



**Independent Auditors' Report
issued on the
2017 Special Purpose Financial Information
of Robert Burns International Foundation**





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Independent Auditors' Report

To the Robert Burns International Foundation' Curatorium and donors

Opinion

We have audited the special purpose financial information of Robert Burns International Foundation ("the Foundation"), which comprise the balance sheet as at 31 December 2017, the statements of financial activities for the year then ended, and notes.

In our opinion, the accompanying special purpose financial information of the Foundation as at 31 December 2017 and for the year then ended is prepared, in all material respects, in accordance with the accounting policies as described in Note 3.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Special Purpose Financial Information section of our report. We are independent of the Foundation in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (hereinafter referred to as the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 3 to the special purpose financial information, which describes the basis of accounting and explains that the special purpose financial information is not the statutory financial statements of the Foundation. The special purpose financial information is prepared to provide reliable and useful financial information to the Foundation' Curatorium and donors. As a result, the special purpose financial information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Information

Management is responsible for the preparation of the special purpose financial information in accordance with accounting policies as described in Note 3, for determining the acceptability of the basis of accounting and for such internal control as management determines is necessary to enable the preparation of special purpose financial information that is free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial information, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Robert Burns International Foundation - 45 - 2017.12.31.





Auditors' Responsibilities for the Audit of the Special Purpose Financial Information

Our objectives are to obtain reasonable assurance about whether the special purpose financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing 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 this special purpose financial information.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial information, 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the special purpose financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

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.

Budapest, 4 July 2018

KPMG Hungária Kft.

Elek Votin
Partner



Robert Burns International Foundation

Financial statements as at and for the year ended 31 December 2017

(Expressed in Thousands of Pounds)

Statement of financial activities for the year ended 31 December 2017


	<u>Note</u>	<u>2017</u>	<u>2016</u>
Voluntary income			
Donations received	4	21 195	21 199
Other income	5	1 494	1 493
Total income		22 689	22 692
Expenses	7	8 356	8 893
Donations to hospitals and others	9	9 631	11 505
Net movement in funds for the year		4 702	2 294
Unrestricted funds at the beginning of the year		3 513	1 219
Unrestricted funds at the end of the year		8 215	3 513


Balance Sheet at 31 December 2017

		<u>31 December</u>	<u>1 December</u>
		<u>2017</u>	<u>2016</u>
Current assets			
Petty Cash		0	0
Cash at bank	10	13 453	24 283
Donations held by PayPal	11	514	33
Prepayments	11	370	528
Total assets		14 337	24 844
Less: Creditors and accruals	12	5 022	20 231
Total assets less current liabilities		9 315	4 613
Founder's capital and reserves			
Founder's Capital		1 100	1 100
Unrestricted funds		8 215	3 513
Total Founder's Capital and unrestricted funds		9 315	4 613

The accompanying notes on pages 2 to 8 form an integral part of these financial statements.

These financial statements were approved on 4 July 2018 and signed by:


Douglas Arnott
Chairman of the Curatorium


David Thompson
Member of the Curatorium

Robert Burns International Foundation

Notes to the 2017 financial statements

Note 1: Robert Burns International Foundation

Robert Burns International Foundation (in Hungarian: Robert Burns Nemzetközi Alapítvány) (“The Foundation”) is a non-profit organisation domiciled in Hungary. Its registered address is Bajza u. 54 em I A, 1062 Budapest.

The founder of the Foundation is Mr Zoltán Magyar. The governing body is a Curatorium which is chaired by Mr Douglas Arnott. The Foundation’s financial activities have consisted of raising donations, primarily through an annual supper in memory of the Scottish Poet Robert Burns, and the distribution of the surplus to hospitals and others, mainly in the form of cash grants for approved purposes.

