

**Balkan Investigative Reporting
Regional Network (BIRN)**

Financial statements for the year ended
31 December 2013 prepared in accordance
with International Financial Reporting Standards
and Independent Auditors' Report

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Responsibility for the Financial Statements

Management is responsible for ensuring that financial statements are prepared for each financial period in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB), which give a true and fair view of the state of affairs and results of Balkan Investigative Reporting Regional Network BIRN (the "Association") for that period.

After making enquiries, Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, Association continues to adopt the going concern basis in preparing the financial statements.

In preparing these financial statements, the responsibilities of Association include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgments and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

Management is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Association. Management is to ensure that the financial statements comply with the Accounting and Auditing Law in the Federation of Bosnia and Herzegovina. Management is also responsible for safeguarding the assets of the Association, and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Association



Gordana Igrić
Director

Balkan Investigative Reporting Regional Network
Branilaca Sarajevo 14/II
71000 Sarajevo
Bosnia and Herzegovina

27 June 2014

Independent Auditors' Report

To the Management Committee of Balkan Investigative Reporting Regional Network:

We have audited the accompanying financial statements of the Balkan Investigative Reporting Regional Network, BIRN (the "Association"), set out on pages 4 to 20, which comprise the statement of financial position as at 31 December 2013, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibility of the Management Committee for the Financial Statements

The Management Committee is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.


Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association as of 31 December 2013, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Deloitte d.o.o.

Sead Bahtanović, director and licenced auditor

Sabina Softić, partner and licenced auditor


Sarajevo, Bosnia i Herzegovina
27 June 2014



Balkan Investigative Reporting Regional Network
Statement of profit and loss and other comprehensive income
for the year ended 31 December 2013

(All amounts are expressed in BAM, unless otherwise stated)

	Note	2013	2012
Donors contributions	5	1,815,049	1,738,322
Other income	6	<u>177,466</u>	<u>183,497</u>
Total income		<u>1,992,515</u>	<u>1,921,819</u>
Staff expenses	7	(1,074,474)	(1,208,924)
Operating expenses	8	(725,733)	(688,504)
Depreciation and amortization	9	<u>(2,543)</u>	<u>(2,485)</u>
Total operating costs		<u>(1,802,750)</u>	<u>(1,899,913)</u>
Financial income		161	6
Foreign exchange differences, net		<u>(1,629)</u>	<u>(345)</u>
Surplus / (deficit) for the year		<u>188,297</u>	<u>21,567</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income / (loss)		<u>188,297</u>	<u>21,567</u>

The accompanying notes form an integral part of these financial statements.

Balkan Investigative Reporting Regional Network
Statement of financial position
as at 31 December 2013

(All amounts are expressed in BAM, unless otherwise stated)

	Note	31 December 2013	31 December 2012
ASSETS			
Non-current assets			
Tangible assets	9	4,695	6,285
Investments in associates	10	317	489
Long-term deposits		<u>5,000</u>	<u>4,000</u>
		10,012	10,774
Current assets			
Receivables from donors and other assets	11	139,278	89,734
Cash and cash equivalents	12	<u>1,046,585</u>	<u>300,116</u>
		1,185,863	389,850
TOTAL ASSETS		1,195,875	400,624
EQUITY AND LIABILITIES			
Equity			
Accumulated surplus		<u>236,086</u>	<u>47,789</u>
		236,086	47,789
Current liabilities			
Trade and other payables	13	27,067	29,539
Deferred income	14	<u>932,722</u>	<u>323,296</u>
		959,789	352,835
TOTAL EQUITY AND LIABILITIES		1,195,875	400,624

The accompanying notes form an integral part of these financial statements.

Signed on behalf of the Association on 27 June 2014:



Gordana Igric

Director

Balkan Investigative Reporting Regional Network
Statement of changes in equity
for the year ended 31 December 2013

(All amounts are expressed in BAM, unless otherwise stated)

	Accumulated surplus	Total
Balance at 31 December 2011	26,222	26,222
Surplus for the year	21,567	21,567
Other comprehensive income	-	-
<i>Total comprehensive income</i>	21,567	21,567
Balance at 31 December 2012	47,789	47,789
Surplus for the year	188,297	188,297
Other comprehensive income	-	-
<i>Total comprehensive income</i>	188,297	188,297
Balance at 31 December 2013	236,086	236,086

The accompanying notes form an integral part of these financial statements.

