Irish Aid	Ireland	130,000	170,000
Norwegian Agency for Development Cooperation (NORAD)	Norway	91,606	985,190
Ministry for Foreign Affairs of Finland	Finland	78,880	171,120
Ministry of Foreign Affairs	Estonia	70,101	30,378
Ministère français des Affaires étrangères et européennes	France	50,684	-
Swedish International Development Cooperation Agency (SIDA)	Sweden	30,880	1,690,364
Foreign & Commonwealth Office (FCO)	United Kingdom	3,089	53,176
Independent Commission Against Corruption (ICAC)	China	11,019	6,697
Malaysian Anti-Corruption Commission	Malaysia	-	325,000
Government of the Islamic Republic of Mauritania	Mauritania	-	46,868
St. Maarten	Sint Maarten	-	22,052
Anti-Corruption Commission of Bhutan	Bhutan	-	20,000
Ministry of Foreign Affairs	Netherlands	-	13,968
Government agencies, total		8,103,277	10,468,989
Multilateral institutions			
European Commission		4,129,127	5,075,454
United Nations Development Programme (UNDP)		221,114	347,613
United Nations Office for Project Services (UNOPS)		108,572	18,942
United Nations Office on Drugs and Crime (UNODC)		39,732	13,045
Financial Mechanism Office (FMO)		21,519	75,849
Inter-American Development Bank (IDB)		3,011	27,251
Multilateral institutions, total		4,523,075	5,558,154
Foundations and trusts			
BHP Billiton Foundation		631,165	-
Stichting Adessium		426,174	141,664
William and Flora Hewlett Foundation		370,588	591,865
Foundation Open Society Institute (FOSI)		367,446	162,289
Omidyar Network Fund, Inc.		362,320	172,164

RESTRICTED INCOME		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Wellspring Advisors, LLC	138,832	128,271
Asia House Hong Kong Limited	113,169	-
Open Society Initiative for West Africa (OSIWA)	82,482	11,350
Pew Charitable Trusts	32,700	-
Foundation to Promote Open Society	24,511	-
King Badouin Foundation	13,000	-
The Tides Center	8,627	-
Robert Bosch Stiftung	7,572	-
Research Trust of Victoria University of Wellington	5,874	9,126
Seattle International Foundation	3,275	20,032
National Endowment for Democracy (NED)	-	448,567
Sigrid Rausing Trust	-	44,018
The Tony Elumelu Foundation	-	19,402
Foundations and trusts, total	2,587,735	1,748,748
Corporate donors		
Siemens AG (Siemens' Integrity Fund)	754,747	623,498
EYGS LLP	333,851	228,232
Stora Enso Oyj	8,564	-
Warburg Pincus LLC	6,575	3,871
PricewaterhouseCoopers SA	-	111,000
Shell International B.V.	-	25,000
Norsk Hydro ASA	-	7,000
Sanlam Life Insurance Limited	-	3,360
Corporate donors, total	1,103,737	1,001,961
Coalition partners		
Transparency International France	96,000	-
Transparency International Hungary	11,505	-
Asociacion para una Sociedad mas Justa	4,357	-
Transparency International Cambodia	4,000	-
Transparency International Schweiz	-	6,411
Transparency International Greenland	-	6,117
Transparency International UK	-	5,879
Transparency International Netherlands	-	5,501
Transparency International Sweden	-	5,272
Transparency International Belgium	-	5,085
Coalition partners, total	115,862	34,265
Individual donors		
Other individuals	3,819	7,374
Individual donors, total	3,819	7,374
Other (research institutes, other NGOs, other)		
Christian Michelsen Institute (CMI)	135,666	134,534
Movement Fundraising Fund (Internal Donor)	78,067	-
Center for International Policy	75,548	132,975
Universidad Rey Juan Carlos	-	7,441
Results for Development Institute	-	4,488
Other (research institutes, other NGOs, other), total	289,281	279,438
Restricted income, total	16,726,785	19,098,929

A reconciliation of the income recognised against the cash received by funding entity is presented in Annex 1 of these financial statements. A reconciliation of income recognised against expenditure incurred by funding entity and project is presented in Annex 2 of these financial statements.

17.c Other income

OTHER INCOME		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
IACC fees	80,000	90,000
Maternity leave reimbursements	46,700	42,307
Travel expense reimbursements	115,247	37,933
Speakers' fees	980	960
Publications	-	-
Other	24,081	49,735
Other income, total	267,007	220,935

The income from IACC fees represents only the share of fees attributed to TI-S. Additional detailed disclosure on the financial results of the 17th IACC will be provided on their website.

18. RELATED PARTY TRANSACTIONS

IAS 24:9 notes that a related party is a person or entity that:

- Has control or joint control of the reporting entity;
- Has a significant influence over the reporting entity; or
- Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Members of the Board of Directors, the Managing Director, the Deputy Managing Director and the Interim Internal Managing Director constitute the key management personnel of the organisation for the year 2016 and are therefore considered related parties. The Board Directors do not receive any remuneration; however, they received reimbursements totaling €16.176 (in 2015: €37.420). The executive directors are employed by the entity and received salaries of €323.873 (in 2015: €321.186), not including pension contributions of €17.500 (in 2015 : €17.500) and reimbursements of €4.195 (in 2015 : €3.769).

Partners, including National Chapters, National Chapters in Formation and Contact groups, are legally and financially independent organisations registered in their countries. As such, the Secretariat cannot exert control or significantly influence them and no partner has, by itself, control or significant influence on the Secretariat.

19. PERSONNEL EXPENSES

Personnel expenses include salaries, wage tax and social security contributions for all staff, as well as contributions to an individual pension plan for directors.

PERSONNEL EXPENSES		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Salaries	8,725,456	8,190,441
Social contributions	1,494,353	1,376,754
Other benefit plans	121,250	125,417
Other personnel costs	249,326	319,243
Personnel expenses, total	10,590,385	10,011,855

The pension plan is a defined contribution plan administered by Allianz SE. Contributions are made in favour of the Managing Director (€10,000), and former Group Directors and Directors (€7,500 and €5,000 respectively, per person).

The decrease in other personnel costs depends on no year-end bonus being paid and a reduced accrual for holiday pay. The caption includes severance payments for redundant employees.

In 2016 TI-S employed an average of 159 employees, of which 146 at the Secretariat (162 in 2015), and 23 working on a part-time contract (21 in 2015). In addition, the organisation benefited from the support of 4 interns throughout the year.

