# Energy Community, Vienna

Auditor's report on the
Financial Statements
as of December 31, 2010

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

ERNST & YOUNG

# Energy Community, Vienna

Auditor's report on the
Financial Statements
as of December 31, 2010

Transcript 1

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.
A-1220 Wien, Wagramer Straße 19, IZD-Tower

Tel.: [43] (1) 211 70
Fax: [43] (1) 216 20 77
E-Mail: Ernst.Young@at.ey.com
URL: www.ey.com/austria

# INDEX OF CONTENTS


| | | PAGE |
|---|---|---|
| 1. | ENGAGEMENT AND PERFORMANCE | 1 |
| 2. | NOTES AND DISCLOSURE OF MATERIAL ITEMS IN THE FINANCIAL STATEMENTS | 2 |
| 3. | AUDIT SUMMARY | 2 |
| 4. | BESTÄTIGUNGSVERMERK | 3-4 |
| 4. | AUDITOR'S REPORT (TRANSLATION) | 5-6 |


# APPENDICES


STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2010

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD JANUARY 1, 2010 TO DECEMBER 31, 2010

CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1, 2010 TO DECEMBER 31, 2010

NOTES

PRESENTATION OF BUDGET INFORMATION (IPSAS 24)

DEVELOPMENT OF INVESTMENT DONATIONS

NON-CURRENT ASSETS MOVEMENT SCHEDULE AS OF DECEMBER 31, 2010

GENERAL CONDITIONS OF CONTRACT FOR AUDITS OF ANNUAL ACCOUNTS (AAB 2010)

To the Director of the
Energy Community,
Vienna

We have audited the financial statements as of December 31, 2010 of the

**Energy Community, Vienna**

(referred to as "the Organization"), and report on the result of our audit as follows:

## 1. ENGAGEMENT AND PERFORMANCE

The Organization, represented by the Director, concluded an audit contract with us to audit the financial statements as of December 31, 2010.

The financial statements as of December 31, 2010, including the accounting system, are subject to a voluntary audit. According to Article 80 of the Energy Community Procedures for the Establishment and Implementation of Budget, Auditing and Inspection, the Director shall, subject to approval by the Budget Committee, designate an independent External Auditor.

The objective of the audit was to examine compliance with International Public Sector Accounting Standards (IPSAS).

In performing the audit, we adhered to the applicable legal provisions in Austria and the relevant expert opinions and standards of audits. We draw your attention to the fact that the audit provides adequate assurance as to whether the financial statements are free from material misstatement. Absolute assurance cannot be achieved, since the possibility of errors is inherent in each accounting and internal controls system and since the audit is based on samples, there is an unavoidable risk that material misstatements in the financial statements are not detected. Areas which are generally covered in special engagements (e.g. detection of criminal affairs or fraudulent actions) were not included in our scope of work.

The audit was performed under the supervision of the signing auditors in February 2011 mainly at the Organization's headquarters. The audit was materially concluded by the date of this report.

Our audit is based on the audit contract concluded with the Energy Community, an integral part of which are the General Conditions of Contract for the Public Accounting Professions issued by the Austrian Chamber of Public Accountants and Tax Advisors (see Appendix 2). These General Condi-

tions of Contract do not only apply between the Organization and the auditor, but also towards third parties. Section 275 of the Unternehmensgesetzbuch (Austrian Commercial Code) applies with regard to our responsibility and liability as auditor towards the Organization and towards third parties.

## 2. NOTES AND DISCLOSURE OF MATERIAL ITEMS IN THE FINANCIAL STATEMENTS

All required disclosures of material items in the financial statements are included in the notes to the financial statements. We therefore refer to the related disclosures by the Director in the notes to the financial statements.

## 3. AUDIT SUMMARY

### 3.1. Report on the Compliance of the Accounting and the Financial Statements

Our Audit scope included bank accounts and cash reconciliations as well as a verification of the compliance with Austrian law and with the Budgetary Procedures of the Energy Community, Internal Management Rules and other applicable rules of transactions, including procurement, carried out by the Energy Community Secretariat in 2010. In addition to auditing the accounts, we evaluated the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general the financial consequences of administrative practices.

Based on the audit procedures performed, we confirm the compliance with IPSAS.

Under our risk and control oriented audit approach, we included in the audit - where we considered it necessary for our audit report - the internal controls in parts of the accounting process.

With regard to the compliance of the financial statements with IPSAS, we refer to our comments in the auditor's report.

### 3.2. Information provided

All information required was provided by the Director and by the respective employees. A letter of representation signed by the Director has been included in our working papers.

## 4. BESTÄTIGUNGSVERMERK *)

### Bericht zum Jahresabschluss

Wir haben den beigefügten Jahresabschluss der **Energy Community, Wien**, für das Geschäftsjahr vom 1. Jänner 2010 bis zum 31. Dezember 2010 unter Einbeziehung der Buchführung geprüft. Dieser Jahresabschluss umfasst das "statement of financial position" zum 31. Dezember 2010, das "statement of financial performance" für das am 31. Dezember 2010 endende Geschäftsjahr, das "cash flow statement" sowie die "notes to the financial statements". Unsere Verantwortlichkeit und Haftung bei der Prüfung ist analog zu § 275 Abs 2 UGB (Haftungsregelung bei der Abschlussprüfung einer kleinen oder mittelgroßen Gesellschaft) gegenüber der Gesellschaft und auch gegenüber Dritten mit insgesamt 2 Millionen Euro begrenzt.

*Verantwortung des gesetzlichen Vertreters für den Jahresabschluss und für die Buchführung*

Der gesetzliche Vertreter der Gesellschaft ist für die Buchführung sowie für die Aufstellung und den Inhalt eines Jahresabschlusses verantwortlich, der ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft in Übereinstimmung mit den International Public Sector Accounting Standards (IPSAS) vermittelt. Diese Verantwortung beinhaltet: Gestaltung, Umsetzung und Aufrechterhaltung eines internen Kontrollsystems, soweit dieses für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, damit dieser frei von wesentlichen Fehldarstellungen, sei es auf Grund beabsichtigter oder unbeabsichtigter Fehler, ist; die Auswahl und Anwendung geeigneter Bilanzierungs- und Bewertungsmethoden; die Vornahme von Schätzungen, die unter Berücksichtigung der gegebenen Rahmenbedingungen angemessen erscheinen.

*Verantwortung des Abschlussprüfers und Beschreibung von Art und Umfang der gesetzlichen Abschlussprüfung*

Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Jahresabschluss auf der Grundlage unserer Prüfung. Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und Grundsätze ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern, dass wir die Standesregeln einhalten und die Prüfung so planen und durchführen, dass wir uns mit hinreichender Sicherheit ein Urteil darüber bilden können, ob der Jahresabschluss frei von wesentlichen Fehldarstellungen ist.

Eine Prüfung beinhaltet die Durchführung von Prüfungshandlungen zur Erlangung von Prüfungsnachweisen hinsichtlich der Beträge und sonstigen Angaben im Jahresabschluss. Die Auswahl der Prüfungshandlungen liegt im pflichtgemäßen Ermessen des Abschlussprüfers unter Berücksichtigung seiner Einschätzung des Risikos eines Auftretens wesentlicher Fehldarstellungen, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern. Bei der Vornahme dieser Risikoeinschätzung berücksichtigt der Abschlussprüfer das interne Kontrollsystem, soweit es für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, um unter Berücksichtigung der

Rahmenbedingungen geeignete Prüfungshandlungen festzulegen, nicht jedoch um ein Prüfungsurteil über die Wirksamkeit der internen Kontrollen der Gesellschaft abzugeben. Die Prüfung umfasst ferner die Beurteilung der Angemessenheit der angewandten Bilanzierungs- und Bewertungsmethoden und der vom gesetzlichen Vertreter vorgenommenen wesentlichen Schätzungen sowie eine Würdigung der Gesamtaussage des Jahresabschlusses.

Wir sind der Auffassung, dass wir ausreichende und geeignete Prüfungsnachweise erlangt haben, sodass unsere Prüfung eine hinreichend sichere Grundlage für unser Prüfungsurteil darstellt.

*Prüfungsurteil*

Unsere Prüfung hat zu keinen Einwendungen geführt. Auf Grund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss nach unserer Beurteilung den International Public Sector Accounting Standards (IPSAS)und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage der Gesellschaft zum 31. Dezember 2010 sowie der Ertragslage der Gesellschaft für das Geschäftsjahr vom 1. Jänner 2010 bis zum 31. Dezember 2010.

