



Dragan Popovic,  
Partner  
BDO BC Excel



Frans Semyn,  
CEO  
BDO Global Coordination

## KNOWLEDGE AS GUARANTEE

In the current century, there will occur a development explosion, equal to the overall human development during the previous 20.000 years. Rhythm of the changes is unbalanced, with the tendency of growth – from industrial into information, from information into transaction society. Mergers, acquisitions, sales, purchases and takeovers of companies are the phenomena which characterized the last century, and which are going on with unabated intensity. It is estimated that, in the 19th century in the USA, were performed more than hundred thousand transactions, having enormous financial values. Thereby, the economy of this country has passed the main stages of horizontal, vertical and conglomerate aggregations, unconditional and conditional purchases, sales and takeovers of companies and developed some interesting strategies of attacking the target company and defending the company from undesirable invaders.

In the circumstances of almost daily transactions with values amounting from several thousand to several hundred million euros, the reliable information available at the right moment gets the crucial importance. The role of financial consultants, financial analysts, appraisers, auditors and accountants, assumes the key significance in the key points of transactions.

Our Company, BDO BC EXCEL, has participated, from its establishment in 1992, in more than 100 transactions in Serbia, Montenegro and Republic of Srpska. Combining knowledge and skills of local experts, who are familiar with the local market situation and regulations, with the international practice and support of the BDO network in terms of methodology, training, knowledge and experience exchange system, there has been created a synergy and the remarkable results there have been achieved.

The basic idea of the BDO BC EXCEL News is a wish to inform the general business community about all current issues, innovations and problems in the fields of accounting, auditing, business finances, privatization, fiscal regulations etc.

In the meantime, welcome to the BDO BC EXCEL!

## BDO MISSION

The BDO International network was created in 1963 when business and trade became truly international, certainly within Europe as well as between Europe and North America. The BDO Member Firms were all distinctive in their local markets with a definite need for international capabilities.

BDO International changed accordingly, not only by following the international trends but by anticipating them. As early as in 1980 BDO was present in 37 countries, in 61 countries in 1990, to exceed 100 countries in 2002.

In 2004 the time had come for Serbia Montenegro. BDO BC Excel, a firm with previous international experience, joined the BDO International network.

Serbia Montenegro, a country in transition, determined to gain its place on the map of Europe and the world has lots of opportunities for a firm that offers high quality services in serving international investors and institutions as well as domestic clients with ambitions that cross borders.

Dragan Popovic recognized the need for an international brand, a global network of quality firms and knowledge sharing for methodology, client acceptance and risk management.

BDO International is, he discovered, the global network that combines locally distinctive Members Firms with world wide capabilities. The admission procedure was successfully concluded in July 2004 and the firm was introduced to delegates of the BDO International network at the Paris Biennial Conference in October 2004.

Together with BDO EOS, the Member Firm in Slovenia, BDO BC Excel is now representing the BDO network in the Balkan. Investors and businesses with or without international ambitions are now finding a firm with, as its name suggests, will excel in dedication and proximity but above all, integrity. A firm which has the ambition to be the spontaneous choice to those who are considering the use of professional audit, accounting and business advisory services. A firm which in its market in Belgrade and the country of Serbia and Montenegro will truly be without equal.

Welcome, BDO BC Excel, to our network!

## BDO ANALYSIS

The only time success comes before work is in the dictionary!  
*V. Sazon*

If you have a job without aggravations, you don't have a job.  
*M. Forbes (1919)*

An investment in knowledge pays the best interest.  
*B Franklin (1706)*

A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.  
*Winston Churchill*

Leadership is the wise use of power. Power is the capacity to translate intention into reality and sustain it.  
*W. Bennis (1925)*

The road to success is dotted with many tempting parking spaces  
*Will Rodgers*



Vesna Bogdanovic  
Consultant  
BDO BC EXCEL

### MARKET VALUE - FAIR VALUE

Application of the International Accounting Standards has changed the way of accounting valuation of fixed assets. According to previously existing regulations, the value of fixed assets depended on revaluation which was calculated using the retail price growth indexes. Having once introduced the Standards, the revaluation gets new meaning and includes the fixed assets valuation at fair (market) value. The fair value can be defined as the amount for which an asset can be exchanged on the market between the known parties, completely informed about the market circumstances and willing to complete sales transaction. Therefore, the fair value of the fixed assets is usually their market value established by professionally qualified appraisers.

