



REPORT
on the audit of financial statements
for the period January 01, 2010 - December 31, 2010

Hereby, we inform the governing bodies of the Independent Journalism Center about the audit results on the financial reports for the period January 01, 2010- December 31, 2010, as well as about the recommendations on the accounting system improvement.

During the period subject to control, the following persons, responsible for the veracity and the authenticity of the documents submitted to audit control were acting as credit managers at the Independent Journalism Center:

Gogu Nadejda - Director

Maximenco Angela - Chief Accountant.

Primary and centralized documents, financial record and management data, fiscal reports on long-term and current assets, short- and long-term receivables and debts of the Independent Journalism Center were subjected to the audit.

The Audit was conducted in accordance with the Law on Audit Activity, Accounting Law, the National Auditing and Accounting Standards, Tax Code and other normative acts in force on the territory of the Republic of Moldova applicable to the entrepreneurial activity of the economic agent.

The control was done under the contract concluded between the Independent Journalism Center and the Audit Company "Runat-Audit" Ltd., which activates under the license Series A MMII No. 024842 of May 16, 2007, issued by the State Licensing Chamber of the Republic of Moldova, by the auditors – Rusu Natalia, Iovu Veronica.

GENERAL INFORMATION

The Independent Journalism Center has been registered at the Ministry of Justice on November 19, 1998, with the state identification number/fiscal code 1009620000479

The enterprise is not registered as VAT payer.

The legal address: 53 Sciusev Street, off.11, Chisinau municipality.

The Independent Journalism Center conducts other associative activities.

All accounts are declared at the Tax Inspectorate in accordance with the legislation in force.

Analytical Conclusions

The auditor's report is addressed to the management after performing the audit of the financial report for the year 2010.

We conducted the balance sheet audit for the Independent Journalism Center as of December 31, 2010, report on financial results, cash flow report for the same period. The Audit was conducted in accordance with the "Law on Audit Activities of the Republic of Moldova" No. 61-XVI of March 16, 2007 and National Standards on Auditing.

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The internal control of material goods, financial means, receivables and debts for the period subject to control has been performed by the management of the Independent Journalism Center. During the audit, material misstatements of the internal control system in accordance with the nature and the proportions of economic agent's main activity have not been detected.

The auditor's risk of expressing the audit opinion, arising from the factors reflected in the audit report, can be qualified as a risk related to low level control.

As a result of the audit we find that violations of the accounting and financial report preparation methodology established by the Legislation in force in general have been not detected.

The economic-financial operations at the Independent Journalism Center have not been reflected in accounting in accordance with the legislative and normative acts which also include the National Accounting Standards.

The responsibility for these financial statements is borne by the Independent Journalism Center leadership.

Our responsibility consists in expressing the opinion on the respective financial statements based on the exercised audit. As required by the auditing standards, the audit was planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatements. The audit includes the examination, based on testing, of the evidence which confirms the financial statements' data and the information disclosure. The audit also includes the accounting principles' assessment and the analysis of significant accounting estimates made by the management, as well as the assessment of financial statements presented, per ansamble. We consider that the exercised audit provides a sufficient basis for our opinion.

In our view, the financial statements provide a veridical and thorough picture about the financial situation of the Independent Journalism Center as of December 31, 2010, its financial results and cash flow for this year are compiled in accordance with the National Accounting Standards.

NOTES TO FINANCIAL SITUATIONS

The Enterprise draws up financial statements in accordance with the National Accounting Standards, approved by the Ministry of Finance of the Republic of Moldova, in accordance with the principles of continuity, applying the calculation method.

The Enterprise's bookkeeping is held in automatic form.

The Accounting Policy Audit

The Accounting Policy of the Independent Journalism Center for the year 2010, approved by the chief of the enterprise order, was posed under:

- The Law on Accounting No. 426-XIII of April 04, 1995 of the Republic of Moldova;
- The National Accounting Standards, approved by the Ministry of Finance of the Republic of Moldova, No. 174 of December 25, 1997;

- The chart of accounts of the economic and financial evidence of the enterprise activity, approved by the Ministry of Finance of the Republic of Moldova, No. 174 of December 25, 1997;

The accounting policy development is based on the following conventions and principles:

- Business continuity:
- Permanent methods:
- Specialization of exercises:
- Caution:
- Priority of content over form:
- Essentiality.

