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***The Institute for  
Global Financial  
Integrity, a.s.b.l.  
Association sans but  
lucratif***  
Annual accounts as at  
June 30, 2012

**The Institute for Global Financial Integrity, a.s.b.l.**

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To the shareholders of  
The Institute for Global Financial Integrity, a.s.b.l.  
LUXEMBOURG

**Report of the *Commissaire***

In accordance with the legal and statutory provisions, we have the honour to report on the execution for the year ended June 30, 2012 of the assignment as statutory auditor which you have entrusted to us.

We have carried out our mandate on the basis of article 62 of the law of August 10, 1915, as amended, which does not oblige the statutory auditor to give an opinion on the annual accounts. We therefore have not examined the annual accounts in accordance with International Standards on Auditing or International Standard on Review engagements and accordingly express no opinion thereon.

We have ascertained that the annual accounts as at June 30, 2012, showing a balance sheet total of EUR 40 926 and a profit for the year of EUR 23 864 reflect the accounting books and vouchers which have been submitted to us.

Statutory auditor



Martin Flaunet  
*Commissaire*

Luxembourg, November 12<sup>th</sup>, 2012

**The Institute for Global Financial Integrity, a.s.b.l.**

**Balance sheet as at June 30, 2012**

Denominated in EUR

	Note(s)	2012	2011
<b>ASSETS</b>			
Current assets			
- other debtors	3		
- becoming due and payable within one year		<u>14 000</u>	<u>10 390</u>
		14 000	10 390
• cash at bank, cash in postal cheque accounts, cheques and cash in hand		26 926	2 895
<b>Total Assets</b>		<b><u>40 926</u></b>	<b><u>13 285</u></b>
<b>LIABILITIES</b>			
Accumulated Funds			
• result brought forward		9 185	(4 186)
• result for the financial year		<u>23 864</u>	<u>13 371</u>
		33 049	9 185
Creditors			
• trade creditors			
- becoming due and payable within one year		3 877	-
• amounts owed to Bourse de Luxembourg	4		
- becoming due and payable within one year		<u>4 000</u>	<u>4 000</u>
		7 877	4 000
Accruals and deferred income		-	<u>100</u>
<b>Total Liabilities</b>		<b><u>40 926</u></b>	<b><u>13 285</u></b>

The accompanying notes form an integral part of these annual accounts.

**The Institute for Global Financial Integrity, a.s.b.l.**

**Profit and loss account for the year ended June 30, 2012**  
**Denominated in EUR**

	Note(s)	2012	2011
<b>CHARGES</b>			
Other external charges	5	21 076	8 853
Staff costs			
• Compensation of executive director		-	4 500
Extraordinary charges		220	566
<b>Profit for the financial year/period</b>		<b><u>23 864</u></b>	<b><u>13 371</u></b>
<b>Total Charges</b>		<b><u>45 160</u></b>	<b><u>27 290</u></b>
<b>INCOME</b>			
Membership dues	7	30 000	17 750
Other operating income	8	15 160	9 540
<b>Loss for the financial year</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Income</b>		<b><u>45 160</u></b>	<b><u>27 290</u></b>

The accompanying notes form an integral part of these annual accounts.

**The Institute for Global Financial Integrity, a.s.b.l.**

**Notes to the annual accounts as at June 30, 2012**

**Note 1 - General information**

The Institute for Global Financial Integrity, a.s.b.l., (hereafter "the Association") was incorporated on May 12, 2009 for an unlimited period under the amended law of April 21, 1928 on non profit organizations and foundations as amended.

The Articles of Incorporation were published in the Memorial C, Recueil Spécial des Sociétés et Associations on May 12, 2009.

The registered office of the Association is established at 5-7, rue Munster, L-2160 Luxembourg.

The Association's financial year starts on July 1<sup>st</sup> and ends on June 30<sup>th</sup> of each year.

The main activity of the Association is to be a platform for all key players engaged in the Global Financial Sector and its related activities in order to serve as a Centre of Excellence and a Forum on the four core areas affected by financial integrity (hereinafter called the "Four Core Areas"), namely:

- regulation, oversight and enforcement of such regulation,
- compliance, governance and social responsibility,
- money laundering,
- funding of terrorism and organized crime.

The Association shall provide also research and advisory services in support of its members, with regard to the Four Core Areas. The association may carry out any operation which it may deemed useful in the accomplishment of its purpose, remaining always, however within the limits established by the law of April 21, 1928 as amended.