Wien, am 17. Februar 2011

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Elfriede Baumann
Wirtschaftsprüferin

ppa. Mag. Heidemarie Kretschmer
Wirtschaftsprüferin

*) Bei Veröffentlichung oder Weitergabe des Jahresabschlusses in einer von der bestätigten (ungekürzten deutschsprachigen) Fassung abweichenden Form (zB verkürzte Fassung oder Übersetzung) darf ohne unsere Genehmigung weder der Bestätigungsvermerk zitiert noch auf unsere Prüfung verwiesen werden.

## 4. AUDITOR'S REPORT *)
(TRANSLATION)

### Report on the Financial Statements

We have audited the accompanying financial statements of **Energy Community, Vienna**, for the financial year from January 1, 2010 to December 31, 2010. These financial statements comprise the statement of financial position as at December 31, 2010, and the statement of financial performance and cash flow statement for the year ended December 31, 2010, and the notes to the financial statements. Our responsibility and liability towards the Organization and towards third parties is limited with EUR 2,000,000 in total, in application mutatis mutandis of the provisions set out in § 275 Unternehmensgesetzbuch (Austrian Commercial Code; limitation of liability as set forth for small and medium-size Corporations).

*Management's Responsibility for the Financial Statements*

The Organization management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*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 laws and regulations applicable in Austria and in accordance with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). 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 audit opinion.

*Opinion*

Our audit did not give rise to any objections.

Based on the results of our audit in our opinion, the financial statements present fairly, in all material respects, the financial position of the entity as of December 31, 2010, and of its financial performance and its cash flows for the financial year from January 1, 2010 to December 31, 2010 in accordance with International Public Sector Accounting Standards (IPSAS).

Vienna, February 17, 2011

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Elfriede Baumann mp
Certified Public Accountant

ppa. Mag. Heidemarie Kretschmer mp
Certified Public Accountant

*) On disclosure or reproduction of the financial statements in a form differing from the audited original German version (e.g. shortened version and/or version translated into another language), the auditor's report may neither be quoted nor referred to without our approval.

Appendix 1

# FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2010

# ENERGY COMMUNITY, VIENNA

Energy Community, Vienna
December 31, 2010

## STATEMENT OF FINANCIAL POSITION as of December 31, 2010

ASSETS

| | December 31, 2010 EUR | December 31, 2010 EUR | December 31, 2010 EUR | December 31, 2009 EUR | Notes |
|---|---|---|---|---|---|
| **A. CURRENT ASSETS** | | | | | |
| I. Cash and cash equivalents | | 864.520,89 | | 839.186,91 | *2.2.5.* |
| II. Receivables | | | | | |
| 1. Payroll Tax (Federal Ministry of Finance) | 0,00 | | | 0,00 | |
| 2. Employer's Contribution (Federal Ministry of Finance) | 0,00 | | | 0,00 | |
| 3. VAT (Federal Ministry of Finance) | 78.732,01 | | | 29.477,94 | |
| 4. Other receivables | 7.670,80 | | | 9.701,61 | |
| | | 86.402,81 | | 39.179,55 | *2.2.6.* |
| III. Prepayments | | 96.503,44 | | 92.815,74 | *2.2.7.* |
| | | | 1.047.427,14 | 971.182,20 | |
| **B. NON-CURRENT ASSETS** | | | | | |
| I. Tangible assets | | | | | |
| Plant and equipment | | 117.104,04 | | 119.546,75 | *2.2.2.* |
| II. Intangible assets | | | | | |
| Software and licenses | | 4.280,02 | | 10.994,78 | *2.2.1.* |
| | | | 121.384,06 | 130.541,53 | |
| | | | **1.168.811,20** | **1.101.723,73** | |

EQUITY AND LIABILITIES

| | December 31, 2010 EUR | December 31, 2010 EUR | December 31, 2009 EUR | Notes |
|---|---|---|---|---|
| **A. CURRENT LIABILITIES** | | | | |
| I. Accounts payable | | | | |
| 1. Trade payables | 100.742,49 | | 72.233,99 | *2.2.8.* |
| 2. Other liabilities | 52.163,97 | | 80.241,68 | *2.2.8.* |
| 3. Deferred Income | 6.760,00 | | 26.514,27 | *2.2.9.* |
| 4. Unused commitments | 552.717,00 | | 453.975,59 | *2.2.10* |
| 5. Unused appropriations | 335.043,68 | | 338.216,67 | *2.2.11* |
| | | 1.047.427,14 | 971.182,20 | |
| **C. INVESTMENT DONATIONS** | | 121.384,06 | 130.541,53 | *2.2.12* |
| | | **1.168.811,20** | **1.101.723,73** | |

Energy Community, Vienna

December 31, 2010

# STATEMENT OF FINANCIAL PERFORMANCE

## for the period January 1, 2010 to December 31, 2010

| | January 1, 2010 - December 31, 2010 | | January 1, 2009 - December 1, 2009 | | Notes |
|---|---|---|---|---|---|
| | EUR | EUR | EUR | EUR | |
| **REVENUE** | | | | | |
| 1. Appropriations | | | | | |
| a) Appropriations of the Contracting Parties | 3.250.000,00 | | 2.996.942,00 | | |
| b) Appropriation of the Republic of Austria | 151.905,84 | | 146.400,00 | | |
| c) Allocation to investment donations | -68.675,05 | | -99.140,83 | | |
| d) Unused commitments prior years | 453.975,59 | | 338.170,84 | | |
| e) Unused commitments 2009 | -149.500,00 | | -453.975,59 | | |
| f) Unused commitments 2010 | -403.217,00 | | 0,00 | | |
| g) Unused appropriations | -372.976,49 | 2.861.512,89 | -390.193,76 | 2.538.202,66 | |
| 2. Finance revenue | | 9.337,11 | | 10.569,64 | |
| 3. Other revenue | | 992,91 | | 388,43 | |
| **Total revenue** | | **2.871.842,91** | | **2.549.160,73** | *2.3.1* |
| **EXPENSES** | | | | | |
| 1. Salaries | | -1.358.421,01 | | -1.182.203,54 | |
| 2. Depreciation and Amortization | | | | | |
| a) of fixed intangible and tangible assets | 77.832,54 | | 77.597,71 | | |
| b) Usage of obligations dedicated for assets | -77.832,54 | 0,00 | -77.597,71 | 0,00 | |
| 3. Other operating expenses | | -1.513.421,90 | | -1.366.957,19 | |
| **Total expenses** | | **-2.871.842,91** | | **-2.549.160,73** | *2.3.2* |
| **SURPLUS/DEFICIT FOR THE PERIOD** | | **0,00** | | **0,00** | |
| Release of other reserves | | 0,00 | | 0,00 | |
| **RETAINED EARNINGS** | | **0,00** | | **0,00** | |

Energy Community, Vienna
December 31, 2010

# CASH FLOW STATEMENT

## for the period January 1, 2010 to December 31, 2010

| | January 1, 2010 - December 31, 2010 | January 1, 2009 - December 31, 2009 |
|---|---|---|
| **Operating Activities** | | |
| Surplus (deficit) for the period | 0,00 | 0,00 |
| + depreciation on tangible and intangible assets | 77.832,54 | 77.597,71 |
| - Usage of investment donations | -77.832,54 | -77.597,71 |
| +/- decrease / increase in receivables and other assets | -47.223,26 | 24.055,64 |
| +/- decrease / increase in prepayments | -3.687,70 | -75.152,34 |
| +/- increase / decrease in Trade Payables and Other Liabilities | 430,79 | -58.580,53 |
| +/- increase / decrease in Deferred Income | -19.754,27 | 23.517,27 |
| +/- increase / decrease in unused commitments | 98.741,41 | 115.804,75 |
| +/- increase / decrease in unused appropriations | -3.172,99 | 76.508,92 |
| **Cash Flows from operating activities 1)** | **25.333,98** | **106.153,71** |
| **Investing Activities** | | |
| - Purchase of fixed assets | -68.675,05 | -99.140,83 |
| **Cash Flows from investing acitivities** | **-68.675,05** | **-99.140,83** |
| **Financing Activities** | | |
| + Grant Contribution for assets | 68.675,05 | 99.140,83 |
| **Cash Flows from financing acitivities** | **68.675,05** | **99.140,83** |
| **Cash and cash equivalents as of January 1, 2010** | **839.186,91** | **733.033,20** |
| **Net increase in cash and cash equivalents** | **25.333,98** | **106.153,71** |
| **Cash and cash equivalents as of December 31, 2010** | **864.520,89** | **839.186,91** |

1) Cash Flows from operating activities include interest received in the amount of EUR 9.337,11.

# NOTES
# TO THE FINANCIAL STATEMENTS of
# THE ENERGY COMMUNITY, VIENNA
# for the reporting period 01 January - 31 December 2010

## 1. GENERAL INFORMATION

### 1.1. Nature of Energy Community Operations

The Energy Community stands for the process that aims to extend the EU internal energy market to the South East Europe region. The task of the Energy Community is to organise the relations between the Parties to the Treaty establishing the Energy Community and create a legal and economic framework in relation to Network Energy. The main goals are to create a stable and regulatory market framework capable of attracting investment; to create a single regulatory space for trade; to enhance security of supply; to improve the environmental situation and to develop electricity and gas market competition on a broader geographical scale.

