

Audit Report on the
Annual Financial Statements
for the financial year
from 1 January 2021 to
31 December 2021 of
HELVETAS Intercooperation gGmbH
Bonn

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to 31 December 2021

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Please note, that the use of rounded figures and percentages due to financial rounding may result in slight differences.

References to provisions of the German Commercial Code (HGB) as well as to other laws refer to the version applicable to the audited financial year, unless otherwise indicated.

LIST OF ABBREVIATIONS

<u>Abbreviation</u>	<u>Complete designation</u>
AAB	General Terms and Conditions of Engagement for Auditors and Audit Firms
BAB	Special Terms and Conditions of Engagement of BDO AG Audit Firm
GmbH	Gesellschaft mit beschränkter Haftung/German limited liability company
HGB	Handelsgesetzbuch/German Commercial Code
HR	Handelsregister/German Commercial Register
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf/ Institute of Public Auditors in Germany
ISA	International Standards on Auditing
PS	Prüfungsstandard des Instituts der Wirtschaftsprüfer in Deutschland e.V./Audit Standards of the IDW

A. AUDIT ENGAGEMENT

The general meeting of

Helvetas Intercooperation gGmbH, Bonn
(hereinafter also referred to as “Helvetas” or the “company”)

elected us as auditor for the financial year from January 2021 to 31 December 2021 on 1 November 2021.

Based on this, the board of directors of the company entrusted us with the audit of the annual financial statements including accounting for the financial year from 1 January 2021 to 31 December 2021, in accordance with Sections 317 et seq. of the German Commercial Code (HGB).

The non-statutory audit was conducted on the basis of the articles of association in accordance with Sections 317 et seq. of the German Commercial Code (HGB).

The audit report is exclusively intended for Helvetas Intercooperation gGmbH.

The company is a small corporation as defined by the provisions of the German Commercial Code (HGB).

The execution of this engagement and our responsibility are – also in relation to third parties – governed by the Special Terms and Conditions of Engagement of the BDO AG Audit Firm (BAB) and the General Terms and Conditions of Engagement for Auditors and Audit Firms of 1 January 2017 (AAB), as enclosed in Annex II to this report.

B. AUDIT CERTIFICATE AND OBJECTIVES

We have issued the unrestricted audit certificate signed on 31 March 2022 in Bonn relating to the annual financial statements of Helvetas Intercooperation gGmbH, Bonn, for the financial year from 1 January 2021 to 31 December 2021 in the version provided in Annex I to this audit report as follows:

“AUDIT OBJECTIVES OF THE INDEPENDENT AUDITOR”

To Helvetas Intercooperation gGmbH, Bonn

AUDIT OPINION

We have audited the annual financial statements of HELVETAS Intercooperation gGmbH, Bonn - consisting of the balance sheet as at 31 December 2021 and the profit and loss sheet for the financial year from 1 January 2021 to 31 December 2021 as well as the Annex, including notes on the applied accounting and valuation methods.

In our opinion, which is based on the knowledge obtained in the audit, the enclosed annual financial statements in all material respects comply with the provisions under the German Commercial Code (HGB) applicable for corporations and in compliance with the German generally accepted principles of accounting, gives a true and fair view of the assets, liabilities and financial situation of the company as at 31 December 2021 as well as of the company's income situation for the financial year from 1 January 2021 to 31 December 2021.

Pursuant to Section 322 (3) Sentence 1 of the German Commercial Code (HGB), we hereby declare that our audit has not given rise to any reservations relating to the legal compliance of the annual financial statements.

BASIS FOR THE AUDIT OPINION

We have conducted the audit of the annual financial statements in accordance with Section 317 of the German Commercial Code (HGB) and the generally accepted standards for financial statement audits by the Institute of Public Auditors in Germany (IDW). Our responsibility as defined by these provisions and standards is set out in further detail in the Section “RESPONSIBILITY OF THE AUDITOR FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS” in our audit opinion. We are an independent entity not related to the audited company as required by the relevant provisions under the German Commercial Code (HGB) and the professional regulations and have complied with any other professional obligations applicable for us

in compliance with these requirements.

We are of the opinion that the audit evidence obtained by us is sufficient and appropriate to serve as basis for our audit opinion of the annual financial statements.

