

Report

on the audit of the annual financial statements for the period ending on 31. December 2023

Water Integrity Network e.V.
Berlin

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Disclaimer

Percentages and figures in this report may be subject to rounding differences.

Attachments

Annual financial statements and auditor's report

- Appendix 1 Balance sheet as at 31 December 2023
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1. Audit assignment

The Chairwoman of the Supervisory Board of

**Water Integrity Network e.V.,
Berlin,**

(hereinafter also referred to as the Association) engaged us on 30 November 2023 to conduct a voluntary audit in accordance with Section 317 HGB for the 2023 financial year.

The association is categorised as a small corporation in accordance with the size criteria set out in Section 267 (1) HGB.

We issue this report on our audit to the Association in accordance with German generally accepted standards for the preparation of audit reports (IDW PS 450 n.F.) promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf.

We confirm in accordance with § 321 Abs. 4a HGB that we have complied with the applicable independence requirements in our audit.

The agreements entered into on 30 November 2023 and the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften in the version dated 1 January 2017 attached as Annex 5 apply to the performance of the engagement and our responsibilities. These also govern our responsibility towards third parties. The maximum amount of liability applicable to the engagement is determined in accordance with No. 9 of the General Engagement Terms.

2. Fundamental Findings

Statement on the assessment of the situation by the legal representatives

As permitted, the legal representatives have not prepared a management report. From the annual financial statements and the management report of the legal representatives as well as the other audited documents, we emphasise the following aspects that are of particular importance for the assessment of the economic situation of the association:

- The association closed the reporting year with a net profit of EUR 5,882.95 (previous year: net profit of EUR 5,632.72).
- At around 91%, the majority of the association's income relates to income from donations.
- The accounting treatment of donations received and donations utilised continues to be based on IDW RS HFA 21 "IDW Statement on Accounting: Special features of accounting by organisations collecting donations". Due to the resulting realisation of donations at the time they are used for their intended purpose, this income is generally offset by expenses for statutory services in the same amount.
- A surplus from the association's project activities arises in the non-material area only from funds that are not reclaimed, funds granted as a lump sum and other income from donations and similar income.
- Income from grants increased by EUR 356 thousand compared to the previous year to a total of EUR 1,148 thousand.
- As in previous years, cooperation with the Swedish International Development Agency (Sida) and the Swiss Agency for Development and Cooperation (SDC), Bern, accounted for a significant proportion of total income at EUR 479 thousand (previous year: EUR 294 thousand) and EUR 184 thousand (previous year: EUR 351 thousand) respectively. The income realised in connection with these donors increased by a total of EUR 18 thousand compared to the previous year.
- The contract with the funding organisation DGIS has expired, meaning that income has fallen to EUR 0 compared to EUR 269 thousand in the previous year.
- Hewlett reduced income from grants by EUR 1 thousand to EUR 363 thousand. The continuation of the grant agreement with NewVentureFund (NVF) generated income of EUR 52 thousand.
- There was a reduction in purchased services, mainly due to consulting costs totalling EUR 179 thousand. In the reporting year, revenue was again generated from the transfer of funds to project partners. These totalled EUR 47 thousand (previous year: EUR 242 thousand).

- The assets and capital situation as well as the liquidity position of the organisation are in order overall. A corresponding amount of current assets is financed on a long-term basis. In addition, the organisation has sufficient short-term liquidity to cover its operational financial requirements for 3.5 months (previous year: 3.5 months).

In summary, in accordance with § 321 Abs. 1 Satz 2 HGB, we conclude that the management assessment, in particular the going concern assumption and the assessment of the future development of the company, as expressed in the annual financial statements, are reasonable.

In addition, we refer to our comments on the overall statement of the annual financial statements in section 5.2.

3. Reproduction of the auditor's report

The annual financial statements of Water Integrity Network e.V., Berlin, for the financial year from 1 January to 31 December 2023 in accordance with Appendices 1 to 3 of this report, we have issued the following unqualified audit opinion, dated 11 June 2024, which is attached as Appendix 4:

"REPORT OF THE INDEPENDENT AUDITOR

To the Water Integrity Network e.V., Berlin

Audit opinion

We have audited the annual financial statements of Water Integrity Network e.V., Berlin, which comprise the balance sheet as at 31 December 2023 and the income statement for the financial year from 1 January to 31 December 2023 and the notes to the financial statements, including a description of the accounting and valuation methods.

In our opinion, based on the findings of our audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Association as at 31 December 2023 and of its financial performance for the financial year from 1 January 2023 to 31 December 2023 in compliance with German Legally Required Accounting Principles.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the audit opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the association in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or error) or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the association's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there are factual or legal circumstances to the contrary.

The Supervisory Board is responsible for overseeing the association's financial reporting process for the preparation of the annual financial statements.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a 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 users taken on the basis of these financial statements.

During the audit, we exercise professional judgement and maintain professional scepticism. In addition

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to be able to continue as a going concern.
- 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 the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the association in compliance with German Legally Required Accounting Principles.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit."

4. Subject, type and scope of the audit

4.1 Subject of the audit

The subject of our audit were

- the accounting records,
- the annual financial statements consisting of the balance sheet, income statement and notes, and
- compliance with the relevant statutory accounting regulations.

With regard to the delimitation of the areas of responsibility of the bodies of the Association responsible for the preparation and monitoring of the accounting process and for our audit, we refer to the corresponding sections in the auditor's report.

In addition, we draw attention to the fact that the audit of compliance with other legal regulations, e.g. foreign exchange, price and labour law regulations, is only part of the audit of the financial statements to the extent that these other regulations usually have an impact on the annual financial statements. In accordance with Section 317 (4a) HGB, the audit does not extend to whether the continued existence of the company or the effectiveness and efficiency of its management can be assured.

Similarly, the detection of administrative offences or fraudulent acts was not the subject of the audit. Our audit procedures are therefore not designed to detect serious violations of statutory provisions and administrative offences committed outside the accounting process. However, there were no indications that would have made it necessary to extend the scope of the audit in this respect. An audit of the insurance cover with regard to existing risks was also not part of the audit of the annual financial statements.

4.2 Type and scope of the audit

The starting point for our audit was the prior-year financial statements audited by us and issued with an unqualified audit opinion dated 30 May 2023, which were adopted on 13 November 2023.