The main institutions established under the Treaty are the Ministerial Council, the Permanent High Level Group, the Regulatory Board, the Fora, and the Secretariat. Further institutions were established in the course of Treaty implementation through Ministerial Council decisions. (Oil Forum and different Task Forces)

### 1.2. Legal Form and Applicable Jurisdiction

By the Agreement between the Energy Community and the Republic of Austria regarding the seat of the Secretariat of the Energy Community in effect as of 1 July 2007, Austria recognizes the legal personality of the Energy Community as an international organization. Energy Community has its seat in Vienna and is registered in the Republic of Austria by the Federal Ministry of European and International Affairs with the organization number (1010180000).

### 1.3. Legislation Governing Energy Community Financial Operations

The Energy Community operates under the provisions of the Treaty establishing the Energy Community. The Treaty was signed in Athens on the 25 October 2005 and entered into force on the 1 July 2006. The Treaty is concluded for a period of 10 years from the date of entry into force. The Secretariat is the only permanent institution of the Energy Community established by the Treaty and operates under the rules set by the decision-making institutions of the Energy Community, namely the Ministerial Council as the Treaty's ultimate legislative organ. The responsibility for the implementation of the Energy Community Budget lies with the Director of the Secretariat.

Pursuant to the Article 79 of the Energy Community Procedures for Establishment and Implementation of Budget, Auditing and Inspection (further "Budgetary Procedures"), the Accounting Officer is responsible for establishment of the Energy Community year-end accounts.

Pursuant to the Article 37 of the above mentioned Budgetary Procedures, the Director of the Secretariat, has introduced rules, which specify obligations of staff members of the Secretariat's that are involved in financial operations of the Energy Community.

# 2. ACCOUNTING POLICIES AND DETAILS TO THE FINANCIAL STATEMENTS

## 2.1. Accounting Policies

### *2. 1. 1. Legal Provisions and Financial Regulation*

The accounts are kept in accordance with Procedural Act No. 2006/03 of 17 November 2006 on the Energy Community Procedures for Establishment and Implementation of Budget, Auditing and Inspection applicable to the Energy Community budget adopted by the Ministerial Council.

Article 73(4) of the Energy Community Procedures for Establishment and Implementation of Budget, Auditing and Inspection, states that the Accounting Officer of the Energy Community adopts the accounting rules and methods to be applied for the preparation and presentation of Energy Community accounts. On 16 January 2008, the Accounting Officer adopted the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standard Board (IPSASB) using accrual basis of accounting. The approval for the adoption of the accounting rules and methods as above followed through the Procedural Act of the Energy Community Secretariat No. 2008/01/ECS. The Energy Community Accounting Officer must establish the accounts of the previous year no later than 31 March of the current year. These accounts are then validated by the Director.

### *2.1.2 Accounting Principles and Statement of Compliance*

The financial statements of the Energy Community are prepared in compliance with the International Public Sector Accounting Standards.

The objective of financial statements is to provide information about the financial position, performance, cash flows and changes in equity during the financial year. For an entity such as the Energy Community, the objective is also to demonstrate the accountability of the entity for the resources entrusted to it.

As their purpose is to present a true and fair view, financial statements supply relevant information to describe the nature and range of Energy Community activities, explain how it is financed and supply the information on its operations, in a manner which allows comparisons between financial years.

The accounting system of the Energy Community is laid down as to enable production of financial statements and budget accounts. These accounts are kept in euro on the basis of the calendar year. The general accounts are based on accrual accounting principle to allow for the preparation of the financial statements to establish the financial position in the form of a balance sheet as of December 31, and to measure the Energy Community financial performance for the financial year. Furthermore financial statements shall provide the information on how the Energy Community generated its cash in order to meet its payment obligations during the financial year and to indicate changes in equity.

The budget accounts give a detailed picture of the implementation of the budget. They are based on the accrual accounting principle.

Article 70 of the Energy Community Procedures for Establishment and Implementation of Budget, Auditing and Inspection sets out the accounting principles to be applied in drawing up the financial statements as follows:

- going concern;
- prudence;
- consistent accounting methods;
- comparability of information;
- materialitfair presentation;
- accrual - based accounting.

## 2. 2. Statement of Financial Position

### *2. 2. 1. Intangible non current assets*

Acquired computer software and licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software or licenses. These costs are amortised over their estimated useful lives (3 years).

Costs associated with maintaining computer software and licenses are recognised as expenses as incurred.

| | Computer software and licences |
|---|---|
| Gross carrying amount at 31 December 2009 | 41.175,00 |
| Additions | 2.888,00 |
| Disposals | 0,00 |
| | |
| **Gross carrying amount at 31 December 2010** | **44.063,00** |
| | |
| Accumulated depreciation at 31 December 2009 | 30.180,24 |
| Depreciation charge for the year | 9.602,81 |
| Disposals | 0,00 |
| | |
| **Accumulated depreciation at 31 December 2010** | **39.782,98** |
| | |
| **Net carrying amount at 31 December 2010** | **4.280,02** |
| *Net carrying amount at 31 December 2009* | *10.994,78* |

### *2. 2. 2. Tangible non current assets*

| | Plant and equipment |
|---|---|
| Gross carrying amount at 31 December 2009 | 231.840,00 |
| Additions | 65.787,05 |
| Disposals | 0,00 |
| | |
| **Gross carrying amount at 31 December 2010** | **274.907,45** |
| | |
| Accumulated depreciation at 31 December 2009 | 112.293,25 |
| Depreciation charge for the year | 68.229,73 |
| Disposals | 22.719,60 |
| | |
| **Accumulated depreciation at 31 December 2010** | **157.803,41** |
| | |
| **Net carrying amount at 31 December 2010** | **117.104,04** |
| *Net carrying amount at 31 December 2009* | *119.546,75* |

All items of property, plant and equipment are stated at historic cost less depreciation and impairment. Historic cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are capitalised only when it is probable that future economic benefits associated with the item will flow to the Energy Community and the cost of the item can be measured reliably. Repairs and maintenance are charged to the expenditure account during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets' cost to their estimated useful lives, as follows:

### 2. 2. 3. *Depreciation rates*

| Type of asset | Straight-line depreciation rate |
|---|---|
| Intangible assets | 33,33% |
| Tangible assets | 20% - 33,33% |

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is depreciated immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of financial performance.

### 2.2.4. *Leases*

Lease of assets where the Energy Community has substantially all the risks and rewards of ownership are classified as financial lease.

Leases where the lessor retains a significant portion of the risks and rewards inherent to the ownership are classified as operating lease. Payments made under operating leases are charged to the statement of financial performance for the portion accrued during the financial year.

### 2. 2. 5. *Cash & cash equivalents*

Cash and cash equivalents include cash on hand and deposits held at the current account with the bank.

### 2. 2. 6. *Receivables*

Receivables are carried at original amount less impairment. Receivables are impaired when there is objective evidence that the Energy Community will not be able to collect all amounts due according to the original terms of receivables.

The majority of the accounts receivables include VAT claims against Federal Ministry of Finance of the Republic of Austria.

### 2. 2. 7. *Prepayments*

Payments in advance relate to payments made towards supplier of studies in accordance with the payment schedules stipulated in the related contracts.

### 2. 2. 8. *Trade payables and other liabilities*

Almost the entire amount of the payables of the Energy Community relate to the purchase of goods and services. Payables are recognised when goods are delivered or services received.

Other liabilities include liabilities for unconsumed annual leave.

### 2. 2. 9. Deferred Income

The item "deferred income" contains prepaid appropriations of the Parties for the budgetary period 2011.

### 2.2.10. Unused Commitments

Unused Commitments of the financial year 2010 refer to the legal commitments the Energy Community entered into by December 31, 2010 without having received goods or services by the end of the year. According to the Minutes of the 2nd Budget Committee meeting on the March 10, 2008 funds from the financial year in question can be used to honour these commitments in future years.

### 2.2.11. Unused appropriations

Unused appropriations refer to the portion of the budget that remained unused at the end of the financial year. Unused budget appropriations shall be shown as liability towards the Parties to the Treaty (as stated in the Minutes of the 3rd meeting of the Budget Committee of September 23, 2008).