The initial measurement, i.e. the initial recognition of the fixed assets should be at cost including all cost necessary to bring the asset to working condition. However, the measurement subsequent to initial measurement of the capital assets represents a significant innovation in respect to the past regulations in our country. Company chooses independently and freely whether it will perform the subsequent measurement of the fixed assets by the cost model, or by the revaluation model, provided that the choice should be defined by regulations on accounting and bookkeeping policies. In case of the cost model, the fixed assets valuation at fair value is not performed. However, if the company has opted for the revaluation model, the fixed assets fair value is not calculated on the bases of the retail price growth indexes, but it is established on the basis of the market value.

Market approach to valuation considers prices recently paid for similar property, with certain corrections regarding condition and utilization of the property estimated on the basis of market comparisons. Market approach defines the value through analyses of the past and recent sales of similar properties and is based on the premise that a well-informed buyer will not pay for the

properties more than amount of purchase cost of the existing properties.

In case there is no proof of market value, either for inexistence of comparable transactions on the market or for other reasons, the fixed assets are valued by the new purchase costs less depreciation, while the new purchase cost may occur from producing of new asset or replacement with a new asset.

One of the significant characteristic of the fixed assets valuation is the valuation frequency which depends on trend in prices changing of the same or similar property on the market. In case when book value of fixed assets deviates significantly from their market value, the valuation is necessary.

BDO BC Excel offers to companies a professional and technical assistance related to identifying the market value of fixed assets and the degree of deviation from their book value. We are qualified to perform the valuation of the assets, applying the internationally recognized valuation methodology. In addition, we offer the assistance related to recording of increase or decrease of fixed assets value, arising from valuation.

For all information and explanations, BDO BC Excel places Ms. Vesna Bogdanovic, the Consultant, at your disposal for the contact via phone +380 11 3281 288 or e-mail vesna.bogdanovic@bcexcel.co.yu.

