

Financial Statements and Independent Auditors Report for the period 01.10.2012 – 30.09.2013

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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 31.12.2012 and 30.09.2013;

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 2012 through 30 September 2013.

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 2013, as follows:

30 September 2013

1 EUR = 1.3537 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 01.10.2012 – 30.09.2013 – financed by International Donor Organizations

- The SWG GIZ HCD (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 EC ABD 2 project 2012/307-939 – “Preparation for the Implementation of the Area Based Development (ABD) approach in the Western Balkans””, financed by the European Union, represented by the European Commission – ONGOING;
- The SWG GIZ SEF 3 CD project “Capacity Development of the Standing Working Group (SWG) for Regional Rural Development of South East Europe” financed by the German International Cooperation (GIZ) – 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;

Project Portfolio in the reporting period 01.10.2012 – 30.09.2013 – financed by International Donor Organizations (continued)

- 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;
- The SWG FAO 6 Project LoA V-507 - Organization of the 1st Regional Networking Workshop: (1st part) “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 FAO 7 Project REU LoA/12/001 – Organization of the 1st Regional Workshop (2nd part - Macedonia) “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 FAO 8 Project LoA/OT/RER/2013/9301058 – Organization of the First National Networking Workshop: “Streamlining of agriculture and rural development policies in SEE countries for EU accession” , financed by the Food and Agriculture Organization of the United Nations (FAO) – COMPLETED;
- The SWG FAO 9 Project LoA/OT/RER/2013/REUTD/9301134 – Organization of the 2nd 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;

**Project Portfolio in the reporting period 01.10.2012 – 30.09.2013 –
financed by International Donor Organizations (continued)**

- The SWG FAO 10 Project LoA/OT/RER/2013/REUTD/9301278 – Organization of the Second National Networking Workshop: “Streamlining of agriculture and rural development policies in SEE countries for EU accession” , financed by the Food and Agriculture Organization of the United Nations (FAO) – COMPLETED;
- 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 1202.067-12 – Support to organization of the Agricultural Policy Forum 2012, 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

		For the period from 01 October 2012 through 30 September 2013	For the period from 01 October 2011 through 30 September 2012	(Amounts in EUR) Cumulative up to 30 September 2013
SOURCES OF FUNDS				
- EC		386,793	114,573	501,366
- GIZ		562,767	254,176	1,326,744
- FAO		105,754	17,719	206,312
- OA		7,500	24,959	32,459
- CEI		1,303	2,027	3,330
- TEMPUS		-	-	33,924
Sources of funds - projects	4	1,064,117	413,454	2,104,135
- SWG Own and Liquidity account		1,275	-	31,015
- SWG General account	5	259,960	114,947	709,830
- Other Contribution		9,434	21,279	34,914
Total sources of funds		1,334,786	549,680	2,879,894
BANK INTEREST				
- EC		106	107	213
- GIZ		76	51	418
- InWent (GIZ)		-	1	28
- FAO		4	16	93
- OA		1	7	8
- CEI		1	-	1
- TEMPUS		21	43	214
Bank interest - projects	4	209	225	975
- SWG Own and Liquidity account		55	27	91
- SWG General account		171	275	1,072
Total Bank interest		435	527	2,138
Foreign exchange translation gains		362	1,554	3,827
Total funds received		1,335,583	551,761	2,885,859

Statement of Sources and Uses of Funds (continued)

		For the period from 01 October 2012 through 30 September 2013	For the period from 01 October 2011 through 30 September 2012	Cumulative up to 30 September 2013
USES OF FUNDS BY ACTIVITIES				
- EC		229,899	140,355	370,254
- GIZ		381,888	275,622	1,060,820
- InWent (GIZ)		-	3	44,294
- FAO		62,824	40,627	156,713
- OA		12,193	15,155	27,348
- CEI		1,326	2,038	3,364
- TEMPUS		-	-	1,642
Uses of funds – projects	4	688,130	473,800	1,664,435
- SWG Own and Liquidity account use		5,783	6,477	32,670
- SWG General account		133,983	107,211	375,037
- Other uses/transfers		6,585	2,267	12,466
Total financed operating funds		834,481	589,755	2,084,608
Foreign exchange translation losses		2,090	498	4,817
Total financed through fund providers		836,571	590,253	2,089,425
Funds at the beginning of the period		348,064	386,556	
Funds at the end of the period		847,076	348,064	