20. PARTNER SUPPORT

This includes all support given directly to project partners, either through grants or through direct reimbursement of expenses (mostly travel) borne by the coalition partner. These amounts do not include expenditure paid to other third parties (e.g. consultants), whose activities might have nevertheless benefited the partner.

PARTNER SUPPORT		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Support through grants	7,464,014	10,770,361
Other direct support	670,224	174,164
Partner support, total	8,134,238	10,944,525

PARTNER SUPPORT		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Coalition partners		
Europe and Central Asia	2,836,395	4,368,473
Americas	799,937	431,172
Sub-Saharan Africa	1,197,178	1,274,074
Middle-East and North Africa	709,156	1,290,726
Asia-Pacific	1,203,578	2,423,610
Coalition partners, total	6,746,244	9,788,056
Other project partners	1,387,993	1,156,469
Partner support, total	8,134,238	10,944,525

Annex 3 of these financial statements includes a detailed breakdown by coalition partner of the expenditure supported by TI-S.

21. OTHER EXPENSES

OTHER EXPENSES		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Honoraria	2,140,520	2,172,906
Travel expenses	1,502,790	1,662,052
Maintenance, rent and leasing costs	650,846	559,658
Miscellaneous expenses	493,252	466,181
Publications and communications	279,157	440,016
Audits, Legal & advisory costs	185,648	327,971
Office supplies	18,118	23,223
Other expenses, total	5,270,331	5,652,007

22. SUPPORT COSTS

SUPPORT COST		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Support costs	2,872,459	3,252,231
Total organisational expenditure	24,178,409	26,731,753
Support costs as % of total expenditure	12%	12%

23. COMMITMENTS AND CONTINGENCIES

TI-S has commitments related to non-cancellable operating leases for buildings and office equipment. Total future minimum operating lease payments are as follows:

MINIMUM LEASE PAYMENTS				
	31-Dec-16		31-Dec-15	
	rent	equipment	rent	equipment
<i>all amounts are stated in Euros</i>				
within 1 year	403,985	17,785	324,648	11,234
between 2-5 years	1,416,828	6,938	162,422	2,499
more than 5 years	175,706	-	-	-
Commitments total	1,996,519	24,723	487,070	13,733

No contingent assets or liabilities to be disclosed in compliance with IAS 37 have been identified.

24. FINANCIAL RESULT

FINANCIAL RESULT		
	31-Dec-16	31-Dec-15
<i>all amounts are stated in Euros</i>		
Interest		
Interest income	42,838	21,492
Interest cost	(266)	(496)
Interest cost or income, net	42,572	20,996
Currency translation		
Realised gains on foreign exchange translation	41,674	15,067
Realised losses on foreign exchange translation	(101,216)	(41,794)
Unrealised gains and losses on foreign exchange translation	(22,146)	(76,074)
Gain or loss on currency translation, net	(81,688)	(102,801)
Financial result, net	(39,116)	(81,805)

25. SUBSEQUENT EVENTS

No event occurred between 31 December 2016 and the date of approval of these financial statements that, due to its significance and nature, required to be disclosed as a subsequent event as per the provisions of IAS 10.

ANNEXES

Annex 1 -Donor funding schedule

Annex 1 - page 1

This schedule summarises the movements of funding by Donor. At the beginning of the year TI-S had either unused resources (deferred income) from contributors or had advanced its own resources on donor-funded projects (accrued income), on the expectation of a future receipt. Donor balances open at TI-EU at 31 December 2015 are reported separately as they did not form part of the area of consolidation at that date. During the year, TI-S received additional financial resources (cash received/repaid). The sum of initial balances and resources received constitutes the total available resources for the year. These were employed in the performance of activities, and, as such, recognised as income. At year-end, if the difference between available resources and income recognised constituted the final balance with the donor, expressed as deferred income (resources received in excess of activities performed) or accrued income.

This annex rolls forward donor balances and shows actual cash flows by donor in the year.

		A			B	C		D = A + B + C		
		Funds available at 01-Jan			Cash received/ (paid) during the year	Income recognised		Closing balance	of which:	
Donor name		Accrued	Deferred	Opening TI-EU		Restricted	Unrestricted		Accrued	Deferred
all amounts are stated in Euros										
Government agencies										
Anti-Corruption Commission of Bhutan	Bhutan	(4,000)			4,000					
Auswärtiges Amt	Germany		48,116		974,672	(902,006)		120,782	(15,171)	135,953
Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit (BMUB)	Germany		272,365		576,484	(740,394)		108,455	(10,878)	119,333
Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)	Germany		106,764		1,369,833	(1,490,427)		(13,830)	(37,475)	23,645
Department of Foreign Affairs and Trade (DFAT)	Australia		77,234		1,123,432	(852,431)		(348,235)		348,235
Department for International Development (DFID)	UK		1,984,098		3,006,664	(877,836)	(4,124,299)	(11,373)	(11,373)	
Deaprtment of Foreign Affairs, Trade and Development (DFATD)	Canada				1,964,636	(812,192)		1,152,444		1,152,444
Foreign & Commonwealth Office (FCO)	UK	(29,950)	3,089		29,950	(3,089)				
Gesellschaft für internationale Zusammenarbeit (GIZ)	Germany		102,667		457,477	(502,257)		57,887	(4,024)	61,911
Government of Panama	Panama				589,509	(480,375)		109,134		109,134
Independent Commission Against Corruption (ICAC)	China		4,356		6,663	(11,019)				
Irish Aid	Ireland		130,000		360,000	(130,000)	(260,000)	100,000		100,000
Ministère des Affaires étrangères et europeennes	France		50,000		50,000	(50,684)		49,316		49,316
Ministry of Foreign Affairs	Estonia		73,395		40,000	(70,101)		43,294		43,294
Ministry for Foreign Affairs	Finland		28,880		50,000	(78,880)				
Ministry of Foreign Affairs	Netherlands						(450,000)	(450,000)	(450,000)	
Ministry of Foreign Affairs	Norway		21,110		180,881	(153,327)		48,664		48,664

