

Здружение Совет за етика во медиумите на Македонија
ЕТИКА ПРЕС Скопје
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Скопје

**COUNCIL OF MEDIA ETHICS OF
MACEDONIA - ETIKA PRESS SKOPJE**

Financial statements for the year then
ended as of December 31, 2018 and
Independent Auditors' Report

Skopje, March 2019

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**INDEPENDENT AUDITOR'S REPORT TO THE ASSEMBLY OF THE
COUNCIL OF MEDIA ETHICS OF MACEDONIA – ETIKA PRES SKOPJE**

We have audited the accompanying financial statements of the Council of Media Ethics of Macedonia – ETIKA PRESS Skopje (Hereinafter: CMEM-Skopje) which comprise of the Balance Sheet as of December 31, 2018, as well as the Balance of revenue and expenditure in the year then ended and a summary of the significant accounting policies and other remaining explanatory notes.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with Law on accounting for non-profit organizations and the respectable sub-legal acts and the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

It is our responsibility to express our opinion on these financial statements based on the executed audit. We have executed our audit according the accepted Standards on Auditing in Republic of Macedonia. These standards require that we comply with the ethical requirements, and plan and perform the audit in order to obtain reasonable assurance whether the financial statements are free of material misstatement.

The audit involves performing procedures as 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 risks of material misstatement of the financial statements, whether due to fraud or error. When making those risk assessments, the auditor considers the internal control relevant for preparation and objective presentation of the financial statements of CMEM - Skopje in order to design audit procedures appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of CMEM - Skopje. The audit also includes evaluation of the appropriateness of the used accounting policies and the reasonableness of the accounting estimates made by the management, as well as evaluation of the total presentation of the financial statements.

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

**INDEPENDENT AUDITOR'S REPORT TO THE ASSEMBLY OF THE
COUNCIL OF MEDIA ETHICS OF MACEDONIA-ETIKA PRES SKOPJE
(CONTINUED)**

Opinion

In our opinion, the attached financial statements present fairly in all material respects, the financial position of THE ASSOCIATION COUNCIL OF MEDIA ETHICS OF MACEDONIA ETIKA PRES - Skopje as of December 31, 2018, as well as the results of its financial performance for the year then ended in accordance with the Law on accounting for the non-profit organizations and the respectable sub-legal acts applied in Republic of Macedonia.

Other issues

The audit of the financial statements of THE ASSOCIATION COUNCIL OF MEDIA ETHICS OF MACEDONIA ETIKA PRES - Skopje for the year then ended on December 31, 2017 was performed by other auditor that expressed his opinion in his statement from 28 March 2017 with no reserve.

Skopje, 04 March 2019

Certified auditor

Mitko Poposki



Manager

Jasmina Rafajlovska

BALANCE OF REVENUE AND EXPENDITURE
for the years then ended as of December 31, 2018 and 2017
 (in 00 Denars)

	Note	31 December 2018	31 December 2017
Total revenues	4	5.464.328	5.304.314
Total expenditure	5	(6.244.903)	(4.189.799)
Transferred part of the surplus profit from the previous year	4	1.882.989	787.397
<i>Profit transferred in the following year – profit before taxation</i>		1.102.414	1.901.912
Profit tax		-	-
NET PROFIT AFTER TAXATION		1.102.414	1.901.912

The Notes to the Financial statements are an integral part of the Financial statements and shall be read in accordance with the same

 Responsible for comprising the financial statements



 President
 Katerina Sinadinovska

BALANCE SHEET
as of 31 December 2018 and 2017
(in Denars)