RESPONSIBILITY OF THE AUTHORISED REPRESENTATIVES FOR THE ANNUAL FINANCIAL STATEMENTS

The authorised representatives of the company are responsible for the preparation of the annual financial statements, which must in all material respects comply with all provisions under the German Commercial Code (HGB) applicable for corporations; furthermore, the authorised representatives are responsible that, in compliance with the German generally accepted principles of accounting, the annual financial statements give a true and fair view of the actual assets, liabilities, financial and income situation of the company. In addition, the authorised representatives are responsible for the internal controls, which they have determined necessary in compliance with the German generally accepted principles of accounting to enable the preparation of the annual financial statements which must be free from misstatements, whether due to fraud or error.

In preparing the annual financial statements, the authorised representatives are responsible for assessing the company's ability to continue its corporate activities. They also have the responsibility to disclose matters related to the continuation of the corporate activities, where relevant. In addition, they are responsible for preparing a balance sheet based on the principle of the continuation of the corporate activities, where not prevented by actual circumstances or for legal reasons.

RESPONSIBILITY OF THE AUDITOR FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Our aim is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement - whether due to fraud or error - and issue an audit certificate that includes our audit opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and in compliance with the German generally accepted standards for financial statement audits promulgated by the Institute of Public Auditors in Germany (IDW) will always detect any material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of recipients formed on the basis of these annual financial statements.

Within the scope of the audit, we will exercise professional judgement and maintain professional scepticism. In addition,

- we will identify and assess the risks of material misstatement in the annual financial statements, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for those resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal control.
- obtain an understanding of the internal control system relevant to the audit of the annual financial statements in order to plan audit procedures that are appropriate under the given circumstances, but not for the purpose of expressing an opinion of the effectiveness of this system maintained by the company.
- assess the appropriateness of the accounting methods used by the authorised representatives as well as the acceptability of the estimated values provided by the authorised representatives and any related information.
- draw conclusions on the appropriateness of the applied accounting principles of continuation of the corporate activities

applied by the authorised representatives and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue its corporate activities. If we conclude that a material uncertainty exists, we are required to draw attention to the related disclosures in the annual financial statements in our audit certificate or if these disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit certificate. However, future events or circumstances may prevent the company from continuing its corporate activities.

- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that it gives a true and fair view of the assets, liabilities, financial and income situation of the company in compliance with the German generally accepted principles of accounting.

Among other things, we will discuss the scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during the course of our audit with those entrusted with supervisory duties.

C. FINDINGS ON ACCOUNTING

I. Accounts and other audited documents

According to our findings, the accounts correspond to the statutory provisions in all material respects including the generally accepted principles of accounting and - where applicable - the supplementing provisions of the articles of association. The information obtained from the other audited documents are duly portrayed in the accounts and the annual financial statements with regard to all material respects.

According to our findings, the accounting-related internal control system is suited to guarantee the security of the processed accounting-related data.

II. Annual financial statements

The annual financial statements audited by us for the financial year from 1 January 2021 to 31 December 2021 are enclosed as Annex I to this audit report. In our opinion, on the basis of the knowledge obtained in the audit, it corresponds to the statutory provisions in all material respects including the generally accepted principles of accounting – and where applicable - the supplementing provisions of the articles of association.

The balance sheet and profit and loss statement have been duly prepared on the basis of the accounts and the other audited documents. The opening balance sheet amounts were duly carried forward from the previous year statements.

The recognition, presentation and valuation regulations applicable for corporations have been complied with in all material respects. The annex contains the required information on the individual balance sheet and profit and loss statement items and accurately and completely state all other mandatory information.

Our audit has revealed that all in all the annual financial statements give a fair view of the assets, liabilities, financial and income situation of the company in compliance with the generally accepted principles of accounting.

D. OBJECT OF THE AUDIT

The object of our audit was the accounting as well as the annual financial statements to be prepared in accordance with the provisions of the German Commercial Code (HGB) - consisting of the balance sheet as at 31 December 2021 and the profit and loss statement for the financial year from 1 January 2021 to 31 December 2021 as well as the annex and including the portrayal of the accounting and valuation methods.