Annex 1 -Donor funding schedule

Annex 1 - page 2

		A			B	C		D = A + B + C		
		Funds available at 01-Jan			Cash received/ (paid) during the year	Income recognised		Closing balance	of which:	
Donor name		Accrued	Deferred	Opening TI-EU		Restricted	Unrestricted		Accrued	Deferred
Ministry of Foreign Affairs and Trade	New Zealand		132,984			(132,984)				
Norwegian Agency for Development Cooperation (NORAD)	Norway		91,606			(91,606)				
Royal Danish Ministry of Foreign Affairs (Danida)	Denmark				333,659		(333,659)			
SPF Affaires étrangères, Commerce extérieur et Coopération au Développement	Belgium		78,300			(175,905)		(97,605)	(107,639)	10,034
Swiss Agency for Development and Cooperation (SDC)	Switzerland				1,243,201		(502,558)	740,643		740,643
Swedish International Development Cooperation Agency (SIDA)	Sweden		30,880		1,052,120	(30,880)	(1,052,120)			
U.S. Agency for International Development (USAID)	USA	(15,989)						(15,989)	(15,989)	
U.S. Department of State	USA	(47,850)	48,169		598,616	(516,884)		82,051		82,051
Government agencies, total		(97,789)	3,284,012	-	14,011,797	(8,635,816)	(6,722,636)	1,839,571	(652,549)	2,799,631
Multilateral institutions										
European Bank for Reconstruction and Development (EBRD)		(7,000)	7,000		14,000			14,000		14,000
European Commission		(395,437)	1,575,556	107,346	3,717,215	(4,129,127)		1,156,727	(879,004)	1,754,557
Financial Mechanism Office (FMO)		(18,538)			40,057	(21,519)		0		
Inter-American Development Bank (IDB)					60	(3,011)		(2,951)	(33,144)	30,193
United Nations Development Programme (UNDP)		(161,720)	39,403		362,111	(221,114)		18,680		18,680
United Nations Office on Drugs and Crime (UNODC)					102,619	(39,732)		62,888		62,888
United Nations Office for Project Services (UNOPS)			51,209		74,822	(108,572)		17,459		17,459
United Nations					16,441			16,441		16,441
Multilateral institutions, total		(582,695)	1,673,168	107,346	4,327,326	(3,990,536)	-	1,534,609	(912,148)	2,139,244
Foundations and trusts										
Asia House Hong Kong Ltd					200,000	(113,169)		86,831		86,831
BHP Billiton Foundation					995,855	(631,165)		364,690		364,690
Federation of European Accountants					10,000			10,000		10,000
Foundation Open Society Institute (FOSI)			254,659		668,725	(367,446)		555,938	(25,619)	581,557
Foundation to Promote Open Society					188,290	(24,511)		163,780		163,780

Donor name	A			B	C		D = A + B + C		
	Funds available at 01-Jan			Cash received/ (paid) during the year	Income recognised		Closing balance	of which:	
	Accrued	Deferred	Opening TI-EU		Restricted	Unrestricted		Accrued	Deferred
Fondation Pierre Pfister				1,398		(1,398)			
King Baudoin Foundation					(13,000)		(13,000)	(13,000)	
Omidyar Network Fund, Inc.		112,474		307,996	(362,320)		58,150		58,150
Open Society Initiative for West Africa (OSIWA)		92,883		10,068	(82,482)		20,469		20,469
Pew Charitable Trust				25,070	(32,700)		(7,630)	(7,630)	
Research Trust of Victoria University of Wellington		5,874			(5,874)		-		
Robert Bosch Stiftung			21,147		(7,572)		13,575		13,575
Seattle International Foundation		3,275			(3,275)		-		
Sigrid Rausing Trust			33,070	122,855		(118,549)	37,376		37,376
Stichting Adessium		247,310	43,311	477,000	(426,174)	(150,064)	191,383		191,383
The Tides Center				23,516	(8,627)		14,889		14,889
Wellspring Advisors, LLC		125,208		139,426	(138,832)		125,802		125,802
William and Flora Hewlett Foundation		425,481			(370,588)		54,893		54,893
Foundations and trusts, total	-	1,267,164	97,528	3,170,199	(2,587,735)	(270,011)	1,677,146	(46,249)	1,723,395
Corporate donors									
EGYS LLP	(350,000)	350,000		355,000	(333,851)		21,149	(350,000)	371,149
Kohlberg Kravis Roberts & Co.				47,168		(47,168)			
Norsk Hydro								(7,000)	7,000
PricewaterhouseCoopers, LLP	(7,000)	7,000							
Sanlam Life Insurance Limited		3,640		7,000			10,640		10,640
SGS AG		7,000		7,000			14,000		14,000
Siemens AG (Siemens' Integrity Fund)		400,506		565,214	(754,747)		210,972		210,972
SISTRIX GmbH						(5,000)	(5,000)	(5,000)	
Stora Enso Oyj		7,000		7,000	(8,564)		5,436		5,436
Warburg Pincus, LLC		12,731			(6,575)		6,155		6,155
Corporate donors, total	(357,000)	787,877	-	988,382	(1,103,737)	(52,168)	263,352	(362,000)	625,352

Donor name	A			B	C		D = A + B + C		
	Funds available at 01-Jan			Cash received/ (paid) during the year	Income recognised		Closing balance	of which:	
	Accrued	Deferred	Opening TI-EU		Restricted	Unrestricted		Accrued	Deferred
Coalition partners									
Asociacion para una Sociedad mas Justa				4,357	(4,357)				
Transparency International Cambodia				4,000	(4,000)				
Transparency International France				96,000	(96,000)			(45,848)	45,848
Transparency International Hungary					(11,505)		(11,505)	(11,505)	
Coalition partners, total	-	-	-	104,357	(115,862)	-	(11,505)	(57,353)	45,848
Others (e.g. research institutes, NGOs)									
Christian Michelsen Institute (CMI)	(33,591)			136,064	(135,666)		(33,194)	(33,194)	
Center for International Policy		14,451		78,560	(75,548)		17,463		17,463
n-ost - Netzwerk für Osteuropa-Berichterstattung				3,500			3,500		3,500
Results for Development Institute		3,864					3,864		3,864
Movement Fundraising Fund (Internal Donor)				360,000	(78,066)		281,934		281,934
Others (e.g. research institutes, NGOs), total	(33,591)	18,315	-	578,124	(289,280)	-	273,567	(33,194)	306,761
Individual donors									
	(9,520)			35,416	(3,819)	(139,802)	(117,725)	(117,725)	
Adjustments									
Grand totals	(1,080,595)	7,030,537	204,874	23,215,601	(16,726,785)	(7,184,617)	5,459,015	(2,181,218)	7,640,231
reference to financial statements note	5	13	*	**	17.b	17.a		5	13

* These balances are part of TI-EU's standalone financial statements as of 31 December 2015, as they did not form part of the area of consolidation at that date

** These transactions are part of the entity's operating cash

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Detailed programme information: Summary

Annex 2 - Page 1

This is a schedule of the project finances at the Secretariat detailing, for each project undertaken by the organisation, it details the restricted contributions (by donor) and expenditure incurred (by type). The difference between such income and expenditure represents the project's impact on unrestricted income.

