

Instruction on Financial reporting

Accounting and reporting principles in general

National accounting and tax laws and regulations shall be followed.

The accounts shall comply with national laws and regulations, and whenever applicable to the International Financial Reporting Standard (IFRS).

The accounts should be prepared according to the accrual basis of accounting (i.e. not according to the cash basis of accounting).

Annual audited financial statements shall comply with IFRS whenever applicable.

It should be stated in the notes to the annual audited financial statements the accounting principle used, and any deviations from the conventional accounting principles.

Reported costs shall derive from the accounting records. There should be full documentation (receipts/invoices) that verifies the costs.

If salary costs are included in the report it shall be stated in the notes which principle is used for the allocation of the salary costs. If working hours are charged a project there shall be reliable procedures for monitoring and auditing. Salary costs shall be recorded continuously during the implementation to promote good follow-up.

Progress report budget and expenditure analysis

The budget and expenditure analysis shall contain the following:

- Approved budget in the beginning of the year.
- Expenditure to date;
- Estimated expenditure for the remaining part of the current year;
- Funds received to date;
- Balances (+/-) approved budget less total estimated expenditure.

Annual financial project reports

The annual financial project report shall be prepared in accordance with the agreed reporting format as per below. The annual financial project report is an annual summary and shall be prepared in the same way during the Action period. CoS shall approve deviations from the agreed reporting format well in advance of reporting date.

The annual financial project report shall:

- Detail the opening balance, income, expenditure and closing balance for each CoS funded project, comparing the approved budget versus actual costs for the reporting period.
- Include all income and specify all funding sources, including CoS' contribution.
- Include a list of fixed assets financed with CoS funds.
- Include notes to explain principles used and/or deviations.

The annual financial report shall also contain columns for cumulative outcome and the agreed budget for the Action period.