International Association of Water Supply
Companies in the Danube River Catchment
Area (IAWD)
Vienna

Report on the Audit of the Project
Financial Statement of the Danube
Region Water Supply and Waste
Water Sector Capacity Building
Program Trust Fund for the Year
2013

KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
Porzellantasse 51, 1090 Vienna
26 June 2014
Table of Contents


1. Audit Contract and scope of the engagement 1
2. Auditor’s Report 2

Annexes

Project Financial Statement
for the period from January 1st, 2013 to December 31st, 2013 (Report 1 to 4)
Conditions of Contract

Annex I
Annex II
To
Walter Kling
IAWD, Secretary General

To
Philip Weller
IAWD, Danube Water Program Coordinator


We have audited the project financial statement of the Danube Region Water Supply and Waste Water Sector Capacity Building Program Trust Fund for the year ended December 31st, 2013 of

International Association of Water Supply Companies in the Danube River Catchment Area (IAWD),
Vienna
(referred to as "the Organization"),

and report on the result of our audit as follows:

1. Audit Contract and scope of the engagement

The Organization represented by management concluded with us a contract to audit the project financial statement of the Organization as December 31st, 2013.

The audit is a voluntary audit.
Our audit was performed in accordance with **International Standards on Auditing (ISAs)** issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). An auditor conducting an audit obtains reasonable assurance that the project financial statement is free from material misstatement. An absolute assurance is not attainable, due to the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system. There is an unavoidable risk that even material misstatements may remain undetected. Areas which are generally covered in special engagements were not included in our scope of work.

We performed the audit at the Organization's premises and at the KPMG office in Vienna between May and June 2014. The audit was substantially completed at the date of this report.

**Auditor in charge** of the engagement is Mr. Johannes Bauer, Wirtschaftsprüfer (Austrian Chartered Accountant).

Our audit is based on the audit contract concluded with the Organization. The "General Conditions of Contract" issued by the Chamber of Austrian Chartered Accountants (see Annex II) form an integral part of the audit contract. The conditions of contract do not only apply to the Organization and the auditor, but also to third parties. Our liability as auditors is guided under Section 275 UGB.

We obtained Management's representation letter confirming the completeness of the project financial statement.

2. Auditor's Report

We have audited the accompanying project financial statement (PFS) including sources and uses of funds (Annex I/Report 1), uses of funds by project activity (Annex I/Report 2), statement of expenditures (SOE) withdrawal schedule (Annex I/Report 4) and designated account statement (Annex I/Report 3) of the Danube Region Water Supply and Waste Water Sector Capacity Building Program Trust Fund for the Year 2013 of the

**International Association of Water Supply Companies in the Danube River Catchment Area (IAWD), Vienna.**
The project financial statement has been prepared by management using the cash receipts and disbursements basis of accounting described in the World Bank’s Financial Reporting Guidelines.

Management’s Responsibility for the Project Financial Statement

Management is responsible for the preparation and fair presentation of this project financial statement of the Danube Region Water Supply and Waste Water Sector Capacity Building Program Trust Fund for the period from January 1st, 2013 to December 31st, 2013 in accordance with the cash receipts and disbursements basis of accounting described in the World Bank’s Financial Reporting Guidelines.

These Guidelines include:

- Disbursement Guidelines for Projects, dated May 2006
- Guidelines: Procurement Under IBRD Loans and IDA Credits, revised May 2010
- Guidelines: Selection and Employment of Consultants by World Bank Borrowers, revised May 2010
  *The World Bank Policy on Access to Information* dated July 1, 2010

This includes determining that the cash receipts and disbursements basis of accounting described in the above mentioned Guidelines is an acceptable basis for the preparation of the project financial statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the project financial statement that is free from material misstatement, whether due to fraud or error.

