



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

Scope

We have audited the financial statements of the Center for the Study of Democracy as at 31 December 2001 set out on pages 1 to 13 in accordance with International Standards on Auditing. The financial statements have been prepared in conformity with International Accounting Standards.

Responsibilities of management and auditors

The financial statements have been prepared by, and are the sole 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.

Basis of opinion

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 the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

1. As at 31 December 2001 the Center for the Study of Democracy has reported investments which are carried at a cost for the total of BGN 10,006. The financial statements of the subsidiaries are not consolidated as per 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 matters referred to paragraph 1, the accompanying financial statements give a true and fair view of the financial position of the Center for the Study of Democracy as of 31 December 2001 and the excess of revenue over expenditure in accordance with International Accounting Standards adopted by the International Accounting Standards Board.

2 April 2002

A handwritten signature in black ink that reads 'KPMG Bulgaria'.

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