

Financial Statements and Independent Auditors Report for the period 01.10.2011 – 30.09.2012

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SCOPE OF THE AUDIT AND OBJECTIVES

- The audit is conducted in accordance with the International Accounting Standards;
- The auditor collected enough information to evaluate the accuracy of the financial report;
- The auditor included analysis, support asset in financial reports and evaluation of applied accounting principles;
- The audit report **certified** that the expenses done are in accordance with the foreseen budget lines, that is, all expenses are in accordance with the agreed budgets;
- The audit report certified the MKD and foreign exchange balance are in accordance with the bank statements on 31.12.2011 and 30.09.2012;

Accounting policies

Following are the principle accounting policies adopted in preparation of these financial statements:

Basis of preparation

- The accompanying financial statements have been prepared for the purposes of the Organization's management, on the activities of the Organization related to the funds received for the completion of the Organization's objectives.
- The Organization's financial statements are prepared on the cash basis. On this basis, cash receipts are recognized when received and cash expenditures are recognized when paid.
- The financial statements have been prepared as of and for the period from 01 October 2011 through 30 September 2012.

Currency translation

- The accounts of the Organization are kept in EUR and USD (mostly EUR), which are the reporting currencies of the Organization.
- The Organization's financial statements are prepared in EUR, as this is the reporting currency of the Organization. Transactions denominated in USD, are translated using the exchange rates as published by the National Bank of Republic of Macedonia ("NBRM") at the date of the transaction. Transactions denominated in MKD are translated according to received original bank documents and bank statements at an exchange rate of 1 EUR = 61.35 MKD
- For the presentation purposes the balances sheet items are denominated in foreign currencies at the official exchange rate published by NBRM as of 30 September 2012, as follows:

30 September 2012

1 EUR = 1.293 USD

Accounting standards

- The Accounting Standards are in accordance with the International Accounting Standards (IAS) declared by the International Audit Committee and the International Federation of Accountants and in line with donor requirements.

Financing

Operations of the SWG are financed through the membership fee and implemented projects;

The SWG General Account is organized in several sub-accounts.

- Each SWG member institution has one sub-account for the Membership fee;
- The membership fee of each member institution is divided on national sub-account and the SWG general account;
- For the project implementation there are different accounts and finances are managed according to the rules and orientations of the partner organizations (set up within the Contract, Grant Agreements, Letter of Agreements) and/or the SWG.

Project Portfolio in the reporting period 01.10.2011 – 30.09.2012 – financed by International Donor Organizations

- The SWG GIZ CBNRC project “Strengthening capacity building through networking and regional cooperation in the Western Balkan countries”, financed by the German International Cooperation (GIZ); ONGOING
- The SWG GIZ SEF CFDN project “Support to the core functions of the Standing Working Group (SWG) for Regional Rural Development of South East Europe – Dialogue and Networking, financed by the German International Cooperation (GIZ), Study and Expert Fund; ONGOING
- The SWG GIZ SEF project “Strengthening of regional cooperation and networking in the forestry and water management sector and sustainable development in the river basins of the SEE countries”, financed by the German International Cooperation (GIZ), Study and Expert Fund - COMPLETED;
- The SWG GIZ ORF project “Improving the competitiveness of companies and organizations from Southeastern Europe in the agro and food sector through implementation of food quality standards and increased regional networking”, financed by the German International Cooperation (GIZ), Open Regional Fund for South East Europe - Foreign Trade Promotion – COMPLETED;
- The SWG GIZ small projects, financed by the German International Cooperation (GIZ) - COMPLETED:
 - Organization of the Agricultural Policy Forum 2011,
 - Organization of the 5th Annual Working Meeting of Ministers of Agriculture from SEE
 - Organization of the 22nd Meeting of the SWG Assembly Meeting
 - Young Professionals Program (YPP);
- The SWG FAO 3 project - SEU-LoA/11/002 – “Support of the organization of a Regional Participatory Planning Workshop on the topic: "Establishment of rural development networks in SEE countries", financed by the Food and Agriculture Organization of the United Nations (FAO) - COMPLETED;

Project Portfolio in the reporting period 01.10.2011 – 30.09.2012 – financed by International Donor Organizations (continued)

