

**Tiri - making integrity work**

**Annual Report and Financial  
Statements**

30 September 2008

BUZZACOTT

Charity Registration Number  
1120927

Company Registration Number  
4884328 (England and Wales)

## Contents

### Reports

Legal and administrative information	1
Trustees' report	2
Independent auditors' report	16

### Financial Statements

Statement of financial activities	18
Balance sheet	19
Principal accounting policies	20
Notes to the financial statements	21

## Legal and administrative information

<b>Trustees</b>	Shazadi Beg Jeremy Powys Carver Elizabeth Jill Filkin Andrew Lumsdaine Karney Rickie Sankar Clare Short
<b>Registered office</b>	12 New Fetter Lane London EC4A 1AG
<b>Business offices</b>	Downstream Building 3 <sup>rd</sup> Floor 1 London Bridge London SE1 9BG  French Hill (Sheikh Jarrah) P.O Box 49142 Jerusalem 91491  Utrechtsestraat 7 The Hague 2587RB
<b>Telephone</b>	+44 (0) 20 7022 1905
<b>Website</b>	tiri.org
<b>Company registration number</b>	4884328 (England and Wales)
<b>Charity registration number</b>	1120927 (England and Wales)
<b>Auditors</b>	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG
<b>Bankers</b>	HSBC Bank 60 Queen Victoria Street London EC4N 4TR

The trustees present their statutory report together with the financial statements of Tiri - making integrity work (referred to throughout the remainder of this report as Tiri) for the year ended 30 September 2008.

The financial statements have been prepared in accordance with the accounting policies set out on page 20 and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005.

**Principal aims and objects**

Tiri is a charity NGO founded in London in 2003. Tiri works with a growing global network of specialists, academics, institutions, and organisations committed to working collectively and individually to raise integrity standards in both public and private institutions. Improvements in integrity offer perhaps the single largest opportunity for sustainable and equitable development worldwide.

Tiri was formed in October 2003 to work with governments, business, and civil society to find practical solutions to making integrity work. The time had come to foster a broad-based, global movement for integrity with the high degree of professionalism needed to address the challenges of sustainable reform.

Tiri's work programme was developed in close collaboration with key institutions and personalities throughout the anti-corruption movements and was carefully tailored to meet the needs they felt and expressed. Tiri was established to act as a catalyst, reacting swiftly to changing needs, and building on and reinforcing the skills and experiences in the field. Tiri operates in the firm belief that sustainable solutions can only really be found in the countries involved. Overwhelmingly, Tiri's programmes and expenditures are carried out in the field.

Tiri and our partners are committed to working collectively and individually to raise integrity standards everywhere, in both public and private institutions, in the belief that by so doing successfully we will assist processes of sustainable development and the reduction of poverty.

Tiri's emphasis is overwhelmingly on strengthening and supporting the effective implementation of existing legislation and policies. Numerous governments, organisations and businesses around the world have over the past decade introduced or strengthened relevant legislation and policies to address corruption and integrity. What is missing is its effective implementation. Only in rare cases does Tiri also advocate changes in legislation and policy.

The Objects and the Powers of Tiri are set out in more detail in the Memorandum of Association of 7 September 2007.

## Review of Activities and Achievements

### Cambridge Group of Election Commissioners

(started 2002)

The Cambridge Group of Election Commissioners is an informal network and annual gathering of current and past chief election commissioners and chief electoral officers from the Commonwealth who have been meeting informally in Cambridge since 2002. In 2003, when Tiri was formed, we were invited to associate ourselves as hosts of the Group.

#### Goals in 2007/08

- ◆ Host the 7th meeting in Cambridge;
- ◆ Development of a programme of activities, particularly in Africa; and
- ◆ Further develop "Trust in Politics".

#### Achievements in 2007/08

- ◆ The 7th Cambridge Conference of Chief Election Commissioners in the Commonwealth on Electoral Democracy took place in July 2008 in Cambridge under the joint auspices of the Malaysian Commonwealth Studies Centre and Tiri at Trinity College, Cambridge, with the support of the Commonwealth Secretariat.
- ◆ Tiri was unable to raise new funding for the development of the group or to secure endorsement of the "Trust in Politics" public database. We sought to develop this in the United Kingdom, Czech Republic, India, Indonesia, and USA. A funding proposal for work in Africa was also turned down.

#### Goals in 2008/09

- ◆ Host the 8th meeting in Cambridge; and
- ◆ Development of a business plan as well as a fund raising approach developed in consultation with the membership.

### Public Integrity Education Network (PIEN)

(started 2004)

The mission of PIEN is to introduce and advance applied teaching, training and empirical research in the application of public integrity, particularly through long-term partnerships with leading universities and other educational institutions in developing and transition settings. We are focused on academic and practical knowledge about how institutional governance may be strengthened to operate with high levels of integrity, so that institutions are better placed to contribute to stable and equitable development.