### 2.2.12. Investment donations

Since the investments of EUR 121.384,06 (in 2009 EUR 130.541,53) were made by using the contributions of the Parties to the Treaty, the same amount is also shown as "investment donations". The book value as of December 31, 2010 of investments consists of the book value as of January 1, 2010 amounting to EUR 130.541,53 (as of January 1, 2009 EUR 108.998,41) and additions amounting to EUR 68.675,05 (in 2009 EUR 99.140,83) reduced by depreciation of EUR 77.832,54 (in 2009 EUR 77.597,71).

## 2. 3. Statement of Financial Performance

### 2. 3. 1. Revenue

The Energy Community generates its revenue from the Parties' contributions to the Energy Community budget as stipulated in the Article 73 to 74 of the Treaty establishing the Energy Community. The Ministerial Council adopts the budget of the Energy Community by Procedural Act every two years. The budget covers the operational expenses of the Energy Community necessary for the functioning of its institutions. The Parties' Contributions to the budget 2010 in accordance with Annex IV of the Treaty are presented in the table below:

| | in % | EURO |
|---|---|---|
| European Community | 98,10 | 3.188.250,00 |
| Republic of Albania | 0,10 | 3.250,00 |
| Republic of Croatia | 0,50 | 16.250,00 |
| Bosnia and Herzegovina | 0,30 | 9.750,00 |
| Former Yugoslav Republic of Macedonia | 0,10 | 3.250,00 |
| Republic of Montenegro | 0,10 | 3.250,00 |
| Republic of Serbia | 0,70 | 22.750,00 |
| United Nations Interim Administration in Kosovo | 0,10 | 3.250,00 |
| | **Total** | **3.250.000,00** |

In addition to the above contributions of the Parties, the Energy Community receives donations from the Republic Austria to cover the rental expenses of its headquarters' seat. In the financial year 2010 the donations from the Federal Ministry of Economics and Labour of the Republic of Austria amounted to EUR 151.905,84.

### *2. 3. 2. Expenses*

Expenses arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the Energy Community or the services are rendered. They are valued at cost.

Administrative and operating expenses of the Energy Community consist of the following main items:

| | *2010* | *2009* |
|---|---|---|
| Staff expenses | 1.376.421,01 | 1.182.203,54 |
| Expenses of conferences and seminars | 161.512,65 | 183.212,01 |
| Reimbursement of travel expenses to conference participants | 210.929,10 | 206.470,10 |
| Expenses for studies, research and consulting | 453.891,00 | 262.379,68 |

## 2. 4. Statement of Comparison of Budget and Actual Amounts

### *2. 4. 1. Budget and Budgetary Period*

The Ministerial Council of the Energy Community adopted the Energy Community Budget for 2010 on the 26 June 2009 through the Procedural Act No. 2009/01/MC-EnC. Budget 2010 was adopted as a component of the bi-annual budget of the Energy Community covering the financial years 2010-2011.

The budgetary period covered in this report extends from 1 January to 31 December 2010 with the approved budget amounting to EUR 3,250.000.

### *2. 4. 2. Budgetary Basis*

Budgetary expenditures of the Energy Community budget are approved by the Ministerial Council. The budget of the Energy Community of the financial year 2010 is based on a modified accrual basis.
The statement of financial performance differs from the budget in the following areas:

1. Fixed assts are expensed completely in the year of acquisition.
2. Rental expenses of the headquarters' seat are financed by donations from the Federal Ministry of Economics and Labour of the Republic of Austria. For that reason, the approved budget to cover operational expenditures of the Energy Community by way of annual contributions of the Parties to the Energy Community Treaty includes only appropriations for rental expenses in excess of the donations of the Republic of Austria.
3. Accruals for unconsumed annual leave are not covered by budget of the Community.

### *2. 4. 3. Classification and Presentation of Budgetary Items*

Classification format adopted for the presentation of approved budget follows the economic nature of budget expenditures. Budget expenditures are structured as to present budgeted amounts for the following budget lines:

1. Human Resources
2. Travel Expenses
3. Office
4. Other Costs, Services

Each of these budget lines is subdivided in individual budget positions.

### *2. 4. 4. Scope of the Budget*

According to the Article 4 of the Energy Community Procedures for the Establishment and Implementation of Budget, Auditing and Inspection the budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the functioning of the Energy Community and its institutions.

### *2. 4. 5. Changes from Initial to Adjusted Budget*

According to Article 18(1)) of the Energy Community Procedures for the Establishment and Implementation of Budget, Auditing and Inspection, the Director takes decisions on transfers of appropriations (excluding human resources budget line) within the lines of the budget within the total limit of 10% of the appropriations for the financial year. Other transfers (e.g. between budget lines) are subject the preliminary agreement of the Budget Committee as stated in Article 18(3) of the Budgetary Procedures.

Changes between the initial and adjusted budget are a consequence of transfers within the budget.

### *2. 4. 6. Actual Amounts on Comparable Basis*

Actual Amounts on Comparable Basis represent expenses for deliveries of goods and services incurred during the current financial year chargeable to the budget 2010.

### *2. 4. 7. Unused Commitments*

Legal Commitments encompass the value of legally binding contracts the Energy Community entered into up to the 31 December 2010, for which the deliveries of goods and services are outstanding at the year end, and therefore could not be included in Actual Amounts on Comparable Basis.

In its Minutes of Meeting dated 10 March 2008 the Budget Committee "considered that funds from the preceding year can be used to honor the commitments made but not paid during this year". The above extract from the Minutes authorizes the Energy Community to use the budget 2010 during the next financial years as goods are delivered and services are rendered against open commitments. As a consequence, the unused budget 2010 shall be understood as the difference between the final budget and the sum of actual amounts on comparable basis and unused commitments at the 31 December 2010.

At the end of 2010 an amount of EUR 149.500,00 of committed budget 2009 and an amount of EUR 403.217,00 of committed budget 2010 remained open and is due to be expensed in 2011.

### 2.4.8. Related party disclosure

The Energy Community Secretariat (with overall 19 employees for 2010) is managed by the Director of the Secretariat along the applicable rules. For 2010 his overall annual remuneration was EUR 118.800,00.

### 2.4.9. Events after the balance sheet date

At the date of issue of accounts, no material issue came to the attention of the external auditor that would require separate disclosure.

### *2. 4.10. Difference Budget Amounts vs. Actual Amounts on Comparable Basis*

#### 2. 4. 10. 1. Human Resources

Budget Line Human Resources covers expenses for salaries of the Secretariat's staff which represent all-inclusive employee remuneration. Also accident insurance paid to all staff members by the Energy Community is reported under this budget. This Budget Line shows utilization of 98,69%. Non utilized portion of the human resources budget in 2010 results from 2 months vacant position at the level of head of unit.

#### 2. 4. 10. 2. Travel Expenses

This item covers travel expenses of the Energy Community staff related to technical assistance to the contracting parties and participation at meetings and conferences organized at different locations outside the Secretariat's headquarters. Level of utilization reached 70,71 %. The difference between the actual and budget amount is due to the fact that less than planned trips of the experts took place in 2010 and significant synergies of costs in bookings of the tickets were realized through the operational on-line booking tool.

#### 2. 4. 10. 3. Office Costs

Budget Line Office includes expenses for acquisitions of fixed assets, office furniture, computer equipment and software, as well as, expenses for telephone, cleaning, maintenance and repair, and the portion of rental expenses not borne by the Republic of Austria.

Taking into account unused commitments 2010 amounting to EUR 2.137,00 the utilization of budgeted funds for this budget line amounts to 91,97 %. The remaining budget from the office budget line of some EUR 20.000 results from non used appropriations in the positions of office equipment (less need for investment than projected) as well as in the budget foreseen for office rent.

#### 2. 4. 10. 4. Other Costs, Services

*2. 4 .10. 4. 1. Advertising and Communications*

Advertising and Communications expenses relate to Energy Community publications aimed at distribution to the interested public in order to promote operations and institutions of the Energy Community throughout the region of its scope of activities. Similarly, all material related to public relations together with representation is covered by this budget line. Utilization of this budget position remained at 61,64% due to the fact that the spending in the positions related to the public relations, advertisements and cost of representation was kept on lower lever than projected.

*2. 4 .10 .4. 2. Studies, Research and Consulting*

Budget Line Studies, Research and Consulting allocate funds by the ECRB and the Energy Community Secretariat commissioned studies. During 2010 ECRB initiated a study Development of best practice recommendations on regulatory incentives promoting infrastructure investments (EUR 37.000,00) and Energy Community Secretariat initiated following studies: Study on energy statistics (EUR 158.001,00), Emergency oil stocks study (EUR 168.740,00) and Biomass study (EUR 185.000,0). Statistical study was completed in the course of 2010. Other studies will be finalized during 2011.

This Budget line contains unused commitments amounting to EUR 390.740,00. All studies included in the unused commitments 2010 were approved from the budget 2010, however, delivery will be effected in course of 2011. Taking into account unused commitments, budget utilization 2010 for Studies, Research and Consulting will reach 88,51%.