For an explanation of the nature and scope of the audit, including the accounting and auditing principles applied, please refer to the sections "Basis for the audit opinions" and "Auditor's report".

"Auditor's responsibilities for the audit of the annual financial statements" in the auditor's report.

We conducted our audit of the annual financial statements in accordance with §§ 316 ff. HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounting records and the annual financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounting records and the annual financial statements. The audit includes assessing the accounting, valuation and classification principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

As part of our audit planning, we obtained an overview of the business activities and the economic and legal environment of the Verein as well as its accounting system and performed an analytical review of the annual financial statements and the shareholder resolutions. We examined the Verein's internal control system to the extent that we considered it relevant to proper accounting; the internal control system as a whole was not the subject of our audit. We determined the audit strategy on the basis of the findings obtained from this examination using a risk-oriented audit approach, taking into account the risks of error identified and assessed.

We tested the effectiveness and application in the financial year of control procedures that we considered to be appropriately structured. The degree of effectiveness of these internal controls subsequently determined the nature and scope of our audit of individual transactions and balances as well as the analytical audit procedures we performed.

Our audit was performed on the basis of the results of our risk assessment and in accordance with the audit strategy based on this assessment and was not control-oriented. The nature and scope of our audit of individual transactions were determined by our risk assessment; substantive audit procedures were performed to an unreduced extent.

On the basis of the approach described there, we developed an audit programme in accordance with the principles of materiality and efficiency, which defines the nature and scope of the audit procedures to be performed. The following key audit matters were determined on the basis of the findings obtained:

- Recognition and measurement of significant trade receivables,
- Completeness and valuation of provisions,
- Accuracy and completeness of the disclosures in the notes

The selection of transactions to be audited as part of the case-by-case audit was carried out using sample-based audit procedures, whereby the method of deliberate selection was also used in addition to random selection. As part of the deliberate selection, the transactions to be audited were

Elements selected in such a way that they take account of the economic significance of the individual items in the annual financial statements and enable compliance with the statutory accounting requirements to be adequately audited.

For reasons of materiality, we did not participate in the physical inventory. However, we satisfied ourselves of the correctness of the physical inventory and the valuation through appropriate sampling.

As part of the audit of receivables, liabilities, bank balances and provisions, we obtained balance confirmations from debtors and creditors, bank confirmations and confirmations from lawyers and tax advisors. The selection of debtors, creditors, lawyers and tax consultants from whom balance confirmations were obtained was made on a sample basis using the deliberate selection method. The balance confirmations from banks were requested in full.

We conducted the audit in the months of April to May 2024 with interruptions.

The nature, scope and results of the individual audit procedures performed are set out in our working papers.

The legal representatives as well as all persons commissioned provided the information and evidence required by us in accordance with § 320, section 2 of the German Commercial Code willingly, without omission and in due time. The legal representatives have confirmed to us in writing that the accounting, the annual financial statements and the management report are without omissions. In particular, they have assured us that accounting records contain all transactions subject to mandatory accounting and that the present annual financial statements include all assets, liabilities and deferred items subject to mandatory accounting as well as all expenses and income, that all risks have been taken into account and that all disclosures have been made. In addition, the legal representatives have declared that the management report also contains all aspects essential for assessing the Company's position as well as the information required pursuant to § 289 of the German Commercial Code (HGB), including with regard to expected developments.

5. Findings and notes on the financial reporting

5.1 Propriety of the financial reporting

5.1.1 Accounting and other audited documents

In all material respects, the accounting records comply with the legal requirements, including the supplementary provisions of the Articles of Association and generally accepted accounting principles. Our audit did not lead to any material reservations relating to the security of the data processed for the purposes of IT-based accounting. In all material respects, the information extracted from the other audited documents has been properly reflected in the accounting records and the annual financial statements.

5.1.2 Annual financial statements

The annual financial statements as at 31 December 2023 are attached to this report as Annexes 1 to 3.

The annual financial statements as at 31 December 2023 have been properly derived in all material respects from the accounting records and other audited documents of the association in accordance with the recognition, presentation and measurement requirements. The statutory provisions on classification, accounting and valuation as well as the notes to the financial statements were observed. The supplementary provisions of the Articles of Association were complied with. The opening balance sheet values were properly adopted from the previous year's financial statements.

The annual financial statements have been prepared in accordance with the generally accepted accounting principles for small corporations under German commercial law and the supplementary provisions of the Articles of Association.

Where presentation options exist in the balance sheet or income statement, the corresponding disclosures are largely made in the notes.

The accounting and valuation methods applied to the balance sheet and income statement are adequately explained in the notes prepared by the Association. The notes contain all required disclosures.

According to our findings, the annual financial statements thus comply with the statutory provisions, including the principles of proper accounting and the supplementary provisions of the Articles of Association. The audit did not give rise to any objections.

The protective clause pursuant to Section 286 HGB was not utilised. The total fee charged by the auditor for the financial year in accordance with Section 285 No. 17 HGB was not disclosed.

waived.

5.2 Overall statement of the annual financial statements

5.2.1 Findings on the overall statement of the annual financial statements

We refer to our comments below on the overall statement of the annual financial statements. The annual financial statements as a whole, i.e. the interaction of the balance sheet, income statement and notes, give a true and fair view of the net assets, financial position and results of operations of the organisation in accordance with German principles of proper accounting.

5.2.2 Notes to the overall statement of the annual financial statements

The overall statement of the annual financial statements was influenced by accounting and valuation decisions and by the organisation of the facts, in accordance with generally accepted accounting principles and to the extent permitted by law. With regard to the valuation principles and their changes, please refer to the relevant statements in the notes.

The accounting and valuation methods are appropriately presented in the notes and were generally applied unchanged from the previous year. Please also refer to the explanations in the notes (Appendix 3).

6. Concluding remarks

We have prepared the above report in accordance with the legal requirements and German generally accepted standards for the preparation of audit reports (IDW PS 450 n.F.).

Any use of the audit opinion reproduced in section 3 outside this audit report requires our prior consent. Any publication or dissemination of the annual financial statements in a form differing from the audited version (including translation into other languages) requires our prior renewed opinion if our audit opinion is cited or reference is made to our audit; reference is made to Section 328 HGB.