Note 2: Financial Statements – Basis of preparation and presentation

The Foundation is required under Act C of 2000 on Accounting and Act CLXXV of 2011 on Non-Profit Organizations to prepare statutory financial statements each year. The Foundation’s statutory financial statements which are not required to be audited under the Act on Accounting, will be published on the official website of the Foundation, www.robert-burns-foundation.org, as prescribed by the Act on Non-Profit Organizations.

These financial statements have not been prepared in compliance with the Act and are not the Foundation’s statutory financial statements.

These financial statements have been prepared on the historical cost basis and in accordance with the accounting policies described in Note 3 for the purpose of presenting a summary of the financial activities undertaken by the Foundation during 2017 and its financial resources at 31 December 2017 in a format which management believes will meet the needs of members of the Curatorium and donors for reliable and useful financial information about the Foundation. A copy of these special purpose financial statements and the audit report thereon will be published on the Foundation website.

Note 3: Accounting Policies

Recognition of Income

Donations to the Foundation are voluntary and are recognised only when received.

The Burns Supper is held at the end of January each year. Donations received by the Foundation before 31 December which relate to the next January Supper are deferred (not included in the year they are received) and are recognised in the year when the Supper is held.

Other income is recognised when the Foundation is entitled to the amounts and there is certainty of receipt.

Recognition of expenses

Expenses are recognised when the liability is incurred.

Robert Burns International Foundation
Notes to the 2017 financial statements

Recognition of donations to hospitals and foundations

Donations made by the Foundation are generally recognised when the donation is disbursed except where a donation is received for a specific purpose. Donations received for a specific purpose are recognised at the time the donation is received. A corresponding liability is set up and any amount which has not yet been disbursed by the year end is recorded as a short term liability in the balance sheet.

Short term liabilities and accruals

Short term liabilities are stated at cost. Accruals represent liabilities incurred in the financial year for which invoices have not yet been received by the financial statement preparation date.

Functional currency and foreign exchange

The functional currency of the Foundation is the Hungarian Forint (HUF) and all amounts are presented in Thousand of Forint (THUF). Transactions in other currencies, primarily the Euro, are translated at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in Euro at the balance sheet date are translated at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Financial Activities.

Note 4: Donations received

a) Analysis of donations by type:

	<u>2017</u>	<u>2016</u>
	THUF	THUF
Burns Suppers		
Auctions	2,236	3,041
Suppers	16,125	14,793
Raffles	1,155	1,384
	<u>19,516</u>	<u>19,218</u>
Wine tasting event	182	0
Curling event	0	1,281
1% of Personal Income Tax	88	263
Other donations	1,409	437
	<u>21,195</u>	<u>21,199</u>
Total	21,195	21,199

Burns Suppers are held in late January. Donations for Burns Suppers exclude donations related to the supper to be held in the next year.

Robert Burns International Foundation
Notes to the 2017 financial statements

b) The principal donors in each year were:

	2017	2016
	THUF	THUF
Generali Biztosító Zrt.	5,850	0
Deloitte Zrt.	1,503	1,200
Sharon Ann McAleese	1,110	0
Janine Shors Young	855	715
Dr. Tóth Ádám Közjegyzői Iroda	783	0
Budapest Airport Zrt.	679	1,269
KPMG	560	0
PwC Magyarország Kft.	550	5,000
Peter John Roscoe	512	0
Woodbrook Group	507	0
	12,909	8,184
Donations below 500 THUF in aggregate	8,198	12,752
1% of Personal Income Tax	88	263
Total	21,195	21,199

Note 5: Other income

	2017	2016
	THUF	THUF
Bank interest	14	5
Foreign exchange gain	0	8
KPMG audit fee (see Note 7)	1,200	1,200
PwC accounting fee (see Note 7)	280	280
Total	1,494	1,493

Robert Burns International Foundation

Notes to the 2017 financial statements

Note 6: Business Income

The Foundation had no business income in 2017.

