
Part Three

Financial Review



CENTER FOR
THE STUDY OF
DEMOCRACY

Center for the Study of Democracy
For the period ended 31 December 2003
With Independent Auditors' Report Thereon



Auditors' report to the General Assembly of Center for the Study of Democracy

Sofia, 30 April 2004

We have audited the accompanying balance sheet of Center for the Study of Democracy as at 31 December 2003 and the related statement of revenues, expenditures and changes in fund balances, changes in unrestricted fund balance and cash flows for the year then ended. These financial statements are the responsibility of the management of the Center for the Study of Democracy. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As at 31 December 2003 Center for the Study of Democracy has reported investments, which are carried at cost for the total of BGN 15 415, net assets as at 31 December 2003 standing at BGN 184 715. The financial statements of the subsidiaries are not consolidated as per the requirements of IAS 27 Consolidated Financial Statements and Accounting for Investment in Subsidiaries.

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements give a true and fair view of the financial position of the Center for the Study of Democracy as of 31 December 2003, and of the results of its activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Bulgaria OOD
37 Fridtjof Nansen Str
1142 Sofia, Bulgaria



Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended 31 December 2003

<i>In BGN</i>	Note	2003	2002
Revenue from grants, contributions and projects	1	3,237,278	1,600,208
Expenses on grants, contributions and projects	2	(2,955,930)	(1,293,443)
General and administrative expenses		(201,447)	(126,768)
Gross excess of revenue over expenditure		<u>79,901</u>	<u>179,997</u>
Foreign exchange gains/(loss) – net	3	(203,024)	(271,974)
Interest income		22,058	24,981
Interest expense	9	(72,753)	-
Other financial expenses		(3,349)	(5,757)
Other income		287	8,778
Excess of expenditure over revenue for the year		<u>(176,880)</u>	<u>(63,975)</u>
Financial income	8	61,870	30,433
Income tax	8	(14,539)	(7,151)
Profit from trading activities		<u>47,331</u>	<u>23,282</u>
Total excess of expenditure over revenue for the year		<u>(129,549)</u>	<u>(40,693)</u>
Accumulated excess of revenue over expenditure brought forward		2,935,585	2,976,278
Unrestricted fund balances at 31 December 2003		<u><u>2,806,036</u></u>	<u><u>2,935,585</u></u>

The financial statements of the Center for the Study of Democracy are to be read in conjunction with the notes to them and form an integral part of these statements set out on pages 5 to 19.

Unrestricted fund balance

As at 31 December 2003

<i>In BGN</i>	2003	2002
Balance at 1 January 2003	2,935,585	2,976,278
Total (Surplus) of revenue over expenditure for the year	<u>(129,549)</u>	<u>(40,693)</u>
Balance at 31 December 2003	<u><u>2,806,036</u></u>	<u><u>2,935,585</u></u>

The financial statements of the Center for the Study of Democracy are to be read in conjunction with the notes to them and form an integral part of these statements set out on pages 5 to 19.

Balance Sheet

As at 31 December 2003

<i>In BGN</i>	Note	2003	2002
Assets			
Property, plant and equipment	5	767,046	716,056
Intangible assets	6	4,760	6,620
Investments	7	15,415	10,006
Other investments	8	588,862	1,192,054
Other receivables	9	341,292	-
Total non-current assets		<u>1,717,375</u>	<u>1,924,736</u>
Inventories		192	108
Receivables	10	164,944	154,002
Cash and cash equivalents	11	1,445,394	1,404,949
Deferred expenses	12	16,776	777,315
Total current assets		<u>1,627,306</u>	<u>2,336,374</u>
Total assets		<u><u>3,344,681</u></u>	<u><u>4,261,110</u></u>
Liabilities			
Payables	13	74,918	89,383
Deferred revenue	14	463,727	1,236,142
Total current liabilities		<u>538,645</u>	<u>1,325,525</u>
Unrestricted fund balance		<u><u>2,806,036</u></u>	<u><u>2,935,585</u></u>

The financial statements of the Center for the Study of Democracy are to be read in conjunction with the notes to them and form an integral part of these statements set out on pages 5 to 19.