Berlin, 11 June 2024

dhpg Berlin GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Volkmer
Wirtschaftsprüferin

Müller
Wirtschaftsprüfer

Attachments

Water Integrity Network e.V., Berlin

Balance sheet as at 31 December 2023

ACTIV	31.12.2023 EUR	31.12.2022 EUR	APASSIVA	31.12.2023 EUR	31.12.2022 EUR
A. INVESTMENT ASSETS			A. EQUITY		
I. Intangible assets			I. Subscribed capital	564.161,07	558.278,12
1. Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and values	<u>3.083,00</u>	<u>501,00</u>	II. Verlustvortrag	-5.882,95	-5.632,72
	3.083,00	501,00	III. Net income for the year	<u>5.882,95</u>	<u>5.632,72</u>
II. Property, plant and equipment			.....564.161,07	.....558.278,12	
1. Technical equipment and machinery	6.391,00	7.382,00	B. RESETTINGS		
2. Other equipment, operating and Office equipment	<u>45.209,00</u>	<u>50.832,00</u>	1. Tax provisions	464,94	262,15
	51.600,00	58.214,00	2. Other provisions	<u>58.160,72</u>	<u>77.352,28</u>
	.....54.683,00	.....58.715,00	.....58.625,66	.....77.614,43	
B. CURRENT ASSETS			C. LIABILITIES		
I. Inventories			1. Liabilities from deliveries and services	905.516,97	1.240.983,21
1. Work in progress, unfinished services	<u>54.819,25</u>	<u>0,00</u>	2. Other liabilities	<u>14.178,18</u>	<u>24.611,23</u>
	54.819,25	0,00	.....919.695,15	.....1.265.594,44	
II. Receivables and other assets					
1. Receivables from goods and services	362.068,16	130.550,52			
2. other assets	<u>23.166,76</u>	<u>16.199,95</u>			
	385.234,92	146.750,47			
III. cash on hand, Bundesbank balances, bank balances and cheques	<u>1.042.173,47</u>	<u>1.694.192,34</u>			
	.....1.482.227,64	.....1.840.942,81			
C. PREPAID EXPENSES AND DEFERRED CHARGES	<u>5.571,24</u>	<u>1.829,18</u>			
	<u>1.542.481,88</u>	<u>1.901.486,99</u>		<u>1.542.481,88</u>	<u>1.901.486,99</u>

Water Integrity Network e.V., Berlin

Income statement for the 2023 financial year

	2023 EUR	2022 EUR
1. Sales revenue	1.147.538,90	1.503.146,42
2. other sales revenue	113.883,35	203.235,05
3. increase/decrease in inventories of finished goods and work in progress	54.819,25	-25.480,07
4. other operating income	35.822,37	33.788,25
5. Cost of materials		
a) Expenses for purchased services	-318.646,95	-693.769,11
	-318.646,95	-693.769,11
6. Personnel expenses		
a) Wages and salaries	-671.213,90	-670.630,72
b) Social security contributions and expenses for pensions and other benefits	-139.986,35	-144.980,39
	-811.200,25	-815.611,11
7. Depreciation and amortisation	-9.821,50	-11.761,45
8. other operating expenses	-206.124,16	-187.705,11
9. other interest and similar income	0,00	52,00
10. earnings after taxes	6.271,01	5.894,87
11. other taxes	-388,06	-262,15
12. net income for the year	5.882,95	5.632,72

NOTES FOR THE FINANCIAL YEAR 2023 OF THE WATER INTEGRITY NETWORK ASSOCIATION E.V.

I. GENERAL INFORMATION

The Water Integrity Network Association e. V., hereinafter referred to as WIN, is based in Berlin and is entered in the register of associations at Charlottenburg Local Court under the number VR 32914 B. The association was founded on 23 December 2013. WIN has the following objectives in the area of promoting the integrity of the global water sector:

- a) Promotion of systematic, reproducible and documented research, the results of which are published immediately,
- b) Promotion of training and further education,
- c) Promotion of development cooperation,
- d) Promoting crime prevention by fighting corruption,
- e) Raising funds to support research, education, development co-operation and crime prevention by other tax-privileged institutions or public bodies.

The tax-privileged special-purpose operations are exempt from corporation tax and trade tax. Taxable business operations are not exempt.

In accordance with § 267 HGB, WIN is a small corporation. Notes are prepared voluntarily. The annual financial statements were prepared in accordance with the provisions of the HGB. The structure of the balance sheet complies with Section 266 HGB, the income statement is prepared using the total cost method in accordance with Section 275 (2) HGB. The structure of the income statement was expanded in accordance with Section 265 HGB. No changes were made to the presentation of the previous year's amounts in the income statement.

The valuation is based on the assumption that the company will continue as a going concern.

II. Accounting principles

The annual financial statements comprise the balance sheet, the income statement and the notes to the financial statements for the year ended 31 December 2013.

31 December 2023 for the financial year ended.

The annual financial statements were prepared in accordance with the German Commercial Code (HGB) for small corporations.

The presentation, classification, recognition and measurement in the balance sheet and income statement correspond to the previous year's principles.

Purchased **intangible assets** (software) and **property, plant and equipment** are measured at acquisition or production cost less amortisation and depreciation accrued to date and amortised in the financial year. Depreciation is recognised on a straight-line basis over the useful life of the asset.

Inventories of work in progress are measured at the lower of cost and net realisable value.

Receivables and **other assets** are recognised at nominal value. All recognisable individual risks are taken into account in the valuation.

Cash in hand and bank balances are recognised at their nominal amounts.

Only expenses prior to the balance sheet date that represent expenses for a certain period after the balance sheet date are recognised under **prepaid expenses**.

Provisions take into account all recognisable risks and contingent liabilities and are measured at the settlement amount required according to prudent business judgement. Future price and cost increases are recognised if there is sufficient objective evidence that they will occur.

Liabilities are recognised at the settlement amount.

Receivables and liabilities **in foreign currencies** with a remaining term of up to one year are translated at the mean spot exchange rate on the balance sheet date. Unrealised gains and losses from currency translation are therefore included in these annual financial statements.

Donations are recognised in the financial statements if proof of entitlement is available.

Donations received but not yet utilised are reported under trade payables as "Donations received in advance".

Advances to project partners are recognised under trade receivables as trade payables.

"Advances to partners" are recognised. Accordingly, donation allocations used for these advances are reclassified within trade payables from "Donation funding received in advance" to "Liabilities to donors".