## BDO PLAN

## TAX CALENDAR

Public Revenue	Description	Due Date
May		
VAT	Due date for filing the VAT return and paying the VAT due for the April 2005 – for the taxpayers paying VAT on monthly basis	May, 10
Excise Duties	Due date for filing the inventory list on cigarettes and alcoholic beverages on stock as of 30 April 2005, which have attached excise stamps issued in accordance with federal excise regulations	May, 10
Property Tax	Advance immovable property tax payment – due date for second quarter of 2005	May, 10
Corporate Income Tax	Due date for the payment of the April's installment of assessed income tax for 2005	May, 15
Personal Income Tax	Last day for advance payment of monthly installment for April of assessed personal income tax for 2005 – entrepreneurs only	May, 15
Social Security Contributions	Due date for advance payment of social security contributions for April – entrepreneurs only	May, 15
Excise Duties	Last day for advance payment of excise duties assessed bi-weekly (levied on turnover of tobacco products, alcoholic beverages and oil derivatives) for period 16 April – 30 April 2005	May, 15
Excise Duties	Due date for excise duty payment assessed for period 1 May – 15 May 2005	May, 31
June		
VAT	Due date for filing the VAT return and paying the VAT due for the May 2005 – for the taxpayers paying VAT on monthly basis	June, 10
Excise Duties	Due date for filing the inventory list on cigarettes and alcoholic beverages on stock as of 31 May 2005, which have attached excise stamps issued in accordance with federal excise regulations	June, 10
Corporate Income Tax	Last day for the payment of the fifth monthly installment (for the May) of assessed income tax for 2005	June, 15
Personal Income Tax	Due date for the payment of fifth monthly installment (for May) of assessed personal income tax for 2005 – entrepreneurs only	June, 15
Social Security Contributions	Due date for advance payment for social security contributions for May – entrepreneurs only	June, 15
Excise Duties	Last day for advance payment of excise duties assessed bi-weekly (levied on turnover of tobacco products, alcoholic beverages and oil derivatives) for period 16 May – 31 May 2005	June, 15
Excise Duties	Due date for excise duty payment assessed for period 1 June – 15 June 2005	June, 30
July		
VAT	Due date for filing the VAT return and paying the VAT due for the June 2005 – for the taxpayers paying VAT on monthly basis	July, 10
VAT	Due date for filing the VAT return and paying the VAT due for the second quarter of 2005 – VAT taxpayers which are paying the VAT on quarterly basis	July, 10
Excise Duties	Due date for filing the inventory list on cigarettes and alcoholic beverages on stock as on 30 June 2005, which have attached excise stamps issued in accordance with federal excise regulations	July, 10
Corporate Income Tax	Due date for the payment of the sixth monthly installment (for the June) of assessed income tax for 2005	July, 15
Personal Income Tax	Payment of sixth monthly installment (for June) of assessed personal income tax for 2005 due – entrepreneurs only	July, 15
Social Security Contributions	Due date for advance payment for social security contributions for June – entrepreneurs only	July, 15
Excise Duties	Last day for advance payment of excise duties assessed bi-weekly (levied on turnover of tobacco products, alcoholic beverages and oil derivatives) for period 16 June – 31 June 2005	July, 15
Excise Duties	Due date for excise duty payment assessed for period 1 July – 15 July 2005	July, 31
August		
VAT	Due date for filing the VAT return and paying the VAT due for the July 2005 – for the taxpayers paying VAT on monthly basis	August, 10
Excise Duties	Due date for filing the inventory list on cigarettes and alcoholic beverages on stock as on 31 July 2005, which have attached excise stamps issued in accordance with federal excise regulations	August, 10
Property Tax	Advance payment for immovable property tax – due date for third quarter of 2005	August, 15
Corporate Income Tax	Due date for the payment of July's installment of assessed income tax for 2005	15.08.2005.
Personal Income Tax	Due date for the payment of July's installment of assessed personal income tax for 2005 – entrepreneurs only	August, 15
Social Security Contributions	Due date for advance payment for social security contributions for July – entrepreneurs only	August, 15
Excise Duties	Last day for advance payment of excise duties assessed bi-weekly (levied on turnover of tobacco products, alcoholic beverages and oil derivatives) for period 16 July – 31 July 2005	August, 15
Excise Duties	Due date for excise duty payment assessed for period 1 August – 15 August	August, 31

## BDO STANDARDS



Aleksandar Jakovljevic  
Auditor  
BDO BC EXCEL

### RULES OF THE GAME

One of the significant steps in the process of transition of our country and of its integration into the world economy tendencies is introduction of the International Accounting Standards and the International Financial Reporting Standards (IAS/IFRS). The Standards enable us to harmonize the local accounting regulations and practice with the European and global practice, and they are oriented towards reduction of differences in financial reporting resulting from different social, economic and legal circumstances in different countries. In our country, there has not yet been paid the adequate attention to the importance of introduction of the standards. There is not a developed infrastructure for an organized

application of the IAS/IFRS by the competent Ministry, in terms of existence of the professional staff education resources and of availability of high-quality training and instruction courses. There is certain activity of auditing companies in the field of education of their own clients, which represents an ad hoc approach, and such clients can be expected to produce higher-quality financial reports and a more serious approach to the overall problem area.

The sophisticated problem area of the IAS/IFRS should be available and understandable to all levels in the Company, from the top management to the operational executives.