Statement of cash flows

For the year ended 31 December 2003

<i>In BGN</i>	Note	2003	2002
Operating activities			
Gross excess of expenditure over revenue		(129,549)	(40,693)
Adjustments for:			
Depreciation	5,6	61,707	51,604
Foreign exchange gains from revaluation assets and liabilities denominated in foreign currency		(36,623)	(38,735)
Interest expenses accrued		72,752	-
Taxes accrued		14,539	7,151
Cash flow from operating activities before changes in working capital		<u>(17,174)</u>	<u>(20,673)</u>
(Increase)/ decrease in assets from operating activities		748,678	(846,958)
Increase/ (decrease) liabilities from operating activities		(836,712)	1,107,090
Cash flows from operating activities		<u>(105,208)</u>	<u>239,459</u>
Investing activities			
Purchase of tangible fixed assets		(110,248)	-
Purchase of intangible assets		(590)	-
Purchase of investments		(5,409)	(52,011)
Proceeds from investments held-to-maturity		602,713	-
Cash flows from investing activities		<u>486,466</u>	<u>(52,011)</u>
Financing activities			
Acquisition of other investments		-	(1,192,054)
Interest received		479	22,947
Extended loan		(341,292)	-
Cash flows from financing activities		<u>(340,813)</u>	<u>(1,169,107)</u>
Net increase/(decrease) in cash and cash equivalents		40,445	(981,659)
Cash and cash equivalents at beginning of year		1,404,949	2,386,608
Cash and cash equivalents at end of year	11	<u>1,445,394</u>	<u>1,404,949</u>

The financial statements of the Center for the Study of Democracy are to be read in conjunction with the notes to them and form an integral part of these statements set out on pages 5 to 19. These financial statements have been approved by Mr. Vladimir Yordanov on April 30, 2004.

Vladimir Yordanov
Executive Director



Notes to the financial statements

Significant accounting policies

The Center for the Study of Democracy (CSD) is a non - profit organization domiciled in Bulgaria. The financial statements were authorized for issue by the Executive Director on April 30, 2004.

(a) Activity background

Founded in late 1989, the Center for Study of Democracy (CSD) is an interdisciplinary public policy institute dedicated to the values of democracy and market economy. CSD is a non-partisan, independent organization fostering the reform process in Bulgaria through impact on policy and civil society.

CSD objectives are:

- to provide an enhanced institutional and policy capacity for a successful European Integration process;
- to promote institutional reform and the practical implementation of democratic values in legal and economic practice;
- to monitor public attitudes and serve as a watchdog of the institutional reform process in the country;
- to strengthen the institutional and management capacity of NGOs in Bulgaria, and reform the legal framework for their operation.

CSD encourages an open dialogue between scholars and policy makers and promotes public-private coalition building. As a full-service think tank, the Center achieves its objectives through policy research, process monitoring, drafting of legislation, dissemination and advocacy activities, building partnerships, local and international networks.

(b) Statement of compliance

The financial statements of the Center for the Study of Democracy have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations issued by the Standing Interpretations Committee of the IASB.

(c) Basis of preparation

The financial statements are presented in Bulgarian leva. Hyperinflation adjustments have been made in order to show the effect of inflation on the purchasing power of the equity interest as at 31 December 1998. Due to the insignificant inflation growth in the financial years ended 1999, 2000, 2001, 2002 and 2003, the Statement of Revenues, Expenditures and Changes in Fund Balances for that years and the Balance Sheet have not been adjusted according to the official inflation index.

Notes to the financial statements

Significant accounting policies (continued)

(d) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are revaluated at the foreign exchange rate ruling at that date. The resulting translation difference is recognised in Statements of revenues, expenditures and changes in fund balances. The BNB official exchange rate of the USD as at 31 December 2002 is 2.06604 BGN/USD and as at 31 December 2003 is 1.54856. The average exchange rate for the year 2003 is 1.73283 BGN/USD. The official closing rate as at 31 December 2003 of the EUR is 1.95583 and of the USD is 1,54856.

