

# Financial Statements and Independent Auditors' Report

Deposit Insurance Fund Skopje

31 December 2010

## Independent Auditors' Report

**Grant Thornton DOO**  
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To the Management of  
  
Deposit Insurance Fund Skopje

We have audited the accompanying financial statements of **Deposit Insurance Fund Skopje** (“the Fund”), which comprise of the Statement of financial position as at 31 December 2010, the Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, included on pages 3 to 25.

### ***Management's responsibility for the financial statements***

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

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Fund'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 Fund'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***

In our opinion, the financial statements of the Fund present fairly, in all material respects, the financial position as at 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

***Other matters***

The financial statements of the Fund, as at and for the year ended 31 December 2009, were audited by another auditor whose report dated 19 February 2010 expressed an unqualified opinion on those financial statements.

**Grant Thornton**

Skopje,  
11 March 2011

## Statement of Comprehensive Income

	Note	31 December 2010 000 mkd	Year ended 31 December 2009 000 mkd
Interest income	5	136,628	118,570
Other income		-	30
		<b>136,628</b>	<b>118,600</b>
Staff costs	6	(6,837)	(6,972)
Depreciation	9	(821)	(1,268)
Other operating expenses	7	(2,575)	(3,397)
<b>Profit from operating activities</b>		<b>126,395</b>	<b>106,963</b>
Foreign exchange gains, net		10,707	98
<b>Profit before taxation</b>		<b>137,102</b>	<b>107,061</b>
Income tax	8	(22)	(27)
<b>Profit for the year</b>		<b>137,080</b>	<b>107,034</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>137,080</b>	<b>107,034</b>
Profit for the Fund's Founders, net		137,080	107,034
<b>Total comprehensive income for the Fund's Founders</b>		<b>137,080</b>	<b>107,034</b>

## Statement of Financial Position

	Note	At 31 December 2010 000 mkd	At 31 December 2009 000 mkd
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	27,743	28,391
		<b>27,743</b>	<b>28,391</b>
<b>Current assets</b>			
Securities held-to-maturity	11	3,535,530	1,425,731
Cash and cash equivalents	13	2,361,746	3,355,479
Interest and other receivables	12	1,480	6,162
		<b>5,898,756</b>	<b>4,787,372</b>
<b>Total assets</b>		<b>5,926,499</b>	<b>4,815,763</b>
<b>Equity</b>			
Founder's capital	14	10,300	10,300
Insurance Fund	14	5,675,150	4,582,078
Profit for the year		137,080	107,034
		<b>5,822,530</b>	<b>4,699,412</b>
<b>Liabilities</b>			
<b>Short-term liabilities</b>			
Liabilities for claims	15	103,632	116,264
Other payables	16	337	87
		<b>103,969</b>	<b>116,351</b>
<b>Total equity and liabilities</b>		<b>5,926,499</b>	<b>4,815,763</b>

These financial statements were approved by the Fund's Board of Directors on 10 March 2011 and signed on its behalf by:

Nina Nasteva  
Director

Financial statements  
31 December 2010

## Statement of Changes in Equity

	Founder's capital 000 mkd	Insurance Fund 000 mkd	Profit for the year 000 mkd	Total 000 mkd
<b>At 01 January 2009</b>	<b>10,300</b>	<b>3,730,612</b>	<b>50,349</b>	<b>3,791,261</b>
Accrued technical premium	-	812,889	-	812,889
Liabilities for indemnification	-	(11,772)	-	(11,772)
Transfer to Insurance Fund	-	50,349	(50,349)	-
Profit for the year	-	-	107,034	107,034
Other comprehensive income	-	-	-	-
<b>At 31 December 2009</b>	<b>10,300</b>	<b>4,582,078</b>	<b>107,034</b>	<b>4,699,412</b>
<b>At 01 January 2010</b>	<b>10,300</b>	<b>4,582,078</b>	<b>107,034</b>	<b>4,699,412</b>
Accrued technical premium	-	966,241	-	966,241
Reimbursement for indemnification	-	11,772	-	11,772
Transfer from liabilities for indemnification	-	8,025	-	8,025
Transfer to Insurance Fund	-	107,034	(107,034)	-
Profit for the year	-	-	137,080	137,080
Other comprehensive income	-	-	-	-
<b>At 31 December 2010</b>	<b>10,300</b>	<b>5,675,150</b>	<b>137,080</b>	<b>5,822,530</b>

# Statement of Cash Flows

	Note	31 December 2010 000 mkd	Year ended 31 December 2009 000 mkd
<b>Operating activities</b>			
Profit before tax		137,102	107,061
Adjusted for:			
Depreciation of property and equipment		821	1,268
Interest income		(136,628)	(118,570)
(Loss) before changes in working capital		1,295	(10,241)
Changes in working capital			
Proceeds from insurance premiums		969,243	809,887
Reimbursement for indemnification		11,772	-
Paid indemnification for the current year		(4,607)	(14,450)
Other assets		91	2
Other liabilities		(77)	(6)
Cash generated from operating activities		977,717	785,192
Income tax paid		301	(2,466)
<b>Net cash flow from operating activities</b>		<b>978,018</b>	<b>782,726</b>
<b>Investing activities</b>			
Purchase of property and equipment		-	(381)
Interest received		138,048	118,372
Purchase of state bills		(5,554,314)	(3,528,534)
Proceeds from state bills sold		3,444,515	3,244,936
<b>Net cash flow from investing activities</b>		<b>(1,971,751)</b>	<b>(165,607)</b>
<b>Net changes in cash and cash equivalents</b>		<b>(993,733)</b>	<b>617,119</b>
Cash and cash equivalents at the beginning of the year	14	3,355,479	2,738,360
<b>Cash and cash equivalents at the end of the year</b>	<b>14</b>	<b>2,361,746</b>	<b>3,355,479</b>



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