The Project Financial Statement (see Annex I) includes

- a summary of funds received, showing the World Bank, project funds from other donors, and counterpart funds separately (Report 1);
International Association of Water Supply Companies in the Danube River Catchment Area (IAWD), Vienna


26 June 2014

- a summary of expenditures shown under the main project headings and by main categories of expenditures, both for the current fiscal year and accumulated to-date (Report 2);
- a summary of summary Reports or Statement of Expenditures (SOEs) used as the basis for the submission of withdrawal applications (Report 4);
- a Statement of designated account (Report 3), and
- additional notes, if any.

We will request from Management written confirmation concerning representations made to us in connection with the performance of our engagement.

Auditors’ Responsibility

Our responsibility is to express an opinion on the project financial statement of the Danube Region Water Supply and Waste Water Sector Capacity Building Program Trust Fund for the period from January 1\textsuperscript{st}, 2013 to December 31\textsuperscript{st}, 2013 based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the project financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the project financial statement. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the project financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the project financial statement 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 organization’s internal control. An audit also includes evaluating the appropriateness of accounting policies used by the management, as well as evaluating the overall presentation of the project financial statement.

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

In our opinion, the project financial statement presents fairly, in all material respects, the cash receipts and disbursements of the Danube Region Water Supply and Waste Water Sector Capacity Building Program Trust Fund of the International Association of Water Supply Companies in the Danube River Catchment Area (IAWD), Vienna, for the year ended December 31st, 2013 in accordance with the cash receipts and disbursements basis of accounting described in the World Bank’s Financial Reporting Guidelines.

General Conditions of Contract

Our responsibility and liability towards the Organization and any third party is subject to paragraph 8 of the General Conditions of Contract for the Public Accounting Professions.

Vienna, 26 June 2014

KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Johannes Bauer  
Wirtschaftsprüfer

Edith Oberbeck  
Wirtschaftsprüfer

(Austrian Chartered Accountants)
International Association of Water Supply Companies in the Danube River Catchment Area IAWD
Danube Region Water Supply and Waste Water Sector Capacity Building Program
TF no 012722
Project Financial Statement
For the period from January 1st, 2013 to December 31st, 2013
Cash model

Table of Contents

Report 1  Project Sources and Uses of Funds
Report 2  Uses of Funds by Project Activities
Report 3  Special Account Statement
Report 4  Statement of Expenditure Withdrawal Schedule (only for annual financial statements)
# Project Sources & Uses of Funds

For the period from January 1st, 2013 to December 31st, 2013

<table>
<thead>
<tr>
<th></th>
<th>Actual (in EUR)</th>
<th>Budget (in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current Period / Semester</td>
<td>Year-To Date</td>
</tr>
<tr>
<td>Opening cash balances</td>
<td>192,194.38</td>
<td>0.00</td>
</tr>
<tr>
<td>TF Designated Account</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Sources of Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Own Contribution of IAWD</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>TF Grant Funds (advances and direct payments)</td>
<td>298,210.46</td>
<td>596,210.46</td>
</tr>
<tr>
<td>Total</td>
<td>298,210.46</td>
<td>596,210.46</td>
</tr>
<tr>
<td>Total funds available during period</td>
<td>490,404.84</td>
<td>598,210.46</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uses of Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financed by Grant</td>
<td>-284,467.15</td>
<td>-392,272.77</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>-6,818.84</td>
<td>-6,818.84</td>
</tr>
<tr>
<td>External services</td>
<td>-57,828.76</td>
<td>-57,828.76</td>
</tr>
<tr>
<td>Personnel expenditures</td>
<td>-214,418.26</td>
<td>-321,769.94</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>-6,401.29</td>
<td>-8,855.23</td>
</tr>
<tr>
<td>Financed by IAWD counterpart funds</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>-284,467.15</td>
<td>-392,272.77</td>
</tr>
<tr>
<td>Closing cash balance</td>
<td>205,937.69</td>
<td>205,937.69</td>
</tr>
</tbody>
</table>

