



*Union of Mediterranean Confederations
of Entreprises*
UMCE-BUSINESSMED

AUDIT REPORT

FOR THE YEAR ENDING DECEMBER 31st, 2019

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AUDITOR'S REPORT

To the kind attention members of
Union of Mediterranean Confederations of Entreprises
UMCE- BUSINESSMED

Report on the audit of the financial statements

Qualified Opinion

In compliance with the assignment entrusted to us, we have audited the financial statements of UMCE-BUSINESSMED, which comprise the balance sheet at December 31st, 2019, the income statement, statement of cash flow for the end of the year, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of UMCE-BUSINESSMED at December 31st, 2019 and its financial performance and its cash flows for the end of the year in accordance with the Tunisian Accounting Standards.

Basis of Qualified Opinion

The unpaid contributions prior to 2017 amounts 139 500 euros at December 31st, 2019. Given the anteriority of these receivables, a provision for an amount of 139 500 euros should be booked.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and have fulfilled our other responsibilities under those relevant ethical requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the establishment and the presentation of the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Tunisian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of Financial Statements

The objectives of our audit 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the 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 for one 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 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate to those responsible of governance the expected scope and timing of the audit work and our material findings, including any significant deficiency in the internal control we may have identified during our audit.

Report on legal and regulatory requirements

As part of our mission, we have also carried out the specific verifications required by the Tunisian Law.

We conducted an audit of the effectiveness of the internal control system. Based on our review, we have not identified any major deficiencies that could impact our opinion on the financial statements. Our management letter has been communicated to the steering committee of Businessmed.

P/Tunisie Audit et Conseil
member of Grant Thornton International

EI Moez BEN AMOR

Tunis, July 21th, 2020



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FINANCIAL STATEMENTS

Balance sheet
as on December 31st
Expressed in euro

	Notes	2019	2018
<u>ASSETS</u>			
Cash and cash equivalents	III.1	1 717 118	868 868
Tangible assets	III.2	71 793	70 736
<i>Accumulated depreciation</i>		(55 994)	(47 451)
Intangible Assets	III.3	21 419	5 991
<i>Accumulated depreciation</i>		(6 152)	(5 991)
Financial Assets	III.4	6 343	6 343
Receivables from Confederations	III.5	150 500	142 500
Other Current Assets		0	19 955
<u>TOTAL ASSETS</u>		1 905 028	1 060 951
<u>LIABILITIES</u>			
Suppliers and related accounts		60	1 890
Other current liabilities	III.6	82 142	88 853
Deferred contributions	III.7	1 663 279	800 911
<u>Total LIABILITIES</u>		1 745 481	891 654
<u>NET ASSETS</u>			
Contributions to capital assets		9 880	9 880
Peported Results		159 418	235 919
Result of the year		(9 751)	(76 502)
<u>TOTAL NET ASSETS</u>		159 547	169 297
<u>TOTAL NET ASSETS AND LIABILITIES</u>		1 905 028	1 060 951

Income Statement
for the year ending on December 31st
Expressed in euro

	Notes	2019	2018
OPERATING INCOME			
Contributions of the members	IV.1	70 953	80 000
Projects Funding	IV.2	736 755	499 420
Other gains	IV.3	35 693	27 252
Total OPERATING INCOME		843 401	606 672
OPERATING EXPENSES			
Purchases	IV.4	4 100	6 983
Payroll	IV.5	346 760	286 196
Depreciations and provisions	IV.6	8 820	9 117
Current expenses	IV.7	497 519	381 184
Financial expenses		(4 047)	(306)
TOTAL OPERATING EXPENSES		853 152	683 174
NET RESULT OF THE YEAR		(9 751)	(76 502)

Cash Flow Statement
for the year ending December 31st
Expressed in euro

	2019	2018
Cash flows from operating activities		
Result of the year	(9 751)	(76 502)
Adjustments for :		
Depreciations and provisions	8 703	9 117
Variations of receivables from confederations	(8 000)	0
Variations of other current assets	19 955	(15 270)
Suppliers and other current debts	(8 540)	195 724
Net Cash flow from operating activities	2 367	113 069
Cash flows allocated to investments activities		
Acquisition of tangible assets	(1 057)	(16 994)
Acquisition of intangible assets	(15 428)	0
Acquisition of financial assets	0	0
Cash received from financial assets	0	1 497
Cash flows related to investment activities	(16 485)	(15 496)
Cash flow from financing activities	862 368	606 673
Cash flows Variations	862 368	704 246
Cash and cash equivalent at the beginning of the year	868 868	164 622
Cash and cash equivalent at the end of the year	1 717 118	868 868

NOTES TO FINANCIAL STATEMENTS

I- Businessmed's Presentation

The Union of Mediterranean Confederations of Enterprises UMCE-BUSINESSMED, is an organization whose Headquarters is currently located in Tunis.

The objective of this organization is to establish institutionalized consultations between the professional organizations of the member countries, for the purpose of contributing to the implementation of a Euro-Mediterranean Free Trade Area.

II- Accounting references, principles and methods

The financial statements are expressed in euro and were prepared in accordance with the accounting agreements principles and procedures generally accepted in Tunisia

The accounting principles and methods adopted for the preparation of the financial statements are mainly the following:

II.1 Fixed Assets:

The Fixed assets are booked at historical costs converted in euro in reference with the acquisition date. Depreciation rates used are detailed as follows:

Vehicles	20%
General installations	10%
Furniture and office equipment	20%
Computer Software	33,33%

II.2 Contributions of members:

The contributions of the Confederations members are recorded when received.