Expenses are recognised in the profit and loss account if proof of the costs incurred is available. Expenses for advances to project partners are only recognised as expenses if WIN receives proof of the expenses in the form of project reports, original receipts or other relevant evidence.

"Donation income" is recognised in the income statement,

- (a) if the authorisation can be proven and there are no restrictions on the use of funds ("free" funds) or
- (b) in accordance with the expenses incurred for project-related grants, which have been fully documented and submitted ("earmarked" funds).

To improve the clarity and informative value of the balance sheet, in previous years

- (a) Expenses recognised in other expenses for services provided by consultants and donations passed on to partners in the cost of materials
 - (b) Receivables from lenders and partners recognised in other assets are included in trade receivables.
 - (c) Liabilities to lenders and partners recognised in other liabilities in previous years in trade payables
- rebooked.

III. NOTES TO THE BALANCE SHEET

Assets

1. Fixed assets

The development of the individual fixed asset items is shown in the statement of changes in fixed assets, which is attached to these notes.

2. Current assets

2.1 Inventories

Services for service orders that have not yet been invoiced are capitalised here (work in progress); profit components are not included here.

2.2 Receivables from goods and services

Advances to partners and receivables from donors are recognised under trade receivables. The receivable from the Dutch Ministry of Foreign Trade and Development Cooperation (DGIS) for the remaining payment from a terminated funding programme was settled in the reporting year; receivables from the sponsors Swedish International Development Cooperation Agency (SIDA) and Swiss Agency for Development and Cooperation (SDC) are reported as at 31 December 2023. This is due to an agreed later payment of an annual tranche or the end of the funding programme.

The position is made up as follows:

	2023	2022
CESPAD, Kenya	12.407 €	4.407 €
Coalition Burkina Faso		372 €
DORP, Bangladesh	2.972 €	2.972 €
PNE Benin		77 €
Neighbours Initiative Alliance (NIA), Kenya	19.687 €	6.081 €
KEWASNET, Kenya	14.810 €	17.262 €
KWAHO, Kenya	13.458 €	
ControlaTuGobierno, Mexico	29.278 €	
Cap-Net		
CantroAzul	18.192 €	9.000 €
CoST		15.238 €
DGIS 2017-2022		75.142 €
SIDA 2022-2025	205.250 €	
SDC Core 2020-2023	46.014 €	
Total	362.068 €	130.551 €

Trade receivables have a remaining term of less than one year.

2.3 Other assets

Other assets include advances to employees for reimbursement of relocation costs, a rental deposit and security for a credit card.

	2023	2022
Advances to employees	10.152 €	1.209 €
Collateral	13.005 €	13.005 €
Other receivables	10 €	1.986 €
Total	23.167 €	16.200 €

2.4 Cash and cash equivalents

This item includes cash on hand and bank balances.

	2023	2022
Cash in hand	403 €	49 €
General EUR 00	790.057 €	924.711 €
USD account	32.631 €	100.129 €
SDC EUR 04	10.000 €	460.000 €
Umweltbank Macherkonto	209.083 €	209.303 €
Total	1.042.174 €	1.694.192 €

Cash and cash equivalents are offset in particular by donations received in advance and reserves.

2.5 Accrued income and prepaid expenses

This item includes licence fees paid in advance, insurance premiums and air travel relating to 2024 (EUR 5 thousand in 2023 and EUR 2 thousand in the previous year).

Liabilities

3. Statement of changes in equity

The association's equity developed as follows in the reporting year:

	2023	2022
Association capital	19.405 €	19.405 €
Capital reserves	481.320 €	481.320 €
Winning day	57.553 €	51.920 €
Net income for the year	5.883 €	5.633 €
Total	564.161 €	558.278 €

4. Provisions

The provisions include the following items:

	2023	2022
Holidays and other RSt. for staff	26.835 €	34.817 €
Employer's liability insurance association and KSK	2.646 €	1.717 €
Preparation of the annual financial statements	4.651 €	4.581 €
Operating cost accounting	9.000 €	9.000 €
Audit of the annual financial statements	10.000 €	9.000 €
Archiving and dismantling	5.029 €	2.999 €
Tax provision	465 €	262 €
Expected incoming invoice		15.238 €
Total	58.626 €	77.614 €

5. Liabilities from deliveries and services

The trade payables item is made up as follows:

	2023	2022
Donations received in advance	725.689 €	1.056.326 €
Liabilities to donors - Partner advances	110.804 €	40.170 €
Towards employees and members		
Liabilities to project partners	10.072 €	23.910 €
Towards others	58.952 €	120.577 €
Total	905.517 €	1.240.983 €

The donations received in advance break down as follows:

	2023	2022
NewVentureFund	176.330 €	91.424 €
SDC core 2021-2023		18.750 €
SIDA 2022-2025		233.210 €
Hewlett	293.855 €	672.533 €
Vitol Foundation	250.661 €	
GIZ	1.562 €	40.409 €
Other	3.281 €	
Total	725.689 €	1.056.326 €

Note: if the expenses exceed the grants received in advance, a receivable from the sponsor is recognised, see **2.2 Trade receivables**.

As in the previous year, all trade payables have a remaining term of less than one year.

6. Other liabilities

The other liabilities item is made up as follows:

	2023	2022
Value added tax	3.285 €	13.549 €
Liabilities to social security organisations	988 €	929 €
Liabilities from wage and church taxes	9.905 €	10.133 €
Total	14.178 €	24.611 €

As in the previous year, all other liabilities have a remaining term of less than one year.

IV NOTES TO THE INCOME STATEMENT

1. Income from grants

The income generated from donations from our sponsors is made up as follows:

	2023	2022
DGIS 2017-2022		268.691 €
GIZ	38.847 €	171.184 €
SIDA 2022-2025	478.629 €	294.302 €
SDC Core 2020-2023	183.960 €	350.538 €
Hewlett	363.095 €	364.415 €
newventurefund	52.392 €	53.991 €
Vitol Foundation	21.424 €	
Other	9.159 €	
Shopping portals	33 €	25 €
Total	1.147.539 €	1.503.146 €

2. Other sales (services division)

At EUR 114 thousand, income from the services division in the reporting year was below the previous year's level (EUR 203 thousand).

3. Increase or decrease in inventories of finished goods and work in progress

As at 31 December 2023, unbilled services for service orders (work in progress) were capitalised in the amount of € 55 thousand. In 2022, on the other hand, inventories totalling € 25 thousand were reversed and invoiced through profit or loss.