#### Goals in 2007/08

- ◆ Finalise programme and secure funding for the major Indonesia programme;

**Review of Activities and Achievements** (continued)

Goals in 2007/08 (continued)

- ◆ Begin groundwork for Integrity and Public Administration courses in five former Soviet Union countries and for the networks in Palestine and China,. This will include adapting online training tools and materials for institutional integrity to local Russian and other languages;
- ◆ To launch and provide funding for the first two years of the Arab Journal of Public Integrity and Management (Al Nazaha);
- ◆ Launch the PIEN Alumni Association;
- ◆ Creation of a Certified Integrity Officer course in China, Pakistan, and Indonesia;
- ◆ Work with Integrity@Work to develop secondary schools course in Tanzania with AKDN; and
- ◆ To develop the Policy Lab process and pilot initial courses in Applied Legal Skills, Natural Resource Governance, Fiscal Transparency, and Reconstruction and to expand anti-corruption training partnership with the U4 Anti-Corruption Resource Centre.

Achievements in 2007/08

- ◆ The Lusophone network delivered its first pilot on-line course.
- ◆ MENA PIEN helped develop courses on integrity at Bir Zeit and An-Najah universities in Palestine and the University of Kuwait. The first may become a compulsory course in 2009/10 across public administration, law, and political science departments.
- ◆ Tiri and the Aga Khan Development Network (AKDN) piloted the integrity initiative signed in 2007 with business integrity workshops in Uganda, Afghanistan, Kyrgyzstan, Pakistan, and Tajikistan.
- ◆ PIEN China network grew to 23 universities in China, many of which have dedicated research centres and run courses on the "Theory and Practice of Anti-Corruption".
- ◆ Memoranda of Understanding were signed with nine universities in the former Soviet Union, to deliver courses in the field of integrity and good governance. A curriculum development workshop was held in Turkey to train academics for this purpose.
- ◆ The SUN course at Central European University in Budapest was the largest to date, with 49 students from over 40 different countries in attendance. We also delivered training for the U4 Anti-Corruption Centre in six countries, with support from the staff of the Tiri Network for Integrity in Reconstruction.
- ◆ Key role in development of the Pro Poor Integrity programme (see below).
- ◆ We fell short in 2007/2008 with the following: The launch of a PIEN alumni association, the Certified Integrity Officer course, and the development of online resources. The former was due to funding shortages, but also to time and management constraints. However, Tiri expects to lay the foundations for a pilot Certified Integrity Officer course in Indonesia during 2009.

**Review of Activities and Achievements** (continued)

Goals in 2008/09

- ◆ Initiate work on the Indonesia programme, including 4 regional co-ordination meetings, 4 policy labs, Certified Integrity Officers and online courses.
- ◆ Organise workshops for countries from the former Soviet Union and Eastern Europe, and support curriculum development and delivery of new courses in universities of the former Soviet Union with which MOUs were signed.
- ◆ Expand the number of Arab universities that offer courses on integrity.
- ◆ Successfully run eight-day SUN course at the Central European University titled "Managing for Integrity: Strategies and Approaches".
- ◆ Launch the Arab Journal of Public Integrity and Management, Al Nazaha. (limited funding and logistical considerations have induced Tiri to begin rolling-out the journal exclusively online).
- ◆ Pilot "Integrity University", as a platform for online courses.

**Network for Integrity in Reconstruction**

**(started in 2005)**

The Network for Integrity in Reconstruction (NIR) supports civil society organizations that monitor how accountable, competent and corruption-prone post-war reconstruction programmes are. NIR partner organizations build the long-term capacities of communities to monitor and report their findings to the public, their government and donors. They monitor in partnership with local communities, municipalities, district offices and other relevant bodies.

Goals in 2007/08

- ◆ In key post-war countries, Tiri will facilitate the development of a network of NGOs monitoring the integrity of specific reconstruction programmes and reporting their findings to their government, donors and the public; and
- ◆ Tiri, with the support of Access Info Europe, will initiate a campaign calling for transparency in foreign aid, the Publish What You Fund campaign. The campaign will facilitate the development and implementation of international transparency standards.

**Review of Activities and Achievements** (continued)

Achievements in 2007/08

- ◆ NIR conceived and developed the "Publish What You Fund" campaign on aid transparency. Aid transparency was a hitherto non-existent demand in the international aid effectiveness landscape. This global campaign was launched at the Accra High Level Forum on Aid Effectiveness in Ghana in September 2008. Publish What You Fund has brought together leading civil society organisations to draft the Publish What You Fund principles. The principles influenced the international aid effectiveness debate, and played a role in securing the aid transparency commitments of the Accra Agenda for Action and the International Aid Transparency Initiative. Publish What You Fund is supported and endorsed by the ONE campaign. Tiri hosts the campaign and its director.
- ◆ NIR support (both technical and financial) has enabled country-based NGOs such as Integrity Watch Afghanistan (IWA) to grow and thrive. IWA's example shows how Tiri re-granting activities, on a small scale, can play a catalytic role to create much-needed monitoring and advocacy NGOs in post-war countries that are dedicated to corruption and integrity issues.
- ◆ Specialised in-country training courses on monitoring and second Integrity in Post-war Reconstruction workshop held at the SUN 2008 course at the Central European University. Participants from current and future NIR countries attended.
- ◆ Key role in development of the Pro Poor Integrity programme (see below).
- ◆ Staffing - NIR is joined by Lorenzo Delesgues, who has worked with NIR since 2005, as programme manager on a part-time basis.