*2. 4. 10. 4. 3. Cost of outsourced services (IT)*

Outsourced services relate to consulting and maintenance work provided by external IT specialists (web server, computer equipment and software in use). Also included in this position are the costs for leased computer equipment, as well as fees charged by Deloitte for their services related to web based travel administration software. Utilization of this budget position amounted to 77,11%. The budget of the year for the IT outsourced services remained unspent due to fewer expenses in the area of web site maintenance than planned as well as the external IT services proved to be less cost intensive.

*2. 4. 10. 4. 4. Cost of Audit, Legal and Financial Advice*

Expenses covered by this budget position were the costs of the annual audit of Energy Community financial statements by external auditor amounting to EUR 16.000,00 (in 2009 EUR 19.500,00), expenses arising from a contract for management review provided by Deloitte concluded for the period of leave absence of the Head of Financial and Administrative Unit in the period April – September 2010 amounting to EUR 8.925,00 (in 2009 EUR 0,00), and for the same reason required administrative support that amounted to EUR 13.642,50 (in 2009 EUR 600,00). Additional expenses under this budget position were external accounting and payroll services. This budget position shows utilization of 98,21%.

*2. 4. 10. 4. 5. Financial Services (bank)*

This budget position forecasts the costs of bank charges and fees in relation to the current bank account the Energy Community held with *Raiffeisenlandesbank NÖ-Wien AG*. In the course of its regular business the Energy Community reimburses travel costs to participants at conferences and meetings organized by its institutions. They mainly come from non EU countries to which bank transfers are subject to relatively high fee rates, making those fees the main cost driver of this budget position. Utilization of 53,25% in comparison to the budget results from the total number of reimbursements executed during the year which in turn is a function of the number of meetings and conferences organized. The difference between budget and actual amount of expenses can be explained through less number of transactions during the year.

*2. 4. 10. 4. 6. Conference Costs*

Conference costs relate to expenses incurred for conference and meeting facilities, technical equipment and catering. The utilization amounts to 80,76% - this is due to synergies of costs for back-to-back planned events.

*2. 4. 10. 4. 7. Refunding*

Refunding represents the reimbursement of travel expenses to the eligible participants at the meetings organized by the institutions of the Energy Community. The budget of this position has been adjusted within the financial year from the initial level of EUR 280.000,00 to EUR 220.000,00. After the adjustment only some 4% of the budget remained unspent.

*2. 4. 10. 4. 8. Training and Seminars (Internal and External)*

Final budget for this position amounts EUR 74.000,00. The costs incurred include training fees for the Regulators from Contracting Parties as well as training courses for certain members of the staff of the Secretariat. Budget of the year for this position mainly remained unused due to little use of the training

scheme. This budget position was source for one of the budget transfers to other positions during the year due to its high level of funds. Adjusted funds budgeted under this budget position were utilized by 34,67%.

*2. 4. 10. 4. 9. Secondment and Traineeship*

Taking into account budget transfers the final budget for this position amounts EUR 86.000,00 and covered the salary expenses for mainly legal experts employed as seconded staff or trainees in the course of 2010. It reached the utilization of 96,74 %. The budget for secondment and traineeship proved to be too little within the financial year therefore a transfer of appropriations was needed in the amount of EUR 16.000,00.

### *2. 4. 11. Explanatory Notes - Reconciliation of Actual Amounts on a Comparable Basis and Actual Amounts in the Financial Statements*

Energy Community Financial Statements are prepared on the accrual basis of accounting and the Budget is prepared on the modified accrual basis (see title 2.4.2.).

The Table 1 as annexed to this Notes (Annex 1) represents reconciliation of Actual Budget Amounts on a Comparable Basis and Actual Amounts in the financial Statements for total expenses.

**Column 2: Actual Amounts 2010 - charged to Budget 2009**

Through the approval of the Budget Committee (see heading 2. 2. 10.). the Energy Community is entitled to expend unused budget from previous years in future years as long as the funds are committed. The portion of expenditures incurred in the course of 2010 that is attributable to open commitments from 2009 is shown in this column.

**Column 3: Differences between Actual Amounts in the Financial Statements and Actual Budget Amounts**

**Note 1**

In the approved budget costs for seconded staff and trainees are budgeted within Budget Line Other Costs and Services, under the Budget Position Secondment and traineeship. Classification of expenses in the financial statements of the Energy Community follows the economic nature of expenses where the costs for seconded staff and trainees shall be presented as staff expenses due to their employment status regulated by the Energy Community Staff Regulations. For that reasons the amount of EUR 83.200,00 is reclassified between Budget Lines Human Resources and Other Costs and Services for the purpose of reconciliation with the Statement of Financial Performance.

**Note 2**

Amount of EUR 27.422,71 represents the decrease in the accruals for unconsumed annual leave and overtime Energy Community 31. December 2009 – 31. December 2010. However, these expenses are not covered by the approved budget.

**Note 3**

Actual rental expenses for Energy Community premises amounted to EUR 164.730,72 in the current financial year. The Republic of Austria as a host country refunded the majority of these expenses through monthly donations that amounted to EUR 151.905,84 in 2010. These donations represent the difference between rental expenses as charged to the Energy Community budget and the statement of financial performance.

**Note 4**

In budget accounting, capital expenditures are recorded as current year expenses. In accrual accounting, these expenditures are capitalised and depreciated over the useful life of the assets.

**Signature of the Accounting Officer of the Energy Community**

By her signature, the Accounting Officer certifies the correctness of all statements made above to the extent they fall within her responsibility as spelt out by the Energy Community's Budgetary Procedures.

Emica Divic

17. 02. 2011

**Signature of the Director of the Energy Community**

Slavtcho Neykov

17. 02 .2011

# ENERGY COMMUNITY

## 2010 Statement of Comparison of Budget and Actual Amounts

### Budget on Modified Accrual Basis

### Classification of Expenditureds by Economic Nature

*Note: The budget and accounting basis is different. This Statement of Comparison of Budget and Acctual Amounts is prepared on the budget basis*

| | Budgeted Amounts | | | Actual Amounts | Difference | Difference | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Initial Budget | Transfers | Final Budget | on Comparable Basis | Adjusted Budget vs. Actual Amounts | Adjusted Budget vs. Actual Amounts % | Commitments 2010 | Actual Amounts on Comparable Basis +Commitments 2010 | Actual Amounts on Comparable Basis + Commitments 2010 % |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
| | | | 1 +2 | | 3 - 4 | | | 4 + 7 | |
| **1. HUMAN RESOURCES** | | | | | | | | | |
| **Salary Costs** | **1.312.200,00** | | **1.312.200,00** | **1.299.416,67** | **12.783,33** | **99,03%** | | **1.299.416,67** | **99,03%** |
| Others (accident insurance) | 7.800,00 | | 7.800,00 | 3.227,05 | 4.572,95 | 41,37% | | 3.227,05 | 41,37% |
| **Subtotal Human Resources** | **1.320.000,00** | | **1.320.000,00** | **1.302.643,72** | **17.356,28** | **98,69%** | | **1.302.643,72** | **98,69%** |
| **2. TRAVEL EXPENSES** | | | | | | | | | |
| Daily Subsistence Allowance | 100.000,00 | | 100.000,00 | 61.720,50 | 38.279,50 | 61,72% | | 61.720,50 | 61,72% |
| Travel Expenses (tickets, accommodation, other travel expenses) | 150.000,00 | | 150.000,00 | 115.050,92 | 34.949,08 | 76,70% | | 115.050,92 | 76,70% |
| **Subtotal Travel Expenses** | **250.000,00** | | **250.000,00** | **176.771,42** | **73.228,58** | **70,71%** | | **176.771,42** | **70,71%** |
| **3. OFFICE** | | | | | | | | | |
| Office rent | 20.000,00 | | 20.000,00 | 12.824,88 | 7.175,12 | 64,12% | | 12.824,88 | 64,12% |
| Office, equipment and communications (IT) | 80.000,00 | -10.000,00 | 70.000,00 | 62.210,46 | 7.789,54 | 88,87% | 2.137,00 | 64.347,46 | 91,92% |
| Consumables | 90.000,00 | | 90.000,00 | 86.349,52 | 3.650,48 | 95,94% | | 86.349,52 | 95,94% |
| Other Services (Telephone, Fax, Communications) | 60.000,00 | 10.000,00 | 70.000,00 | 66.401,94 | 3.598,06 | 94,86% | | 66.401,94 | 94,86% |
| **Subtotal Office** | **250.000,00** | | **250.000,00** | **227.786,80** | **22.213,20** | **91,11%** | **2.137,00** | **229.923,80** | **91,97%** |
| **4. OTHER COSTS, SERVICES** | | | | | | | | | |
| Advertising, communications and representation | 50.000,00 | | 50.000,00 | 30.820,60 | 19.179,40 | 61,64% | | 30.820,60 | 61,64% |
| Studies, research and consulting | 450.000,00 | 170.000,00 | 620.000,00 | 158.001,00 | 461.999,00 | 25,48% | 390.740,00 | 548.741,00 | 88,51% |
| Costs of outsourced services (IT etc.) | 110.000,00 | | 110.000,00 | 74.484,24 | 35.515,76 | 67,71% | 10.340,00 | 84.824,24 | 77,11% |
| Costs of audit, legal and financial advice | 40.000,00 | 10.000,00 | 50.000,00 | 49.104,30 | 895,70 | 98,21% | | 49.104,30 | 98,21% |
| Financial services | 20.000,00 | | 20.000,00 | 10.650,01 | 9.349,99 | 53,25% | | 10.650,01 | 53,25% |
| Costs of events | 260.000,00 | -60.000,00 | 200.000,00 | 161.512,65 | 38.487,35 | 80,76% | | 161.512,65 | 80,76% |
| Refunding | 280.000,00 | -60.000,00 | 220.000,00 | 210.929,10 | 9.070,90 | 95,88% | | 210.929,10 | 95,88% |
| Training (internal and external) | 150.000,00 | -76.000,00 | 74.000,00 | 25.655,40 | 48.344,60 | 34,67% | | 25.655,40 | 34,67% |
| Secondment and traineeship | 70.000,00 | 16.000,00 | 86.000,00 | 83.200,00 | 2.800,00 | 96,74% | | 83.200,00 | 96,74% |
| **Subtotal Other costs, services** | **1.430.000,00** | | **1.430.000,00** | **804.357,30** | **625.642,70** | **56,25%** | **401.080,00** | **1.205.437,30** | **84,30%** |
| **Subtotal Other Operating Expenses** | **1.930.000,00** | | **1.930.000,00** | **1.208.915,52** | **721.084,48** | **62,64%** | **403.217,00** | **1.612.132,52** | **83,53%** |
| **TOTAL EXPENSES** | **3.250.000,00** | | **3.250.000,00** | **2.511.559,24** | **738.440,76** | **77,28%** | **403.217,00** | **2.914.776,24** | **89,69%** |