#### *New International Standards of Financial Reporting*

No.	Name	Effective date	Translation
ISFR 2	Share-based Payment	January 1, 2005	Does not exist
ISFR 4	Insurance Contracts	January 1, 2005	Does not exist
ISFR 5	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2005	Does not exist
ISFR 6	Exploration for and of Evaluation Mineral Assets	January 1, 2006	Does not exist

#### Withdrawn Standards

1. IAS 15: "Information Reflecting the Effects of Changing Prices" 2. IAS 22: "Business Combinations" – Replaced by IFRS 3
3. IAS 35: "Discontinuing Operations" – Replaced by IFRS 5

#### *Revised International Accounting Standards*

No.	Name	Effective date	Translation
IAS 1	Presentation of Financial Statements	January 1, 2005	Does not exist
IAS 2	Inventories	January 1, 2005	Does not exist
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2005	Does not exist
IAS 10	Events after the Balance Sheet Date	January 1, 2005	Does not exist
IAS 16	Property, Plant and Equipment	January 1, 2005	Does not exist
IAS 17	Leases	January 1, 2005	Does not exist
IAS 19	Employee Benefits	January 1, 2006	Does not exist
IAS 21	The Effects of Changes in Foreign Exchange Rates	January 1, 2005	Does not exist
IAS 24	Related Party Disclosures	January 1, 2005	Does not exist
IAS 27	Consolidated and Separate Financial Statements	January 1, 2005	Does not exist
IAS 28	Investments in Associates	January 1, 2005	Does not exist
IAS 31	Interest in Joint Ventures	January 1, 2005	Does not exist
IAS 32	Financial Instruments: Disclosure and Presentation	January 1, 2005	Does not exist
IAS 33	Earnings per Share	January 1, 2005	Does not exist
IAS 39	Financial Instruments: Recognition and measurement	January 1, 2005	Does not exist
IAS 40	Investment Property	January 1, 2005	Does not exist

For the purposes of promotion of the level of the IAS/IFRS understandable, as well as of keeping up with the most recent changes in this area, the IAS Desk of the BDO BC Excel provides the services of interpretation of the standards, explanation of the standards' application for better understanding of

this problem area. The services are organized in the form of courses/seminars in the duration of 3-5 days.

For all information and explanations, BDO BC Excel places Mr. Aleksandar Jakovljevic, the auditor, at your disposal who you may contact via phone +380 11 3281 288 or e-mail: [aleksandar.jakovljevic@bcexcel.co.yu](mailto:aleksandar.jakovljevic@bcexcel.co.yu).

## BDO NEWS



Photo subscription:  
Mr. Samyn held a well-attended press conference.

### Frans Samyn, CEO BDO Global Coordination Visiting Belgrade

Mr. Frans Samyn, CEO of the BDO global organization paid a two-day visit to Belgrade at the end of March. Program of his call included talks with the BDO BC Excel partners and managers, when the new BDO global strategy was presented. Mr. Frans Samyn and Mr. Dragan Popovic, Managing Director, held meetings during these two days with the Minister of Trade, Services and Tourism Mr. Bojan Dimitrijevic, Vice President of Chamber of Commerce and Industry of Serbia Mrs Radmila Milivojevic, the Vice-Governor of the National Bank of Serbia Mr. Dejan Simic, the President of the Securities Commission Mr. Milko Stimac, the Vice-President of the Serbian Chamber of Commerce Mr. Zoran Drakulic, and the Ambassador of the Kingdom of Belgium in Belgrade Mr. Luc Liebaut.

### BDO Brand Academy

The BDO Brand Strategy was first launched in October 2004 at the Biennial Conference in Paris. In April 2005 the Brand Academy was held in London on which attended more than 80 BDO Brand Champions from Europe, Near East and Africa, who were set the task of conveying the BDO Brand Strategy message „Switch the network on!“ to all of their colleagues within their companies. In capacity of BDO BC EXCEL Brand Champions, the Academy was attended by Mr. Milovan Popovic, Partner, and Mr. Aleksandar Jakovljevic, Auditor.

### Our People in America

The BDO Global works intensively on exchange of young auditors from all over the World. The famous «Sarbanes-Oxley» amendment, as the result of the downfall of «Enron» a huge oil company, that happened three years ago, has increased the level of responsibility of the auditors – i.e. field work. This requirement has, especially during the high season, created a need in the USA for additional auditors, so that Mrs. Marija Velickovic and Mr. Ilija Cankovic, the seniors in the BDO BC Excel, have been engaged by the BDO Office in Boston, in the period from February, 14 to June 14, 2005.