Goals in 2008/09

- ◆ More citizen input and monitoring in the reconstruction process occurs in the countries where NIR partners work.
- ◆ International and National Debates focus on the integrity of the reconstruction and governance processes instead of only focusing on corruption.
- ◆ Specific integrity measures introduced in countries where NIR works that are attributable to our work.

**Integrity@Work**

**(started in 2006)**

This public sector ethics and integrity programme provides an innovative, competency-based capacity building resource for public officials and others who have dealings with government agencies. It centres on multi-media, case scenario based training tools and courses, and resources for ongoing leadership in integrity building.

**Review of Activities and Achievements** (continued)

Goals in 2007/08

- ◆ In Nigeria, to complete manuals and training materials, commission online training tools, train trainers and begin to pilot the courses in preparation for an implementation of the project in selected ministries;
- ◆ Finalise programme and secure funding for major Indonesia programme;
- ◆ Work with PIEN and AKDN to develop secondary schools projects in East Africa; and
- ◆ Prospect for the governments of other countries to engage us to deliver the programme.

Achievements in 2007/08

- ◆ The Nigeria project implementation was delayed due to a change in the partner agency in the federal government, and an apparent reduction in political will. Manuals and materials have been completed and reviewed by senior public sector practitioners and Nigerian experts. The online test system was designed. A revival plan was developed to find local government agencies to run pilots, which will be followed in 2009.
- ◆ The programme has added a strong focus on leadership for integrity building, beyond personal ethical competence, in its manuals and materials.
- ◆ Secured commitment to a large-scale Indonesia project. This includes innovations of "IntegriTV" public awareness educational television, using the DVD case scenario films as the basis for the TV series; a schools civics program; and resources for post-course, ongoing integrity building in the workplace. Due to funding delays, implementation begins in early 2009.
- ◆ Began negotiations with the Ministry of Ethics and Integrity in Uganda and the President's Office for Public Sector Management, in Tanzania for an East African version of the core Integrity@Work resources.
- ◆ Developed the concept and commissioned DVD films for the AKDN schools civics programme which uses sport in schools as a vehicle to discuss issues of integrity in governance and civil society, including democratic elections, impartiality, and ethnic and gender fairness.
- ◆ Katrine Jorgensen joined as Programme Manager in Integrity @ Work (I@W).

Goals in 2008/09

- ◆ To begin the Indonesia programme with research, focus groups, scripting and the production of DVD case scenario films. We will develop ongoing relationships with ministries to pilot and embed the courses. Based upon this preparation, we aim to conduct a set of training of trainers and pilots in selected ministries and over a range of provinces.
- ◆ In Nigeria, we will try to secure introductions to State governors and mayors of major cities to run pilots and conduct evaluations through online testing for ethical competence.

**Review of Activities and Achievements** (continued)

Goals in 2008/09 (continued)

- ◆ To secure commitments from at least one of the governments of Uganda and Tanzania for an Integrity@Work programme.
- ◆ Lead ethics competence aspect of Pro Poor Integrity Programme (see below).
- ◆ To complete resource development for the AKDN Schools Civics programme and to pilot the courses among Tanzanian school children.
- ◆ To develop more resources for workplace integrity building, for course alumni, and in association with the Certified Integrity Office concept. This will give an ongoing, scalable, framework for integrity action among public servants, which can be assessed and monitored.

**Business Integrity Programme**

**(in development)**

Tiri's Business Integrity Programme is designed to catalyse an emerging international community of practice that will facilitate co-ordination, affiliation and knowledge sharing in the field of business integrity. It is based on the promotion and development of business integrity networks in key emerging markets that link senior business executives; thought leaders; policy makers; regulators; industry bodies; academic experts from the fields of business, law and governance; practitioners; civil society organisations; and other interested parties.

The initiative will promote the sharing of experiences, ideas and practical solutions, based on an appreciation of what it means to do business with integrity in emerging markets today from a strategic perspective; and recognition of integrity as a key value driver and source of competitive advantage.

Goals in 2007/08

- ◆ Launch the Business Integrity Working Group with up to 12 companies from a wide range of business sectors;
- ◆ Recruit the companies to join the Business Integrity Working Group;
- ◆ Start a schedule of quarterly meetings over the forthcoming three years;
- ◆ Secure funding for the new Business Integrity Education Network; and
- ◆ Recruit a director for the programme.

