Central European Service for Cross-Border Initiatives
(headquarters: 1067 Budapest, Teréz krt. 13., tax number: 18188071-2-42)

ACCOUNTING POLICY

(in a structure uniform with modifications)

The aim of the regulation is to determine accounting principles, rules, methods and procedures that comply with the applicable legislation and that must be enforced after preparing and presenting the report and accounting. This accounting policy lays the foundation for the establishment of the accounting system most appropriate to the capabilities and circumstances of the Association.

I.
THE PURPOSE OF ACCOUNTING POLICY

Establishing an accounting information system that can provide reliable information showing a real overview on the wealth, financial and income situation of the Association in accordance with legal requirements.

II.
GENERAL RULES

1. The management basis of the Presidency

The management basis of the Presidency is the work and financial plan adopted by the General Assembly.

2. The format of the report and determining the date of drawing up the report

The Association is drawing up a simplified report of the base year, which consists of a balance sheet and a profit or loss account. The reporting date is December 31 of the base year, the deadline for preparing the balance sheet is the 150th day of the year following the base year, but no later than May 31 of the year following the base year.

3. Form and content of the balance sheet

The Association is required to prepare the simplified account in the determined structure and at least in the required detail, based on the data of properly kept double entry accounting with supporting documents, in a transparent and clear manner.
The requirements shall be applied regarding the content of the balance sheet. In the balance sheet, equity consists of initial capital, changes in capital, reserves under contract, and profit of the base year (public benefit) targeted and business activities.
The Association received equipment – free of charge – as a gift, inheritance or as an offering for association purposes, and the Association take stock at carrying amount if the transferor is a legal entity, and at offering value if the transferor is a private individual, against initial capital.

The following must be detected as changes in capital:
- the result of the public benefit activity,

- profit or loss on business activities after taxation,
- according to the provisions of the founder, the funds transferred as property, or sending the equipment received free of charge for those in need.

4. Reporting and accounting liabilities

The costs shall be accounted for in accordance with cash flow regulations: each cost shall be charged to the period in which it was paid. The analytical accounts shall be exhaustive and reliable and they shall comply with the requirements of the Accounting Law.
The Association shall record the accounting data required for the annual report in a double entry accounting system, taking the principles of gross settlement into account.
The account order, serving as a basis for accounting, consists of a chart of accounts and a written account order, which together include the specified requirements. The chart of accounts and account order shall be constructed in a way that the direct costs of the public benefit, targeted (or basic activity) and business activities and the costs that have no direct link to either the public benefit or the business activities shall be shown separately.
The Association shall comply with the liability to publish the report by the deadline imposed by the National Judicial Office and in the manner specified by the Office.
The accounting and the report shall be prepared in accordance with the provisions of the Accounting Law.

4. 1. Form and content of the derivation of results

The Association shall prepare the profit and loss account of the simplified annual report in accordance with the relevant legislation.
The costs shall be accounted for in accordance with cash flow regulations: each cost shall be charged to the period in which it was paid. The analytical accounts shall be exhaustive and reliable and they shall comply with the requirements of the Accounting Law.
The requirements of the relevant legislation shall be taken into account when determining the result and recognising revenue (income), as well as costs and expenditures (expenses).

4. 2. Revenues of the Association

A. All subsidies received for targeted activities
  1. Subsidy for public activity purposes
     - subsidy from founder,
     - subsidy from central budget,
     - subsidy from local budget,
     - from foreign private and legal people,
     - other, of which 1%
  2. Amount of contracted grants
  3. Revenues from activities of public benefit
  4. Other revenues

B. Revenues of business activity

The Association shall recognise the received founding, central budget, local government and other support as income, unless otherwise provided by law.
The grant received for basic activity from the founder by tenders or another way and that is transferred or given to an organisation that directly implements the task of purpose shall be recognised as a liability instead of income, and so the supported organisation recognises the

equipment (funds and other tools) as income received from another organisation or a public benefit organisation.
The expenses of the Association: the operating costs and targeted expenditures of the Association, and the direct and indirect costs of business activities.

5. Business activity

The Association shall engage in business activities in accordance with the statutes. The Association falls within the scope of the Act LXXXI of 1996 on Corporate Tax and Dividend Tax (hereinafter: Law on Corporation Tax).

6. Registrations

Related to accounting, the Association shall keep the following analytical accounts:
- within non-current assets:
  - registration of intangible assets,
  - registration of tangible assets (properties, vehicles, machinery);
- registration of receivables towards buyers;
- registration of debts owed to suppliers;
- registration of securities;
- supplier's input VAT to be paid by the buyer, in connection with value added tax;
- personal income tax recording sheets;
- a registration of other taxes and tax deductions;
- records in relation to registered contribution and health contribution;
- a registration of certificates requiring strict accounting and forms;
- a registration of any detailed statement considered necessary by the Association, e.g. donations of the Association, grants and scholarships awarded.

III.
THE MAIN CHARACTERISTICS OF THE DEPRECIATION POLICY

1. Depreciation

The Association shall recognise the depreciation based on the gross value, in accordance with the requirements of the Accounting Law, from the day of bringing it into force, with annual accounts.
The Association shall determine the procurement value and production costs of the equipment according to paragraphs 47-51 of the Accounting Law, so the amount paid for the procurement of the equipment increased by the amount of fees closely linked to the procurement, non-deductible VAT and fees to the authorities.
The Association shall keep a record of their equipment brought into force, as required by relevant legislation.

