

# INDEPENDENT AUDITOR'S REPORT

**TO THE MANAGEMENT OF  
ASSOCIATION "ASSOCIATION TRANSPARENCY INTERNATIONAL"  
Sofia**

## **Opinion**

We have audited the financial statements of Association "ASSOCIATION TRANSPARENCY INTERNATIONAL" (the Association), which comprise the balance sheet as at 31 December 2016, and the profit and loss statement (income statement), equity statement and cash flow statement for the year then ended, and note to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with National Accounting Standards (NAS) applicable in Bulgaria.

## **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFAA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the management report, prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### ***Additional Matters to be Reported under the Accountancy Act***

In addition to our responsibilities and reporting in accordance with ISAs, in relation to the management report, we have also performed the procedures added to those required under ISAs in accordance with the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA), issued on 29 November 2016/approved by its Management Board on 29 November 2016. These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

### ***Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act***

Based on the procedures performed, our opinion is that:

- a) The information included in the management report referring to the financial year for which the financial statements have been prepared is consistent with those financial statements.
- b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.

## **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Registered Auditor Vladimir Hristov**

**Sofia, "Deian Belishki" Str. 40-42, fl. 4, ap. 28  
30 May 2017**





## BALANCE SHEET

of Transparency International Bulgaria  
as at 31.12.2016

ASSETS			LIABILITIES		
SECTIONS GROUPS ITEMS	Amount (BGN '000)		SECTIONS GROUPS ITEMS	Amount (BGN '000)	
	Current year	Previous year		Current year	Previous year
a	1	2	a	1	2
<b>A. REGISTERED, BUT NOT PAID IN CAPITAL</b>			<b>A. OWN CAPITAL</b>		
<b>B. NON-CURRENT (LONG-TERM) ASSETS</b>			<b>I. Registered capital</b>		
<b>I. Intangible assets</b>			<b>II. Premiums on issues</b>		
1, Research and development products			<b>III. Revaluation reserve</b>		
2, Concessions, patents, licenses and similar rights and assets	15	19	<b>IV. Reserves</b>		
3, Trade reputation			1, Statutory reserves		
4, Advances and intangible assets under construction			2, Reserve relating to Redeemed own shares		
<b>Group I total:</b>	<b>15</b>	<b>19</b>	3, Reserve under statutes		
<b>II. Long-term tangible assets</b>			4, Other reserves	27	25
1, Land and buildings, including:			<b>Group IV total:</b>	<b>27</b>	<b>25</b>
-land			<b>V. Accumulated profit (loss) form prior years, including</b>		
-buildings			- retained earnings		
2, Machines, production equipment and apparatuses			- uncovered loss		
3, Equipment and other tangible fixed assets	3	4	<b>Group V total:</b>		
4, Advance payments and fixed assets under construction			<b>VI. Current profit (loss)</b>	(11)	2
<b>Group II total:</b>	<b>3</b>	<b>4</b>	<b>SECTION A TOTAL:</b>	<b>16</b>	<b>27</b>
<b>III. Long-term financial assets</b>			<b>B. Provisions and Similar Liabilities</b>		
1, Shares and stocks in group companies			1, Provisions for pensions and similar obligations		
2, Loans to companies in group			2, Provisions for taxation, including:		
3, Stocks and shares in associates and joint ventures			- deferred tax		
4, Loans related to associates and joint ventures			3, Other provisions and similar obligations		
5, Long-term investments			<b>SECTION B TOTAL:</b>		
6, Other loans			<b>C. BORROWINGS</b>		
7, Redeemed own shares: par value (BGN'000)			1, Bonds with separate indication of the the convertible, incl:		
par value (BGN'000)	X	X	up to 1 year		
<b>Group III total:</b>			over 1 year		
<b>IV. Deferred tax</b>			2, Liabilities to financial companies		
<b>SECTION B TOTAL:</b>	<b>18</b>	<b>23</b>	up to 1 year		
<b>B. C. NON-CURRENT (LONG-TERM) ASSETS</b>			over 1 year		
<b>I. Inventories</b>			3, Liabilities to financial listing		
1, Raw Ingredients and Materials			up to 1 year		
2, Unfinished projects			over 1 year		
3, Goods and production			4, Advances received		
- production			up to 1 year		
- goods			over 1 year		
4, Advances granted			5, Payables to suppliers, including:	3	29
<b>Group I total:</b>			up to 1 year	3	29
<b>II. Receivables</b>			over 1 year		
1, Receivables from customers and suppliers			6, Payables to group enterprises incl:		
over 1 year			up to 1 year		
2, Receivables from group companies			over 1 year		
over 1 year			7, Bill of exchange payable		
3, Receivables related to associates and joint ventures	3		up to 1 year		
over 1 year			over 1 year		
4, Receivables from loans			8, Liabilities on borrowings, incl:		
over 1 year			up to 1 year		
5, Tax claims			over 1 year		
over 1 year			9, Other liabilities, including	75	97
6, Other receivables	927	574	up to 1 year	75	97
over 1 year			over 1 year		
<b>Group II total:</b>	<b>930</b>	<b>574</b>	- payables to staff, including:		6
<b>III. Investments</b>			up to 1 year		6
1, Shares and stocks of group enterprises			over 1 year		
2, Redeemed own shares:			- payables for social security		4
par value (BGN'000)	X	X	up to 1 year		4
3, Other investment			over 1 year		
<b>Group III total:</b>			- tax liabilities		2
<b>IV. Cash</b>			up to 1 year		2
1, in hand	5	1	over 1 year		
2, in accounts (deposits) without a fixed term	35	179	<b>SECTION C TOTAL, INCLUDING:</b>	<b>78</b>	<b>126</b>
<b>Group IV total:</b>	<b>40</b>	<b>180</b>	up to 1 year	78	126
<b>SECTION B TOTAL:</b>	<b>970</b>	<b>754</b>	over 1 year		
<b>Г. DEFERRED EXPENSES</b>			<b>D. FINANCING AND DEFERRED INCOMES, INCLUDING</b>	894	624
			financing	894	624
			- deferred incomes		
<b>TOTAL ASSETS</b>	<b>988</b>	<b>777</b>	<b>TOTAL LIABILITIES</b>	<b>988</b>	<b>777</b>