Achievements in 2007/08

- ◆ A first meeting of the Business Integrity Working Group was held in London in June 2008. Based on feedback received at this first meeting, a follow-up meeting was scheduled to take place in China.
- ◆ Initial activities were undertaken to develop the Business Integrity Education Network as a loose affiliation of academic institutions with which Tiri will collaborate on identified research and/or curricular development opportunities.

**Review of Activities and Achievements** (continued)

Achievements in 2007/08 (continued)

- ◆ Funding for the programme's first full year of operational activities was secured from the Open Society Institute. A grant was also secured from the Australian Research Council to conduct a three-year research programme in Asia in partnership with the Centre for Applied Philosophy and Public Ethics at the Australian National University.
- ◆ Andy Smith, the new director was appointed to lead the Business Integrity Programme with effect from 1 May 2008.

Goals in 2008/09

- ◆ Launch the first regionally focussed Business Integrity Working Group in China.
- ◆ Develop the business case for two additional, regionally focussed Business Integrity Working Groups.
- ◆ Initiate a research project in China.
- ◆ Develop a sustainable funding stream for the programme's ongoing activities.
- ◆ Develop the business case for two regionally-focussed partnerships with leading academic institutions to promote an improved understanding of the business environment in emerging markets and equip future business leaders with a practical skill set for business integrity.

**Pro Poor Integrity**

**(started in 2008)**

Only a handful of countries are on track for meeting their Millennium Development Goal targets. Numerous countries are well behind. In some regions, notably sub-Saharan African, most countries will fail to meet any of the MDGs. Of the 34 countries furthest from achieving the MDGs, 22 are post-war countries.

Governance failures are attributed to be one significant determinant of MDG attainment. DFID's 2006 White Paper, *Making Governance Work for the Poor*, suggests that "effective states are central to development. They protect people's rights and provide security, economic growth and services like education and health care." Although there has long been a conceptual attribution among donors, the direct causality between governance and achievement of the MDGs is as yet unproven through empirical evidence attached to any specific programme.

We propose to work with CSOs and community-based organizations (CBOs) to improve the prospects of meeting the MDGs locally and, by extension, nationally. Four essential services will constitute the core of our activities: education, health, water and sanitation, and social protection.

**Review of Activities and Achievements** (continued)

- ◆ This is one of the first multi-stakeholder, CSO-driven initiatives to address improvements in governance and integrity to directly impact on MDG outcomes on the ground.
- ◆ This work links the needs, priorities, and voice of local communities with decision-makers in the executive, elected representatives, and the judiciary at the national level. This bridging improves the prospects for genuine development gains, sustainability, and replication.
- ◆ This work will generate important empirical evidence linking governance changes with development outcomes. The MDGs are development outcomes indicators. In each country we will work with local districts with relatively strong governance and local districts with very poor governance. The resulting dataset will produce empirical evidence on the actual value that can accrue from governance improvements for pro poor development. The dataset will be available for peer review.

This programme was developed in consultation with a group of NGO consortium partners, including core Tiri programmes. The main partners are:

- ◆ Aga Khan Foundation through the Aga Khan Development Network. AKDN is a private, international, non-denominational development organization that operates in more than 20 countries in Asia, the Middle East and Africa. It focuses on health, education, culture, rural development and economic development. Tiri has an existing 3-year partnership with AKDN in 8 countries in Asia and Africa.
- ◆ African Parliamentarians Network Against Corruption, Africa's leading network of parliamentarians working to strengthen parliamentary capacity to fight corruption and promote good governance.
- ◆ Judicial Integrity Group is a group of current and former chief judges from around the world who have drafted and endorsed and are now seeking to implement the Bangalore Principles of Judicial Conduct, the first instrument of its kind created by judges. We will also work with pro bono lawyers, legal clinics, and bar associations.
- ◆ NISPAcee, a network of schools and institutes of public administration in Eastern and Central Europe.
- ◆ Tiri's Network for Integrity in Reconstruction is a major focus partner since 5 of the focus countries are post-war.
- ◆ Tiri's Public Integrity Education Network and Integrity@Work *will jointly lead policy labs and onsite training for staff members from civil society organisations; survey integrity and performance of local public sector and the judiciary; develop citizen guidelines for public/government interface; develop faculty support materials (in Arabic, Dari, Russian and English).*

**Review of Activities and Achievements** (continued)

Goals in 2007/08

- ◆ Create consortium develop proposal and submit to DFID Governance and Transparency Fund (GTF).

Achievements in 2007/08

- ◆ Secured £4.6 million in funding from the DFID GTF for this programme in eight countries over 5 years in competition with close to 400 other applicants. Tiri was the smallest and newest NGO to receive a multi-country large grant.
- ◆ Set up systems and procedures to administer the grant.

Goals in 2008/09

- ◆ Start the implementation of the programme.
- ◆ Recruit a senior full-time manager for the programme.

**GrantCheck**

**(in development)**

In 2006 the president of a sizeable foundation shared experiences of systemic "double-dipping" by grant recipients, even by prestigious scientific, cultural and educational institutions. In 2008, during a brief consultancy in Nepal to review the corruption and fraud risks in a country assistance programme by a major bilateral agency it was apparent that the existing systems and procedures did not control for several types of fraud.