	Note	31 December 2018	31 December 2017
A ASSETS			
NON-CURRENT ASSETS			
Equipment and other assets	6	149.519	208.582
<i>Total non-current assets</i>		<i>149.519</i>	<i>208.582</i>
CURRENT ASSETS			
Short-term receivables	7	17.220	17.220
Cash and Cash Equivalents	8	1.085.194	1.884.692
Accruals		8.275	-
<i>Total Current Assets</i>		<i>1.110.689</i>	<i>1.901.912</i>
TOTAL ASSETS		1.260.208	2.110.494
B SOURCES OF BUSINESS ASSETS			
Business fund		149.519	263.150
Revalorized reserves		-	-
Undistributed part of revenues surplus - profit		1.102.414	1.901.912
<i>Total sources of business assets</i>		<i>1.251.933</i>	<i>2.110.494</i>
C LIABILITIES			
Short-term liabilities towards suppliers	9	8.275	-
Other short-term liabilities		-	-
<i>Total liabilities</i>		<i>8.275</i>	<i>-</i>
TOTAL SOURCES OF BUSINESS ASSETS AND LIABILITIES		1.260.208	2.110.494

*The Notes to the Financial statements are an integral part of
the Financial statements and shall be read in accordance with the same*

Responsible for comprising the
financial statements



President
Katerina Sinadinovska

1. GENERAL INFORMATION ABOUT CMEM

The Council of Medium Ethics of Macedonia (CMEM) is non-governmental, non-political, and non-profit organization, which, according to the principle of free will, unites its members for realization of the purposes and activities determined in their Statute.

The Council bases its work upon the principles of public transparency and promotes freely its attitudes and opinions, conducts initiatives and participates in building and upgrading the professional standards and ethics of the media in the Republic of Macedonia.

The Council is a body for self-regulation of the media, operating through the application of moral sanctions to those who do not comply with the professional standards, and the Code of Journalists.

The head office of CMEM - Skopje is in Skopje at bul. Mitropolit Teodosij Gologanov 54/2.

The basic business of the CMEM - Skopje according to the Resolution of the Central Register of the Republic of Macedonia is 94.99 – Activities of other organizations, based on memberships, not mentioned elsewhere.

Basic objectives and tasks of the CMEM Program are:

- ❖ Protection of media freedom and the right of public to be informed;
- ❖ Prevention of influence of the state, political parties and other centers of power over the media;
- ❖ Protection of public interests by providing an independent, efficient and fair process of resolving complaints about the media contents;
- ❖ Promotion of quality in the media contents, by adopting clear and practical guidelines in the work of editors and journalists;
- ❖ Raising public awareness on the professional and ethical standards to be observed by the media;
- ❖ Development of a setting for self-criticism, self-awareness and transparency of the media towards the audience;
- ❖ Facilitation of public access to the media;
- ❖ Promotion of the Code of Journalists and
- ❖ Reduction of all forms of censorship and self-censorship in journalism.

2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis for preparation

CMEM - Skopje prepares its financial statements in accordance with the applicable laws in Republic of Macedonia regarding the work of non-profit organizations, mainly the Law on accounting for non-profit organizations ("Official Gazette of RM", No. 24/03.....154/15, hereinafter: the Law) and the Rulebook on accounting for non-profit organizations ("Official Gazette of RM", No. 42/03...175/11, hereinafter: the Rulebook), as well as the respectable sub-legal regulations prescribed upon the Law.

These Financial Statements represent the assets and liabilities, revenues and expenditures referring to the operation of CMEM - Skopje.

The credibility is supported by the fact that CMEM - Skopje will continue to operate in the future.

3. ACCOUNTING POLICIES

The following is a summary of the significant accounting policies that were used in the preparation of the Financial Statements of CMEM - Skopje, for the year ended as of December 31, 2018.

3.1 Revenues and expenditures

The recognition of the revenues and the expenses is conducted according to Article 13 from the Law, and Article 18 from the Rulebook, that is, according to the accounting principle of modified occurrence of business changes, that is, transactions.

Accounting to the principle of modified occurrence of business changes, that is, transactions the revenues being recognized in the accounting period in which they occurred, according to the criteria of measurement and availability. The revenues are measurable when they can be recognized as a value. The revenues are available when they are realized in the accounting period or within 30 days upon the expiration of the accounting period, under the condition that the revenues are related to the accounting period and serve for covering the liabilities from that accounting period.