Details of Sources and Uses of Funds

	SOURCES OF FUNDS			BANK INTEREST			USES OF FUNDS		
	For the period from 01 October 2012 through 30 September 2013	For the period from 01 October 2011 through 30 September 2012	Cumulative up to 30 September 2013	For the period from 01 October 2012 through 30 September 2013	For the period from 01 October 2011 through 30 September 2012	Cumulative up to 30 September 2013	For the period from 01 October 2012 through 30 September 2013	For the period from 01 October 2011 through 30 September 2012	Cumulative up to 30 September 2013
EC ABDA 1	34,793	114,573	149,366	4	107	111	10	140,355	140,365
EC ABDA 2	352,000	-	352,000	102	-	102	229,889	-	229,889
European Commission	386,793	114,573	501,366	106	107	213	229,899	140,355	370,254
SEF 2 CFDN	203,549	111,531	315,080	24	6	30	148,134	64,838	212,972
SEF 3	180,959	-	180,959	20	-	20	127,831	-	127,831
GIZ ORF	18,347	24,978	334,221	1	19	192	-	100,806	336,790
GIZ SEF	-	30,273	249,178	-	19	138	-	81,583	248,909
GIZ CBNRC	159,912	49,978	209,890	31	1	32	105,923	-	105,923
GIZ APF 2011	-	9,922	9,922	-	2	2	-	8,820	8,820
GIZ Ministers Meeting 2011	-	16,000	16,000	-	3	3	-	10,541	10,541
22nd SWG Meeting	-	11,494	11,494	-	1	1	-	9,034	9,034
GIZ	562,767	254,176	1,326,744	76	51	418	381,888	275,622	1,060,820
Inwent YPP 2011	-	-	-	-	1	1	-	3	1,973
Inwent (GIZ) Neg training	-	-	-	-	-	24	-	-	21,811
Inwent (GIZ) 19th SWG meeting	-	-	-	-	-	1	-	-	7,180
Inwent (GIZ) Ministers meeting 2010	-	-	-	-	-	2	-	-	13,330
Inwent (GIZ)	-	-	-	-	1	28	-	3	44,294
FAO 1	-	-	-	-	-	-	-	-	6,864
FAO 2	-	-	36,464	-	-	52	-	-	27,760
FAO 3	-	-	29,035	-	2	13	-	12	17,478
FAO 4	-	2,627	19,967	-	12	22	-	15,211	16,383
FAO 5 - APF 2011	-	15,092	15,092	-	2	2	-	11,311	11,311
FAO 6	18,929	-	18,929	-	-	-	38	14,093	14,131
FAO 7	17,930	-	17,930	1	-	1	10,511	-	10,511
FAO 8	41,896	-	41,896	2	-	2	25,304	-	25,304
FAO 9	16,433	-	16,433	1	-	1	11,379	-	11,379
FAO 10	10,566	-	10,566	-	-	-	15,592	-	15,592
FAO	105,754	17,719	206,312	4	16	93	62,824	40,627	156,713
OA	7,500	24,959	32,459	1	7	8	12,193	15,155	27,348
CEI	1,303	2,027	3,330	1	-	1	1,326	2,038	3,364
TEMPUS	-	-	33,924	21	43	214	-	-	1,642
Sources/Uses of funds - Project	1,064,117	413,454	2,104,135	209	225	975	688,130	473,800	1,664,435

Funds at the end of period consist of

	(Amounts in EUR)	
	At 30 September 2013	At 30 September 2012
Foreign currency bank account – EUR	768,464	311,707
Foreign currency bank account – USD	41,344	6,646
Denar bank account	9,640	13,652
Denar cash at hand	1,883	1,577
Foreign currency cash at hand - EUR	16,621	6,524
Foreign currency cash at hand - USD	-	899
VAT receivables	5,501	1,623
Advances given	3,623	5,436
	847,076	348,064

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 2013 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 2012 through 30 September 2013 **are in accordance with the donors' requirements and accounting policies and principles.**

Thank you!

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