GrantCheck was conceived as a web-based tool, aiming to improve accountability in grant making, and to create incentives and rewards for transparency among grant recipients. GrantCheck is also designed to curb a particular form of fraud among grant recipients: double-dipping. Double dipping can occur when grant recipients get contributions from more than one source for a specific project or activity. This form of non-profit fraud can easily go unchecked. GrantCheck is preventive and forward looking. It will not uncover past fraud. It will, however, contribute significantly to preventing the incidence of this form of fraud from taking place.

By providing a forum for grant recipients to be transparent about their sources of funding and programming, GrantCheck contributes to the larger movement to improve NGO accountability and transparency. In addition, GrantCheck offers an excellent opportunity to streamline information sharing between grant recipients and their current/potential donors. We have subsequently found that the approach has been used in the Netherlands, where it worked.

**Review of Activities and Achievements** (continued)

Goals in 2007/08

- ◆ Secure support for a pilot to test the approach in a single country.

Achievements in 2007/08

- ◆ Funding secured through Tiri's 5-year Indonesia programme, funded by the Dutch Foreign Ministry.
- ◆ Recruited Nina Schuler to Head Grantcheck.

Goals in 2008/09

- ◆ Implement pilot in Indonesia, having identified a suitable local partner NGO.
- ◆ Explore possibility of expanding pilot to 2-3 other countries.

**IntegrityMap**

**(in development)**

IntegrityMap aims to create the first truly global online community concerned with *making institutions work in the public interest*. The network will allow for a widely disseminated, user-friendly, resource-rich, monitored, and well marketed online resource for the transparency, accountability and anti-corruption communities. Neutrally branded and managed collaboratively with other major organisations, IntegrityMap will contain detailed, dynamically updated and linked information on topics like access to information, business integrity, budget monitoring, public financial management, judicial integrity, public ethics, NGO accountability, resource course, local governance, anti-corruption, pro poor integrity.

The transparency and accountability communities consist of hundreds of dedicated organisations and public agencies, as well as thousands of staff, activists, journalists, consultants. In addition to the people working on the frontlines of reform there are business managers that grapple with business risks in emerging markets, journalists seeking background information to a breaking scandal, donors interested in identifying the most effective ways of supporting reform, and citizens concerned with public malfeasance and abuse of power.

No specialist online resource currently caters to the needs of these individuals and organisations. The result is a lack of knowledge, poor information sharing on similar initiatives; duplication even within the same country; and reduced accountability for initiatives that have failed to deliver. The lack of transparency also leads to many missed opportunities for collaboration.

Language is another barrier to/for people seeking and wanting to share information in this field since most of the information available on the websites of international organisations appears in English. IntegrityMap will be multilingual and will contain documents in more than a dozen languages.

**Review of Activities and Achievements** (continued)

The technology to create such a website is relatively straightforward. The key to making this work, however, is joint ownership in the initiative by key NGOs operating in this field. The project has to be managed collaboratively. NGOs that have thus far agreed to be part of this initiative include the Access Info, Global Integrity, Local Government Initiative, Open Society Justice Initiative, Partnership for Governance Reform (Kemitraan), and the U4 Anti-Corruption Resource Centre.

Achievements in 2007/08

- Develop concept, needs analysis, test system and user-community needs. .

Goals in 2008/09

- Develop draft set of specification for site.
- Explore with interest with potential partners.
- Seek seed-funding.

**Reserves policy and financial position**

*Reserves policy*

The Board has examined the requirement of establishing a target level of unrestricted reserves in order for the charity to have adequate working capital to respond to unforeseen shortfalls in cash resources in the future. Currently the charity's target level of unrestricted 'free reserves' is equivalent to 6 months annual expenditure on core funding. Based on the values as at 30 September 2008 the level of free reserves should be approximately £128,000.

*Financial position*

The balance sheet shows total funds of £281,602 (2007 - £233,743).

General funds of the charity at 30 September 2008 total £11,663 (2007 - £5,219 deficit). These funds are represented by tangible fixed assets with a net book value of £5,123 (2007 - £2,023) and 'free reserves' of £6,540 (2007 - £7,146 deficit).

The charity has guaranteed funding for its core operational and support activities to 31 May 2010. The charity is actively pursuing funding beyond this date and in the future with both existing and potential funders.

The trustees consider that this level of free reserves has improved sufficiently, however plans are in place to ensure that the charity receives more unrestricted funding in the future that will in turn facilitate the opportunity to build its free reserves closer to the target level.

Also included in total funds are restricted fund balances of £269,939 (2007 - £238,962). The increase is due to more project funding being received than was expended. The balance on restricted funds, however, will be used in the next accounting period, and its use restricted to the specified purposes. Full details of these restricted funds can be found in note 10 to the accounts together with an analysis of movements in the year.