# ENERGY COMMUNITY

## Reconciliation of Actual Budget Amounts on a Comparable Basis and Actual Amounts in the Financial Statements

Budget on Modified Accrual Basis

Financial Statements on Accrual Basis

Classification of Expenditures by Economic Nature

| | Actual Amounts 2010 - charged to Budget 2010 | Actual Amounts 2010 - charged to Budget 2009 | Differences Budget - Fin. Statements | Actual Amounts Statement of Financial Performance | Note |
|---|---|---|---|---|---|
| | *1* | *2* | *3* | *1 + 2 +3* | |
| **1. HUMAN RESOURCES** | | | | | |
| **Salary Costs** | **1.299.416,67** | | | **1.299.416,67** | |
| Others (accident insurance) | 3.227,05 | | | 3.227,05 | |
| Secondment | | | 78.000,00 | 78.000,00 | 1 |
| Traimeeship | | | 5.200,00 | 5.200,00 | 1 |
| Change of liabilities for overtime and unconsumed annual leave | | | -27.422,71 | -27.422,71 | 2 |
| **Subtotal Human Resources** | **1.302.643,72** | | **55.777,29** | **1.358.421,01** | |
| **2. TRAVEL EXPENSES** | | | | | |
| Daily Subsistence Allowance | 61.720,50 | | | 61.720,50 | |
| Travel Expenses (tickets, accommodation, other travel expenses) | 115.050,92 | | | 115.050,92 | |
| **Subtotal Travel Expenses** | **176.771,42** | | **0,00** | **176.771,42** | |
| **3. OFFICE** | | | | | |
| Office rent | 12.824,88 | | 151.905,84 | 164.730,72 | 3 |
| Office, equipment and communications (IT) | 62.210,46 | 6.464,59 | -68.675,05 | 0,00 | 4 |
| Consumables | 86.349,52 | | | 86.349,52 | |
| Other Services (Telephone, Fax, Communications) | 66.401,94 | | | 66.401,94 | |
| **Subtotal Office** | **227.786,80** | **6.464,59** | **83.230,79** | **317.482,18** | |
| | | | | 0,00 | |
| **4. OTHER COSTS, SERVICES** | | | | | |
| Advertising & Communication (incl. Representation) | 30.820,60 | 1.155,00 | | 31.975,60 | |
| Studies, research and consulting | 158.001,00 | 295.890,00 | | 453.891,00 | 5 |
| Costs of outsourced services (IT etc.) and IT consulting | 74.484,24 | | | 74.484,24 | |
| Costs of Audit, Legal and Financial Advice | 49.104,30 | | | 49.104,30 | |
| Financial Services (bank) | 10.650,01 | | | 10.650,01 | |
| Conference Costs | 161.512,65 | | | 161.512,65 | |
| Refunding | 210.929,10 | | | 210.929,10 | |
| Training and seminar costs | 25.655,40 | 966,00 | | 26.621,40 | 1 |
| Secondment and traineeship | 83.200,00 | | -83.200,00 | 0,00 | |
| **Subtotal Other costs, services** | **804.357,30** | **298.011,00** | **-83.200,00** | **1.019.168,30** | |
| **Subtotal Other Operating Expenses** | **1.208.915,52** | **304.475,59** | **30,79** | **1.513.421,90** | |
| **TOTAL EXPENSES** | **2.511.559,24** | **304.475,59** | **55.808,08** | **2.871.842,91** | |

Energy Community, Vienna

December 31, 2010

## DEVELOPMENT OF INVESTMENT DONATIONS

| | January 1, 2010 | additions | usage | December 31, 2010 |
|---|---|---|---|---|
| | EUR | EUR | EUR | EUR |
| **Investment Donations** | | | | |
| Software and licenses | 10.994,78 | 2.888,00 | 9.602,81 | 4.280,02 |
| Plant and equipment | 119.546,75 | 65.787,05 | 68.229,73 | 117.104,04 |
| | **130.541,53** | **68.675,05** | **77.832,54** | **121.384,06** |

## Non-current assets movement schedule as of December 31, 2010

| | Cost of Acquisition and Manufacture | | | | accumulated | asset value | asset value | depreciation |
|---|---|---|---|---|---|---|---|---|
| | January 1, 2010 | additions | disposals | December 31, 2010 | depreciation | December 31, 2010 | December 31, 2009 | of the year |
| | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR |
| **FIXED ASSETS** | | | | | | | | |
| I. Intangible assets | | | | | | | | |
| Software and licenses | 41.175,00 | 2.888,00 | 0,00 | 44.063,00 | 39.782,98 | 4.280,02 | 10.994,78 | 9.602,81 |
| II. Tangible assets | | | | | | | | |
| 1. Infrastructure, Plant and Equipment | 112.333,79 | 16.262,94 | 0,00 | 128.596,73 | 58.709,19 | 69.887,54 | 79.361,33 | 25.736,65 |
| 2. IT Hardware | 108.618,84 | 44.292,00 | 22.188,60 | 130.722,24 | 83.505,74 | 47.216,50 | 40.185,42 | 37.260,97 |
| 3. Low value assets | 10.887,37 | 5.232,11 | 531,00 | 15.588,48 | 15.588,48 | 0,00 | 0,00 | 5.232,11 |
| Plant and equipment | 231.840,00 | 65.787,05 | 22.719,60 | 274.907,45 | 157.803,41 | 117.104,04 | 119.546,75 | 68.229,73 |
| | 273.015,00 | 68.675,05 | 22.719,60 | 318.970,45 | 197.586,39 | 121.384,06 | 130.541,53 | 77.832,54 |

# General Conditions of Contract for Audits of Annual Accounts (AAB 2010)

Laid down by the Working Group for Fees and Conditions of Contract of the Chamber of Public Accountants and Tax Advisors, recommended for use by the Board of the Chamber of Public Accountants and Tax Advisors in its decision of March 8, 2000, and revised by the Working Group for Fees and Conditions of Contract on May 23, 2002, on October 21, 2004, on December 18, 2006, on August 31, 2007, on February 26, 2008, on June 30, 2009 as well as on March 22, 2010

## Preamble and General Points

(1) The General Conditions of Contract for the professions in the field of public accounting are divided into four sections: Section I deals with contracts for services, excluding contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions; Section II deals with contracts for rendering services in the field of bookkeeping, payroll accounting and administration and assessment of taxes and contributions; Section III covers contracts not regarded as contracts for the rendering of services, while Section IV is devoted to consumer business covered by the Austrian Consumer Act.