In accordance with Section 317 (4)a of the German Commercial Code (HGB), the audit is not required to establish whether the continuation of the audited company or the efficacy and economic efficiency of the management board can be guaranteed.

With regard to the responsibility of the authorised representatives, we refer to our report in Section B “Audit Certificate and Objectives” under “RESPONSIBILITY OF THE AUTHORISED REPRESENTATIVES FOR THE ANNUAL FINANCIAL STATEMENTS”.

E. TYPE AND SCOPE OF CONTRACT EXECUTION

With regard to the type and scope of contract execution, we refer to the general description of the responsibility of the auditor for the audit of the annual financial statements in our report in Section B “Audit Certificate and Objectives” under “BASIS FOR THE AUDIT OPINION” and “RESPONSIBILITY OF THE AUDITOR FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS”. The audit certificate and objectives can be found in Section B. In the following, we will provide further notes on this.

Risk and system-oriented audit approach

The basis for our risk and system-oriented audit approach which also corresponds to international audit standards, is the development of an audit strategy. The risk assessment required for this is based on the assessment of the situation, the business risks and the environment as well as the accounting-related internal control system of the company. In addition, we consider our understanding of the process of the preparation of the annual financial statements in our audit opinion.

In our assessment of the risk of material misstatements, we identified and assessed both the risks at financial statement level as well as the risks at assertion level. In addition, we have broken down these risks into risk groups, whereby we have specifically pointed out serious risks requiring a special consideration in the audit and risks for which assertion-based audit activities alone suffice to obtain a satisfactory security. In accordance with the professional provisions, serious risks also include the risk of the suspension of control measures by the management as well as revenue recognition.

On the basis of our risk assessment, we have determined the relevant audit areas and criteria (information on financial statements) as well as key points of the audit and developed the audit programme. Type and scope of the relevant audit activities have been defined in our audit programme.

The audit activities for obtaining audit evidence comprised individual investigations (other assertion-based audit activities) for the selected audit areas. In doing so, we considered materiality aspects.

Audit process

We have broken down our audit process into milestones, starting with the acquisition and acceptance of the engagement and extending to its completion and archiving. In this context, we refer to the below chart showing the milestones.

Initiation and execution of contract		Procurement of information and risk assessment	Reaction to assessed risks
M0 Acquisition/acceptance, continuation of contract	M1 Definition of the audit object, type and scope	M2 Identification and assessment of audit risks	M3 Development of the audit strategy and audit programme
M4 Implementation of the audit programme and generation of audit evidence	M5 Establishment of an audit opinion	M6 Reporting	M7 Archiving
Reaction to assessed risks		Final assessment and reporting	Contract completion

The milestones consider the principles of the German generally accepted standards for financial statement audits promulgated by the Institute of Public Auditors in Germany (IDW). Accordingly, we started with auditing the appropriateness of the company's accounting-related internal control system (process-related audit). On the basis of the findings obtained in the process-related audit with regard to the design and implementation of the accounting-related internal controls, we defined the required efficacy evaluations and - where applicable - analytical audit activities and individual investigations relevant for the assessment of the risks of material misstatements as well as for the selection of the type, scope and timing of the individual audit objectives.

In all cases, the audit activities were carried out on the basis of specifically selected or representative elements. The relevant selection was defined taking into account our findings on the accounting-related internal control systems as well as the type and scope of the business transactions.

We defined the following key points for our audit:

- Accrual basis accounting in revenue recognition

Within the scope of the individual investigations, we obtained confirmations and/or notifications from:

- Banks
- Tax consultants

We conducted the audit in March 2022 to 31 March 2022.

To complete the audit, we obtained a written declaration from the authorised representatives in which these confirmed the completeness of the provided information, documentation, accounting and annual financial statements to us as per 31 March 2022. The authorised representatives of the company provided us with all requested information and documentation.

F. NOTES ON ACCOUNTING

I. Accounting standards

The annual financial statements were prepared in accordance with the commercial law provisions for small corporations.

II. Essential assessment bases

The preparation of the annual financial statements requires numerous accounting and valuation related decisions by the authorised representatives of the company within the scope of their statutory options. In the following, we provide information on the essential assessment bases including the exercise of accounting and valuation options in accordance with Section 321 (2) Sentence 4 of the German Commercial Code (HGB).