Note 7: Expenses

	<u>2017</u>	<u>2016</u>
	THUF	THUF
Burns Supper	5,739	5,620
Wine Tasting	90	0
Presentation in Manchester	776	826
Curling event	0	702
Audit fee	1,200	1,200
Bookkeeping fee	280	280
Financial and other costs	271	265
Total	<u>8,356</u>	<u>8,893</u>

KMPG is the auditor and PwC is the bookkeeper of the Foundation. They each provide their services free of charge. The value attributed to their services is included in expenses and is matched by equal amounts included in Other Income.

Note 8: Remuneration

No member of the Curatorium received any remuneration from the Foundation in 2017.

Robert Burns International Foundation
Notes to the 2017 financial statements

Note 9: Donations to hospitals and foundations

	<u>2017</u>	<u>2016</u>
	THUF	THUF
Donations given to:		
Semmelweis University (SOTE II), Tüzoltó Street, Budapest	3,541	7,914
Péterfy Sándor Street Hospital, Budapest	5,250	2,359
Hospital Foundation of Orosháza	0	616
Foundation for the Sick Childrens' Department, Gyulai Hospital	469	616
Pitypang Nursery	371	0
	<hr/>	<hr/>
Total of donations given	9,631	11,505
	<hr/> <hr/>	<hr/> <hr/>

Financial donations were given in 2017 to Semmelweis University (SOTE II) Tüzoltó Street, Péterfi Sándor Hospital and the Foundation for the Sick Childrens' Department, Gyulai Hospital for the purchase of medical devices. A washing and drying machine was purchased and donated to the Pitypang Nursery in Zabar.

Note 10: Cash at bank and petty cash

	<u>2017</u>	<u>2016</u>
	THUF	THUF
Raiffeisen Bank, HUF accounts	13,300	20,453
Raiffeisen Bank, EUR account	153	3,830
	<hr/>	<hr/>
Total	13,453	24,283
	<hr/> <hr/>	<hr/> <hr/>

The original currency amounts in the EUR account were: 12,313.86 EUR at 31 December 2016 and 492.31 EUR at 31 December 2017.

2,135 THUF of the amount in the Raiffeisen Bank HUF accounts at 31 December 2017 was held on behalf of another not-for-profit party (2016: 16,407 THUF) - see Note 13.

The Foundation has no Petty cash.

Robert Burns International Foundation
Notes to the 2017 financial statements

Note 11: Receivables and prepayments

	2017	2016
	THUF	THUF
Donations held by PayPal	514	33
Prepayments	370	528
Total	884	561

Note 12: Creditors and Accruals

	2017	2016
	THUF	THUF
Creditors	0	0
Deferred income (Accruals)	2,887	3,772
Held for other not-for-profit parties (see Note 13)	2,135	16,407
Accrued expenses	0	52
Total	5,022	20,231

Note 13: Funds held for other not-for-profit parties

At the time of the refugee crisis in Budapest in August 2015, the Foundation agreed that two groups of people who were raising money to provide services for the refugees could request donors to remit donations they wished to give to these groups to the Foundation's bank and PayPal accounts. This was because the groups were not able to open bank accounts themselves pending their registration as legal organisations. Donations received by the Foundation which were identified by donors as given in support of the two groups are treated by the Foundation as held in trust and not as the Foundation's own income. Neither the Founder nor any member of the Curatorium of the Robert Burns International Foundation are members of either of the two groups.

As neither of the two groups which had raised the funds had established legal organisations by 31 December 2016, the Foundation continued to hold 16,407 THUF on their behalf at that date. During 2017, the amount held on behalf of one of these parties was transferred to them. At 31 December 2017 the Foundation held 2,135 THUF due to the other party. This amount was transferred to that party in January 2018.

Robert Burns International Foundation
Notes to the 2017 financial statements

Note 14: Contingencies

The Foundation is exempt from taxation. The Hungarian tax authorities may inspect the books to ensure the conditions of this exemption have not been breached during the 6 years after the end of the related fiscal year.

It is the policy of the Foundation to retain a part of the unrestricted funds as a precaution against any differences of opinion that might arise in case of a tax inspection.