4. Other operating income

Other operating income is made up of the following items:

	2023	2022
Income from currency translation	29.929 €	23.939 €
Reimbursements under the German Equalisation of Expenses Act	5.695 €	7.864 €
Withdrawal from capital reserves		
Other	199 €	1.985 €
Total	35.823 €	33.788 €

5. Cost of purchased services

Expenses from donations to partner organisations and for services provided by consultants as part of the association's activities amounted to EUR 319 thousand in the financial year, compared to EUR 694 thousand in the previous year. The expenses are broken down as follows:

	2023	2022
Funding for partner organisations	46.725 €	242.054 €
Consultancy costs	269.160 €	448.593 €
Other services	2.762 €	3.122 €
Total	318.647 €	693.769 €

The decrease in **funding awarded to partner organisations** is largely due to the fact that the term of the underlying contracts extends beyond the end of 2023. The expenses may then only be recognised in 2024 on the **basis of the results of an external audit carried out after the end of the project**.

6. Personnel expenses

Personnel expenses amounted to EUR 811 thousand in the financial year, of which EUR 5 thousand is attributable to pension provisions (2022: EUR 816 thousand, of which EUR 5 thousand for pension provisions).

7. Depreciation and amortisation

Depreciation of fixed assets fell to EUR 10 thousand in the financial year after EUR 12 thousand in the previous year, see also the statement of changes in fixed assets at the end of the notes.

8. Other operating expenses

Other operating expenses amounted to EUR 206 thousand in the reporting year compared to EUR 187 thousand in 2022. The main reason for the increase is the renewed increase in travel activity after the COVID pandemic subsided. The breakdown of these costs is as follows

	2023	2022
Consultancy and audit costs	19.019 €	8.353 €
Publications	11.760 €	7.313 €
Travelling expenses	74.171 €	50.101 €
Office costs	56.250 €	66.012 €
Miscellaneous other expenses	44.465 €	39.425 €
Currency conversion	459 €	16.501 €
Total	206.124 €	187.705 €

9. Net income for the year

Net profit for 2023 totalled EUR 5.883 after EUR 5.633 in the previous year.

V. OTHER INFORMATION

The Water Integrity Network (WIN) promotes integrity in water and sanitation to reduce corruption risks and improve service delivery. Our aim is to contribute to the realisation of the human right to water and sanitation and the sustainable and equitable use of water resources in the face of climate change, increasing competition and other threats.

WIN supports organisations at all levels in the development and implementation of integrity management plans to improve service delivery.

The organisation works with partners at global and regional levels to advance the integrity agenda and take a pro-poor approach that benefits those who have been left behind.

WIN explores the impact of lack of integrity, the dynamics of corruption and the levers to improve integrity in the water and sanitation sector.

To fulfil its mission, WIN pursues strategic objectives related to **advocacy, networking, partnerships, country and regional programmes, capacity building, knowledge management, tools and methodologies**, and as such are included in its budget by the General Assembly.

1. Expenses compared to the 2023 budget

The following table shows how the costs for 2023 are distributed across the various organisational goals.

1. Expenses against budget by work area

	Budget adopted by the GA 11/2022	Revised budget adopted by the Supervisory Board 08/2023	DGIS	SDC Core	Sida	Hewlett	NVF	Vitol	GIZ	Other donors	Service	Total expenditure	Deviation from budget 11/2022	Deviation budget 08/2023
O1: Knowledge & Leadership	377,875 €	289,875 €	0 €	8,654 €	156,373 €	56,788 €	1,344 €	4,422 €	0 €	9,159 €	0 €	236,740 €	-141,135 €	-53,135 €
<i>Tools</i>	79,125 €	39,126 €			1,800 €	39,622 €	299 €	43 €				41,764 €	-37,361 €	2,638 €
<i>Research & Evidence</i>	132,375 €	107,125 €		7,158 €	87,039 €		1,045 €				0 €	95,242 €	-37,133 €	-11,883 €
<i>Capacity Building & Knowledge Man.</i>	72,375 €	42,124 €		1,496 €	44,139 €			4,379 €		9,159 €		59,173 €	-13,202 €	17,049 €
<i>Comms support</i>	94,000 €	101,500 €			23,395 €	17,166 €						40,561 €	-53,439 €	-60,939 €
O2: Country Programmes	368,375 €	433,626 €	0 €	0 €	52,919 €	131,654 €	1,631 €	17,002 €	0 €	0 €	16,505 €	219,711 €	-148,664 €	-213,915 €
<i>South (East)-Asia</i>	99,250 €	167,375 €			13,822 €	40,238 €	1,631 €	17,002 €				72,693 €	-26,557 €	-94,682 €
<i>East Africa</i>	138,000 €	149,063 €			178 €	61,555 €					16,505 €	78,238 €	-59,762 €	-70,825 €
<i>Latin America</i>	105,125 €	94,125 €			5,621 €	29,861 €						35,482 €	-69,643 €	-58,643 €
<i>General Country Support</i>	14,250 €	13,313 €			27,792 €							27,792 €	13,542 €	14,479 €
<i>Comms support</i>	11,750 €	9,750 €			5,506 €							5,506 €	-6,244 €	-4,244 €
O3: Regional & Global Prog.	207,975 €	176,850 €	0 €	1,559 €	34,607 €	167,331 €	0 €	0 €	0 €	0 €	0 €	203,497 €	-4,478 €	26,647 €
<i>Cross-cutting Awareness Raising & Advocacy</i>	98,625 €	76,500 €		1,559 €	7,512 €	71,858 €						80,929 €	-17,696 €	4,429 €
<i>Integrity & Service Delivery</i>	28,125 €	18,375 €			11,236 €							11,236 €	-16,889 €	-7,139 €
<i>Awareness Raising</i>	31,000 €	40,375 €			13,307 €							13,307 €	-17,693 €	-27,068 €
<i>Network</i>	21,975 €	19,725 €				36,252 €						36,252 €	14,277 €	16,527 €
<i>Comms support</i>	28,250 €	21,875 €			2,552 €	59,221 €						61,773 €	33,523 €	39,898 €
O4: Tools, Services & Assessments.	448,400 €	351,215 €	0 €	1,147 €	37,377 €	7,322 €	49,416 €	0 €	38,847 €	0 €	146,178 €	280,287 €	-168,113 €	-70,928 €
<i>Tools Promotion</i>	13,375 €	12,813 €		726 €		7,322 €						8,048 €	-5,327 €	-4,765 €
<i>Trainings & Online Courses</i>	21,250 €	14,500 €			14,981 €							14,981 €	-6,269 €	481 €
<i>Services & Assessments</i>	385,025 €	295,152 €			4,698 €		49,416 €		38,847 €		146,178 €	239,139 €	-145,886 €	-56,013 €
<i>Comms support</i>	28,750 €	28,750 €		421 €	17,698 €							18,119 €	-10,631 €	-10,631 €
O5: Governance & Management	462,875 €	523,815 €	0 €	172,600 €	197,353 €	0 €	0 €	0 €	0 €	0 €	0 €	369,953 €	-92,922 €	-153,862 €
<i>Management</i>	338,125 €	310,502 €		147,172 €	30,619 €							177,791 €	-160,334 €	-132,711 €
<i>Governance</i>	14,750 €	17,500 €		21,447 €	19,790 €							41,237 €	26,487 €	23,737 €
<i>HR</i>	49,125 €	135,313 €		3,888 €	87,847 €							91,735 €	42,610 €	-43,578 €
<i>Fundraising</i>	55,000 €	54,625 €		93 €	52,215 €							52,308 €	-2,692 €	-2,317 €
<i>Comms support</i>	5,875 €	5,875 €			6,882 €							6,882 €	1,007 €	1,007 €
Total	1,865,500 €	1,775,381 €	0 €	183,960 €	478,629 €	363,095 €	52,391 €	21,424 €	38,847 €	9,159 €	162,683 €	1,310,188 €	-555,312 €	-465,193 €