**NOTES**

*ii:* From the beginning of the project.
*iii:* Budget for the entire project according to the grant agreement and other supporting documentation
*iii:* For the period from July 1st, 2013 to December 31st, 2013
International Association of Water Supply Companies in the Danube River Catchment Area IAWD
Danube Region Water Supply and Waste Water Sector Capacity Building Program
TF no 012722
Use of Funds by Project Activity
for the period from January 1st, 2013 to December 31st, 2013

in EUR

<table>
<thead>
<tr>
<th>Project Component/Activity</th>
<th>Year to date</th>
<th>Cumulative from the beginning of the project</th>
<th>Total value of the contract/budget line if applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Implementation of Regional capacity building and training activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.0 General costs for Capacity Building</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103, 1.0.C.1.1: Regional results-based TA program for WSS sector modernization</td>
<td>36,007.77</td>
<td>36,007.77</td>
<td>46,800</td>
</tr>
<tr>
<td>114 1.0.C.1.2: Regional exchanges on EU integration</td>
<td></td>
<td></td>
<td>26,975</td>
</tr>
<tr>
<td>104, 1.0.C.1.3: Regional results-based TA program on WSS sector regulation</td>
<td>5,477.98</td>
<td>5,477.98</td>
<td>67,265</td>
</tr>
<tr>
<td>105, 1.0.C.1.1: Regional benchmarking initiative</td>
<td>19,300.27</td>
<td>19,300.27</td>
<td>42,375</td>
</tr>
<tr>
<td>106, 1.0.C.1.2: Benchmarking for utility improvement</td>
<td>9,475.93</td>
<td>9,475.93</td>
<td>197,300</td>
</tr>
<tr>
<td>107, 1.0.C.1.3: Regional results-based asset management program for interested utilities</td>
<td>7,295.77</td>
<td>7,295.77</td>
<td>188,265</td>
</tr>
<tr>
<td>109, 1.0.C.1.4: Regional results-based energy efficiency training program</td>
<td></td>
<td></td>
<td>124,875</td>
</tr>
<tr>
<td>110, 1.0.C.2.2: Regional results-based commercial efficiency TA program</td>
<td></td>
<td></td>
<td>202,000</td>
</tr>
<tr>
<td>111, 1.0.C.2.1: WSS association strengthening &amp; support</td>
<td>7,105.66</td>
<td>7,105.66</td>
<td>106,000</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>44,993.34</strong></td>
<td><strong>44,993.34</strong></td>
<td><strong>505,745.00</strong></td>
</tr>
<tr>
<td>2. Financing of country-specific activities for utility management and operational practices improvement support (competitive grant window)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.0.NC.2: Competitive Grant Window activities</td>
<td></td>
<td></td>
<td>730,000</td>
</tr>
<tr>
<td>201 NC 2.1: National commission of public utilities regulation</td>
<td></td>
<td></td>
<td>75,000</td>
</tr>
<tr>
<td>202 NC 2.2: ANAAC members retraining</td>
<td></td>
<td></td>
<td>72,634</td>
</tr>
<tr>
<td>203 NC 2.3: Water training center</td>
<td></td>
<td></td>
<td>74,395</td>
</tr>
<tr>
<td>204 NC 2.4: Utility benchmarking, BIWA</td>
<td></td>
<td></td>
<td>75,000</td>
</tr>
<tr>
<td>205 NC 2.5: UTWISA Serbia</td>
<td></td>
<td></td>
<td>25,000</td>
</tr>
<tr>
<td>206 NC 2.6: VK Sarajevo</td>
<td></td>
<td></td>
<td>28,200</td>
</tr>
<tr>
<td>207 NC 2.7: IEI Waterworks Eas Sarajevo</td>
<td></td>
<td></td>
<td>42,800</td>
</tr>
<tr>
<td>208 NC 2.8: AIDIK</td>
<td></td>
<td></td>
<td>60,000</td>
</tr>
<tr>
<td>209 NC 2.9: PUC Vodovod Kumanovo</td>
<td></td>
<td></td>
<td>37,690</td>
</tr>
<tr>
<td>210 NC 2.10: Shakes</td>
<td></td>
<td></td>
<td>14,780</td>
</tr>
<tr>
<td>211 NC 2.11: Shuklab Training Center</td>
<td></td>
<td></td>
<td>60,780</td>
</tr>
<tr>
<td>212 NC 2.12: Shuklab Business Model</td>
<td></td>
<td></td>
<td>64,760</td>
</tr>
<tr>
<td>213 NC 2.13: Vodovod Bistrica Bileto Polje Montenegro</td>
<td></td>
<td></td>
<td>75,000</td>
</tr>
<tr>
<td>214 NC 2.14: PUB NIS Serbia</td>
<td></td>
<td></td>
<td>48,240</td>
</tr>
<tr>
<td>117 2.0 NC III.9 Support to national EBC hub for Moldova and Romania</td>
<td></td>
<td></td>
<td>34,000</td>
</tr>
<tr>
<td>215 2.0 NC III.10 Support to national EBC hub for Ukraine</td>
<td></td>
<td></td>
<td>34,000</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>0,00</strong></td>
<td><strong>0,00</strong></td>
<td><strong>801,963,00</strong></td>
</tr>
<tr>
<td>3. Project Management and coordination of Program Implementation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>301, 3.1 Consulting services for Program Management</td>
<td>245,76</td>
<td>245,76</td>
<td>111,000</td>
</tr>
<tr>
<td>302, 3.2 Goods for Program Management</td>
<td>6,933,04</td>
<td>6,933,04</td>
<td>20,000</td>
</tr>
<tr>
<td>303, 3.3 Trainings and Workshops for Program Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>304, 3.4 Operating Costs for Program Management</td>
<td>113,422,35</td>
<td>113,422,35</td>
<td>684,000</td>
</tr>
<tr>
<td>205, 3.4.RS.1: Annual regional event</td>
<td>164,478,94</td>
<td>164,478,94</td>
<td>322,900</td>
</tr>
<tr>
<td>206, 3.4.RS.2 Participation in key regions events</td>
<td>2,194,50</td>
<td>2,194,50</td>
<td></td>
</tr>
<tr>
<td>207, 3.4.RS.3: Development of communication platform</td>
<td>30,000,00</td>
<td>30,000,00</td>
<td>30,000</td>
</tr>
<tr>
<td>306, 3.4.RS.1: Participation in targeted National Events</td>
<td></td>
<td></td>
<td>0,00</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>207,274,49</td>
<td>207,274,49</td>
<td>1,177,500,00</td>
</tr>
<tr>
<td><strong>Total Project Expeditures</strong></td>
<td>292,272,77</td>
<td>292,272,77</td>
<td>2,876,198,00</td>
</tr>
</tbody>
</table>