According to the accounting principle of the modified occurrence of the business changes, i.e. transactions, the expenses are being recognized in the accounting period in which they occurred, or within 30 days after the expiration of the accounting period, under the condition that the payment liability occurred in that accounting period.

3.2 Long-term assets

3.2.1. Initial valuation

The non-current assets – the long-term assets are initially valued at cost value less the total amount of the calculated amortization. The cost value of the long-term assets comprises the purchase value increased for import tariffs, value added tax, transportation expenses and all other expenses which can be directly added to the cost value, that is, to the procurement costs.

According to Article 19 from the Law, as long-term assets are considered the assets with a useful life longer than one year.

The long-term assets, whose individual value is lower than 300 Euros in MK Denar counter value, at the moment of procurement, is presented in a group, as fixtures and fittings.

3.2.2. Subsequent expenditures

The subsequent expenditures are capitalized only if the position of the assets is improved above their useful life, if their capacity, functional connection, etc. are increased.

3.2.3. Depreciation

Depreciation is charged on a proportional write-off method, which is consistently applied from one accounting period to another, by applying the prescribed annual rates which are integral part of the Rulebook. The depreciation is calculated for each asset individually within the group frames prescribed in the Rulebook, until the value of the long-term assets is not fully compensated. The useful life, that is, the write-off deadline of the long-term assets is determined according to the prescribed rates. The annual depreciation rates applied on some more significant items are as follows:

Equipment	14-20%
Computers	20%
Furniture and office supplies	10% to 12%

3.2.4. Revaluation

CMEM calculates the revaluation of long-term assets (tangible and intangible), in accordance with Article 15 of the Law, and Articles 29 and 29-a of the Rulebook. According to the quoted legal provisions, the calculation of revaluation is performed in the following cases:

- 1) in case of decommission or expropriation, or
- 2) for the needs of repeated valuation, in case of an increase in price of the industrial products.

The base for revaluation of long-term assets represents the cost value of the assets and their accounted depreciation (correction of value). The long-term assets revaluation is accounted by applying the increase rate of the price of the industrial products, published by the State Statistical Office. The revaluation result of the long-term assets is transferred at the benefit or burden of the assets' sources.

The revaluation of the long-term assets which are consumed or expropriated during the accounting period is conducted in a way that all positions of the long-term assets from the previous year are multiplied by the index of cumulative growth of the prices of the industrial products at the domestic market from the beginning of the accounting period until the end of the month in which the assets are either consumed or expropriated.

3.3. Receivables

The receivables are recognized according to their occurrence.

3.4. Fixtures and fittings supplies

The fixtures and fittings supplies are recognized in accordance with Article 14 paragraph 7 of the Law on accounting for non-profit organizations where the long-term assets, whose individual value is lower than 300 Euros in MK Denar counter value, at the moment of procurement, is presented in a group, as fixtures and fittings.

The fixtures and fittings are written off once in a total during its setting into use.

3.5. Cash and Cash equivalents

Cash and cash equivalents include cash on treasury, deposit accounts, bank deposits and highly liquidated investments that can be quickly transformed into cash. Cash assets in the treasury

and in bank deposits in local currency are recognized in nominal values, whereas if it is in foreign currency, according to the average exchange rate of the National Bank of the Republic of Macedonia at the date of balancing.

3.6. Payables

The payables are recognized according to their occurrence.

3.7. Tax obligations

The taxes are calculated and paid according to the legal regulations in Republic of Macedonia. The basic activities of CMEM do not represent a profit in the sense with the Law on VAT and are not a subject to taxation with VAT. The income tax is calculated and paid on a fixed tax basis as a difference between the revenues and expenditures arising from the performance of the business activity increased for the non-deductible expenses in accordance with the Law.

4. TOTAL REVENUES

Total revenues consist the following:

	December 31, 2018	December, 31, 2017
Revenues from donations collected	5.464.114	5.304.227
Revenues from interest and exchange rate differences	214	87
<i>Total revenues from donations</i>	5.464.328	5.304.314

The donation revenues for the year ending on 31 December 2018 refer to the paid assets on the account of the Association for realizing its project activities.