(e) Property, plant and equipment

(i) Owned assets

Items of Property plant and equipment are stated at cost less accumulated depreciation and impairment losses. They are reported in the Balance Sheet applying International Accounting Standard 29 Financial reporting in hyperinflationary economies. The monthly inflation indices have been used. Their costs have been inflated as at 31 December 1998.

Property plant and equipment and intangible assets have not been inflated for periods ended 1999, 2000, 2001, 2002 and 2003. The inflation rates for these periods are considered insignificant, and no restatement of the financial statements has been made. The inflation rates for each period are presented in the table below:

Year ended	Inflation rate
1999	6.4%
2000	11.4%
2001	4.8%
2002	3.8%
2003	5.6%

(ii) Depreciation

Property plant and equipment have been depreciated using the straight - line method. The rates of depreciation used are as follows:

Buildings	4%
Machines and equipment	20%, 25%
Fixtures and fittings	15 - 20%
Vehicles	15%
Computers and software	33%

Notes to the financial statements

Significant accounting policies (continued)

(f) Intangible assets

Intangible assets that are acquired by the Center are stated at cost less accumulated amortisation and impairment losses. They are reported in the Balance Sheet applying International Accounting Standard 29 Financial reporting in hyperinflationary economies. The monthly inflation indices have been used. Their costs have been inflated as at 31 December 1998.

(i) Amortisation

Intangible assets as at 31 December 1998 have been amortised using the straight – line method. The rate of amortisation used is 20%.

(g) Investments

Subsidiaries are those entities controlled by the Center for the Study of Democracy. Control exists when the Center has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments classified as long-term assets are carried at cost, less any amounts written off to recognise a decline in the value of the investment.

The subsidiaries perform economic activity that is different from the activities performed by the CSD. The financial statements of the subsidiaries are not consolidated and the management carries the investments at cost. In the present report information is disclosed (refer to note 7) for the activities of these subsidiaries concerning their net assets and financial results.

(h) Other investments

As other investments are classified held-to-maturity assets measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(j) Receivables

Receivables are stated at cost less impairment losses. (see accounting policy (l)).

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits.

Notes to the financial statements

Significant accounting policies (continued)

(l) Impairment

The carrying amount of the Center's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of revenues, expenditures and changes in fund balances.

(i) *Calculation of recoverable amount*

The recoverable amount of the Center's investments in held-to-maturity securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) *Reversal of impairment*

An impairment loss in respect to held-to-maturity securities or receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect to other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Payables

Payables are stated at cost.

Notes to the financial statements

Significant accounting policies (continued)

(n) Revenue recognition and expense reporting

Revenue is recognized in the Statement of Revenues, Expenditures and Changes in Fund Balances on the basis of stage of completion of the project as reported by the CSD to the commissioning bodies. Revenue is recognized as income for the period to match the related costs, on a systematic basis. Project contracts are denominated in foreign currency, while the related expenses are incurred in BGN.

Revenues of the Center for the Study of Democracy consist of funds extended by international financing bodies for the completion of accepted projects. The amounts are carried in the balance sheet as deferred revenue at their historic values. Each project is commenced with a signing of a contract where the financing body determines the budget, payment installments and the rates at which expenses incurred in BGN are to be translated into the respective foreign currency.

Reports are prepared as contracted with financing organizations. Respective amounts of BGN expenses are translated at the specified rate and an expense report in foreign currency is produced. It is used to report on the progress of the project to the financing organization. Reporting periods are determined in the project contract.

(o) Taxation

CSD is a non-profit organization. No corporate income tax is levied in accordance with current Bulgarian legislation. As at 31 December 2002 and 31 December 2003 the Center has gained financial income from dealing with securities under agreement for trading of securities and bonds. The management has estimated that this is income from trading activities and has accrued the respective taxes due.

