

# Summary of CBMeV's Accounting Principles

## 1. Administrative Rules and Regulations

### **RO/ Country Office:**

The Regional Office RO/ Country Office CO is a branch office of CBM e. V. International Office. The RO/CO applies the regulations set forth in the CBM Authority Structure, Administrative Regulations/Guidelines and the Manual CBM Financial (Year End) Statement as of November 2009 and its amendments. The Accounting Rules of the respective country of location are followed. International Office regulations do not conflict with local Accounting Rules.

### **Projects:**

Projects are implemented by CBM partner organisations. They follow the accounting rules of the respective county of their location and the provisions agreed upon in the Partnership Framework Memorandum and the (annual or multi-annual) Project Contract signed with CBMeV.

## 2. Accounting Base

The accounts of the project, RO/CO should be maintained on the Double Entry System and on a Modified Cash Basis.

The modifications result in a statement of financial position (balance sheet) that includes long-term assets, accumulated depreciation, and liabilities or long-term debts. The Statement of Activities (Income Statement) reports then also depreciation expense and income tax expense or other accrued expenses.

However, the basis of accounting that the project, RO/CO uses has to comply with the requirements (or financial reporting provisions) of the respective governmental regulatory agency to whose jurisdiction the project, RO/CO is subject

## 3. Reporting to CBM e.V.

### **Regional Office / Country Office:**

The reporting against the budget lines of the annual budget is prepared in the format of monthly monetary sheets. Additional information as per type of work (administrative or programme) and or cost drives will be also included in the monthly monitoring sheet. Monthly monitoring sheet will cover all the "pages" of the RO/Country Office.

### **Projects:**

Projects report in the Annual (Year End) Finance statement to CBM. Project data relevant for financial monitoring by the CBM e. V. is generated in the so called "Checklist". The emerging difference of funds transferred by CBM and funds spent by the project is shown in the summary column of the checklist in local currency as well as in Euro. The exchange rate of all currencies used in CBM projects for this evaluation is given by the International Office on 31 December each year.

## 4. Project Funds

Project funds provided by CBM to the partner organisations are temporarily restricted funds because they have been raised for a specific purpose (project). The re-designation of those funds has to be approved by CBM e.V. in close cooperation with the partner organisation.

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Project funds received in foreign currency (in EUR or in USD) are evaluated in local currency at the Central Bank-rate when received. For international transactions, transfers in process are recorded with the date when sent.

## **5. Currency of Account**

In accordance with national regulations, the currency of account is the respective local currency at the location of the project, RO/CO. Therefore the financial statements are filled and worked out in local currency. Projects with hard currency accounts receiving hard currency at this account use the Central Bank exchange rate at the date of receipt for the exchange into local currency, the confirmation of receipt of CBM funds and the posting to the respective budget lines.

Transfers solely in local currency to project partners/ RO/CO are confirmed in the local currency amount received.

The gain or loss from keeping foreign currency is recorded in a respective account for foreign currency translation and reported in the respective column of the Annual (Year End) Financial Statement.

Those gains or losses are allocated to the general administrative expenses as part of the temporarily restricted funds, as long as there is no other stipulation in the project contracts or donations.

## **6. Accounting Period**

Reports to authorities, to the board and to the International Office are prepared for the year from 1 January to 31 December. Reporting relating to other financial periods must be reported to the CBM e. V.

## **7. Project Expenses**

Expenses in other currencies are evaluated at the Central-Bank-rate at the date of payment. Expenses for items with a value of more than EUR 500 and with a useful life of more than one year are capitalized. For the purpose of reporting to donors and CBM e. V., these capitalized costs have been reflected as project expense.

## **8. Depreciation**

Fixed assets have been evaluated and depreciated using the method applicable in the respective country of the project, RO/CO (straight line of useful life) in attachments to the financial report. Livestock is not depreciated. Depreciation is not accounted for as project expense in report to donors.

## **9. Inventories**

The inventory with a value of more than EUR 500 is registered in an inventory list. The register should contain: date of purchase, description of item purchased, cost or fair market value on the date of receipt, identification/serial number, warranty period, the unique identifying inventory tag number and the location.

At least annually, a physical inspection by an inventory committee (2-3 staff not including the director, accountant and stock keeper) should be carried out.