This year, the Secretariat underwent a series of significant changes, including the full implementation of our new strategy and the organisational transformation that deeply impacted our internal structure. The Annex presents projects considering their contribution to the implementation of the strategy as well as their allocation in the internal structure.

Category	People & Partners	Public Accountability	Business Integrity	Grand Corruption	Stakeholder Engagement	Governance, Accountability & Learning	Specialist Advisors	Programmes	IAOC Series	Organisational Development	Resource Development	Other Projects & Activities	Other costs (incl. provision and reallocation of support costs)	Other entities	TOTAL
<i>all amounts are stated in Euros</i>															
Restricted income															
Government agencies	413,400	53,089	83,169	310,000		50,000	111,019	6,354,944	602,291	110,000		9,325		6,038	8,103,276
Multilateral institutions	97,126	1,940,553					99,192	1,865,565	115,610			89,678		315,351	4,523,075
Foundations and trusts	346,705	790,979					119,043	889,683				81,658		359,668	2,587,735
Corporate donors			769,886				328,851			5,000					1,103,737
Individual donors				3,819											3,819
Coalition partners							8,357	96,000						11,505	115,862
Other (research institutes, other NGOs, other)							211,215				78,067				289,282
Other income	2,018	5,110	7,406	994	0	9,296	46,932	13,845	123,334		799	1,865	25,813	29,595	267,007
Financial results	(17)	(1,657)	(296)	23	(4,337)	(99)	2,148	(4,214)	(98)	21	1,590	(47)	(33,819)	1,684	(39,116)
A - Restricted and other income, total	859,233	2,788,075	860,165	314,836	(4,337)	59,198	926,756	9,215,823	841,137	115,021	80,456	182,480	(8,006)	723,841	16,954,677
Personnel	476,129	984,734	454,774	703,264	832,384	994,445	2,011,867	2,370,330	387,564	546,608	614,864	85,085	(763,350)	891,687	10,590,385
Partner support	362,497	1,487,863	170,842	25,204	74,751	42,702	103,922	5,911,305	48,309	3,240	60,972	37,082	134,278	(328,729)	8,134,238
Other	149,385	546,072	249,487	58,778	101,821	102,647	623,100	1,391,229	374,369	(25,509)	80,105	64,752	1,230,905	443,263	5,390,402
B - Project costs, total	988,011	3,018,669	875,102	787,245	1,008,955	1,139,794	2,738,889	9,672,865	810,243	524,339	755,942	186,919	601,833	1,006,220	24,115,025
B-A - Utilisation of unrestricted funds by project	128,778	230,594	14,938	472,409	1,013,292	1,080,596	1,812,132	457,042	(30,894)	409,318	675,486	4,439	609,838	282,379	7,160,348
Total unrestricted income															7,184,617
Surplus for the year															24,268
Additional information included at:	Page 2	Page 2	Page 3	Page 3	Page 3	Page 3	Page 4	Page 5-7	Page 8	Page 8	Page 8	Page 8			

Detailed programme information: People and Partners, Public Accountability

Annex 2 - Page 2

Category	Pepole & Partners				Public Accountability							TOTAL
	Adessium	People Engagement	Advocacy and Legal Advice Centres (ALACs) in South East Europe	Speak Up II - Engaging Citizens in Fighting Corruption in Europe	Integrity Pacts - Civil Control Mechanism for Safeguarding EU Funds (Phase 2)	Anti-Corruption Advocacy for Sustainable Development	Public Sector - Open Governance	Turning Transparency into Accountability	REDACTES	Transparency and Accountability for High Quality Education	Renforcer la présence de TI en South Saharan Africa	
all amounts are stated in Euros												
Government agencies												
Auswärtiges Amt			228,231									228,231
Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)		90,000										90,000
Foreign & Commonwealth Office (FCO)							3,089					3,089
Gesellschaft für internationale Zusammenarbeit (GIZ)		25,068										25,068
Ministère français des Affaires étrangères et européennes											50,000	50,000
Ministry of Foreign Affairs, Estonia		70,101										70,101
Multilateral institutions												
European Commission				97,126	1,178,880	653,100						1,929,107
United Nations Office for Project Services (UNOPS)									108,572			108,572
Foundations and trusts												
Omidyar Network Fund, Inc.								337,910				337,910
Open Society Initiative for West Africa (OSIWA)										82,482		82,482
Stichting Adessium	346,705											346,705
William and Flora Hewlett Foundation							370,588					370,588
Other income	14	1,203	801		140	3,466		318		315	871	7,128
Financial results		(12)	(5)		(25)	(111)		(298)	(718)	(514)	9	(1,673)
A - Restricted and other income, total	346,719	186,360	229,028	97,126	1,178,996	656,455	373,677	337,929	107,854	82,283	50,880	3,647,308
Personnel	165,992	223,352	60,417	26,369	356,291	426,244	70,930	116,251	7,277	4,280	3,461	1,460,863
Partner support	136,862	15,094	160,134	50,406	835,582	143,762	188,328	177,165	43,877	74,895	24,253	1,850,360
Other	43,866	91,891	8,477	5,152	57,386	249,860	111,330	44,513	56,700	3,108	23,174	695,457
B - Project costs, total	346,719	330,337	229,028	81,927	1,249,259	819,867	370,588	337,929	107,854	82,283	50,888	4,006,680
B-A - Utilisation of unrestricted funds by project												
	0	143,976	0	(15,199)	70,263	163,412	(3,089)	0	0	0	8	359,372

Category	Business Integrity			Grand Corruption		Stakeholder Engagement		Governance, Accountability and Learning				TOTAL
	Collective Action for Clean Business	Transparency in Corporate Reporting - Emerging Market Multinationals	Business Integrity Programme	Campaigns	Conventions	External Stakeholders' Engagement	Rapid Response Unit (RRU)	Institutional Support	Governance	Accreditation Review	Monitoring, Evaluation & Learning	
all amounts are stated in Euros												
Government agencies												
Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)	30,000			100,000	210,000						50,000	390,000
Gesellschaft für internationale Zusammenarbeit (GIZ)		53,169										53,169
Corporate donors												
Siemens AG (Siemen's Integrity Fund)	754,747											754,747
Stora Enso Oyj			8,564									8,564
Warburg Pincus LLC			6,575									6,575
Individuals					3,819							3,819
Other income	5	144	7,257		994			9,296				17,696
Financial results	28	8	(333)	(11)	34	(5,026)	690	(185)	1	(15)	100	(4,709)
A - Restricted and other income, total	784,780	53,320	22,064	99,989	214,847	(5,026)	690	9,112	1 -	15	50,100	1,229,861
Personnel	441,788	10,148	2,837	148,319	554,945	730,223	102,161	491,679	231,518	169,915	101,333	2,984,866
Partner support	160,967	4,693	5,182	0	25,204	368	0	36,399		6,123	180	239,116
Other	186,152	38,479	24,856	15,791	42,987	122,621	53,582	63,651	23,346	7,191	8,459	587,115
B - Project costs, total	788,907	53,320	32,875	164,110	623,135	853,212	155,743	591,728	254,864	183,229	109,972	3,811,097
B-A - Utilisation of unrestricted funds by project	4,127	0	10,811	64,121	408,288	858,239	155,053	582,616	254,864	183,244	59,872	2,581,235