The accounting and valuation methods are set out in the annex (Annex I) as defined by Section 284 of the German Commercial Code (HGB).

G. FINAL REMARKS AND UNDERSIGNING OF THE AUDIT REPORT

In accordance with Section 321 (4)a of the German Commercial Code (HGB), we hereby confirm that we have observed the applicable provisions on independence within the scope of the audit.

The above report on the audit of the annual financial statements for the financial year from 1 January 2021 to 31 December 2021 of Helvetas Intercooperation gGmbH, Bonn has been issued by us in compliance with the statutory provisions and the German generally accepted standards for financial statement audits promulgated by the Instituts der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf (Institute of Public Auditors in Germany) (IDW PS 450 new version).

The audit certificate issued by us is provided in Section B. of this audit report.

Bonn, 31 March 2022

BDO AG
Audit Firm

Signed: Ahrend
Auditor

Signed: Schubert
Auditor

ANNEXES

HELVETAS Intercooperation gGmbH, Bonn
Balance Sheet as at 31 December 2021

ASSETS

	31/12/2021 €	31/12/2020 €
A. Current assets		
I. Receivables and other assets		
Other assets	415,284.42	741,557.80
II. Cash in hand, cheques, bank balances	1,323,808.04	925,995.08
B. Deferred income and accrued expenses	0.00	350.56
	<hr/>	<hr/>
	<u>1,739,092.46</u>	<u>1,667,903.44</u>

EQUITY AND LIABILITIES

	€	31/12/2021 €	31/12/2020 €
A. Equity			
I. Subscribed capital		25,000.00	25,000.00
II. Revenue reserves			
Earmarked reserves		262,249.00	300,000.00
III. Unappropriated profit/loss		20,823.31	132,714.74-
B. Special item for project funds		200,616.15	232,763.07
C. Provisions and accruals			
Other provisions		43,066.00	33,817.00
D. Liabilities			
1. Trade payables	969.37		4,471.14
2. Liabilities owed to shareholders	38,434.89		328,634.93
3. Other liabilities	<u>1,147,933.74</u>		<u>875,932.04</u>
		1,187,338.00	1,209,038.11
- of which from taxes € 6,932.50 (€ 6,003.47)			
- of which within the scope of social security € 923,97 (€ 876,26)			
		<hr/>	<hr/>
		<u>1,739,092.46</u>	<u>1,667,903.44</u>

HELVETAS Intercooperation gGmbH, Bonn
Loss and Profit Statement
for the period from 1 January to 31 December 2021

	€	Financial year €	Previous year €
1. Subsidies			
a) Public subsidies	2,014,452.08		1,881,808.79
b) Other subsidies	<u>302,584.57</u>		<u>230,598.59</u>
		2,317,036.65	2,112,407.38
2. Other operating income		253,632.58	496,362.62
3. Donation proceeds		22,762.00	4,801.23
4. Expenditure for project sponsorships		1,632,299.15-	2,026,285.94-
5. Personnel costs			
c) Wages and salaries	668,996.28-		572,140.62-
d) Social security contributions	<u>92,353.60-</u>		<u>99,201.42-</u>
		761,349.88-	671,342.04-
6. Amortisation of intangible assets of fixed assets and property, plant and equipment		896.12-	1,187.18-
7. Other operating costs		<u>83,099.03-</u>	<u>83,214.10</u>
8. Annual net profit/loss		115,787.74--	168,458.03-
9. Profit/loss carried forward from PY		132,714.74-	35,743.29-
10. Withdrawals from earmarked reserves		<u>37,751.00</u>	<u>0.00</u>
11. Unappropriated profit/loss		<u>20,823.31</u>	<u>132,714.74-</u>

HELVETAS Intercooperation gGmbH, Bonn
ANNEX for the financial year 2021

I. General information

HELVETAS Intercooperation gGmbH has its registered office in Bonn and entered in the commercial register of the Bonn local court (commercial register number HRB 20460).