The financial statements, except the Report on cash flow, are prepared under the method of exercise specialization (calculation). During the period of audit, accounting policy has not undergone any changes.

We want to pay your attention that during the control, no discrepancies between the accounting policy provisions and the immediate reflection on accounting were identified.

Chapter 1. The audit of intangible assets and their amortization.

The intangible assets are reflected in the financial accounting at input value which comprises:

1. Purchase value of intangible assets;
2. Non-recoverable taxes and fees in accordance with the legislation in force
3. Expenses of bringing the intangible asset in working condition for its use by destination

The depreciation of intangible assets is calculated by the linear method according to the functioning time. For the intangible assets, whose duration of use can not be definitely established, the amortization is calculated by the linear method during five years. Following the given compartment control, no violations were found.

Chapter 2. The audit of fixed assets and their depreciation

In case of entrance, the fixed assets are reflected in accountancy at input value, which is equal for:

- fixed assets created at the enterprise with effective value, including the non-recoverable taxes stipulated by the legislation in force.
- fixed assets paid from other companies and individuals

The depreciable value of a unit (inventory item) of fixed assets is determined starting from the object input value minus the probable residual value.

In this chapter, we mention that during the period subject to control, the expenses concerning repair of the fixed assets were reflected and included in the expenses of the period, which does not contradict the provisions of the National Accounting Standards No. 3 and 16.

According to the stipulated provisions in accounting policy, the depreciation of fixed assets is calculated at the enterprise by the linear method.

Chapter 3. The audit of materials

The stocks of materials, except the low-value and short-life items, are reflected in the financial statements at the lowest value between cost and net realizable value. In current accountancy, their evaluation is performed by the weighted cost method.

Chapter 4. The audit of low-level and short-life items and their depreciation

As a result of the given capital control it was established that the evidence of low-level and short-life items is held without deviations from the provisions of the National Accounting Standards No.2 "The stocks of goods and materials".

Chapter 5. Audit of financial means

The evidence of cash operations is kept without deviations from the Norms of performing cash operations in the national economy of the Republic of Moldova, No. 764 of November 25, 1992.

Conversion of foreign currency

The financial means, the receivables and the debts in foreign currency are reflected in the financial statements in national currency according to the National Accounting Standards No.21 "The Effects of Exchange Rate Changes".

Chapter 6. Audit of debts on commercial bills

As a result of the given capital control it was found that the received invoices are completed as required by the legislation in force.

Chapter 7. Audit of work remuneration

The overall objective of the auditing payroll and personnel cycle is to assess whether the account balances affected by the cycle operations are accurately presented in accordance with the Generally Accepted Accounting Principles. The "payroll and personnel" cycle refers to the employment and remuneration of all employees.

In the process of control, no violations of the employment and discharge procedure of the employees were detected. In this regard we want to mention that:

- individual employment contracts were concluded with all employees,
- company stamp is applied to all existing individual employment contracts,
- the employees were employed under the employment application,
- orders of employment service, of dismissals and granting annual holidays were issued.

Personnel state lists approved by the enterprise leadership were submitted to control.

Chapter 8. Audit of debts on the settlement with the budget

Income tax withheld at payment source under Articles 90 and 91 of the Tax Code

We mention that during the controlled period errors on tax withholding at the source of payment were not found.

Revenues and Expenses

All the revenues and expenses were subject to control.

The revenues were fully declared with no deviations.

The expenses are reflected in accounting under the method of exercise specialization during the period when they appeared, irrespective of actual moment of their payment, and include expenses of the operational and financial activity.

The revenues, the expenses and the results are reflected in the Report on financial results separated by types of the enterprise activity.

Note

We should mention that the aspects observed during selective control of primary documents and accounting records were included in the present report.

Moreover, we attract attention that at the compartments subject to control, which are not reflected in the present letter, no deviations and variances were found.

Director of "Runat-Audit" Ltd. /signature/  **Natalia Rusu**
Stamp: Auditing firm "Runat-Audit" – AUDIT, Chisinau Municipality, Republic of Moldova