Detailed programme information: Specialist Advisors

Annex 2 - Page 4

Category	Specialist Advisors, Regional Support					Specialist Advisors, Knowledge and Research						TOTAL
	Institutional Regional Support	Europe & Central Asia	Sub-Saharan Africa	Americas	Asia Pacific	Research & Knowledge	Global Advocacy & Policy	Research Tools	ANTICORRP	Helpdesk	Legal Affairs	
all amounts are stated in Euros												
Government agencies												
Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)						100,000						100,000
Independent Commission Against Corruption (ICAC)						11,019						11,019
Multilateral												
European Commission									99,192			99,192
Foundations and trusts												
Asia House Hong Kong Limited								113,169				113,169
Research Trust of Victoria University of Wellington						5,874						5,874
Corporate donors												
EYGS LLP						55,238		215,494	58,119			328,851
Coalition partners												
Asociacion para una Sociedad mas Justa								4,357				4,357
Transparency International Cambodia								4,000				4,000
Other (research institutes, other NGOs, other)												
Center for International Policy							75,548					75,548
Christian Michelsen Institute (CMI)										135,666		135,666
Other income	8,418	6,317	140	6,994		6,389	10,002	1,091		7,580		46,932
Financial results	0		1,296	(53)		24	1,173	25	(45)	2	(274)	2,148
A - Restricted and other income, total	8,418	6,317	1,436	6,941	-	178,544	86,723	338,136	157,266	143,248	-	926,756
Personnel	211,887	412,895	221,527	185,906	2,552	315,494	230,976	115,331	96,323	164,095	54,880	2,011,867
Partner support	47,473		1,465			1,000	29,059		24,056	869		103,922
Other	8,673	3,855	27,302	33,273	19,202	31,486	124,177	233,753	78,811	15,523	47,046	623,100
B - Project costs, total	268,034	416,749	250,293	219,179	21,754	347,980	384,212	349,084	199,190	180,488	101,926	2,738,889
B-A - Utilisation of unrestricted funds by project	259,615	410,432	248,858	212,238	21,754	169,435	297,489	10,948	41,924	37,240	102,200	1,812,132

Category	Integrity, Mobilisation, Participation, Anti-Corruption and Transparency	Asia Pacific Regional Programme	Sharaka - Middle East & North Africa	Transparency in Eurasia	Regional Support - Middle East & North Africa	Pacific Institutional and Network Strengthening Programme (PINSP)	Regional Support - Global	Asia Pacific - Institutional Network Strengthening Programme	Middle East & North Africa Regional Programme	TOTAL
<i>all amounts are stated in Euros</i>										
Government agencies										
Auswärtiges Amt			673,774							673,774
Department of Foreign Affairs and Trade (DFAT), Australia		818,862						33,568		852,431
Department of Foreign Affairs, Trade and Development (DFATD), Canada	812,192									812,192
Ministry of Foreign Affairs and Trade, New Zealand						132,984				132,984
Swedish International Development Cooperation Agency (SIDA)									30,880	30,880
U.S. Department of State				516,884						516,884
Other income		1,303								1,303
Financial results	(485)	(166)	(1)					(1)	2,672	2,019
A - Restricted and other income, total	811,708	819,999	673,773	516,884	-	132,984	-	33,567	33,551	3,022,466
Personnel	270,459	518,484	206,521	40,004	141,562		73,708		17,200	1,267,938
Partner support	461,579	175,166	421,216	473,413	1,217	115,251			14,816	1,662,656
Other	103,426	126,350	46,036	3,496	117		50	39,610	1,898	320,982
B - Project costs, total	835,464	819,999	673,773	516,913	142,895	115,251	73,758	39,610	33,913	3,251,576
B-A - Utilisation of unrestricted funds by project	23,756	0	0	29	142,895	(17,733)	73,758	6,043	361	229,110

Detailed programme information: Programmes, Country and Climate

Annex 2 - Page 6

Category	Programmes, Country							Programmes, Climate			TOTAL
	Strengthening Anti-corruption Demand from Society, Public & Private Sector in Vietnam	Engineering Accountable Governance in Afghanistan	Brazil Programme	National Integrity System in Benin	Access to Information Venezuela	Strategic Presence	National Integrity System in Afghanistan	Climate Finance Integrity	Governance & Finance Integrity in REDD+	Preventative Anti-Corruption for REDD+	

all amounts are stated in Euros

Government agencies

Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit (BMUB)								737,087			737,087
Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)						60,000					60,000
Gesellschaft für internationale Zusammenarbeit (GIZ)		302,104									302,104
Irish Aid	130,000										130,000
Ministry of Foreign Affairs, Norway			153,327								153,327
Ministry for Foreign Affairs of Finland	78,880										78,880
Norwegian Agency for Development Cooperation (NORAD)										91,606	91,606
SPF Affaires étrangères, Commerce extérieur et Coopération au Développement	175,905										175,905

Multilateral

European Commission				144,803					440,700		585,503
United Nations Development Programme (UNDP)							108,515				108,515

Foundations and trusts

Foundation Open Society Institute (FOSI)			54		133,337						133,391
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Coalition partners

Transparency International France									96,000		96,000
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Other income

								9,612	30		9,642
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Financial results	100	21	(248)	(54)	131		490	(420)	180	(213)	(12)
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A - Restricted and other income, total	384,885	302,125	153,133	144,749	133,468	60,000	109,005	746,279	536,911	91,393	2,661,947
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Personnel	32,240	55,162	0	25,755	7,056		10,175	237,914	137,117	6,442	511,861
Partner support	328,547	64,636	1,205	42,975	128,695	120,000	51,191	461,036	395,973	95,121	1,689,378
Other	24,097	182,328	151,927	76,020	19		10,774	131,502	38,979	21,619	637,265