2. Expenses by cost type compared to budget

Type of expenditure in EUR	Budget	Expenditure	Difference
Consultant	550.600 €	271.922 €	-278.678 €
Partner	375.900 €	46.725 €	-329.175 €
Publications	30.000 €	11.760 €	-18.240 €
WIN Travel expenses	25.000 €	74.171 €	49.171 €
WIN Office costs and other related expenses Expenditure	76.900 €	119.734 €	42.834 €
WIN Personnel	795.600 €	811.200 €	15.600 €
Amortisation	11.500 €	9.821 €	-1.679 €
Currency conversion invoice		460 €	460 €
Taxes		388 €	388 €
Income in work areas posted		-35.993 €	-35.993 €
Total	1.865.500 €	1.310.188 €	-555.312 €

The budget for 2023, which was approved by the General Assembly in November 2022, was based on the new strategy with an expansion to four sub-goals and the area of governance and management. The planned total expenditure of € 1.865 million was based on the previous year and the available funding. The budget was adjusted once again in August 2023. Actual expenditure in the reporting year fell to € 1.310 million.

However, this was significantly lower than both budget estimates. While expenditure for the organisation remained within the planned range, expenditure in the operational area fell significantly short of the budget estimates, with some of the funding passed on to partner organisations only being postponed to 2024. Overall, however, it became apparent that the implementation of the new strategy, with some changes in work priorities and the subsequent commissioning of consultancy services, was slower than hoped. In addition, personnel changes also contributed to the delays.

3. Development of donation advances by donor

in EUR	DGIS	SDC Core	Hewlett	SIDA	NVF	Vitol	GIZ	Other	Service	Total
Initial stock	-75,142 €	18,750 €	672,534 €	233,210 €	91,424 €	0 €	40,410 €		0 €	981,186 €
Advance payments to partners				40,170 €						40,170 €
Payments received - deposits	75,000 €	230,000 €			142,647 €	277,585 €		12,440 €	113,883 €	851,555 €
Repayments										0 €
Expenditure		-183,960 €	-363,095 €	-478,629 €	-52,391 €	-21,424 €	-38,847 €	-9,159 €	-162,678 €	-1,310,183 €
Advance payments to partners		-110,804 €								-110,804 €
Currency conversion			-15,584 €		-5,351 €	-5,500 €				-26,435 €
Interest										0 €
Presentation of results and work in progress	142 €								48,795 €	48,937 €
Lecture into the next year	0 €	-46,014 €	293,855 €	-205,249 €	176,329 €	250,661 €	1,562 €	3,281 €	0 €	474,425 €

VI Other legal information

1. Personnel

The average number of employees during the financial year was 13, of which 12 were permanent employees and 1 was an intern.

2. Bodies of the company

The **Executive Board** will consist of in 2023:

Mrs Barbara Schreiner, Berlin

On 31 October 2023, **Mr Ivan Zupan** was entered in the Berlin-Charlottenburg register of associations as a special representative in accordance with Section 30 BGB.

The **Supervisory Board** is composed as follows:

Letitia Obeng, Washington D.C., Chairwoman of the Supervisory Board,

retired Dick van Ginhoven, Delft, Consultant; *until November 2023*;

Ingeborg Krukkert, The Hague, Senior Sanitation and Hygiene Specialist, IRC WASH; *from December 2023*

Peter Conze, Berlin, pensioner

Alana Potter, Johannesburg, International Co-ordinator of End Water Poverty; Senior Manager - Research and Training Human Rights Watch (new position from September 2023)

Robert Gakubia, Nairobi, WASREB

3. Proposed appropriation of earnings

The Executive Board proposes that the net profit for the year be carried forward to new account.

Berlin, 31 May 2024

Water Integrity Network Association e. V.