Balkan Investigative Reporting Regional Network
Statement of cash flows
for the year ended 31 December 2013

(All amounts are expressed in BAM, unless otherwise stated)

	2013	2012
Operating activities		
Surplus / (deficit)	188,297	21,567
Adjustments for:		
Depreciation of tangible assets	2,543	2,485
Finance income recognized in the statement of profit and loss and other comprehensive income	(161)	(6)
<i>Cash flows before movements in working capital</i>	<i>190,679</i>	<i>24,046</i>
Increase in receivables from donors and other receivables	(49,544)	(58,303)
(Decrease) / increase in trade and other payables	(2,472)	12,436
Increase) / (decrease) in deferred income	609,426	(24,292)
Net cash from / (used in) operating activities	748,089	(46,113)
Investing activities		
Purchases of equipment and intangible assets	(953)	(5,359)
Long-term deposits	(1,000)	-
Proceeds from sales of shares in associate	172	489
Interest received	161	6
Net cash used in investing activities	(1,620)	(4,864)
Net increase / (decrease) in cash and cash equivalents	746,469	(50,977)
Cash and cash equivalents at the beginning of the year	300,116	351,093
Cash and cash equivalents at the end of the year	1,046,585	300,116

The accompanying notes form an integral part of these financial statements.

Balkan Investigative Reporting Regional Network
Notes to the financial statements
for the year ended 31 December 2013

(All amounts are expressed in BAM, unless otherwise stated)

1. GENERAL

Balkan Investigative Reporting Regional Network (the "Association") is association established on 12 February 2005 under Ministry of Justice of Bosnia and Herzegovina, registration number RU-297/05.

The Association implements multi-annual media development programmes across the Balkans.

The registered address of the Association is Branilaca Sarajeva 14/II, Sarajevo, Bosnia and Herzegovina.

As at 31 December 2013, the Association had 2 employees (2012: 2 employees).

Management / Representative

Gordana Igrić Director

Steering Board:

Ana Petruševa	President
Anisa Sućeska Vekić	Member
Dragana Žarković-Obradović	Member
Albena Shkodrova	Member
Jeta Xharra	Member
Marian Chiriac	Member
Gordana Igrić	Member

Assembly Committee

Tim Judah	President
Wolfgang Petritsch	Member
Steve Crawshaw	Member
Stefan Lehne	Member
Per Byman	Member
Ana Petruševa	Member

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Standards and Interpretations effective in current period

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board are effective for the current period:

- FRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013),
- IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013),
- IFRS 12 "Disclosures of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2013),
- IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013),
- IAS 27 (revised in 2011) "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013),

Balkan Investigative Reporting Regional Network
Notes to the financial statements
for the year ended 31 December 2013

(All amounts are expressed in BAM, unless otherwise stated)

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.1 Standards and Interpretations effective in current period (continued)

- IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 1 "First-time Adoption of IFRS" – Government Loans (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 7 "Financial Instruments: Disclosures" – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities" – Transition Guidance (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IAS 1 "Presentation of financial statements" – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012),
- Amendments to IAS 19 "Employee Benefits" – Improvements to the Accounting for Post-employment Benefits (effective for annual periods beginning on or after 1 January 2013),
- Amendments to various standards "Improvements to IFRSs (cycle 2009-2011)" resulting from the annual improvement project of IFRS (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2013),
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013).

The adoption of these standards, amendments to the existing standards and interpretations has not led to any changes in the Association's accounting policies.

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorization of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective:

- IFRS 9 "Financial Instruments" and subsequent amendments (effective date was not yet determined),
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements" – Investment Entities (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014),
- Amendments to IAS 32 "Financial instruments: presentation" – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 36 "Impairment of assets" - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" – Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014),

Balkan Investigative Reporting Regional Network
Notes to the financial statements
for the year ended 31 December 2013

(All amounts are expressed in BAM, unless otherwise stated)

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.2 Standards and Interpretations in issue not yet adopted (continued)

- Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),
- Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),
- IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014).