B - Project costs, total	384,885	302,125	153,131	144,749	135,770	120,000	72,139	830,451	572,070	123,182	2,838,503
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B-A - Utilisation of unrestricted funds by project	0	0	(1)	0	2,303	60,000	(36,866)	84,173	35,159	31,789	176,556
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Detailed programme information: Programmes, Research, Land and Other

Annex 2 - Page 7

Category	Programmes, Research		Programmes, Land		Programmes, Other			TOTAL
	National Integrity Systems Middle East & North Africa	National Integrity Systems - Western Balkans	Land & Corruption in Africa	Women, Land and Corruption	Defence & Anti-Bribery Principles	Mining for Sustainable Development	Enhanced Response Capacity	

all amounts are stated in Euros

Government agencies

Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)			740,427					740,427
Department for International Development (DfID)					866,463			866,463

Multilateral

European Commission	532,539	434,812					204,197	1,171,547
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Foundations and trusts

BHP Billiton Foundation						631,165		631,165
Wellspring Advisors, LLC				125,127				125,127

Other income

	53	1,156	166		368	1,158		2,901
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Financial results

	(398)	(50)	(239)	(1,403)	(4,005)	6	(130)	(6,220)
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A - Restricted and other income, total	532,194	435,918	740,353	123,724	862,826	632,329	204,066	3,531,410
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Personnel	50,763	143,613	157,790	29,776		149,219	59,370	590,532
Partner support	347,370	274,544	409,275	83,047	854,809	400,487	143,721	2,513,251
Other	134,061	58,758	173,289	10,900	393	82,623	18,979	479,003

B - Project costs, total	532,194	476,915	740,353	123,724	855,201	632,329	222,070	3,582,786
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B-A - Utilisation of unrestricted funds by project	0	40,997	0	0	(7,625)	0	18,004	51,376
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Category	IACC - International Anti-corruption Conference Series	Organisational Development			Resource Development	UNODC CRIMJUST	OSI: Grand Corruption [Asset Recovery/ Ukraine]	ECA FMO Partnership	London Summit Commitments	NEW Impact for Open Governance	Other	TOTAL
		Information and Communication Technology	Organisational Development	Organisational Change								
all amounts are stated in Euros												
Government agencies												
Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)			110,000									110,000
Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit (BMUB)											(2,732)	(2,732)
Department for International Development (DfID)									11,373			11,373
Gesellschaft für internationale Zusammenarbeit (GIZ)	121,916											121,916
Government of Panama	480,375											480,375
Ministère français des Affaires étrangères et européennes											684	684
Multilateral												
European Commission											28,428	28,428
Financial Mechanism Office (FMO)								21,519				21,519
Inter-American Development Bank (IDB)	3,011											3,011
United Nations Development Programme (UNDP)	112,599											112,599
United Nations Office on Drugs and Crime (UNODC)						39,732						39,732
Foundations and trusts												
Foundation Open Society Institute (FOSI)							40,020			24,511		64,531
Seattle International Foundation											3,275	3,275
The Tides Center										8,627		8,627
Wellspring Advisors, LLC											5,224	5,224
Corporate												
EYGS LLP			5,000									5,000
Other (research institutes, other NGOs, other)												
Movement Fundraising Fund (Internal Donor)					78,067							78,067
Other income	123,334				799	786				1,079		125,998
Financial results	(98)		21		1,590	(115)				(3)	71	1,467
A - Restricted and other income, total	841,137	-	115,021	-	80,456	40,403	40,020	21,519	11,373	34,214	34,951	1,219,094
Personnel	387,564	232,841	139,315	174,451	614,864	10,416	17,015	14,463	11,373	24,458	7,360	1,634,122
Partner support	48,309		2,575	665	60,972	5,416	18,589			1,716	11,362	149,604
Other	374,369	24,736	20,657	(70,902)	80,105	24,571	4,417	8,912		7,489	19,363	493,717
B - Project costs, total	810,243	257,577	162,547	104,215	755,942	40,403	40,020	23,375	11,373	33,663	38,085	2,277,442
B-A - Utilisation of unrestricted funds by project	(30,894)	257,577	47,526	104,215	675,486	0	(0)	1,856	0	(551)	3,134	1,058,348

Annex 3 - Partner funding schedule

Annex 3 - page 1

This schedule summarises the movements of funding by project partner. At the beginning of the year, TI-S had outstanding balances for resources advanced to partners (as per A below). During the year, TI-S transferred additional financial resources or received unspent balances back (B). Occasionally, it received income (C). The sum these amounts constitutes the total resources available to the project partner during the year. Resources were employed in the performance of activities and, as a result, advances accounted for as expenditure (D). Part of the expenditure was documented through final reports (fully complying with donor requirements), and part through interim ones (i.e. reports that are considered reliable but not yet meeting all formal donor requirements). At the year-end, the difference between available resources and expenditure booked constituted the final balance with the project partner (E).

Project partners belonging to the TI Movement, including National Chapters (NC), National Chapters in Formation (NCiF) and National Contacts (Ct), are collectively identified as Coalition Partners. Other project partners are grouped separately at the bottom of the schedule.

Partner name		Type, country		A			B	C	D			E = A + B + C - D		
				Opening balance			Cash paid / (received)	Income received	Expenditure reported			Closing balance		
				Receivable	Advance	Liability			Final reports	Interim reports	Other	Receivable	Advance	Liability
all amounts are stated in Euros														
Coalition partners														
Americas														
Accion Ciudadana	NC	Guatemala		25,099	(953)	109,462	0	45,214	47,559	(285)		42,343	(1,222)	
Asociacion Costa Rica Integra	NC	C. Costa Rica				1,024	78	1,090		12			(0)	
Asociacion para una Sociedad mas Justa (ASJ)	NC	Honduras			(634)	99,675	19	1,559	41,128			56,372		
Capitulo Chileno de Transparencia Internacional	NC	Chile				36,508		3,694	12,054	115		21,446	(801)	
Consejo Nacional para la Etica Publica- Proetica	NC	Peru		45,859	(1,576)	157,940	0	112,796	51,633	2		39,152	(1,360)	
Corporacion Transparencia por Colombia	NC	Colombia			(109)	55,115		3,259	38,695	(105)		13,158		
Fundacion Nacional para el Desarrollo (FUNDE)	NC	El Salvador			0	1,185	4	1,189					0	
Fundacion para el Desarrollo de la Libertad Ciudadana	NC	Panama				13,193	10	6,651		6,552		0		
Fundacion Poder Ciudadano	NC	Argentina	98	600	(1,700)	79,526		37,895	55,279	1,281			(15,931)	
Participacion Ciudadana	NC	Dominican Rep.			(0)	1,243		1,238		6			(0)	
Transparencia Mexicana A.C.	NC	Mexico		40,439		51,267	2	81,966			307	10,839	(1,405)	
Transparencia Venezuela	NC	Venezuela		237,787	(9,185)	60,328	137	7,011	166,536	322		115,197		
Transparency International Canada Inc.	NC	Canada		5,000	(388)	23,012	40	17,603	1,602	3,583		5,398	(522)	
Trinidad & Tobago Transparency Institute	NC	Trinidad Tobago				48,414		1,400	39,142	10		8,108	(247)	
Americas, total			98	354,783	(14,546)	737,892	289	322,565	453,628	11,494	307	312,013	(21,488)	
Asia & Pacific														
The Malaysian Society for Transparency and Integrity	NC	Malaysia	90,000	1,487		(89,065)		1,316		1,106			0	
Towards Transparency	Ct	Vietnam		25,827	0	314,178	177	116,417	211,822			12,030	(87)	
Transparency International Australia	NC	Australia	(0)		(1,511)	371,769		16,391	258,630		107	95,130		
Transparency International Bangladesh	NC	Bangladesh		43,793	0	39,222		34,187		16		48,812	0	
Transparency International Cambodia	NC	Cambodia	1,246		(2,345)	5,462	13	3,299		6,113		3,168	(8,203)	