(2) In the event that individual provisions of these General Conditions of Contract are void, this shall not affect the validity of the remaining provisions. The invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

(3) The person entitled to exercise profession in the field of public accounting shall be obliged to render the services negotiated in accordance with the principles of due professional care and conduct. He/she shall have the right to engage suitable staff for the execution of the contract. This shall apply to all sections of The General Conditions of Contract.

(4) Finally, foreign law shall only be taken into account by the person entitled to exercise the profession, if this has been explicitly agreed upon in writing. This shall apply to all sections of the General Conditions of Contract.

(5) The work prepared in the offices of the person entitled to exercise the profession may, at the discretion of the person entitled to exercise the profession, be carried out with or without using electronic data processing. In case electronic data processing is used, the client – not the person entitled to exercise the profession – is obliged to effect the registrations or notifications required under the relevant provisions of the Data Protection Act.

(6) The client undertakes not to employ staff of the person entitled to exercise the profession during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the person entitled to exercise the profession the amount of the annual salary of the employee taken over.

## SECTION I

### 1. Scope

(1) The General Conditions of Contract in Section I shall apply to contracts concerning (statutory and voluntary) audits with or without auditor's certificate, expert opinions, court expert opinions, preparation of annual financial statements and other financial statements, tax consultancy and other services to be rendered within the framework of a contract for the rendering of services, excluding bookkeeping, payroll accounting and the administration and assessment of payroll-related taxes and contributions.

(2) The General Conditions of Contract shall apply, if their use has been explicitly or tacitly agreed upon. Furthermore, in the absence of another agreement, they shall be used for reference to facilitate interpretation.

(3) Point 8 shall also apply to third parties whose services, in certain cases, may be enlisted by the contractor for the execution of the contract.

### 2. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.

(2) Should the legal situation change subsequent to delivering a final professional statement, the person entitled to exercise the profession shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(3) An application submitted by the person entitled to exercise the profession to an authority (e.g. tax office, social security institution) by electronic means, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to submit such an application.

### 3. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed in good time and without special request at the disposal of the person entitled to exercise the profession and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the person entitled to exercise the profession has commenced his/her work.

(2) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete. This statement may be made on the forms specifically designed for this purpose.

(3) If the client fails to disclose considerable risks in connection with the preparation of annual financial statements and other statements, the contractor shall not be obliged to render any compensation in this respect.

### 4. Maintenance of Independence

(1) The client shall be obliged to take all measures to make sure that the independence of the employees of the person entitled to exercise the profession be maintained and shall refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

**(2) The client consents that their personal details, meaning their name and the type and scope of the services, including the performance period, agreed between the professional practitioner and the client (both audit and non-audit services), shall be handled within the information network (network), to which the professional practitioner belongs, and for this purpose transferred to the other members of the information network (network) including abroad (a list of all recipients of communications shall be sent to the client at their request by the commissioned professional practitioner) for the purpose of examination of the existence of grounds of bias or grounds for exclusion within the meaning of Sections 271 et seq. of the Company Code (Commercial Code, UGB). For this purpose the client expressly releases the professional practitioner in accordance with the Data Protection Act and in accordance with Section 91 Subsection 4 Clause 2 of the Auditing, Tax Advising and Related Professions Act (WTBG) from their obligation to maintain secrecy. Moreover, the client acknowledges in this regard that in states which are not EU members a lower level of data protection than in the EU may prevail. The client can revoke this consent at any time in writing to the professional practitioner.**

## 5. Reporting Requirements

(1) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) All information and opinions of the person entitled to exercise the profession and his employees shall only be binding provided they are set down or confirmed in writing. Written opinions shall only be those on which there is a company signature. Written opinions shall in no circumstances be information sent electronically, specifically not via e–mail.

(3) Transmission errors cannot be excluded when information and data is transmitted electronically. The person entitled to exercise the profession and his employees shall not be liable for losses which arise as a result of electronic transmission. Electronic transmission shall be exclusively at the client's risk. The client is aware that confidentiality is not guaranteed when the Internet is used. Furthermore, amendments or supplements to documents transmitted shall only be permissible subject to explicit approval.

(4) Receipt and forwarding of information to the person entitled to exercise the profession and his employees are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other electronic means of communication. As a result, instructions and important information shall only be deemed to have been received by the person entitled to exercise the profession provided they are also received in writing, unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not as such constitute explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the person entitled to exercise the profession by post or courier. Delivery of documents to employees outside the firm's offices shall not count as delivery.

(5) The client agrees to being sent recurrent general tax law and general commercial law information by the person entitled to exercise the profession via electronic means. This shall not apply to unsolicited information in accordance with § 107 of the Austrian Telecommunications Act (TKG).

## 6. Protection of Intellectual Property of the Person Entitled to Exercise the Profession

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the person entitled to exercise the profession, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 Para. 3 Austrian Income Tax Act 1988). Furthermore, professional statements made by the person entitled to exercise the profession may be passed on to a third party for use only with the written consent of the person entitled to exercise the profession.

(2) The use of professional statements made by the person entitled to exercise the profession for promotional purposes shall not be permitted; a violation of this provision shall give the person entitled to exercise the profession the right to terminate without notice to the client all contracts not yet executed.

(3) The person entitled to exercise the profession shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the person entitled to exercise the profession.

## 7. Correction of Errors

(1) The person entitled to exercise the profession shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original statement of the change.

(2) The client has the right to have all errors corrected free of charge, if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the person entitled to exercise the profession and/or – in cases where a written statement has not been delivered – six months after the person entitled to exercise the profession has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Point 8.

## 8. Liability

(1) The person entitled to exercise the profession shall only be liable for violating intentionally or by gross negligence the contractual duties and obligations entered into.

(2) In cases of gross negligence, the maximum liability for damages due from the appointed person entitled to exercise the profession is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 of the Act on Professions in the Field of Public Accounting (WTBG) in the currently valid version.

(3) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but not later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(4) Should Section 275 of the Company Code (Commercial Code, UGB) be mandatorily applicable, the liability provisions pursuant to Section 275 shall apply where these represent mandatory law, even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place, irrespective of whether other participants have acted with intent.

(5) In cases where a formal audit certificate is issued, the applicable limitation period shall commence at the latest at the time of issue of said audit certificate.

(6) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, and the client is informed thereof, any warranty claims and claims for damages which arise against the third party according to law and in accordance with the conditions of the third party, shall be deemed as having been passed on to the client. The person entitled to exercise the profession shall only be liable for fault in choosing the third party.

(7) The person entitled to exercise the profession shall not be liable to a third party, if his/her professional statements are passed on by the client without the approval or knowledge of the person entitled to exercise the profession.

(8) The above provisions shall apply not only vis-à-vis the client but also vis-à-vis third parties, if the person entitled to exercise the profession, in exceptional cases, should be liable for his/her work. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have been wronged; the claims of the aggrieved parties shall be satisfied in the order in which the claims have been raised.

## 9. Secrecy, Data Protection

(1) According to Section 91 WTBG the person entitled to exercise the profession shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) The person entitled to exercise the profession shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(3) The person entitled to exercise the profession is authorized to process personal data entrusted to him/her within the framework of the purpose of the contract or to have them processed by a third party according to Point 8 Item 5. The person entitled to exercise the profession shall guarantee that according to Section 15 of the Data Protection Act secrecy be maintained. According to Section 11 of the Data Protection Act the material made available to the person entitled to exercise the profession (data carrier, data, control numbers, analyses and programs) as well as all results obtained as a result of the work provided shall be returned to the client, unless the client has requested in writing that the material and/or results be transferred to a third party. The person entitled to exercise the profession shall be obliged to take measures to ensure that the client can meet his/her obligation to provide information according to Section 26 of the Data Protection Act. The client's instructions required for this purpose shall be given in writing to the person entitled to exercise the profession. Unless a fee has been negotiated for providing such information, the client shall be charged only the actual efforts undertaken. The client shall meet his/her obligation to provide information to those concerned and/or to register in the data processing register, unless the contrary has been explicitly agreed in writing.

## 10. Termination

(1) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Point 12.

(2) However, a continuing agreement (even with a flat fee)– always to be presumed in case of doubt –may, without good reason (cf. Section 88 Item 4 WTBG), only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(3) Except for cases listed in Item 5, in case of termination of a continuing agreement only those tasks shall be part of the list of jobs to be completed and finished that can be completed fully or to the largest part within the period of notice, with financial statements and annual income tax returns being deemed to be subject to successful completion within two months calculated from the balance sheet date. In this case the above-mentioned jobs actually have to be completed within a reasonable period of time, if all documents and records required are provided without delay and if no good reason within the meaning of Section 88 Paragraph 4 WTBG is cited.