The Association has elected not to adopt these standards, amendments and interpretations in advance of their effective dates. The Association anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Association in the period of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as published by the Board for International Accounting Standards.

Basis for presentation

These financial statements have been prepared on a historical cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

Revenue recognition

Grants that compensate the Association for expenses incurred are recognised as revenue in the statement of profit and loss and other comprehensive on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Association for the cost of an asset are recognised in the statement of profit and loss and other comprehensive income on a systematic basis over the useful life of the assets.

Expenses

Expenditures are recognized as expense, at historical cost, during the period in which they are incurred.

Employee benefits

On behalf of its employees, the Association pays personal income tax and contributions for pension, disability, health and unemployment insurance, on and from salaries, which are calculated as per the set legal rates during the course of the year on the gross salary. The Association pays the tax and contributions in the favour of the institutions of the Federation of Bosnia and Herzegovina (on federal and cantonal level). In addition, meal allowances, transport allowances and vacation bonuses are paid in accordance with the local legislation. These expenses are recorded in the statement of profit and loss and other comprehensive income in the period in which the salary expense is incurred.

Balkan Investigative Reporting Regional Network
Notes to the financial statements
for the year ended 31 December 2013

(All amounts are expressed in BAM, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transactions or the rate as reported on the first day of the month. Monetary assets and liabilities denominated in foreign currency at the financial position date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss and other comprehensive income.

Non-monetary assets and items that are measured in terms of historical cost of a foreign currency are retranslated using the exchange rate at the date of the transaction.

Tangible assets

Equipment is stated at cost, less accumulated depreciation and any recognized accumulated impairment losses. The purchase cost includes the purchase price and all costs directly related to bringing the asset into operating condition for its intended use.

Gains and losses on the retirement or disposal of tangible assets are included in the statement of profit and loss and other comprehensive income in the period in which they occur.

Depreciation is charged from the moment the tangible asset is ready for its intended use. It is calculated in the basis of the estimated useful life of the asset, using the straight-line method. The estimated rates of depreciation were as follows:

Equipment	20% - 33%
Furniture	20%

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balance with banks.

Impairment

The carrying amounts of the Association's non-financial assets are reviewed at each reporting date to determine whether there is any indication for impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income and expenditure statement. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Balkan Investigative Reporting Regional Network
Notes to the financial statements
for the year ended 31 December 2013

(All amounts are expressed in BAM, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment (Continued)

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been an indication that an impairment loss may have decreased and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Deferred income

Grant income is recognised in the statement of financial position initially as deferred income when it is received. Exceptionally grant income is recognised in the statement of financial position before it has been received if it has been legally contracted and has been allocated for expenses that have been incurred in the reporting period.

Deferred income represents the amount of unused grant revenue that has not been expensed in the reporting period. Grant income used for the purchase of fixed assets is recognised as deferred income and is released to the statement of profit and loss and other comprehensive income on a systematic basis over the useful life of the asset.

Interest income and expenses

Interest income is recognised in the statement of profit and loss and other comprehensive income as it accrues.

Interest expense is recognised for the interest that is earned on donors' contributions which according to the contribution agreements, should be remitted to the donor.

Trade and other payables

Trade and other payables are initially recognised at fair value and then subsequently measured at amortised cost.

Investments in associates

An associate is an enterprise over which the Association is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee. Investments in associates are carried in these separate financial statements at cost, including any impairment in the value of individual investments.

Taxation

In Bosnia and Herzegovina, the Association is afforded exemption from taxation in line with the normal privileges extended to diplomatic organisations.

Balkan Investigative Reporting Regional Network
Notes to the financial statements
for the year ended 31 December 2013

(All amounts are expressed in BAM, unless otherwise stated)

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Association's accounting policies, which are described in Note 3, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of equipment

As described in Note 3 above, the Association reviews the estimated useful lives of equipment at the end of each annual reporting period.