Notes to the financial statements

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Notes to the financial statements

1. Revenue from grants, contributions and projects

<i>In BGN</i>	2003	2002
USAID/DPK Consulting - Coalition 2000		
Anti-Corruption Program	2,050,460	-
Council of Europe – Information Centre on the Council of Europe	128,302	122,004
The German Marshall Fund	53,615	60,460
Royal Ministry of Foreign Affairs, Norway - Trafficking and Corruption: Monitoring and Prevention	-	224,282
Royal Ministry of Foreign Affairs, Norway - Reforming the Judiciary in Bulgaria: Towards the Introduction of Modern Registration System	-	46,811
SELDI phase II - Coalition Building and Monitoring for Anti-Corruption	-	586,740
CIPE - Balkan/Black Sea Anti-Corruption Workshop	-	19,851
Conflict Management Group - Conflict Vulnerability in Bulgaria	-	57,600
British Embassy -Trafficking and Corruption in Bulgaria	119,535	-
European Commission - Promoting European Standards in Human Rights: Establishment of Ombudsman Institution in Bulgaria	278,470	-
British Embassy - Promoting European Standards in Human Rights: Establishment of Ombudsman Institution in Bulgaria	126,692	-
European Commission - The Informal Economy in the EU Accession Countries (Inforec)	72,365	-
UNDP - Review of the Administrative and Commercial Justice Systems	42,800	-
British Embassy - Evaluation of Drugs Consumption in Bulgaria	45,274	-
Royal Ministry of Foreign Affairs, Norway - Prevention of Corruption in the Security Forces	184,887	-
Saferworld,UK - Implementing and Enforcing Arms Export Controls and Combating Small Arms Proliferation in Bulgaria	22,200	-
CIPE - Fostering Enterprise and Entrepreneurship through Good Governance at the Local Level	22,361	-
Other projects	49,711	447,314
	<u>3,196,672</u>	<u>1,565,062</u>
Income from financing for assets	40,606	35,146
	<u>3,237,278</u>	<u>1,600,208</u>

Notes to the financial statements

2. Expenses on grants, contributions and projects

<i>In BGN</i>	2003	2002
Salaries and benefits	135,573	92,002
Hired services	1,695,810	747,313
Depreciation	40,606	35,146
Supplies and consumable	142,317	58,729
Other expenses	941,624	360,253
	<u>2,955,930</u>	<u>1,293,443</u>

Hired services are related particularly to undertaking of the projects activities and are reported to the grantors to the amount of BGN 1,695,810. They include expenses for honoraria, communication and printing services. Substantial amount of honoraria consists of payment for consulting services to outside and local consultants and experts.

3. Foreign exchange gains or losses

<i>In BGN</i>	2003	2002
Exchange rate gains	97,561	128,527
Exchange rate losses	<u>(300,585)</u>	<u>(400,501)</u>
	<u>(203,024)</u>	<u>(271,974)</u>

4. Impairment of assets

<i>In BGN</i>	2003	2002
Balance at the beginning of the year	(19,611)	(19,611)
Losses on impairment of receivables incurred during the period	-	-
Write off receivable against provisions incurred in previous years	19,611	-
Balance at the end of the year	<u>-</u>	<u>(19,611)</u>

Notes to the financial statements

5. Property, plant and equipment

<i>In BGN</i>	Land and buildings	Plant and equipment	Vehicles	Fixtures & fittings	Other assets	Under construc- tion	Total
<i>Cost</i>							
Balance at 1 January 2003	229,662	135,247	175,116	90,200	-	347,133	977,358
Acquisitions	76,224	18,574	13,146	-	2,303	-	110,247
Balance at 31 December 2003	305,886	153,821	188,262	90,200	2,303	347,133	1,087,605
<i>Depreciation and impairment losses</i>							
Balance at 1 January 2003	5,731	58,256	127,308	58,797	-	11,210	261,302
Depreciation charge for the year	5,918	33,379	13,646	6,112	202	-	59,257
Balance at 31 December 2003	11,649	91,636	140,954	64,909	202	11,210	320,559
<i>Carrying amount</i>							
At 1 January 2003	223,931	76,991	47,808	31,403	-	335,923	716,056
At 31 December 2003	294,237	62,185	47,308	25,291	2,101	335,923	767,046