Annex 3 - Partner funding schedule

Annex 3 - page 2

Partner name	Type, country	A			B	C	D			E = A + B + C - D			
		Opening balance			Cash paid / (received)	Income received	Expenditure reported			Closing balance			
		Receivable	Advance	Liability			Final reports	Interim reports	Other / adj	Receivable	Advance	Liability	
all amounts are stated in Euros													
Transparency International Indonesia	NC	Indonesia	39,589	(1,227)	44,987		82,873		475	0			
Transparency International Japan	NC	Japan			9,400		9,400						
Transparency International Korea (South)	NC	Korea (South)	27,960		42,239	6	71,815			0		(1,610)	
Transparency International Mongolia	NC	Mongolia			18,254		4,782	12,228		1,439		(195)	
Transparency International Nepal	NC	Nepal	1,000		8,137		3,006	2,367		3,764			
Transparency International New Zealand	NC	New Zealand			2,030		2,030						
Transparency International Pakistan	NC	Pakistan		(830)	36,902		2,116	29,144		4,812			
Transparency International Papua New Guinea	NC	Papua New Guinea	97,584		46,526		146,941	(19,123)		17,552		(1,260)	
Transparency International Philippines	NC	Philippines	15,509						15,509				
Transparency International Sri Lanka	NC	Sri Lanka	3,011		34,173		711	27,066		9,478		(71)	
Transparency Maldives	CiF	Maldives	28,613		109,203		96,428	33,794	13	7,581			
Transparency Solomon Islands	NC	Solomon Islands	37,440		(2,415)		32,913		2,112				
Transparency Vanuatu	NC	Vanuatu	1,118		21,596		23,026					(312)	
Asia & Pacific, total			91,246	322,931	(5,912)	1,012,599	196	647,651	555,928	25,344	107	203,767	(11,737)

Europe and Central Asia

Association Pour la Promotion de la Transparence (APPT)	NC Luxembourg				34,920		581			34,338		
Center for Anti-corruption Research and Initiative	NC Russia		48,169		496,322		473,413			71,078		
Kosova Democratic Institute	NC Kosovo		1,626	(6,091)	101,280		28,395	72,186		4,066		(7,831)
MTUE Korruptsioonivaba Eesti	NC Estonia		10,385	(5,600)	812		13,314	(914)				(6,803)
Sabiedriba Par Atklatibu Delna	NC Latvia D	511	6,837		77,117		10,458	63,055		511	10,441	
Transparencia e Integridade, Associacao Civica	NC Portugal	976	2,711	(1,190)	100,092		21,404	34,827		46,926		(569)
Transparency Azerbaijan	NC Azerbaijan			(6,723)	6,647		(77)					0
Transparency Cyprus	CiF Cyprus			(591)	2,971		2,380					
Transparency International Anti-Corruption	NC Armenia			(987)	7,987			5,504		1,496		0
Transparency International Austrian Chapter	NC Austria			(4,240)	119		210					(4,330)
Transparency International Belgium	CiF Belgium						158					(158)
Transparency International Bosnia and Herzegovina	NC Bosnia Herzegovina		30,884	(517)	85,934		12,070	64,676		81	39,484	(9)

Partner name	Type, country		A			B	C	D			E = A + B + C - D		
			Opening balance			Cash paid / (received)	Income received	Expenditure reported			Closing balance		
			Receivable	Advance	Liability			Final reports	Interim reports	Other / adj	Receivable	Advance	Liability
all amounts are stated in Euros													
Transparency International Bulgaria	NC	Bulgaria		9,432	(7,095)	95,497		31,373	50,970			22,586	(7,095)
Transparency International Czech Republic	NC	Czech Republic		7,966	(214)	92,212		12,641	34,319			54,747	(1,744)
Transparency International Deutschland e.V.	NC	Germany			(4,503)	446			(194)				(3,864)
Transparency International Espana	NC	Spain			(6,791)	436		1,085					(7,440)
Transparency International France	NC	France		10,689	(11,040)	(67,292)	96,000	19,740				23,801	(15,185)
Transparency International Georgia	NC	Georgia	1,954	(0)		(1,954)		174				(0)	(174)
Transparency International Greece	NC	Greece		122	(409)	54,446		9,666	38,021			6,350	122
Transparency International Greenland	NC	Greenland											
Transparency International Hungary	NC	Hungary			(12,112)	151,590		780	122,403			17,386	(1,091)
Transparency International Ireland	NC	Ireland		10,400	(15,369)	29,038		15,275		0		9,020	(226)
Transparency International Israel	NC	Israel			(1,028)	1,277	4	236		17			
Transparency International Italia	NC	Italy	78	12,126	(31,873)	118,403		25,252	45,959			71,382	(43,859)
Transparency International Lithuania	NC	Lithuania		15,976	(7,171)	102,362		29,320	63,273	340		29,550	(11,316)
Transparency International Macedonia	NC	Macedonia		19,990	(332)	117,548		52,868	40,034		513	43,826	(34)
Transparency International Moldova	NC	Moldova	3,439			20,319						23,758	
Transparency International Netherlands	NC	Netherlands				47,330		337				46,993	
Transparency International Norway	NC	Norway											
Transparency International Romania	NC	Romania		8,850	(17,312)	185,802		26,957	118,604		487	31,912	(620)
Transparency International Schweiz	NC	Switzerland				1,200		581		620			
Transparency International Slovenia - Društvo Integriteta	NC	Slovenia	1,451	107	(5,652)	187,724		3,022	88,119	6,876	285	87,341	(2,013)
Transparency International Slovensko	NC	Slovakia		8,268	(3,649)	20,065		15,079			247	18,000	(8,643)
Transparency International Sweden	NC	Sweden				2,480		2,480					
Transparency International UK	NC	UK		5,884	(27,824)	1,023,839	369	966,287	(664)	44,731		15,876	(23,964)
Transparency International Ukraine	NC	Ukraine	5,035	30,246		108,426		64,946	24,089		5,035	50,737	(1,100)
Transparency Serbia	NC	Serbia		836	(9,133)	137,761		26,711	52,897	120	720	49,034	(17)
Transparency Suomi	CiF	Finland				329	64	393					
Uluslararası Seffaflik Dernegi	NC	Turkey	162	3,372	(7,154)	96,432		25,214	27,673			46,975	(7,050)
Europe and Central Asia, total			13,607	244,876	(194,600)	3,439,914	96,437	1,892,723	944,837	52,705	7,879	857,103	(155,013)