Impairment of trade receivables and other receivables

The Association recognizes impairment losses for doubtful receivables based on estimated losses that result from the inability of customers to settle their obligations. When evaluating the adequacy of the allowance for doubtful receivables, the Management of the Association makes own assessment based on the age structure of claims and write-downs from previous years.

Balkan Investigative Reporting Regional Network
Notes to the financial statements
for the year ended 31 December 2013

(All amounts are expressed in BAM, unless otherwise stated)

5. DONORS CONTRIBUTIONS

	2013	2012
<i>Restricted donors contributions</i>		
European Commission / Swiss Confederation	573,047	606,327
Robert Bosch Stiftung GmbH / Die ERSTE österreichische Spar-casse Privatstiftung	362,734	331,288
Ministarstvo vanjskih poslova Norveške (NOR)	204,695	256,804
Foreign & Commonwealth Office	154,765	-
Konrad-Adenauer-Stiftung Media / King Baudouin Foundation / OSCE Beograd	92,480	31,684
Robert Bosch	61,665	16,725
BIRN Kosovo, subgrant Austrian Development Agency (ADA)	51,705	0
Swiss Cultural Programme in the Western Balkans	34,828	228,630
The Balkan Trust for Democracy	25,964	31,609
Open Society Institute Budapest Foundation	770	-
Foundation Open Society Institute (FOSI)	-	38,593
European Cultural Foundation	-	8,790
National Endowment for Democracy	-	6,841
Robert Bosch Stiftung BFJE Alumni Meeting	-	29,337
	<u>1,562,653</u>	<u>1,586,628</u>
<i>Unrestricted donors contributions</i>		
Charles Stewart MOTT Foundation	181,006	74,059
Rockefeller Brothers Fund	71,390	77,635
	<u>252,396</u>	<u>151,694</u>
	<u>1,815,049</u>	<u>1,738,322</u>

6. OTHER INCOME

	2013	2012
Services rendered – foreign	167,553	168,375
Services rendered - domestic	9,913	15,122
	<u>177,466</u>	<u>183,497</u>

7. STAFF EXPENSES

	2013	2012
Author Fees and taxes	961,805	1,102,233
Given fellowships, award and research expense	92,918	86,940
Employment contract	19,751	19,751
	<u>1,074,474</u>	<u>1,208,924</u>

Balkan Investigative Reporting Regional Network
Notes to the financial statements
for the year ended 31 December 2013

(All amounts are expressed in BAM, unless otherwise stated)

8. OPERATING EXPENSES

	2013	2012
Editorial expenses	115,402	15,887
Rent and utilities	100,584	99,176
Conference meetings and training expenses	92,606	109,574
Other service contracts	82,132	79,276
Per diems and travel expenses	50,989	90,952
Film production	50,754	30,706
Accounting and audit services	33,072	21,603
Bank fees and services	32,763	39,001
Communications	29,272	48,313
Web services	26,893	40,253
Subscriptions	21,814	20,644
Office supplies	15,573	12,210
Promotion of fellowship program	15,396	7,244
Entertainment	12,174	10,939
Translation services	8,358	-
Contributions, fees and other taxes	8,334	10,085
Printing expenses	2,249	3,036
Consultancy fees	1,529	3,325
Fuel and energy	1,196	1,174
Returns to donors	-	15,482
Other cost	24,643	29,624
	725,733	688,504

9. TANGIBLE AND INTANGIBLE ASSETS

	Equipment	Furniture	Total
<u>HISTORICAL COST</u>			
At 31 December 2011	23,735	1,478	25,213
Additions	5,359	-	5,359
At 31 December 2012	29,094	1,478	30,572
Additions	-	953	953
At 31 December 2013	29,094	2,431	31,525
<u>ACCUMULATED DEPRECIATION</u>			
At 31 December 2011	20,566	1,236	21,802
Charge for the year	2,385	100	2,485
At 31 December 2012	22,951	1,336	24,287
Charge for the year	2,296	247	2,543
At 31 December 2013	25,247	1,583	26,830
<u>NET BOOK VALUE</u>			
At 31 December 2013	3,847	848	4,695
At 31 December 2012	6,143	142	6,285