Depreciation shall be recognised on the purchase price of the land, the plot, the forest, the piece of fine art, or investment not brought into force.

2. Impairment

The intangible or tangible asset shall be impaired if
a) the carrying amount of the intangible or tangible asset (not including investment) is permanently and significantly higher than the market value of those assets;
b) the value of the intellectual property and tangible asset (including investment) is sustainably reduced because the intellectual product and tangible asset (including investment) has become useless due to a change in activity or cannot be used as originally intended due to damage, destruction or absence, or it is unusable;
c) property rights cannot be enforced or only in a limited way due to the amendment to the contract.

3. Determining the residual value

The Association is planning to use their equipment for at least 3 years or more, the actual time is individually identified when activating the device. After 3 years, the residual value of computer programmes, computer equipment and furniture is determined as '0'.

IV.
EVALUATING FINANCIAL FIXED ASSETS

Out of the financial fixed assets, those assets (share, security, loan) shall be allocated that the Association invested or transferred to other entrepreneurs or other legal entities or the state with the purpose to earn a permanent income (dividend, contribution, interest). The Association shall value the securities payable after more than one year at the actual purchase price until a prolonged decline in their value – for at least one year before the balance sheet date –, then value reduction is recognised. The delivered price of the interest bearing securities may not include the interest included in the purchase price. The Association shall value the other equipment at purchase price taking the relevant legislation into account, reducing it by the requirements of the relevant legislation.
The financial fixed assets shall include the amount of funds permanently lent to other entrepreneurs and other legal entities, or to the state, in HUF or foreign currency.
Government bonds shall be accounted for at nominal value, the discount treasury bills shall be accounted for at purchase amount among financial assets, and the interest in the purchase price of the government bond shall be recognised as expense.

V.
EVALUATING RECEIVABLES

Debts to the Association and payment requirements, expressed in monetary terms, legally arising from various transfer, business, service and other contracts are deemed to be receivables. Debts recognised by other organisations, companies, private individuals, buyers or employees, but not or only partly completed, shall be recorded as receivables.
The simplified report shall include the receivables from the supply of goods and provision of services in the accepted amount.
Other receivables include

- advances and loans paid to employees;
- the amounts required for the enforcement of financial responsibility, court attachments;
- receivables related to amounts issued for various accounts (travel expenses and fuel advance).

VI.
EVALUATING SECURITIES HELD AS CURRENT ASSETS

This group includes bonds and other securities that the Association purchased as non-permanent investments for dealing purposes. The Association keeps record of its bonds at nominal value (purchase price reduced by the interest charged at purchase value), and keeps record of the other securities at acquisition value (purchase price).

VII.
EVALUATING FUNDS

During accounting, funds and their stocks must be recognised in the following way:
- funds,
- bank accounts,
- liaison account.

The funds show the cash balance of the Association and its traffic on an account. The forms related to cash management shall be under strict accountability.
The segregation, release and use of the amount of HUF coverage shall be entered into the funds account on the basis of the debit note or credit note of the financial institution.
The currency stock and the foreign currency on a foreign currency bank account shall be valued at mid-market issued by the bank, holding the account at the actual influence of money (transaction of money).
According to the Accounting Law, the data of the certificates of economic transactions and events involving the funds shall be recorded immediately, simultaneously with cash flow or upon receiving the notification from the financial institution.
The amount of cash in hand shall be entered into the balance sheet at the balance sheet date in accordance with the cash book, at amortised cost. The value of bank deposits shall be entered into the balance sheet at the balance sheet date, at the value of the deposit with the financial institutions same as the bank statement.

VIII.
EVALUATING LIABILITIES

Liabilities are those recognized payments to be made in cash arising from transport, business, service and other contracts, which are related to the recognized delivery, service, provision of money already performed by the supplier, service provider, creditor, lender, and accepted by the Association. There are long-term and short-term liabilities.
The liabilities shall be evaluated based on the carrying amount in the balance sheet, except for liabilities denominated in foreign currency.
Other short-term liabilities include:
- liabilities towards employees,
- liabilities regarding social security,
- liabilities towards the tax authority.

IX.
ERRORS DETECTED DURING AUDITS OR SELF-AUDITS

Errors detected during an audit by the tax authority or a self-audit – regardless of its nature: tax deficit, derogation not resulting in a tax deficit, miscalculation, etc. – conducted at the Association shall be regarded as representing a significant amount if:

- it exceeds the balance sheet value of 2% according to the year of the offence,
- it affects the initial capital or the capital changes.

The list of amendments due to the detection of errors for the previous years shall be presented for the relevant item of the balance sheet and profit and loss account of the report in addition to the data of the previous year, because they are not part of the data of the base year's profit and loss account.

The derogations not included in the previous categories modify the profit of the base year since, they do not represent any significant amount.

Date: Budapest, 04 September 2020

CESCI
Határon Átnyúló Kezdeményezések
Közép-európai Segítő Szolgálata
HUN 1067 Budapest, Teréz krt. 13
adószám: 18188071-2-42
bankszámlaszám: 12010240-01374052-00100001

....
dr. Tamás Tóth
president

The amendments are adopted by the General Assembly Decision No
13/2020 (09.14.)

Budapest, 14 September 2020

CESCI
Határon Átnyúló Kezdeményezések
Közép-európai Segítő Szolgálata
HUN 1067 Budapest, Teréz krt. 13
adószám: 18188071-2-42
bankszámlaszám: 12010240-01374052-00100001

....
dr. Tamás Tóth
president