Uses of funds by project activities - can be provided in a breakdown by activity eg. Workshop, case study, conference or a type of activities, if applicable.
International Association of Water Supply Companies in the Danube River Catchment Area IAWD
Danube Region Water Supply and Waste Water Sector Capacity Building Program
TF no 012722

Designated Account (DA) Statement
Depository Bank: Bank Austria
Account Number: AT651200010000798719
as at December 31st, 2013
and for the period from January 1st, 2013 to December 31st, 2013
in currency EUR

<table>
<thead>
<tr>
<th></th>
<th>Added for annual report</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 Jan - 31 Dec 2013</td>
</tr>
<tr>
<td></td>
<td>EUR</td>
</tr>
<tr>
<td>---</td>
<td>-------------------------</td>
</tr>
<tr>
<td>1</td>
<td>Opening balances as at 1 January 2013</td>
</tr>
<tr>
<td>2</td>
<td>World Bank advances into the DA during the period</td>
</tr>
<tr>
<td>3</td>
<td>Interest earned (if credited into DA)</td>
</tr>
<tr>
<td></td>
<td><strong>subtotal</strong></td>
</tr>
<tr>
<td>4</td>
<td>Amount of eligible expenditures paid during the period</td>
</tr>
<tr>
<td>5</td>
<td>Refund to World Bank from the DA during the period</td>
</tr>
<tr>
<td>6</td>
<td>Service charges (if debited into DA)</td>
</tr>
<tr>
<td></td>
<td><strong>subtotal</strong></td>
</tr>
<tr>
<td>7</td>
<td>Closing balance as at December 31st, 2013</td>
</tr>
</tbody>
</table>
International Association of Water Supply Companies in the Danube River Catchment Area IAWD  
Danube Region Water Supply and Waste Water Sector Capacity Building Program  
TF no 012722