6. Intangible assets

<i>In BGN</i>	Software	Other	Total
<i>Cost</i>			
Balance at 1 January 2003	13,228	-	13,228
Acquisitions	-	590	590
Balance at 31 December 2003	13,228	590	13,818
<i>Amortisation and impairment losses</i>			
Balance at 1 January 2003	6,608	-	6,608
Amortisation charge for the year	2,425	25	2,450
Balance at 31 December 2003	9,033	25	9,058
<i>Carrying amount</i>			
At 1 January 2003	6,620	-	6,620
At 31 December 2003	4,195	565	4,760

Notes to the financial statements

7. Investment in associates

<i>In BGN</i>	2003	2002
Agency Vitosha EOOD	5,006	5,006
Vitosha Research EOOD	5,000	5,000
Project 1 EOOD	5,409	-
	<u>15,415</u>	<u>10,006</u>

CSD is a non-profit organisation which has invested in two subsidiaries (Agency Vitosha EOOD and Vitosha Research EOOD) in prior accounting periods. During 2003 the Center has invested in a new subsidiary which is a 100 percent ownership of the CSD – Project 1 EOOD. The main activity is management, rent, sale and purchase of property, project management. The capital of the company is 5,000 BGN. Their financial statements have been audited by certified chartered accountants according to Bulgarian legislation, for which some details are presented below:

<i>In BGN</i>	Net Assets		Profit after tax/(Loss)	
	2003	2002	2003	2002
Agency Vitosha EOOD	47,835	49,740	(1,905)	6,766
Vitosha Research EOOD	131,731	67,525	67,258	40,609
Project 1 EOOD	5,149	-	114	-
	<u>184,715</u>	<u>117,265</u>	<u>65,467</u>	<u>47,375</u>

8. Other investments

<i>In BGN</i>	Maturity	Nominal value		Number of bonds	2003	2002
		EUR	BGN		BGN	BGN
Bonds held-to-maturity issued by:						
Bulgarian – American						
Credit Bank	28 March 2005	300,000	586,749	300	588,862	590,529
First Investment Bank	24 October 2003	300,000	586,749	300	-	601,525
					<u>588,862</u>	<u>1,192,054</u>

The financial assets held-to-maturity realise gains accounted for as financial income in the Statement of revenues, expenditures and changes in fund balances in the amount of BGN 61,870.

The Center has accrued income and municipality tax in the Statement of revenues, expenditures and changes in fund balances in the amount of BGN 14,539.

Notes to the financial statements

9. Other receivables

Other receivable in the amount of BGN 341,292 represent long – term loan extended to subsidiary Project 1 EOOD presented at amortized cost. In accordance with loan contract dated 10 November 2003 between the Center and Project 1 EOOD, the total amount of the loan is 405,000 EUR paid in four tranches – 34,500 EUR, 5,942 EUR, 171,000 EUR paid by the end of December 2003 and 193,558 EUR is due in 2004. The loan is payable from 2006 until 2015.

10. Receivables

<i>In BGN</i>	2003	2002
Completed Projects	131,679	107,219
Other receivables	33,265	66,394
Impairment of assets	-	(19,611)
	<u>164,944</u>	<u>154,002</u>

11. Cash and cash equivalents

<i>In BGN</i>	2003	2002
In local currency	63,236	5,114
In foreign currency	1,341,160	1,342,928
Deposits	<u>2,560</u>	<u>2,560</u>
At bank	<u>1,406,956</u>	<u>1,350,602</u>
In local currency	25,697	25,078
In foreign currency	<u>12,741</u>	<u>29,269</u>
In hand	<u>38,438</u>	<u>54,347</u>
	<u>1,445,394</u>	<u>1,404,949</u>