Balkan Investigative Reporting Regional Network
Notes to the financial statements
for the year ended 31 December 2013

(All amounts are expressed in BAM, unless otherwise stated)

10. INVESTMENTS IN ASSOCIATES

Company	31 December 2013		31 December 2012	
	Amount	Ownership	Amount	Ownership
BIRN d.o.o. Belgrade, Serbia	317	32.37%	489	30.00%
	317	32.37%	489	30.00%

Summary financial information of associate is shown below:

	31 December 2013	31 December 2012
Total assets	93,890	78,562
Total liabilities	47,577	46,245
Net assets	46,313	32,317
The Company's share in Net assets	14,992	9,695

11. RECEIVABLES FROM DONORS AND OTHER ASSETS

	31 December 2013	31 December 2012
<i>Receivables from donors:</i>		
European Commission / Swiss Federal Department	91,035	56,072
Robert Bosch Stiftung GmbH / Die ERSTE österreichische Spar-	38,612	18,228
casse Privatstiftung	7,772	5,820
Prague Freedom Foundation	1,859	-
Open Society Institute OSCE Beograd	139,278	80,120
Other assets	-	9,614
	139,278	89,734

12. CASH AND CASH EQUIVALENTS

	31 December 2013	31 December 2012
Cash at bank accounts – foreign currencies	1,032,645	296,516
Cash at bank accounts – KM	13,689	3,600
Petty cash	251	-
	1,046,585	300,116

Balkan Investigative Reporting Regional Network
Notes to the financial statements
for the year ended 31 December 2013

(All amounts are expressed in BAM, unless otherwise stated)

13. TRADE AND OTHER PAYABLES

	31 December 2013	31 December 2012
<i>Trade payables:</i>		
Trade payables – related parties	1,757	3,998
Trade payables – other	6,569	2,018
	<u>8,326</u>	<u>6,016</u>
<i>Other payables:</i>		
Liabilities to service contracts with individuals	14,882	20,387
Liabilities for taxes and contributions	1,034	832
Other	2,825	2,304
	<u>18,741</u>	<u>23,523</u>
	<u>27,067</u>	<u>29,539</u>

14. DEFERRED INCOME

In 2013, the Association has received funds for implementation of project activities. As such, these funds are deferred and will be chargeable to the income at the same rate as expenses incurred in 2014.

	31 December 2013	31 December 2012
Norwegian Ministry of Foreign Affairs	257,393	191,632
Open Society Institute Budapest Foundation/Erste Stiftung	225,898	-
BIRN Kosovo, subgrant Austrian Development Agency (ADA)	178,870	-
European Commission	91,035	56,072
Robert Bosch Stiftung	55,685	-
Robert Bosch Stiftung GmbH / Die ERSTE österreichische Sparkasse Privatstiftung / Prague Freedom Foundation	53,323	30,540
Foreign & Commonwealth Office	38,051	-
Balkan Trust for Democracy	30,608	21,004
Organization for Security and Co-operation in Europe (OSCE)	1,859	-
Swiss Cultural Programme in the Western Balkans	-	18,228
Robert Bosch Stiftung GmbH / Die ERSTE Österreichische Sparkasse Privatstiftung (ALUMNI)	-	5,820
	<u>932,722</u>	<u>323,296</u>

15. RELATED PARTY TRANSACTIONS

Transactions between the Association and its related parties are summarized as follows:

	Income / Sales		Expenses / Purchases	
	2013	2012	2013	2012
BIRN d.o.o.	34,227	21,189	75,023	69,059
BIRN Bosnia	9,752	19,816	110,113	38,378
BIRN Kosovo	91,552	9,388	10,757	13,012
BIRN Serbia	8,801	6,845	47,789	122,194
BIRN Macedonia	13,269	-	54,935	73,725
SeeCULT Org. Belgrade	-	-	-	39,220
	<u>157,601</u>	<u>57,238</u>	<u>298,617</u>	<u>355,588</u>

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15. RELATED PARTY TRANSACTIONS (CONTINUED)

At year end the Association had receivables from and liabilities to related parties as follows:

	Receivables		Liabilities	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
BIRN Bosnia	-	9,614	-	-
Birn d.o.o. Belgrade	-	-	1,757	-
BIRN Serbia	-	-	-	2,460
SeeCULT Org. Belgrade	-	-	-	1,538
	<u>-</u>	<u>9,614</u>	<u>1,757</u>	<u>3,998</u>

Directors' remuneration

The remuneration of Director during the year was as follows:

	2013	2012
Temporary employment contract	42,833	48,956
Authorship service contracts	<u>4,302</u>	<u>10,610</u>
	<u>47,135</u>	<u>59,566</u>

16. FINANCIAL INSTRUMENTS

Significant accounting policies

Basic accounting policies and procedures, including criteria for recognition, basis for presentation, measurement and recognition based on which income and expenses for each category of financial assets, liabilities and equity instruments are recognized, are disclosed in Note 3 of financial statements.

Categories of financial instruments

	31 December 2013	31 December 2012
Financial assets		
Receivables (including cash and cash equivalents)	<u>1,190,863</u>	<u>393,850</u>
	1,190,863	393,850
Financial liabilities		
Amortised cost	<u>27,067</u>	<u>29,539</u>
	27,067	29,539

Financial risk management objectives

Accountings of FinAudit Sarajevo provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Association through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

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16. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

The Association's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Market risk exposures are supplemented by sensitivity analysis. There has been no change to the Association's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Association undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The amounts of the Association's monetary assets and monetary liabilities at the reporting date, denominated in foreign currencies, were as follows:

	Assets		Liabilities	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
EUR	1,030,440	192,568	408,661	137,680
USD	141,484	2	158,714	-
CHF	-	1	-	-
NOK	-	-	-	191,632

Foreign currency sensitivity analysis

The Association is mainly exposed to EUR, USD, CHF and NOK. In Management's opinion, the sensitivity analysis related to EUR is unrepresentative of the inherent foreign exchange risk since in accordance with the Law on Central Bank of Bosnia and Herzegovina the Convertible Mark ("KM") is officially tied to the Euro. Change in the exchange rate would require the amendments of the law and approval by Parliamentary Assembly of Bosnia and Herzegovina.

The following table details the Association's sensitivity to a 10% increase and decrease in KM against USD, CHF and NOK. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding USD, NOK, and CHF denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where KM strengthens 10% against USD, CHF and NOK. For a 10% weakening of KM against USD, CHF and NOK, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Impact USD		Impact CHF		Impact NOK	
	2013	2012	2013	2012	2013	2012
Gain / Loss	9,665	-	-	-	-	19,163

Interest rate risk management

The Association is not exposed to interest rate risk as it has no financial instruments (assets and liabilities) issued at floating interest rates.

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16. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Association. The Association has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Association's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Liquidity risk management

The Association manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Association anticipates that the cash flow will occur in a different period.

Maturity for non-derivative financial assets

	Weighted average effective interest rate %	Less than 1 month KM	1-3 months KM	3 months to 1 year KM	1-5 years KM	Total KM
2013						
Non-interest bearing	-	1,094,828	91,035	-	5,000	1,190,863
		1,094,828	91,035	-	5,000	1,190,863
2012						
Non-interest bearing	-	333,778	56,072	-	4,000	393,850
		333,778	56,072	-	4,000	393,850

The following tables detail the Association's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Association can be required to pay.

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16. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management (Continued)

Liquidity and interest risk tables (Continued)

Maturity for non-derivative financial liabilities

	Weighted average effective interest rate %	Less than 1 month KM	1-3 months KM	3 months to 1 year KM	1-5 years KM	Total KM
2013						
Non-interest bearing	-	27,067	-	-	-	27,067
		27,067	-	-	-	27,067
2012						
Non-interest bearing	-	29,539	-	-	-	29,539
		29,539	-	-	-	29,539

16.9 Fair value of financial instruments

The Management considers that carrying amounts of financial assets and liabilities, recorded by amortized cost in financial statements, and does not differ significantly of its fair value.

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Management and authorised for issue on 27 June 2014.



Gordana Igric

Director