### Permanent Training

Two parts of the International Accounting Standards Course took place in Belgrade during the past several months. In addition, our people participated at the following courses organized by the BDO Training Centre in Brussels:

- International Accounting Standards (innovations and upgrading)
- Management of the Due Diligence Projects

- Due Diligence Techniques
  - Compass 3, Methodology of introducing of auditor projects.
- Our two colleagues will participate in several days lasting Valuation Techniques Seminar at the beginning of June, also in Brussels.

### Our Clients – FS SCG and football teams

The National Football Association and the BDO BC Excel have a very successful cooperation started several years ago. It has been established in 2002, thanks to our efforts to elaborate the Regulations of licencing of clubs for competitions in European Football Cups, and to create Regulations of licencing for competitions in the First Federal Division. These projects have been completed with considerable success that was verified in writing by the UEFA. Our involvement in this project is oriented, in the current year, towards the most possible efficient application of both of these Regulations.

The most complex set of criteria which must be fulfilled by a club applying for the licence is the financial criteria set. The fulfilment is verified with the report of an independent auditor. It is a pleasure of the BDO BC Excel to point out that its clients are FK «Crvena Zvezda», OFK «Beograd», FK «Smederevo», FK «Zeta», FK «Vojvodina», FK «Zeleznik», FK «Hajduk Rodic MB».

### New consulting associates

We believe that our society is evolving, slowly but surely, from information into transaction society. Getting ready for the immediate future, we got strengthened with new associates. Our new experts are: Ms. Vesna Bogdanovic, B.A. in economics, the expert for restructuring, valuations and financial analyses, and Mr. Aleksandar Djordjevic, B.A. in economics, privatization specialist.

The new hope of ours in the field of tax consulting is Ms. Svetlana Vuckovic, B.A. in economics.

### Successful privatization of Jubanka

BDO BC Excel was a member of the winning Consortium that completed privatization of Jubanka. There are still underway privatizations of Continental Banka and Novosadska Banka, which used to make a unique pool with the Jubanka.

The Consortium, led by the BNP Paribas, along with BDO BC Excel, consisted of «Prica & Spasic», the eminent lawyer's office and the «BID» Belgrade.

## OUR VISION

To be the leading domestic firm in providing professional services.

## OUR MISSION

To provide quality of our services in accordance with market demands.



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### AUDIT & ASSURANCE:

- Audit of financial statements
- Internal Audit Implementation
- Due Diligence
- Training and implementation of IFRS

#### Contacts:

Aleksandar Jakovljevic, Auditor  
Igor Radmanovic, Auditor  
Danijela Krtinic, Auditor

### ACCOUNTING:

- Book keeping and international accounts

#### Contact:

Milena Buha, Certified Accountant

### TAX CONSULTING:

- Tax advisory and tax accounting
- Tax planning
- Tax strategies

#### Contact:

Svetlana Vuckovic, Consultant

Mr. Dragan Popovic, Managing Partner  
Mr. Milovan Popovic, CPA , Director

### BUSINESS ADVISORY:

- Capital and assets appraisals
- Business restructuring, Revitalization and corporate recovery strategies
- Privatization, organizational transformation
- Business valuation

#### Contacts:

Vesna Bogdanovic, Consultant  
Aleksandar Djordjevic, Consultant

### IT CONSULTING

- Audit of information systems

#### Contact:

Dragoljub Milojevic, CISA

## OUR VALUES

### QUALITY OF OUR SERVICE

Client-focused approach in order to provide quality of services beyond our client expectations.

### QUALITY OF OUR PEOPLE

Recruit the top graduates, provide them with the best training programs in order to become the best professionals in the country.

### COMPETENCY

Creating challenging possibilities for our people in their carrier advancement based on their work results.

### INTEGRITY

We insist on application of personal and professional standards above the levels required by legal and professional principles.

### INNOVATIONS

We are looking for unique solutions according to the specific needs of our clients. Each project is a base for futher improvements and a role-model example.