### Risk management

The trustees have reviewed the company's risk assessment register and continue to do so on an annual basis in order to manage the major risks to which the company is exposed, in particular those relating to the specific business and operational areas of the company and its finances. The review ensures that the trustees are aware of all business risks of the company and that they are satisfied that the control procedures are adequate to mitigate these risks.

### The company's assets

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the accounts, and as at 30 September 2008 the net book value of fixed assets held by the company was £5,123 (2007 - £2,023).

### Trustees

Each trustee has taken responsibility for monitoring the company's activities in specific operational areas and constant regard is had to the skills mix of the trustees to ensure that the board of trustees has all the necessary skills required to contribute fully to the company's development.

The following trustees were in office at 30 September 2008 and served throughout the year, except where shown.

<b>Trustee</b>	<b>Appointed / Resigned</b>
A L Karney (chair)	
J P Carver CBE	Resigned 1 July 2008
S Beg	Resigned 15 December 2008
E J Filkin	Appointed 20 March 2008
R Sankar	
C Short	Resigned 17 September 2008
R Webster	Appointed 13 May 2008

<b>Audit committee</b>	<b>Appointed / Resigned</b>
R Sankar (chair)	
E J Filkin	Appointed 4 June 2008
A L Karney	

<b>Company secretary</b>
Martin Tisné

### Senior executives

<b>Name</b>	<b>Position</b>
Fredrik Galtung	Chief Executive and Co-Founder
Jeremy Pope	Co-Founder

**Statement of trustees' responsibilities**

Company law requires the company to prepare financial statements, which give a true and fair view of the state of affairs of the company at the end of the financial year and of its surplus or deficit for the financial year. In preparing financial statements giving a true and fair view, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enables them to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charity's auditors are unaware; and
- ◆ the trustee has taken all steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Approved by the Board and signed on their behalf by:

Chair of the Audit Committee

**Report of the independent auditors to the members of Tiri**

We have audited the accounts on pages 18 to 26 which have been prepared under the historical cost convention and the accounting policies set out on page 20.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

As described on page 15 the trustees are responsible for the preparation of the trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the information contained in the trustees' report is consistent with the financial statements.

In addition we report to you if in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read other information contained in the trustees' report and consider whether it is consistent with the audited financial statements.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report** 30 September 2008

**Opinion**

In our opinion:

- ◆ the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the charity's state of affairs as at 30 September 2008 and of its incoming resources and application of resources, in the year then ended;
- ◆ have been properly prepared in accordance with the Companies Act 1985; and
- ◆ the information given in the Trustees' Report is consistent with the financial statements.

Buzzacott LLP  
Chartered Accountants and Registered Auditors  
12 New Fetter Lane  
London  
EC4A 1AG

**Statement of financial activities** Year to 30 September 2008

	Notes	Unrestricted funds £	Restricted funds £	2008 Total funds £	2007 Total funds £
<b>Income and expenditure</b>					
<b>Incoming resources</b>					
Incoming resources from generated funds					
. Grants	1	—	1,186,644	<b>1,186,644</b>	973,063
. Investment income		5,994	—	<b>5,994</b>	3,528
Incoming resources from charitable activities					
. Fees		10,888	—	<b>10,888</b>	38,901
<b>Total incoming resources</b>		<b>16,882</b>	<b>1,186,644</b>	<b>1,203,526</b>	1,015,492
<b>Cost of generating funds</b>		<b>—</b>	<b>70,202</b>	<b>70,202</b>	14,073
<b>Net incoming resources available for charitable application</b>		<b>16,882</b>	<b>1,116,442</b>	<b>1,133,324</b>	1,001,419
<b>Resources Expended</b>					
<b>Charitable expenditure</b>					
Cost of charitable activities					
. Capacity development		—	606,068	<b>606,068</b>	561,345
. Implementation and enforcement		—	439,843	<b>439,843</b>	249,032
. Measuring and monitoring		—	25,952	<b>25,952</b>	2,355
Governance costs		—	13,602	<b>13,602</b>	8,133
<b>Total charitable expenditure</b>		<b>—</b>	<b>1,085,465</b>	<b>1,085,465</b>	820,865
<b>Total resources expended</b>	2	<b>—</b>	<b>1,155,667</b>	<b>1,155,667</b>	834,938
<b>Net movement in funds</b>		<b>16,882</b>	<b>30,977</b>	<b>47,859</b>	180,554
<b>Fund balances at 1 October 2007</b>		(5,219)	238,962	<b>233,743</b>	53,189
<b>Fund balances at 30 September 2008</b>		<b>11,663</b>	<b>269,939</b>	<b>281,602</b>	233,743

All of the charity's activities derived from continuing operations during the above two financial years.

The charity has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the net movement in funds stated above, and the historical equivalent.