**Statement of Expenditure Withdrawal Schedule**  
as at December 31st 2013  
and for the period from January 1st, 2013 to December 31st, 2013

<table>
<thead>
<tr>
<th>Withdrawal application No</th>
<th>Date of receipt of funds on Designated Account/or date of documentary application</th>
<th>Advances to Designated Account</th>
<th>Total documented expenditures included in Application sent to the World Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>06/24/2013</td>
<td>300.00,00</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>10/23/2013</td>
<td>298.210,46</td>
<td>298.210,46</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>298.210,46</td>
<td>298.210,46</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>598.210,46</td>
<td>298.210,46</td>
</tr>
</tbody>
</table>
General Conditions of Contract for the Public Accounting Professions (AAB 2011)


Preamble and General Points

1. The General Conditions of Contract for the professions in the field of public accounting are divided into four sections: Section I deals with contracts for services, excluding contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions; Section II deals with contracts for rendering services in the field of bookkeeping, payroll accounting and administration and assessment of taxes and contributions; Section III covers contracts not regarded as contracts for the rendering of services, while Section IV is devoted to consumer business covered by the Austrian Consumer Act.

2. In the event that individual provisions of these General Conditions of Contract are void, this shall not affect the validity of the remaining provisions. The invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

3. The person entitled to exercise profession in the field of public accounting shall be obliged to render the services negotiated in accordance with the principles of due professional care and conduct. He/she shall have the right to engage suitable staff for the execution of the contract. This shall apply to all sections of The General Conditions of Contract.

4. Finally, foreign law shall only be taken into account by the person entitled to exercise the profession, if this has been explicitly agreed upon in writing. This shall apply to all sections in the General Conditions of Contract.

5. The work prepared in the office of the person entitled to exercise the profession may, at the discretion of the person entitled to exercise the profession, be carried out with or without using electronic data processing. In case electronic data processing is used, the client - not the person entitled to exercise the profession - is obliged to effect the registrations or notifications required under the relevant provisions of the Data Protection Act.

6. The client undertakes not to employ staff of the person entitled to exercise the profession during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the person entitled to exercise the profession the amount of the annual salary of the employee taken over.

SECTION I

1. Scope

1. The General Conditions of Contract in Section I shall apply to contracts concerning (statutory and voluntary) audits with or without auditor's certificate, expert opinions, court expert opinions, preparation of annual financial statements and other financial statements, tax consultancy and other services to be rendered within the framework of a contract for the rendering of services, excluding bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions.

2. The General Conditions of Contract shall apply, if their use has been explicitly or tacitly agreed upon. Furthermore, in the absence of another agreement, they shall be used for reference to facilitate interpretation.

3. Point 8 shall also apply to third parties whose services, in certain cases, may be enlisted by the contractor for the execution of the contract.

2. Scope and Execution of Contract

1. Reference shall be made to Items 3 and 4 of the Preamble.

2. Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the person entitled to exercise the profession shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

3. An application submitted by the person entitled to exercise the profession to an authority or to a body of a social security fund, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to submit such an application.

3. Client's Obligation to Provide Information and Submit Complete Set of Documents

1. The client shall make sure that all documents required for the execution of the contract be placed in good time and without special request at the disposal of the person entitled to exercise the profession and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the person entitled to exercise the profession has commenced his/her work.

2. The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete. This statement may be made in the forms specifically designed for this purpose.

3. If the client fails to disclose considerable risks in connection with the preparation of annual financial statements and other statements, the contractor shall not be obliged to render any compensation in this respect.