Barbara Schreiner, Board of Directors

Development of fixed assets in the 2023 financial year

					ACCUMULATED AMORTISATION AND DEPRECIATION				NET BOOK VALUES	
	1 Jan. 2023 EUR	Additions EUR	Disposals EUR	31. Dec. 2023 EUR	1 Jan. 2023 EUR	Additions EUR	Disposals EUR	31. Dec. 2023 EUR	31 Dec. 2023 EUR	31 Dec. 2022 EUR
INTANGIBLE ASSETS										
Concessions acquired against payment, commercial										
Industrial property rights and similar rights and assets as well as licences to such rights and assets	7.642,42	3.370,08	0,00	11.012,50	7.141,42	788,08	0,00	7.929,50	3.083,00	501,00
	<u>7.642,42</u>	<u>3.370,08</u>	<u>0,00</u>	<u>11.012,50</u>	<u>7.141,42</u>	<u>788,08</u>	<u>0,00</u>	<u>7.929,50</u>	<u>3.083,00</u>	<u>501,00</u>
Tangible Assets										
Technical equipment and machinery	42.371,82	1.952,72	0,00	44.324,54	34.989,82	2.943,72	0,00	37.933,54	6.391,00	7.382,00
Other equipment, operating and office equipment	72.700,39	1.289,70	823,00	73.167,09	21.868,39	6.089,70	0,00	27.958,09	45.209,00	50.832,00
	<u>115.072,21</u>	<u>3.242,42</u>	<u>823,00</u>	<u>117.491,63</u>	<u>56.858,21</u>	<u>9.033,42</u>	<u>0,00</u>	<u>65.891,63</u>	<u>51.600,00</u>	<u>58.214,00</u>
Financial Investments										
	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	<u>122.714,63</u>	<u>6.612,50</u>	<u>823,00</u>	<u>128.504,13</u>	<u>63.999,63</u>	<u>9.821,50</u>	<u>0,00</u>	<u>73.821,13</u>	<u>54.683,00</u>	<u>58.715,00</u>

OPINION OF THE INDEPENDENT AUDITOR

To the Water Integrity Network e.V., Berlin

Audit opinion

We have audited the annual financial statements of Water Integrity Network e.V., Berlin, which comprise the balance sheet as at 31 December 2023 and the income statement for the financial year from 1 January to 31 December 2023 and the notes to the financial statements, including a description of the accounting and valuation methods.

In our opinion, based on the findings of our audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Association as at 31 December 2023 and of its financial performance for the financial year from 1 January 2023 to 31 December 2023 in compliance with German Legally Required Accounting Principles.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the audit opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the association in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or error) or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the association's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there are factual or legal circumstances to the contrary.

The Supervisory Board is responsible for overseeing the association's financial reporting process for the preparation of the annual financial statements.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a 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 users taken on the basis of these annual financial statements.

During the audit, we exercise professional judgement and maintain professional scepticism. In addition

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to be able to continue as a going concern.
- 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 the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the association in compliance with German Legally Required Accounting Principles.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, 11 June 2024

dhpg Berlin GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Volkmer
Wirtschaftsprüferin

Müller
Wirtschaftsprüfer

General Terms and Conditions of Contract

for

Auditors and auditing companies

from 1 January 2017

DokID:

1. Scope of application

- (1) The Engagement Terms apply to contracts between German Public Auditors or audit firms (hereinafter collectively referred to as "German Public Auditors") and their clients for audits, tax advice, advice on business matters and other engagements, unless otherwise expressly agreed in writing or required by law.
- (2) Third parties may only derive claims from the contract between the auditor and the client if this is expressly agreed or results from mandatory statutory provisions. With regard to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the order

- (1) The object of the contract is the agreed service, not a specific commercial outcome. The engagement is carried out in accordance with the principles of proper professional practice. The German Public Auditor does not assume any management tasks in connection with his services. The German Public Auditor is not responsible for the utilisation or implementation of the results of his services. The German Public Auditor is authorised to use the services of experts to carry out the engagement.
- (2) The consideration of foreign law requires - except in the case of business audits - an express written agreement.
- (3) If the factual or legal situation changes after the final professional statement has been issued, the German Public Auditor is not obliged to draw the client's attention to the changes or the resulting consequences.

3. Obligations of the client to co-operate

- (1) The client must ensure that the German Public Auditor is provided in a timely manner with all documents and other information necessary for the performance of the engagement and that he is informed of all processes and circumstances that may be of significance for the performance of the engagement. This also applies to documents and other information, processes and circumstances that only become known during the work of the German Public Auditor. The client shall nominate suitable persons to provide information to the auditor.
- (2) At the auditor's request, the client must confirm the completeness of the documents submitted and the other information as well as the information and explanations provided in a written declaration formulated by the auditor.

4. Safeguarding independence

- (1) The client must refrain from doing anything that jeopardises the independence of the Wirtschaftsprüfer's employees. For the duration of the engagement, this applies in particular to offers of employment or the assumption of board functions and to offers to take on engagements for the client's own account.
- (2) If the performance of the engagement impairs the independence of the German Public Auditor, his affiliated companies, his network companies or those companies associated with him to which the independence provisions apply in the same way as to the German Public Auditor in other engagements, the German Public Auditor is entitled to extraordinary termination of the engagement.

5. Reporting and verbal information

Insofar as the German Public Auditor is required to present results in writing in the course of the engagement, this written presentation alone is authoritative. Drafts of written presentations are non-binding. Unless otherwise agreed, oral statements and information provided by the German Public Auditor are only binding if they are confirmed in writing. Statements and information provided by the German Public Auditor outside the scope of the engagement are always non-binding.

6. Disclosure of a professional statement by the auditor

- (1) The disclosure of the German Public Auditor's professional statements (work results or excerpts of work results - whether in draft or final form) or information about the German Public Auditor's work for the client to a third party requires the German Public Auditor's written consent, unless the client is obliged to disclose or provide information by law or by order of a public authority.
- (2) The use of the German Public Auditor's professional statements and information about the German Public Auditor's work for the client for advertising purposes by the client is not permitted.

7. Remedy of defects

- (1) In the event of any defects, the client is entitled to subsequent fulfilment by the Wirtschaftsprüfer. Only in the event of failure, omission or unjustified refusal, unreasonableness or impossibility of subsequent fulfilment may he reduce the remuneration or withdraw from the contract; if the engagement has not been placed by a consumer, the client may only withdraw from the contract due to a defect if the service rendered is of no interest to him due to failure, omission, unreasonableness or impossibility of subsequent fulfilment. Insofar as claims for damages exist beyond this, No. 9 shall apply.
- (2) The claim for rectification of defects must be asserted by the client immediately in text form. Claims under paragraph 1 that are not based on an intentional act shall become time-barred one year after the statutory limitation period begins.
- (3) Obvious inaccuracies, such as typographical errors, calculation errors and formal deficiencies contained in a professional statement (report, expert opinion and the like) of the auditor can be corrected by the auditor at any time, also vis-à-vis third parties. Inaccuracies that are likely to call into question the results contained in the auditor's professional statement entitle the auditor to withdraw the statement, also vis-à-vis third parties. In the aforementioned cases, the engagement partner must be heard by the German Public Auditor in advance if possible.