The donation revenues upon donors is as follows:

	31 December 2018	31 December 2017
Kingdom of Holland	3.718.113	2.410.950
UNESCO	794.552	1.465.595
Civica Mobilitas	162.914	1.427.682
MCMS	328.765	-
European union - Jean Monnet Project	459.770	-
<i>Total revenues from donations</i>	5.464.114	5.304.227

5. TOTAL EXPENSES

Total expenses consist of the following:

	31 December 2018	31 December 2017
Expenses for materials	69.601	70.116
Electricity	31.794	38.324
Maintenance expenses	199.570	225.469
Public utilities	8.474	5.448
PTT services, telephones and internet	113.543	100.035
Transportation expenses	92.764	31.137
Business trip allowances	485.077	243.733
Leases	531.346	199.100
Intellectual services	1.680.558	1.095.610
Other services	495.980	399.768
Gross salaries	1.797.823	1.540.920
Other expenses	738.373	240.139
<i>Expenses for raw materials and other materials</i>	<i>6.244.903</i>	<i>4.189.799</i>

6. NON CURRENT ASSETS

The non-current – long-term assets consist of the following:

2018	Plant and equipment	TOTAL
Revalorized supply value		
Balance on 1 January 2018	364.740	364.740
New supplies	-	-
Expenditures	-	-
Revaluation	-	-
<i>Balance on 31 December 2018</i>	<i>364.740</i>	<i>364.740</i>
Revalorized correction value		
Balance on 1 January 2018	156.158	156.158
Depreciation for 2018	59.063	59.063
Revaluation of the correction	-	-
<i>Balance on 31 December 2018</i>	<i>215.221</i>	<i>215.221</i>
<i>Net accounting value on 31 December 2018</i>	<i>149.519</i>	<i>149.519</i>
<i>Net accounting value on 1 January 2018</i>	<i>208.582</i>	<i>208.582</i>

2017	Plant and equipment	TOTAL
Revalorized supply value		
Balance on 1 January 2017	359.704	359.704
New supplies	-	-
Expenditures	-	-
Revaluation	5.036	5.036
<i>Balance on 31 December 2017</i>	<u>364.740</u>	<u>364.740</u>
Revalorized correction value		
Balance on 1 January 2017	96.554	96.554
Depreciation for 2017	58.252	58.252
Revaluation of the correction	1.352	1.352
<i>Balance on 31 December 2017</i>	<u>156.158</u>	<u>156.158</u>
<i>Net accounting value on 31 December 2017</i>	<u>208.582</u>	<u>208.582</u>
<i>Net accounting value on 1 January 2017</i>	<u>263.150</u>	<u>263.150</u>

The biggest part of the non-current – long-term assets used by CMEM consists of expenses for computers, computer equipment, and office furniture.

7. SHORT TERM RECEIVABLES

The short-term receivables consist of the following:

	31 December 2018	31 December 2017
Deposits	17.220	17.220
<i>Total deposits</i>	<u>17.220</u>	<u>17.220</u>

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	31 December 2018	31 December 2017
Denar accounts	1.078.523	1.847.713
Treasury	4.166	35.793
Cards	2.505	1.186
<i>Total cash and cash equivalents</i>	<u>1.085.194</u>	<u>1.884.692</u>

9. SHORT-TERM LIABILITIES TOWARDS SUPPLIERS

Short-term liabilities towards suppliers consist the following:

	31 December 2018	31 December 2017
Liabilities towards suppliers	8.275	8.275
<i>Total liabilities</i>	<u>8.275</u>	<u>8.275</u>

10. POTENTIAL RECEIVABLES AND LIABILITIES

The Association is not involved in court proceedings as plaintiff or defendant.

11. SUCCESSIVE EVENTS

After the financial reporting date there are no adjusting events that are materially significant for disclosure in these financial statements.