Partner name	Type, country		A			B	C	D			E = A + B + C - D		
			Opening balance			Cash paid / (received)	Income received	Expenditure reported			Closing balance		
			Receivable	Advance	Liability			Final reports	Interim reports	Other / adj	Receivable	Advance	Liability
all amounts are stated in Euros													
Middle east and North Africa													
Bahrain Transparency Society (BTS)	NC	Bahrain		9,700				9,700					
I Watch	Ct	Tunisia		15,990		211,178		166,112			3,071	57,985	0
Lebanese Transparency Association (LTA)	NC	Lebanon		9,136	(9,779)	100,389	36	97,459		3,255		17,445	(18,376)
Rasheed for Integrity and Transparency	Ct	Jordan		21,615	(3,277)	240,993		78,922	147,921	10		37,837	(5,360)
The Coalition for Accountability and Integrity (AMAN)	NC	Palestine		70,219		37,523	4	21,828	93,641	(2,429)		0	(5,294)
Transparency Maroc	NC	Morocco		5,021	(239)	91,337		31,823	64,250	(60)	37	69	(0)
Middle East and North Africa, total			-	131,680	(13,295)	681,420	40	405,844	305,812	776	3,109	113,336	(29,030)
Sub-Saharan Africa													
Associacion Nigerienne de Lutte contre la Corruption	NC	Niger		31,114	(3,535)	8,701		24,507	4,535	(2,264)		9,504	
Association Burundaise des Consommateurs (ABUCO)	NC	Burundi				10,265		268	9,997				
Center for Transparency and Accountability Liberia	NC	Liberia			(950)	31,500			6,679	(950)	0	24,821	
Centro de Integridade Publica (CIP)	NC	Mozambique				62,299	0	12,774				49,525	
Civil Society Legislative Advocacy Centre (CISLAC)	Ct	Nigeria				73,529		2,654	18,816			52,059	
Corruption Watch	CiF	South Africa		6,641		93,476		51,857	12,701	12		42,799	(7,251)
Forum Civil	NC	Senegal		22,643		21,922		744	23,857			19,963	
Ghana Integrity Initiative (GII)	NC	Ghana	718	114,273	(91)	177,960		71,171	148,203	1,026		65,714	6,745
LICOCO ASBL	Ct	Congo Dem		11,485		223,551		9,096	125,943			99,997	
National Integrity Platform	CiF	Malawi				10,000	0	9,043			957		
Rencontre pour la Paix et les Droits de L'Homme	Ct	Congo				30,774		770	7,242	4		22,758	
Transparency Ethiopia	CiF	Ethiopia				10,000			10,000				
Transparency International Cameroon	NC	Cameroon	17,557	1,376	(6,520)	197,680	1,296	122,541	63,587	4,648	6,633	13,979	
Transparency International Initiative Madagascar	NC	Madagascar	6,095	2,700		74,460		48,857	23,474	6,095		4,829	
Transparency International Kenya	NC	Kenya	2,544	88,895	(5,558)	145,387	14	95,111	51,904	4	11,130	77,010	(3,877)
Transparency International Rwanda	NC	Rwanda			(1,816)	22,687		9,040	10,000	1,930		1,885	(1,984)
Transparency International Sierra Leone	NC	Sierra Leone				7,420		420	7,385				(385)
Transparency International Zambia	NC	Zambia		24,454	(138)	73,758		115	60,137			37,822	
Transparency International Zimbabwe	NC	Zimbabwe		50,396		100,454	3	87,293	31,293	222	512	31,533	
Transparency Mauritius	NC	Mauritius	5,891			71		71		5,891			

Partner name	Type, country	A			B	C	D			E = A + B + C - D		
		Opening balance			Cash paid / (received)	Income received	Expenditure reported			Closing balance		
		Receivable	Advance	Liability			Final reports	Interim reports	Other / adj	Receivable	Advance	Liability
all amounts are stated in Euros												
Transparency Uganda	NC Uganda		5,861		28,839		35,093		282			(676)
Sub-Saharan Africa, total		32,805	359,837	(18,607)	1,404,733	1,312	581,425	615,753	16,900	19,232	554,198	(7,428)
Coalition partners, total		137,756	1,414,107	(246,959)	7,276,557	98,275	3,850,208	2,875,958	107,218	30,634	2,040,416	(224,696)
Others												
Groupe Urgence			25,990		51,981		66,530				11,441	
Integrity Watch Afghanistan			39,403		67,779	580	52,167	61,893			4,700	(10,998)
Others (expenditure lower than €50,000)		18,975	152,879	(175,953)	828,496		401,416	155,842		9,717	308,083	(50,660)
Others, total		18,975	218,272	(175,953)	948,256	580	520,113	217,735		9,717	324,224	(61,658)
Grand total		156,731	1,632,379	(422,912)	8,224,813	98,854	7,464,014		107,218	40,351	2,364,640	286,354
reference to financial statements note		4	6 d	10 d	a	b	20		c	4	6	10

a) balance forms part of the entity's cash flows

b) the balance forms part of the entity's operating income

c) the balance forms part of other direct support and other expenditure

d) The status of some partners changed during 2016 causing differences between the totals for regions and others in advances brought forward

General Engagement Terms

for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

DokID:

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: The German term "Textform" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 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 regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

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