The annual financial statements of the HELVETAS Intercooperation gGmbH for the financial year 2021 was prepared in accordance with the provisions of the German Commercial Code (Sections 242 et seq. and 264 set seq. HGB) as well as the supplementing provisions of the Limited Liability Companies Act (GmbHG) and the articles of association.

The total cost method was chosen for the profit and loss statement pursuant to Section 275 (2) of the German Commercial Code (HGB).

The annual financial statements have been prepared taking into consideration the continuation of the company's activities.

In accordance with the size categories set out in Section 267 of the German Commercial Code (HGB) in the year under report, the company is a "small corporation". Exemption provisions for small corporations were partly implemented.

II. Notes on accounting and valuation methods

As in the previous year, the accounting and valuation methods were applied as follows:

A. ASSETS

Low-value assets with procurement costs up to € 800.00 are immediately written off as expense in the year of the acquisition.

Receivables and other assets are recognised at their nominal amount. A need for value adjustment cannot be identified.

Cash assets are stated at nominal value.

B. EQUITY AND LIABILITIES

Subscribed capital is stated at nominal value.

The **revenue reserves** include earmarked reserves that were formed from the result in previous years.

The **special item** for project funds relates to own funds subsidised by private organisations for projects co-financed by public funding bodies.

Other reserves adequately and sufficiently cover all uncertain debts, losses and risks disclosed before the preparation of the balance sheet, which concern the past financial year; they are carried as a liability to the sum of the settlement amounts based on prudent commercial assessment - without taking into account salary trends or price and cost increases. Provisions with a residual term of more than one year are discounted at the average market interest rate of the past seven years of 1.50% as published by the Deutsche Bundesbank and corresponding to their residual term.

Liabilities are recognised at their relevant settlement values.

Assets and liabilities denominated in foreign currencies are valued at the mean exchange rate on the closing date. Exchange rate gains/losses related to the valuation at the balance sheet date are not attributed to the project sponsorships.

III. Notes on the balance sheet

The **other assets** (€ 415,284.42; PY: € 741,557.80) include receivables owed by shareholders in the amount of € 44,001.76 (PY: € 89,648.59).

The net loss includes a **profit carried forward** from the previous year (PY: net profit thereof a loss carried forward of € 35,743.29) in the amount of € 132,714.74.

Liabilities owed to shareholders (€ 38,434.89; PY: 328,634.93) relate entirely to other liabilities (PY: 293,804.19) due to repayment obligations from unused (earmarked) project grants and due to advances provided by the shareholder for the financing of project costs as well as trade payables in the amount of € 34,830.74 in the previous year.

All **liabilities** (€ 1,187,338.00; PY: 1,209,038.11) are due within one year.

IV. Notes on the profit and loss statement

The **other operating income** includes income from currency translation in the amount of € 9,057.73 (PY: € 0.00).

The **other operating expenses** include expenses from currency translation in the amount of € 0.00 (PY: € 17,174.72).

V. Additional information

1. Other financial liabilities

The liabilities for projects which have already been approved and for which contracts have been concluded, are determined as follows:

	<u>Financial liabilities as at</u> <u>31/12/2021</u>	<u>Financial liabilities as at</u> <u>31/12/2020</u>
Contracting partner in Myanmar	€ 949,492	€ 1,279,308
Contracting partner in Vietnam	€ 269,933	€ 255,541
Contracting partner in Guatemala	€ -	€ 42,380
Contracting partner in in Guatemala	€ 130,348	€ 402,194
Contracting partner in Kirgizstan	€ 733,812	€ 798,789
Contracting partner in Bangladesh	€ 162,145	€ 157,236
Total	<u>€ 2,245,730</u>	<u>€ 2,935,448</u>

2. Number of employees

The average number of employees in accordance with Section 267 (5) of the German Commercial Code (HGB) is determined as follows:

	<u>2021</u>	<u>2020</u>
Employees in Germany	4	3
Employees abroad	26	6

3. Company bodies

Appointed as managing director:

Mr Martin Koppa, Cologne, Managing Director

4. Parent company

The annual financial statements of the company are integrated in the consolidated annual financial statement of the parent company, HELVETAS Swiss Intercooperation has its registered office in Zurich (Switzerland).

Bonn, 31 March 2022

HELVETAS Intercooperation gGmbH

Martin Koppa
Managing Director