**Note 2 - Summary of significant accounting policies**

**2.1 Basis of preparation**

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements and generally accepted accounting practices.

**2.2 Significant accounting policies**

The main valuation rules applied by the Association are the following:

**2.2.1 Current debtors**

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

**The Institute for Global Financial Integrity, a.s.b.l.****Notes to the annual accounts as at June 30, 2012****Note 2 - Summary of significant accounting policies (cont.)****2.2 Significant accounting policies (cont.)****2.2.2 Accruals and deferred income**

This liability item includes income received during the financial year but relating to a subsequent financial year.

**2.2.3 Recognition of the membership dues**

The initial and yearly membership dues are booked based on the accounting year (from July 1, 2011 until June 30, 2012).

**Note 3 – Other debtors**

The other debtors are mainly composed by the unpaid membership dues in relation with the accounting year 2011 (EUR 1 500) and the yearly membership dues in relation with the accounting year 2012 (EUR 12 250). Moreover, some participants have still not paid their participation to different lunches organised during the accounting year 2012 (EUR 250).

**Note 4 – Amounts owed to Bourse de Luxembourg**

As charter member of the Association, Bourse de Luxembourg granted a short term loan in order to allow the Association to conduct a study “Financial Market Integrity Field Survey of Luxembourg”.

**Note 5 – Other external charges**

The other charges correspond to the general expenses of the Association and are composed as follows:

	<b>(EUR)</b>
Office supplies	140
Lunch events	15 179
Travel	441
Administrative support	5 306
Bank expenses and similar charges	<u>10</u>
<b>Total</b>	<b><u>21 076</u></b>

**Note 6 – Extraordinary charges**

The extraordinary charges are composed by unpaid lunch participations in relation with the accounting year 2011.

## The Institute for Global Financial Integrity, a.s.b.l.

### Notes to the annual accounts as at June 30, 2012

#### Note 7 – Membership dues

As at June 30, 2012, the membership dues are composed of initial as well as yearly dues (corresponding to the 2012 accounting year) to be paid by the members of the Association. The membership dues are composed as follows:

	Yearly dues (EUR)
Sandstone Luxembourg S.A. (Charter member) <sup>(1)</sup>	-
Clifford Chance (Institutional member)	3 000
Chambre de Commerce (Institutional member)	3 000
Stibbe Avocats (Institutional member)	3 000
Ater Domus (Institutional member)	3 000
Société de la Bourse de Luxembourg S.A. (Charter member)	2 000
Deloitte Audit S.à r.l. (Charter member)	2 000
KPMG (Institutional member)	2 000
Franklin Templeton Investments (Personal professional member)	1 250
Mr. Deirdre McCabe (Personal professional member)	1 250
Banque Centrale du Luxembourg (Personal professional member)	1 250
PricewaterhouseCoopers S.à r.l. (Institutional member)	1 000
Arendt & Medernach (Institutional member)	1 000
Nucleus Euro-Advisors (Institutional member)	1 000
Crédit Agricole Luxembourg Private Bank (Institutional member)	1 000
European Investment Bank (Institutional member)	1 000
ING Luxembourg S.à r.l. (Institutional member)	1 000
Mrs Rosa Villalobos (Individual member)	500
Mr. Pierre-Henri Conac (Individual member)	500
Mr. Peter Spinnler (Personal professional member)	250
Mr. Jean-Noël Lequeue (Individual member)	250
Mr. David O Clark (Individual member)	250
Mr. Yves Wagner (Personal professional member)	250
Mr. Patrick Zurstrassen (Personal professional member)	<u>250</u>
<b>Total</b>	<b><u>30 000</u></b>

<sup>(1)</sup> By decision of the board of directors, the contribution fees made by Sandstone Luxembourg S.A. for the set-up funding of the Association, will be allocated for the payment of the current and future dues.

#### Note 8 – Other operating income

The other operating income is composed by the lunches paid by the participants to the different lunch events organized by the Association during the accounting year 2012.



**The Institute for Global Financial Integrity, a.s.b.l.**

**Notes to the annual accounts as at June 30, 2012**

**Note 9 – Contribution of services**

In addition of the yearly membership dues (see note 7), certain founder-members made significant contributions of services to the Association for the accounting year 2012.