4. Maintenance of Independence

1. The client shall be obliged to take all measures to make sure that the independence of the employees of the person entitled to exercise the profession be maintained and shall refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

2. The client consents that their personal data, including their name and the type and scope of the services, including the performance period, agreed between the professional practitioner and the client (both audit and non-audit services), shall be handled within the information network (network), to which the professional practitioner belongs, and for this purpose transferred to the other members of the information network (network) in its entirety (a list of all recipients of communications shall be sent to the client at their request by the commissioned professional practitioner) for the purpose of examination of the existence of grounds of bias or grounds for exclusion within the meaning of Sections 271 et seq. of the Company Code (UGB). For this purpose the client expressly releases the professional practitioner in accordance with the Data Protection Act and in accordance with Section 91 Subsection 4 Clause 2 of the Auditing, Tax Advising and Related Professions Act (WFGB) from their obligation to maintain secrecy. Moreover, the client acknowledges in this regard that in states which are not EU members a lower level of data protection than in the EU may prevail. The client can revoke this consent at any time in writing to the professional practitioner.
5. Reporting Requirements

(1) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) All information and opinions of the person entitled to exercise the profession and his employees shall only be binding provided they are set down or confirmed in writing. Written opinions shall only be those on which there is a company signature. Written opinions shall in no circumstances be information sent electronically, specifically not via e-mail.

(3) Transmission errors cannot be excluded when information and data is transmitted electronically. The person entitled to exercise the profession and his employees shall not be liable for losses which arise as a result of electronic transmission. Electronic transmission shall be exclusively at the client’s risk. The client is aware that confidentiality is not guaranteed when the Internet is used. Furthermore, amendments or supplements to documents transmitted shall only be permissible subject to explicit approval.

(4) Receipt and forwarding of information to the person entitled to exercise the profession and his employees are not always guaranteed when the telephone is used. In particular in conjunction with automatic telephone answering systems, fax, e-mail and other electronic means of communication. As a result, instructions and important information shall only be deemed to have been received by the person entitled to exercise the profession provided they are also received in writing, unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the person entitled to exercise the profession by post or courier. Delivery of documents to employees outside the firm’s offices shall not count as delivery.

(5) The client agrees to being sent recurrent general tax law and general commercial law information by the person entitled to exercise the profession via electronic means. This shall not apply to unsolicited information in accordance with § 107 of the Austrian Telecommunications Act (TKG).

6. Protection of Intellectual Property of the Person Entitled to Exercise the Profession

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the person entitled to exercise the profession, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 Para. 3 Austrian Income Tax Act 1988). Furthermore, professional statements passed on by the client orally or in writing made by the person entitled to exercise the profession may be passed on to a third party for use only with the written consent of the person entitled to exercise the profession.

(2) The use of professional statements passed on by the client orally or in writing made by the person entitled to exercise the profession for promotional purposes shall not be permitted; a violation of this provision shall give the person entitled to exercise the profession the right to terminate without notice to the client all contracts not yet executed.

(3) The person entitled to exercise the profession shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the person entitled to exercise the profession.

7. Correction of Errors

(1) The person entitled to exercise the profession shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement passed on by the client orally or in writing which subsequently prove to be wrong and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original statement of the change.

(2) The person has the right to have all errors corrected free of charge, if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the person entitled to exercise the profession and/or – in cases where a written statement has not been delivered – six months after the person entitled to exercise the profession has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Point 8.

8. Liability

(1) The person entitled to exercise the profession shall only be liable for violating intentionally or by gross negligence the contractual duties and obligations entered into.

(2) In cases of gross negligence, the maximum liability for damages due from the appointed person entitled to exercise the profession is limited to the minimum insurance sum of the professional liability insurance according to Section 11 of the Act on Professions in the Field of Public Accounting (WTiG) in the currently valid version.

(3) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage but not later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(4) Should Section 275 of the Austrian Business Enterprise Code (Commercial Code, UGB) be mandatorily applicable, the liability provisions pursuant to Section 275 shall apply where these represent mandatory law, even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place, irrespective of whether other participants have acted with intent.

