

FINODIT

Belgrade 1 Imotska
Auditing company

Auditing Report for 2005

INTERNATIONAL AID NETWORK
“IAN” BELGRADE
SERBIA

Belgrade, June 2006

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INTERNATIONAL AID NETWORK
"IAN"
10 ADMIRALA GEPRATA ST.
BELGRADE, SERBIA

CERTIFIED AUDITOR'S REPORT

To: *The International Aid Network "IAN", Belgrade, 10 Admirala Geprata St., Serbia*

We have performed the auditing of the given Balance Sheet of the International Aid Network "IAN" Belgrade (hereinafter the Organization) on December 31st 2005 and the corresponding Profit and Loss Statement for the year ending on that day. The management of the Organization takes full responsibility for the mentioned accounting reports. Our responsibility is to state an opinion based on the auditing we have performed.

The auditing has been performed in accordance with the International Auditing Standards. These standards order us to plan and perform the auditing in a manner that enables us to reasonably determine that the accounting reports do not contain any materially significant wrong statements. The auditing includes the evidence examination based on the sample inspection, which collaborate the amounts and publications in the accounting reports. Likewise, the auditing contains the evaluation of the applied accounting principles and important estimates made by the management, as well as the evaluation of the overall presentation of the accounting reports. We find that the performed auditing provides us with a reasonable base for issuing this opinion.

Under the point we have mentioned that non-material investments are CSD 812 thousands. Having examined this item and the amortization account we have determined that non-material investments are overestimated for CSD 92 thousands. If the correction was made, the investments would be CSD 720 thousands and the expenses would increase for CSD 92 thousands.

We have emphasised under the point 3.1. that the fixed asset i.e. equipment have not been properly shown due to the partial account of the amortization, as well as to an inadequate presentation of the sold assets. Pursuant to the mentioned facts it has been determined that the expenses are underestimated for the reduced amortization expenses of CSD 552 thousands. Likewise, the fixed assets item is increased for CSD 354 thousands due to the inadequate accounting of the sold assets.

The equity loss made by selling of the equipment is shown at CSD 377 thousands, while it is determined that, according to the actual condition, its amount is CSD 113 thousands. According to the previously mentioned facts business expenses are increased for CSD 264 thousands.