**Balance sheet** 30 September 2008

	Notes	2008 £	2008 £	2007 £	2007 £
<b>Fixed assets</b>					
Tangible assets	6		5,123		2,023
<b>Current assets</b>					
Debtors	7	312,867		133,902	
Cash at bank and in hand		404,024		491,819	
		<u>716,891</u>		<u>625,721</u>	
<b>Creditors:</b> amounts falling due within one year	8	<u>440,412</u>		<u>394,001</u>	
			<u>276,479</u>		231,720
<b>Total net assets</b>			<u>281,602</u>		<u>233,743</u>
<b>Represented by:</b>					
<b>Funds</b>					
Unrestricted funds	9		11,663		(5,219)
Restricted funds	10		269,939		238,962
			<u>281,602</u>		<u>233,743</u>

Approved by the Board  
and signed on their behalf by:

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the requirements of the Companies Act 1985.

Applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in these financial statements.

**Incoming resources and resources expended**

Restricted income is recognised when receivable. All other income and non grant-making expenditure is recognised on an accruals basis as goods and services are delivered or performed. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grants payable are recognised as expenditure when a binding commitment has been entered into.

**Tangible fixed assets**

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised. Depreciation is at the following annual rates in order to write assets off over their estimated useful lives:

- ◆ Computer equipment            50% per annum based on cost
- ◆ Fixtures and Fittings            50% per annum based on cost

**Restricted funds**

Income received for purposes specified by the donor are shown as restricted fund income in the statement of financial activities. Expenditure for the purposes specified is applied to the relevant fund and any unexpended amount at the balance sheet date is carried forward within restricted funds.

**Cash flow**

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

**Allocation of staff and overhead costs**

Staff and overhead costs are apportioned between projects according to the amount of time spent by each member of staff on each respective activity.

Notes to the financial statements 30 September 2008

1 Grants receivable

	2008 £	2007 £
Restricted		
Stiftung Open Society	826,123	516,176
Canadian Int. Development Agency (CIDA)	38,724	—
Norwegian Agency for Development Cooperation (NORAD)	93,839	183,898
Department for International Development (DFID)	—	110,000
Aga Khan Foundation	108,957	46,634
Ford Foundation	166,784	152,971
Swiss Agency for Development and cooperation (SDC)	748	—
World Bank Institute	—	7,432
US State Department	185	—
Meridian	408	—
Organisation for Economic Co-operation & Development (OECD)	119	—
Malaysian Commonwealth Studies Centre	—	3,198
Revenuewatch Institute	—	77,159
Norvo Nordisk	—	15,634
Center for International Enterprise	—	1,106
Christian Michelsens Institute (CMI)	9,848	3,323
	<b>1,245,735</b>	<b>1,117,531</b>
Add/(Less): deferred income - Stiftung Open Society	<b>(59,091)</b>	<b>(144,468)</b>
<b>Total grants receivable</b>	<b>1,186,644</b>	<b>973,063</b>

## 2 Resources expended

	Fundraising and programme development £	Capacity development £	Imple- mentation & enforce- ment £	Measuring and monitoring £	Governance £	2008 £	2007 £
<b>Unrestricted</b>							
. Direct project costs	—	—	—	—	—	—	13,898
. Apportioned support costs	—	—	—	—	—	—	—
.. Staff costs	—	—	—	—	—	—	—
.. Travel	—	—	—	—	—	—	—
.. Computer costs	—	—	—	—	—	—	—
.. Printing Postage & Stationery	—	—	—	—	—	—	—
.. Other office costs	—	—	—	—	—	—	—
.. Audit & accountancy	—	—	—	—	—	—	—
.. Sundries	—	—	—	—	—	—	—
Foreign Exchange differences	—	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,898</u>
<b>Restricted</b>							
. Direct project costs	—	233,098	234,176	20,597	—	487,871	429,684
. Apportioned support costs							
.. Staff costs	—	292,046	128,972	3,459	—	424,477	260,140
.. Travel	22,635	16,148	15,304	378	4,202	58,667	21,351
.. Computer costs	5,118	8,545	8,098	200	—	21,961	12,258
.. Printing Postage & Stationery	449	9,565	9,065	224	—	19,303	13,584
.. Other office costs	—	28,834	27,327	676	—	56,837	32,007
.. Audit & accountancy	—	11,430	10,833	268	9,400	31,931	27,878
.. Sundries	42,000	12,367	11,722	290	—	66,379	18,567
.. Foreign Exchange differences	—	(5,965)	(5,654)	(140)	—	(11,759)	5,571
	<u>70,202</u>	<u>606,068</u>	<u>439,843</u>	<u>25,952</u>	<u>13,602</u>	<u>1,155,667</u>	<u>821,040</u>
<b>Total expenditure</b>	<b>70,202</b>	<b>606,068</b>	<b>439,843</b>	<b>25,952</b>	<b>13,602</b>	<b>1,155,667</b>	<b>834,938</b>

Overheads and staff costs are apportioned to the various activities based on a percentage of staff time. The percentage of staff time spent on the different activities is calculated using the number of days worked on each activity out of the number of days worked in the year.