III- Notes on the balance sheet

III.1 Cash and cash equivalents

The breakdown of the liquidities and liquidity equivalents is the following:

	<u>2019</u>	<u>2018</u>
Banks	1 716 192	868 463
Cash	926	405
Total	1 717 118	868 868

III.2 Tangible assets

The breakdown of tangible assets is the following:

	<u>2019</u>	<u>2018</u>
Transport Equipment	18 000	18 000
General installations	1 322	1 322
Office Equipment	29 754	29 754
Computer Equipment	22 718	21 661
Total	71 793	70 736
Depreciation	-55 994	-47 451
Net book value	15 800	23 285

III.3 Intangible assets

The breakdown of intangible assets is the following:

	<u>2019</u>	<u>2018</u>
Software	6 152	5 991
Intangible assets in progress	15 267	0
Total	21 419	5 991
Depreciation	-6 152	-5991
Net book value	15 267	0

III.4 Financial assets

The breakdown of the financial assets is the following:

	<u>2019</u>	<u>2018</u>
Rent security deposit	2 890	2 890
Other deposits	3 453	3 453
Total	6 343	7 841

III.5 Receivables from confederations

Receivables from Confederations amounts 150 500 euros as at December 31, 2019. It includes mainly unpaid contributions prior to 2017.

It's important to note that since 2017, contributions from members are recorded when received.

	<u>2019</u>	<u>2018</u>
Unpaid contributions prior to 2017	139 500	142 500
Confederation CGEA (*)	11 000	0
Total	150 500	142 500

(*): The contribution of CGEA was collected in 2020.

III.6 Other Current Liabilities

The Other Current Liabilities are detailed as follows:

	<u>2019</u>	<u>2018</u>
States of taxes and fees	10 092	6 720
Partners of EBSO project	8 722	0
Fees to pay to Eurochambers	0	567
Fees to pay to Master Class	0	18 071
Fees to pay to AIP-LISBOA Feiras Congresso	43 979	43 979
Contributions due to social organization (C N S S)	19 349	15 902
Accrued liabilities	0	3 614
Total	82 142	88 853

III.7 Deferred contributions of the projects

The breakdown of the deferred contributions of the projects is the following:

	<u>2019</u>
Deferred contributions of the project EBSOMED on 1 January 2019	800 911
Contributions received EBSOMED Project in 2019	1 649 699
Deduce: Share of expenses incurred during 2019 EBSOMED Project	(787 331)
Total	1 663 279

IV Notes related to the income statement

IV.1 Contributions of the members

From the year 2017, the contributions of the members are recognized at the payment date. The contributions collected are detailed per member as follows:

	<u>2019</u>	<u>2018</u>
CGEA Algeria	11 000	0
FEI Egypt	6 000	15 000
JCI Jordan	6 000	5 000
MEDEF INTERNATIONAL France	6 000	5 000
CGEM Morocco	6 000	5 000
Tusiad Turkey	6 000	10 000
Confindustria Italy	6 000	5 000
BDA Germany	6 000	10 000
PAEB Tunisia	6 000	5 000
CCIAB ML Lebanon	6 000	5 000
MEA Malt	5 953	5 000
AIP Portugal	0	10 000
OEB Cyprus	0	0
MAI Israel	0	0

ALI Lebanon	0	0
PFI Palestine	0	0
ICC Syria	0	0
UTICA Tunisia	0	0
Tisk Turquie	0	0
SEVE Greece	0	0
UNPM Mauritania	0	0
LECA Lebanon	0	0
CEOE Spain	0	0
SAE Serbia	0	0
Total	70 953	80 000

IV.2 Projects Funding

	<u>2019</u>	<u>2018</u>
EBSOMED Project funding	688 327	353 420
Solid Project funding	43 185	146 000
Euromed Project funding	5 243	0
Total	736 755	295 874

IV.3 Other gains

The breakdown of the other gains is the following:

	<u>2019</u>	<u>2018</u>
Reimbursement of Participants Project EBSOMED	31 609	11 339
Reimbursement Project Euromed	0	14 312
Rent's reimbursement Project SOLID	0	1 218
Various reimbursement	4 084	383
Total	35 693	27 252

IV. 4 Purchases

	<u>2019</u>	<u>2018</u>
Purchase of consumer articles	3 444	3 303
Purchase of Office Supplies	148	3 007
Other Purchases	508	673
Total	4 100	6 983

IV.5 Payroll

	<u>2019</u>	<u>2018</u>
Salaries and wage supplements	296 457	244 672
Social charges	50 303	41 524
Total	346 760	286 196

IV.6 Depreciation and provisions

	<u>2019</u>	<u>2018</u>
Depreciation of tangible and intangible assets	8 820	9 117
Total	8 820	9 117

IV.7 Current Expenses

	<u>2019</u>	<u>2018</u>
Remuneration for intermediaries and consulting fees	10 441	17 173
Advertising and Other current Expenses	51 909	42 835
Travel and Transportation	78 102	82 765
Reimbursement of Participants Project EBSOMED	160 283	
Missions and receptions	108 474	104 676
Expenses related to events	54 269	100 363
Maintenance and repairs	588	1 412
Post and telecom expenses	8 700	6 586
Banking services	1 559	1 438
Duties and taxes	4 309	3 357
Rental expenses	15 117	16 948
Other current expenses	3 768	3 630
Total	497 519	381 184