- The SWG FAO 4 Project - SEU-LoA/11/007 – “Support to development of strategic guidelines for inclusion of rural tourism & related activities to Axes 2 & 3 and facilitating Serbia's access to EC IPARD Axis 2 & 3 funds”, financed by the Food and Agriculture Organization of the United Nations (FAO) - COMPLETED;
- The SWG FAO 5 Project REU-LoA 2011/004 – “Support to the Agricultural Policy Forum (APF) working group session on *Integrating Food and Nutrition Security into Country Programming and Links to Agriculture Policies in SEE co*”, financed by the Food and Agriculture Organization of the United Nations (FAO) - COMPLETED;
- The SWG FAO 6 Project LoA V-507 - Organization of the Regional Networking Workshop: “Streamlining of agriculture and rural development policies of SEE countries for EU accession”, financed by the Food and Agriculture Organization of the United Nations (FAO) – COMPLETED;
- The SWG EC ABD project 2011/271-250 – “Preparation of a Proposal for an Area-Based Development Project in the Western Balkans”, financed by the European Union, represented by the European Commission – COMPLETED (under reporting);
- The SWG OA project “Conducting a Survey on agriculture and Food Industry in SEE”, financed by the Committee on Eastern European Economic Relations - Ost-Ausschuss der Deutschen Wirtschaft Open Regional Fund on Foreign Trade; COMPLETED
- The SWG CEI project 1202.077-11 – Support to organization of the Agricultural Policy Forum 2011, financed by the Central European Initiative (CEI) – COMPLETED;
- The SWG TEMPUS IV project, financed by the Education, Audiovisual and Culture Executive Agency, acting under the powers delegated by the Commission of the European Communities, through the University of Reading, England. ON HOLD

Statement of Sources and Uses of Funds

(Amounts in EUR)

For the period from 01
October 2011 through
30 September 2012

For the period from
01 October 2010
through 30
September 2011

Cumulative
up to 30
September 2012

SOURCES OF FUNDS

- European commission		114,573	-	114,573
- GIZ		254,176	267,402	763,977
- InWent (GIZ)		-	39,424	66,272
- FAO		17,719	52,752	100,558
- OA		24,959	-	24,959
- CEI		2,027	-	2,027
- TEMPUS		-	-	33,924

Sources of funds - projects	4	413,454	359,578	1,106,290
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- SWG Own and Liquidity account from finished projects		-	29,740	29,740
- SWG General account	5	114,947	199,947	449,870
- Other Contribution		21,279	4,201	25,480

Total sources of funds		549,680	593,466	1,611,380
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BANK INTEREST

- European commission		107	-	107
- GIZ		51	172	342
- InWent (GIZ)		1	17	28
- FAO		16	55	89
- OA		7	-	7
- CEI		-	-	-
- TEMPUS		43	91	193

Bank interest - projects	4	225	335	766
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- SWG Own and Liquidity account		27	9	36
- SWG General account		275	402	901

Total Bank interest		527	746	1,703
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Foreign exchange translation gains		1,554	1,780	3,465
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VAT refunds and advances		-	3,836	3,836
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Total funds received		551,761	599,828	1,620,384
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Statement of Sources and Uses of Funds (continued)

For the period from 01
October 2011 through 30
September 2012

For the period from 01
October 2010 through
30 September 2011

Cumulative up to
30 September
2012

USES OF FUNDS BY ACTIVITIES

- European commission		140,355	-	140,354
- GIZ		275,622	253,780	678,932
- InWent (GIZ)		3	24,916	44,294
- FAO		40,627	41,110	93,889
- OA		15,155	-	15,155
- CEI		2,038	-	2,038
- TEMPUS		-	1,586	1,642
Uses of funds – projects	4	473,800	321,392	976,304
- Own and Liquidity Account transfers		-	29,433	29,433
- SWG Own and Liquidity account use		6,477	20,341	26,887
- SWG General account		107,211	100,269	241,054
- Other uses/transfers		2,267	3,614	5,881
Total financed operating funds		589,755	475,049	1,279,560
Foreign exchange translation losses		498	461	2,660
Total financed through fund providers		590,253	475,510	1,282,220
Funds at the beginning of the period		386,556	262,238	
Funds at the end of the period		348,064	386,556	

Funds at the end of period consist of

	(Amounts in EUR)	
	At 30 September 2012	At 30 September 2011
Foreign currency bank account – EUR	311,707	329,427
Foreign currency bank account – USD	6,646	32,114
Denar bank account	13,652	4,431
Denar cash at hand	1,577	426
Foreign currency cash at hand - EUR	6,524	10,264
Foreign currency cash at hand - USD	899	-
VAT receivables	1,623	6,891
Advances given	5,436	3,003
	348,064	386,556

Opinion of the Auditors

- **The financial statements** of the Regional Rural Development Standing Working Group in the South Eastern Europe, in all material respects, **present fairly** the financial position of the Organization and its balance on the Special Accounts as of 30 September 2012 and the movements on the Special Accounts.
- The **Sources of Funds** (Funds received) and the **Uses of Funds** (Expenditures) for the period from 01 October 2011 through 30 September 2012 **are in accordance with the donors' requirements and accounting policies and principles.**

Thank you!

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