Included in the above are the following:

	2008 £	2007 £
Depreciation of tangible fixed assets	7,144	3,445
Auditors' remuneration		
. Audit	9,400	6,463
. Other services	3,995	4,700

Notes to the financial statements 30 September 2008

**3 Staff costs**

	2008 £	2007 £
Wages and salaries	398,800	249,111
Social security costs	16,315	4,583
Pension costs	4,220	—
Other staff costs	5,142	6,446
	<b>424,477</b>	<b>260,140</b>

The average number of employees throughout the year was:

	2008 Number	2007 Number
Project workers	10.0	5.5
Admin staff	1.5	1.0
	<b>11.5</b>	<b>6.5</b>

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2008 Number	2007 Number
£80,000 - £89,999	—	1
£90,000 - £99,999	1	—

**4 Trustees' remuneration**

	2008 £	2007 £
Trustees emoluments	—	—

£2,063 of expenses were reimbursed to the trustees during the year (2007 - nil).

**5 Taxation**

Tiri is a registered charity. The charitable company is not subject to corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to charities.

Notes to the financial statements 30 September 2008

**6 Tangible fixed assets**

	Fixtures & Fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At 1 October 2007	4,951	16,476	<b>21,427</b>
Additions in the year	2,119	8,125	<b>10,244</b>
At 30 September 2008	<b>7,070</b>	<b>24,601</b>	<b>31,671</b>
<b>Depreciation</b>			
At 1 October 2007	4,951	14,453	<b>19,404</b>
Charge for year	1,059	6,085	<b>7,144</b>
At 30 September 2008	<b>6,010</b>	<b>20,538</b>	<b>26,548</b>
<b>Net book values</b>			
At 30 September 2008	1,060	4,063	<b>5,123</b>
At 30 September 2007	—	2,023	<b>2,023</b>

**7 Debtors**

	2008 £	2007 £
Other debtors	<b>292,829</b>	126,224
Prepayments and accrued income	<b>20,038</b>	7,678
	<b>312,867</b>	133,902

**8 Creditors: amounts falling due within one year**

	2008 £	2007 £
Expense creditors	<b>38,717</b>	57,021
Deferred income (see note 1)	<b>387,085</b>	327,994
Accruals	<b>14,610</b>	8,986
	<b>440,412</b>	394,001

**9 Unrestricted funds**

	At 1 October 2007 £	Incoming resources £	Resources expended & transfers £	At 30 September 2008 £
General purposes	(5,219)	16,882	—	<b>11,663</b>

**10 Restricted funds**

	At 1 October 2007 £	Incoming resources £	Resources expended & transfers £	At 30 September 2008 £
<b>Capacity development</b>				
PIEN	51,347	319,052	(273,010)	<b>97,389</b>
Integrity@Work	63,504	—	(28,124)	<b>28,335</b>
Policy Labs	9,755	—	(9,577)	<b>178</b>
BIP	(11,302)	218,909	(159,274)	<b>48,333</b>
Georgia Training	3,646	—	(3,646)	—
<b>Implementation and enforcement</b>				
Network for Integrity and Reconstruction	88,845	303,989	(335,437)	<b>57,397</b>
<b>Measuring and Monitoring</b>				
Georgia Mapping	(7,219)	—	7,219	—
<b>Core funding - OSI</b>				
	40,386	344,694	(353,818)	<b>38,307</b>
	<u>238,962</u>	<u>1,186,644</u>	<u>(1,155,667)</u>	<u><b>269,939</b></u>

PIEN: a university network to introduce practical courses on anti-corruption and integrity reform.

Integrity@work: an interactive, video-based capacity-raising tool for ethical competence in the public service.

Policy Labs: Funded by RevenueWatch Institute the grant facilitated two Policy Labs, which took place at the SUN course in Budapest in July 2007 & 2008.

BIP: Represents *Business Integrity Programme* which is focused on the large multinational private sector companies.

Georgia Training: intensive training for senior public sector officials on integrity reform strategies.

Network for Integrity and Reconstruction (NIR): a civil society network committed to raising levels of integrity in reconstruction to contribute towards reducing the likelihood of countries reverting to violent conflict.

Georgia Mapping: an analysis of the national integrity system, to assess both what works and what doesn't and how agencies interact with each other.

Core funding - OSI: The Open Society Institute (OSI) provides an annual grant in order to fund Tiri's operational costs, which in turn provides administrative support to all of its programmes.

**Notes to the financial statements 30 September 2008**

**11 Analysis of net assets over funds**

	Unrestricted funds £	Restricted funds £	<b>Total funds 2008 £</b>	Total funds 2007 £
Tangible fixed assets	5,123	—	5,123	2,023
Net current assets	6,540	269,939	276,479	231,720
	<b>11,663</b>	<b>269,939</b>	<b>276,479</b>	233,743

**12 Commitments under operating leases**

As at 30 September 2008 the company has annual commitments under non-cancellable operating leases as set out below:

	<b>2008 Land and buildings £</b>	2007 Land and buildings £
Operating leases which expire:		
Within one year	16,009	12,834
In two and five years	—	—
	<b>16,009</b>	12,834