Notes to the financial statements

12. Deferred expenses

<i>In BGN</i>	2003	2002
USAID/DPK Consulting - <i>Coalition 2000</i> Anti-Corruption Program	-	595,416
European Commission - Promoting European Standards in Human Rights: Establishment of Ombudsman Institution in Bulgaria	12,633	85,324
The German Marshall Fund	-	25,218
European Commission - The Informal Economy in the EU Accession Countries (Inforec)	-	38,117
British Embassy - Promoting European Standards in Human Rights: Establishment of Ombudsman Institution in Bulgaria	-	20,299
InterMedia - International Audience Research Program	-	4,942
GVG - Study on the Social Protection Systems in the 13 Applicant Countries	-	5,412
CIPE - Fostering Enterprise and Entrepreneurship through Good Governance at the Local Level	4,143	-
Other projects	-	2,587
	<u>16,776</u>	<u>777,315</u>

Since revenue and expenses on projects are matched on a yearly basis to conform with the accruals principle, deferred expenses consisting of expenses incurred on projects or stage that have not been completed.

13. Payables

<i>In BGN</i>	2003	2002
Payable to the budget	22,646	36,159
Salaries, benefits and social security payable	17,490	20,010
Payable to suppliers	21,220	10,595
Other payables	13,562	22,619
	<u>74,918</u>	<u>89,383</u>

Notes to the financial statements

14. Deferred revenue

<i>In BGN</i>	2003	2002
European Commission - Promoting European Standards in Human Rights: Establishment of Ombudsman Institution in Bulgaria	258,471	276,251
USAID/DPK Consulting - <i>Coalition 2000</i> Anti – Corruption Program	94,256	633,500
CIPE - Fostering Enterprise and Entrepreneurship through Good Governance at the Local Level	8,742	-
The German Marshall Fund		63,254
British Embassy - Promoting European Standards in Human Rights: Establishment of Ombudsman Institution in Bulgaria	-	48,799
British Embassy - Evaluation of Drugs Consumption in Bulgaria	-	46,494
UNDP - Review of the Administrative and Commercial Justice Systems	-	42,800
Other	-	1,342
Deferred financing for project activities	<u>361,469</u>	<u>1,112,440</u>
Deferred financing for fixed assets	<u>102,258</u>	<u>123,702</u>
	<u>463,727</u>	<u>1,236,142</u>

Notes to the financial statements

15. Financial instruments

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

<i>In BGN</i>		Effective				
	Note	Interest Rate	Total	6 months or less	1 – 2 years	more than 5 years
Cash and cash equivalents:						
Deposit in the Bulgarian - American Credit Bank - fixed rate per a.n.						
		4,05%	483,574	483,574	-	-
Cash in hand						
		-	38,438	38,438	-	-
Cash at bank						
	11	0,1 -0,2%	923,382	923,382	-	-
			<u>1,445,394</u>	<u>1,445,394</u>	<u>-</u>	<u>-</u>
Bonds issued by the Bulgarian - American Credit Bank						
	8	6,67%	588,862	-	588,862	-
Extended loan to related parties "Project 1" EOOD						
	9	7,5%	341,292	-	-	341,292

Notes to the financial statements

16. Related parties

Related party payables	Nature of the related party relationship	Transaction during the year	Amount	Outstanding balance 31 December 2003
ARC Fund	40% management control	Partner organization within <i>Coalition 2000</i> Initiative	85,854 USD equivalent to 149,391 BGN	-
Project 1 EOOD	100% management control	Extended loan facility dated 10 November 2003 in 3 tranches	211,442 EUR equal to 413,544 BGN	413,544 BGN receivable (historical cost)

17. Subsequent events

In accordance with loan agreement between the Center for the Study of Democracy and Project 1 EOOD, the last fourth tranche of the contract in the amount of 193,558 EUR equivalent to 379,431 BGN has been paid on 12 January 2004.

18. Contingencies

There are no contingencies to report on.