Date: 14.03.2017

Prepared by: .....  
Dimo MindovChairman: .....  
Ognyan Minchev

Certified by audit report

.....  
/Madimir Hristov/

**STATEMENT of income and expenditure (non-profit activities)**

of Transparency International Bulgaria  
2016

Expenditures	Amount (BGN ' 000)		Incomes	Amount (BGN ' 000)	
	Current Year	Previous Year		Current Year	Previous Year
a	1	2	a	1	2
<b>I. OPERATING EXPENDITURES</b>			<b>I. OPERATING INCOME</b>		
<b>A. Expenditure on regulated activities</b>			<b>A. Income from regulated activities</b>		
1, Donations			1, Income from conditional donations	432	1 203
2, Other expenditures	463	1 171	2, Income from unconditional donations		
<b>Total A</b>	<b>463</b>	<b>1 171</b>	3, Membership fees		
<b>B. Administrative costs</b>	<b>11</b>	<b>37</b>	4, Other incomes	8	
<b>Total I</b>	<b>474</b>	<b>1 208</b>	<b>Total I:</b>	<b>440</b>	<b>1 203</b>
<b>II. FINANCIAL EXPENDITURES</b>			<b>II. FINANCIAL INCOME</b>		
3, Interest expenditure	5		5, Interest income		
			6, Income from participations	29	
4, Negative differences on transactions involving financial assets and instruments			7, Positive differences from financial assets and instruments		
5, Negative differences from exchange rate fluctuations		1	8, Positive differences from exchange rate fluctuations	1	10
6, Other costs on financial transactions	2	2	9, Other incomes from financial transactions		
<b>Total II.</b>	<b>7</b>	<b>3</b>	<b>Total II:</b>	<b>30</b>	<b>10</b>
<b>III. EXTRAORDINARY EXPENDITURES</b>			<b>III. EXTRAORDINARY INCOMES</b>		
<b>IV. LOSS FROM BUSINESS OPERATIONS</b>			<b>IV. PROFIT FROM BUSINESS OPERATIONS</b>	-	-
<b>V. TOTAL EXPENDITURES</b>	<b>481</b>	<b>1 211</b>	<b>V. TOTAL INCOMES</b>	<b>470</b>	<b>1 213</b>
<b>VI. RESULT</b>		<b>2</b>	<b>VI. RESULT</b>	<b>11</b>	
<b>Total (V+VI)</b>	<b>481</b>	<b>1 213</b>	<b>Total (V+VI)</b>	<b>481</b>	<b>1 213</b>

Date: 14.03.2017

Prepared by: .....  
Dimo Mindov

Chairman: .....  
Ognyan Minchev

Certified by audit report

.....  
/Madimir Hristov/