8. Duty of confidentiality towards third parties, data protection

- (1) In accordance with the law (Section 323 (1) HGB, The auditor is obliged under § 43 WPO, § 203 StGB) to maintain secrecy about facts and circumstances that are entrusted to him or become known to him in the course of his professional activity, unless the client releases him from this duty of confidentiality.
- (2) When processing personal data, the auditor will comply with national and European data protection regulations.

9. Liability

- (1) For legally prescribed services of the auditor, in particular audits, the applicable statutory limitations of liability apply, in particular the limitation of liability under Section 323 (2) HGB.
- (2) If neither a statutory limitation of liability applies nor an individual contractual limitation of liability exists, the auditor's liability for claims for damages of any kind, with the exception of damages resulting from injury to life, limb and health, as well as damages that give rise to a manufacturer's obligation to pay compensation in accordance with Section 1 ProdHaftG, is limited to € 4 million in the event of negligently caused individual damages in accordance with Section 54a (1) No. 2 WPO.
- (3) The auditor is also entitled to defences and objections arising from the contractual relationship with the client vis-à-vis third parties.
- (4) If several claimants derive claims from the contractual relationship with the German Public Auditor due to a negligent breach of duty by the German Public Auditor, the maximum amount specified in para. 2 shall apply to the respective claims of all claimants in total.

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(5) A single case of damage within the meaning of para. 2 is also given with regard to a uniform damage resulting from several breaches of duty. The individual case of damage includes all consequences of a breach of duty irrespective of whether damage occurred in one or several consecutive years. Multiple acts or omissions based on the same or similar source of error are deemed to be a single breach of duty if the matters in question are legally or economically related to each other. In this case, the auditor can only be held liable up to an amount of €5 million. The limit of five times the minimum sum insured does not apply to statutory audits.

(6) A claim for damages shall lapse if no action is brought within six months of the written refusal of compensation and the client has been informed of this consequence. This shall not apply to claims for damages which are attributable to wilful conduct or in the event of culpable injury to life, limb or health or in the event of damage which gives rise to a manufacturer's obligation to pay compensation in accordance with Section 1 of the German Product Liability Act (ProdHaftG). The right to assert the defence of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the client subsequently amends the financial statements or management report audited by the auditor and provided with an auditor's report, it may not continue to use this auditor's report.

If the auditor has not issued an audit opinion, a reference to the audit carried out by the auditor in the management report or in another place intended for the public is only permissible with the written consent of the auditor and with the wording authorised by the auditor.

(2) If the auditor revokes the audit opinion, the audit opinion may no longer be used. If the client has already used the auditor's report, it must disclose the revocation at the auditor's request.

(3) The client is entitled to five copies of the report. Additional copies will be invoiced separately.

11. Supplementary provisions for assistance in tax matters

(1) The German Public Auditor is authorised, both in the case of advice on individual tax issues and in the case of ongoing advice, to take the facts stated by the client, in particular figures, as correct and complete; this also applies to accounting engagements. However, he must point out to the client any inaccuracies he discovers.

(2) The tax advisory engagement does not include the actions required to meet deadlines, unless the German Public Auditor has expressly accepted the engagement for this purpose. In this case, the client must submit to the German Public Auditor all documents essential for meeting deadlines, in particular tax assessment notices, in good time so that the German Public Auditor has a reasonable amount of time to process them.

(3) In the absence of a written agreement to the contrary, ongoing tax advice includes the following activities falling within the term of the contract:

- a) Preparation of annual tax returns for income tax, corporation tax and trade tax as well as wealth tax returns, based on the annual financial statements to be submitted by the client and other statements and evidence required for taxation purposes
- b) Review of tax assessments for the taxes mentioned under a)
- c) Negotiations with the tax authorities in connection with the declarations and notices mentioned under a) and b)
- d) Participation in tax audits and evaluation of the results of tax audits with regard to the taxes mentioned under a)
- e) Participation in objection and appeal proceedings with regard to the taxes mentioned under a).

In performing the aforementioned tasks, the auditor takes into account the main published case law and administrative opinions.

(4) If the auditor receives a fixed fee for ongoing tax advice, the activities mentioned in paragraph 3 letters d) and e) are to be honoured separately unless otherwise agreed in writing.

(5) If the auditor is also a tax advisor and the Tax Advisor Remuneration Ordinance is applicable for the assessment of the remuneration, a higher or lower remuneration than the statutory remuneration can be agreed in text form.

(6) The handling of special individual issues relating to income tax, corporation tax, trade tax, unitary valuation and property tax as well as all issues relating to VAT, wage tax, other taxes and duties is carried out on the basis of a special mandate. This also applies to

- a) the processing of one-off tax matters, e.g. in the area of inheritance tax, capital transfer tax, real estate transfer tax,
- b) Participation and representation in proceedings before the courts of first and administrative jurisdiction as well as in criminal tax matters,
- c) providing advice and expert opinions in connection with conversions, capital increases and reductions, reorganisation, entry and exit of a shareholder, sale of a business, liquidation and the like, and
- d) support in the fulfilment of reporting and documentation obligations.

(7) Insofar as the preparation of the annual VAT return is also undertaken as an additional activity, this does not include the review of any special accounting requirements or the question of whether all possible VAT benefits have been utilised. No guarantee is given for the complete recording of the documents for the assertion of the input tax deduction.

12. Electronic communication

Communication between the German Public Auditor and the client may also take place by e-mail. If the client does not wish to communicate by e-mail or has special security requirements, such as the encryption of e-mails, the client shall inform the German Public Auditor accordingly in text form.

13. Remuneration

(1) In addition to his fee claim, the German Public Auditor is entitled to reimbursement of his expenses; VAT is charged additionally. The German Public Auditor may demand reasonable advances on remuneration and reimbursement of expenses and make the delivery of his services dependent on the full satisfaction of his claims. Several clients shall be jointly and severally liable.

(2) If the client is not a consumer, offsetting against the Wirtschaftsprüfer's claims for remuneration and reimbursement of expenses is only permitted with undisputed or legally established claims.

14. Dispute settlements

The auditor is not prepared to participate in dispute resolution proceedings before a consumer arbitration board within the meaning of Section 2 of the German Consumer Dispute Resolution Act (Verbraucherstreitbeilegungsgesetz).

15. Applicable law

Only German law shall apply to the order, its execution and the resulting claims.