

Runat-Audit SRL

**R E P O R T**  
**On the Audit of Financial Statements of the**  
**Independent Journalism Centre**  
**For the Period of 2012**

In conformity with the contract No.29/12 dated 02 May 2012 and based on the audit license A MII No.039940 of 13.06.2012, the Audit Firm "Runat-Audit" SRL has audited the financial statements of the Independent Journalism Centre for the period of January-December 2012.

Legal Organizational Form – Community-based Organization

Legal Address: 53 Sciusev Street, MD-2009, Chisinau Municipality, Republic of Moldova

The Independent Journalism Centre is registered with the Ministry of Justice of the Republic of Moldova, registration certificate No.0785 of 19.11.1998.

Tax Code: 1009620000479

As of the moment of control, the Independent Journalism Centre had bank accounts at BC "Victoriabank" SA.

Within the audited period, the following people were in charge of the financial and economic activity of the organization with the right to sign financial and banking documents:

General Director – Gogu Nadejda

Economic Director – Maximenco Angela

We have audited the enclosed financial statements of the Independent Journalism Centre for 2012 drawn up in conformity with the provisions of the tax legislation. The management of the Independent Journalism Centre is responsible for these statements.

Our responsibility is to express an opinion on these financial statements based on our audit. The audit was carried out in compliance with the National Auditing Standards. The audit was planned and conducted in order to obtain a reasonable evidence that the financial statements did not contain significant distortions and that the Independent Journalism Centre had complied with the requirements under the corresponding sections of the contract. An audit includes examining on the test basis of evidence confirming the listed data and information disclosure. An audit also includes evaluation of the accounting principles used and analysis of significant accounting estimates made by the management, as well as evaluation of the general presentation of the list. We consider that the conducted audit does not provide a sufficient basis to express our opinion.

In our opinion:

The financial statements give a credible and full picture of the financial situation of the Independent Journalism Centre as of 01 January 2013 and its cash flow for the audited period in conformity with the National Accounting Standards. The financial statements also comply with the requirements of the National Accounting Standards and accounting policies approved by the organization.

- (a) As of 31 December 2012, the Independent Journalism Centre complied in all the significant respects with the corresponding sections under the above-mentioned contract with regard to accounting and financial reporting.

### **General Condition of Accounting**

Books of the Independent Journalism Centre for the period of January-December 2012 were kept according to the current legislation, and namely taking into account all the aspects of the following:

Law on Accounting No.426-XIII adopted by the Parliament of the Republic of Moldova on 4 April 1995;

National Accounting Standards and Chart of Accounts adopted by the Order No.174 dated 25 December 1997 that came into effect on 01 January 1998.

Bookkeeping is computerized according to the Chart of Accounts. The audit was carried out according to the following audit plan:

- Long-term assets
- Current assets
- Short-term liabilities
- Financing and expenditure
- Tax declarations.

It has to be mentioned that financial statements of the Independent Journalism Centre, except for the Cash Flow Statement, are drawn up based on the calculation method.

### **Verification of Correctness of Intangible Assets Presentation on the Balance Sheet**

Intangible assets on the balance sheet of the organization are presented at book value in the amount of MDL 37,597. These are intangible assets controlled by the organization and used for over one year within commercial and other activities, as well as for administrative purposes. Their entry value made up MDL 623,089.

Depreciation is presented in accounting by systematic distribution of the intangible asset's value throughout the entire useful life period of the latter.

### **Verification of Correctness of Long-Term Tangible Assets Presentation on the Balance Sheet**

Statement of long-term tangible assets, determination of their entry value, book value and remaining value, as well as useful life period; calculation of fixed assets depreciation; presentation of book value depreciation and retirement of long-term tangible assets are done in accordance with the N.A.S. 16 "Accounting of Long-term Tangible Assets".

In the organization, the object classified as long-term tangible asset is evaluated at its entry value consisting of the purchase value, customs dues, cost of customs services, taxes stipulated by law (except for reimbursed taxes) and consumables related to creation of the asset and making it operational.

In 2012, the entry value of long-term assets went down by MDL 79,250. Overall depreciation of long-term tangible assets of the organization took form of retirement of tangible assets in operation due to their moral and physical wear.

Fixed assets include buildings, special constructions, vehicles and equipment, the unit cost of which exceeds the ceiling established by the legislation (MDL 1,000), while their expected life period exceeds one year of key activity or administrative use, and make up MDL 2,325,133 at entry value as of 01.01.13.

The book value of long-term tangible assets as of 01.01.13 made up MDL 909,435.

Depreciation of fixed assets is calculated based on the linear method.

According to the linear method, the amount of depreciation calculated per entire useful life period of the asset is permanently decreasing. There are no objections to accounting of fixed assets and calculation of fixed assets depreciation.

#### **Verification of Correctness of Inventory Presentation on the Balance Sheet**

Inventory as of 01.01.13 is represented by materials for internal activity in the amount of MDL 36,063,311, which is by MDL 13,568 more than as of 01.01.12:

The cost of inventory of the organization includes procurement expenditure and other expenses related to delivery of goods and materials to the place of their keeping and making them operational.

Given a varied assortment of interchangeable inventory, their cost is determined by application of the weighted average cost method.

#### **Keeping Record of Receivables and Liabilities**

Accounting of receivables presents information on the existence, formation and payment of receivables due for up to one year within settlements with clients.

The organization carries out its activity based on sources of targeted financing received within projects both in the Republic of Moldova and from abroad. The amount of financing as of 01.01.13 made up MDL 1,670,277.

#### **Salary Accounting**

Records of calculated remuneration of the organization's staff are kept on the account 531. According to the current legislation, social dues are calculated at the moment of salary calculation for the current period. Within 2012, the calculated salary amounted to MDL 1,598,428, and social dues were calculated and paid to the Social Fund in the amount of MDL 367,638.

There are no arrears on salary and social dues for the audited period. There are no objections to the taxes withheld from salaries.

### Expenditure

Consumables and expenditure for the audited period made up MDL 4,958,071. Income tax was not calculated since the organization carried out activities under the Statute, according to which the organization has a non-profit status.

### Payments to the State Budget

Within the audited period, we analyzed calculation and payment of taxes and fees, as well as correctness of their presentation in accounting books and financial statements. No deviations or violations of tax legislation were revealed.

The key indicators reflect the real financial situation of the organization presented in the financial statement as of 31 December 2012.

In our opinion, as of 31 December 2012, the Independent Journalism Centre complied in all the significant respect with the corresponding requirements under the above-mentioned contract with regard to accounting and financial reporting.

### Independent Auditor

Director of Audit Firm "Runat-Audit" SRL (signature) Rusu Natalia

Seal: Republic of Moldova, Chisinau Municipality, Audit Firm "RUNAT-AUDIT" SRL, IDNO 1002600032394



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Translation from Romanian into English was made by the translator **Dragutanu Otilia** on May 08, 2013 at "Berlizzo Group", Anodilia SRL, Chisinau, Republic of Moldova.

Signature