(4) In case of a termination according to Item 2 the client shall be informed in writing within one month which assignments at the time of termination are considered to be part of the work to be completed.

(5) If the client is not informed within this period about the assignments still to be carried out, the continuing agreement shall be deemed terminated upon completion of the tasks under way at the date when the notice of termination is served.

(6) Should it happen that in case of a continuing agreement as defined under Items 2 and 3 – for whatever reason – more than two similar jobs which are usually completed only once a year (e.g. financial statements or annual tax returns etc.) are to be completed, any such jobs exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 4.

## 11. Default in Acceptance and Failure to Cooperate on the part of the Client

If the client defaults on acceptance of the services rendered by the person entitled to exercise the profession or fails to carry out a task incumbent on him/her either according to Point 3 or imposed on him/her in another way, the person entitled to exercise the profession shall have the right to terminate the contract without prior notice. His/her fees shall be calculated according to Point 12. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the person entitled to exercise the profession for the extra time and labor hereby expended as well as for the damage caused, if the person entitled to exercise the profession does not invoke his/her right to terminate the contract.

## 12. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to termination), the person entitled to exercise the profession shall be entitled to the negotiated fee, provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client (Section 1168 of the Civil Code (ABGB)); in this case the person entitled to exercise the profession need not deduct the amount he/she obtained or could have obtained through alternative use of his/her own professional services or those of his/her employees.

(2) If the client fails to cooperate and the assignment cannot be carried out because of lack of cooperation, person entitled to exercise the profession shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed cancelled and the consequences indicated in Item 1) shall apply.

(3) If the person entitled to exercise the profession terminates the contract without good reason and at an inopportune moment, he/she shall compensate the client for the damage caused according to Point 8.

(4) If the client – having been made aware of the legal situation – agrees that the person entitled to exercise the profession duly completes the task, the work shall be completed accordingly.

## 13. Fee

(1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved.

(2) Proper understanding between the person entitled to exercise the profession and their principals is most effectively achieved by clearly expressed remuneration agreements.

(3) The smallest service unit which may be charged is a quarter of an hour.

(4) Travel time to the extent required is also charged in most cases.

(5) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the person entitled to exercise the profession in his/her own office may also be charged as a special item

(6) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or special requirements of the principal, additional negotiations for the agreement of a more suitable remuneration are usual. This also usually applies where inadequate fixed sum remunerations are concerned.

(7) Persons entitled to exercise the profession also include charges for supplementary costs and value-added (turnover) tax in addition to the above.

(8) Supplementary costs also include documented or flatrate cash expenses, travelling expenses (first class for train journeys, sleeping car (wagon lits) if necessary, dietary requirements, mileage allowance, photocopy costs and similar supplementary costs.

(9) Should particular third party liabilities be involved, the necessary insurance premiums also count as supplementary costs.

(10) Personnel and material expenses for the preparation of reports, expertises and similar documents are also viewed as supplementary costs.

(11) For the execution of a commission wherein mutual conclusion involves several persons entitled to exercise the profession, each of the latter will charge his/her own remuneration.

(12) Remunerations and advance payments required are due immediately after receipt of their written claim should no other agreements exist. Where payments of remuneration are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate of 8% above the base rate is agreed upon (Cf. Section 352 of the Company Code (Commercial Code, UGB)).

(13) Time limitation is in accordance with Section 1486 of the Austrian Civil Code (ABGB), starting at the time of conclusion of the service involved or a later rendering of accounts after an appropriate time-limit.

(14) An objection may be raised in writing against bills presented by the appointed trustee up to 4 weeks after the date of presentation. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(15) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Company Code (Commercial Code, UGB), i.e. rescission for laesio enormis (lesion beyond moiety) among entrepreneurs, is hereby renounced.

## 14. Other Provisions

(1) In addition to the reasonable rate or fee charged, the person entitled to exercise the profession shall have the right to claim reimbursement of expenses. He/she can ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. In this context reference shall be made to the legal right of retention (Section 471 of the Civil Code (ABGB), Section 369 of the Company Code (Commercial Code, UGB). If the right of retention is wrongfully exercised, the person entitled to exercise the profession shall be liable only in case of gross negligence up to the outstanding amount of his/her fee. As regards standing orders, the provision of further services may be denied until payment of previous services has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(2) After all the data to be archived, which has been prepared by the public accountant and tax advisor, has been delivered to the client or to the succeeding public accountant and tax advisor, the person entitled to exercise the profession shall be entitled to delete the data in question.

(3) With the exception of obvious essential errors, a complaint concerning the work of the person entitled to exercise the profession shall not justify the retention of remuneration owed in accordance with Item 1.

(4) Offsetting the remuneration claims made by the person entitled to exercise the profession in accordance with Item 1 shall only be permitted, if the demands are uncontested and legally valid.

(5) At the request and expense of the client, the person entitled to exercise the profession shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the person entitled to exercise the profession and his/her client, to original documents in his/her possession or to documents which have to be kept in accordance with the directive on money laundering. The person entitled to exercise the profession may make or retain copies or duplicates of the documents to be returned to the client. The client shall be obliged to bear these expenses in so far as these copies or duplicates may be required as a proof of the orderly execution of all professional duties by the person entitled to exercise the profession.

(6) In the event of termination of the contract, the contractor shall be entitled to charge an appropriate fee for further queries after termination of the contract and for granting access to the relevant information about the audited company.

(7) The client shall fetch the documents handed over to the person entitled to exercise the profession within three months after the work has been completed. If the client fails to do so, the person entitled to exercise the profession shall have the right to return them to the client at the cost of the client or to charge safe custody charges, if the person entitled to exercise the profession can prove that he/she has asked the client twice to pick up the documents handed over.

(8) The person entitled to exercise the profession shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid resources at his/her disposal even if these funds are explicitly intended for safe keeping, if the client had to reckon with a counterclaim of the person entitled to exercise the profession.

(9) To safeguard an existing or future fee payable, the person entitled to exercise the profession shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed about the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability by execution has been declared.

## 15. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law.

(2) The place of performance shall be the place of business of the person entitled to exercise the profession.

(3) In case of disputes, the court of the place of performance shall be the competent court.

## 16. Supplementary Provisions for Audits

(1) For statutory audits of financial statements which are carried out in order to issue a formal audit certificate (e.g. Section 268 and the following sections of the Company Code (Commercial Code, UGB)), the purpose of the contract, unless otherwise agreed to in writing, shall not be to investigate whether regulations concerning tax laws or specific regulations, e.g. price fixing, restriction of competition and foreign exchange regulations have been adhered to. Neither shall the purpose of the statutory audit of financial statements be to investigate whether the business is run in an economical, efficient and expedient manner. Within the framework of a statutory audit of a financial statement there shall be no obligation to detect the falsification of accounts or other irregularities.

(2) When a qualified or unqualified audit certificate is issued within the scope of a statutory audit of the annual financial statement, the audit certificate issued shall be appropriate for the respective type of business organization.

(3) If financial statements are published together with the audit certificate, they shall only be published in the form confirmed or explicitly permitted by the auditor.

(4) If the auditor revokes his/her audit certificate, the further use thereof shall no longer be permitted. If the financial statements have been published with the audit certificate, the revocation thereof shall also be published.

(5) For other statutory and voluntary audits of financial statements as well as for other audits, the above principles shall apply accordingly.

# Energy Community, Vienna

Auditor's report on the
Financial Statements
as of December 31, 2010

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

ERNST & YOUNG

Ernst & Young

Assurance | Tax | Transactions | Advisory

**Ernst & Young in Österreich**
Ernst & Young ist einer der Marktführer in den Bereichen Wirtschaftsprüfung, Steuerberatung, Transaktionsberatung sowie Risiko- und Managementberatung. Unsere rund 500 Mitarbeiterinnen und Mitarbeiter sind durch gemeinsame Werte und unseren hohen Qualitätsanspruch verbunden. Gemeinsam mit den 144.000 Kollegen der internationalen Ernst & Young-Organisation betreuen wir unsere Klienten überall auf der Welt. Das gemeinsame Ziel aller Mitarbeiterinnen und Mitarbeiter ist es, unter Einsatz all ihrer Fähigkeiten das Potenzial unserer Klienten zu entfalten.

Weitere Informationen finden Sie unter

www.ey.com/austria

© 2010 Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.
All Rights Reserved.

Der Name Ernst & Young bzw. „wir" bezieht sich in diesem Firmenprofil auf alle österreichischen Mitgliedsunternehmen von Ernst & Young Global Limited (EYG), eine Gesellschaft mit beschränkter Haftung nach britischem Recht. Jedes EYG-Mitgliedsunternehmen ist rechtlich selbstständig und unabhängig und haftet nicht für das Handeln und Unterlassen der jeweils anderen Mitgliedsunternehmen.