(5) In cases where a formal audit certificate is issued, the applicable limitation period shall commence at the latest at the time of issue of said audit certificate.

(6) If activities are carried out by entitled servicing the services of a third party, e.g. a data-processing company, and the client is informed thereof, any warranty claims and claims for damages which arise against the third party according to law and in accordance with the conditions of the third party, shall be deemed as having been passed on to the client. The person entitled to exercise the profession shall only be liable for fault in choosing the third party.

(7) The person entitled to exercise the profession shall not be liable to a third party. If his/her professional statements are passed on by the client orally or in writing without the approval or knowledge of the person entitled to exercise the profession.

(8) The above provisions shall apply not only vis-à-vis the client but also vis-à-vis third parties, if the person entitled to exercise the profession, in exceptional cases, should be liable for his/her work. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have been wronged; the claims of the aggrieved parties shall be satisfied in the order in which the claims have been raised.

9. Secrecy, Data Protection

(1) According to Section 91 WTiG the person entitled to exercise the profession shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) The person entitled to exercise the profession shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(3) The person entitled to exercise the profession is authorized to process personal data entrusted to him/her within the framework of the purpose of the contract or to have them processed by a third party according to Point 8 Item 5. The person entitled to exercise the profession guarantees that according to Section 15 of the Data Protection Act secrecy can be maintained. According to Section 11 of the Data Protection Act the material made available to the person entitled to exercise the profession (data carrier, data, control numbers, analyses and programs) as well as all results obtained as a result of the work provided shall be returned to the client, unless the client has requested in writing that the material and/or results be transferred to a third party. The person entitled to exercise the profession shall be obliged to take measures to ensure that the client can meet his/her obligation to provide information according to Section 26 of the Data Protection Act. The client’s instructions required for this purpose shall be given in writing to the person entitled to exercise the profession. Unless a fee has been negotiated for providing such information, the client shall be charged only the actual costs undertaken. The client shall meet his/her obligation to provide information to those concerned and to request the data processing register, unless the contrary has been explicitly agreed in writing.

1. The limit of liability currently amounts to EUR 725,750.00
10. Termination

(1) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Point 12.

(2) However, a continuing agreement (even with a flat foot) - always to be presumed in case of doubt - may, without good reason (cf. Section 88 Item 4 WTBG), only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(3) Except for cases listed in Item 5, in case of termination of a continuing agreement only those tasks shall be part of the list of jobs to be completed and finished that can be completed fully or to the largest part within the period of notice, with financial statements and annual income tax returns being deemed to be subject to successful completion within two months calculated from the balance sheet date. In this case the above-mentioned jobs actually have to be completed within a reasonable period of time, if all documents and records required are provided without delay and if no good reason within the meaning of Section 88 Paragraph 4 WTBG is cited.

(4) In case of a termination according to Item 2 the client shall be informed in writing within one month which assignments at the time of termination are considered to be part of the work to be completed.

(5) If the client is not informed within this period about the assignments still to be carried out, the continuing agreement shall be deemed terminated upon completion of the tasks under way at the date when the notice of termination is served.

(6) Should it happen that in case of a continuing agreement as defined under Items 2 and 3 - for whatever reason - more than two similar jobs which are usually completed only once a year (e.g. financial statements or annual tax returns etc.) are to be completed, any such jobs exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 4.

11. Default in Acceptance and Failure to Cooperate on the part of the Client

If the client defaults on acceptance of the services rendered by the person entitled to exercise the profession or fails to carry out a task incumbent on him/her either according to Point 3 or imposed on him/her in another way, the person entitled to exercise the profession shall have the right to terminate the contract without prior notice. His/her fees shall be calculated according to Point 12. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the person entitled to exercise the profession for the extra time and labor hereby expended as well as for the damage caused, if the person entitled to exercise the profession does not invoke his/her right to terminate the contract.

12. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to termination), the person entitled to exercise the profession shall be entitled to the negotiated fee, provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client (Section 1166 of the Civil Code (ABGB)); in this case the person entitled to exercise the profession need not deduct the amount he/she obtained or could have obtained through alternative use of his/her own professional services or those of his/her employees.

(2) If the client fails to cooperate and the assignment cannot be carried out because of lack of cooperation, person entitled to exercise the profession shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed cancelled and the consequences indicated in Item 1 shall apply.

(3) If the person entitled to exercise the profession terminates the contract without good reason and at an inopportune moment, he/she shall compensate the client for the damage caused according to Point 8.

(4) If the client - having been made aware of the legal situation - agrees that the person entitled to exercise the profession duly completes the task, the work shall be completed accordingly.

13. Fee

(1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1094 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved.

(2) Proper understanding between the person entitled to exercise the profession and their principals is most effectively achieved by clearly expressed remuneration agreements.

(3) The smallest service unit which may be charged is a quarter of an hour.

(4) Travel time to the extent required is also charged in most cases.

(5) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the person entitled to exercise the profession in his/her own office may also be charged as a special item.

(6) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or special requirements of the principal, additional negotiations for the agreement of a more suitable remuneration are usual. This also usually applies where inadequate fixed sum remunerations are concerned.

(7) Persons entitled to exercise the profession also include charges for supplementary costs and value-added (turnover) tax in addition to the above.

(8) Supplementary costs also include documented or fairrate cash expenses, travelling expenses (first class for train journeys, sleeping car (wagon tis) if necessary, dietary requirements, mileage allowance, photocopy costs and similar supplementary costs.

(9) Should particular third party liabilities be involved, the necessary insurance premiums also count as supplementary costs.

(10) Personnel and material expenses for the preparation of reports, expenses and similar documents are also viewed as supplementary costs.

(11) For the execution of a commission wherein mutual conclusion involves several persons entitled to exercise the profession, each of the latter will charge his/her own remuneration.

(12) Remunerations and advance payments required are due immediately after receipt of their written claim should no other agreements exist. Where payments of remuneration are made later than 14 days after the due date, default interest may be charged. Where mutual banking transactions are concerned, a default interest rate of 8% above the base rate is agreed upon (Cf. Section 382 of the Austrian Business Enterprise Code (Commercial Code, UGB)).

(13) Time limitation is in accordance with Section 1486 of the Austrian Civil Code (ABGB), starting at the time of conclusion of the service involved or a later recording of accounts after an appropriate time limit.

(14) An objection may be raised in writing against bills presented by the appointed trustee up to 4 weeks after the date of presentation. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(15) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB). I.e. rescission for lessee enormus (lesion beyond moiety) among entrepreneurs, is hereby renounced.


(1) In addition to the reasonable rate or fee charged, the person entitled to exercise the profession shall have the right to claim reimbursement of expenses. He/she can ask for advance payments and can make delivery of the results of his/her (continued) work dependant on satisfactory fulfillment of his/her demands. In this context reference shall be made to the legal right of retention (Section 471 of the Civil Code (ABGB), Section 369 of the Austrian Business Enterprise Code (Commercial Code, UGB)), if the right of retention is wrongfully exercised, the person entitled to exercise the profession shall be liable only in case of gross negligence up to the outstanding amount of his/her fee. As regards standing orders, the provision of further services may be demanded until payment of previous services has been effected. This agreement shall analogously apply if services are rendered in installations and fee instalments are outstanding.
(2) After all the data to be archived, which has been prepared by the public accountant and tax advisor, has been delivered to the client or to the succeeding public accountant and tax advisor, the person entitled to exercise the profession shall be entitled to delete the data in question.

(3) With the exception of obvious essential errors, a complaint concerning the work of the person entitled to exercise the profession shall not justify the retention of remuneration owed in accordance with Item 1.

(4) Offseting the remuneration claims made by the person entitled to exercise the profession in accordance with Item 1 shall only be permitted, if the demands are uncontested and legally valid.

(5) At the request and expense of the client, the person entitled to exercise the profession shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the person entitled to exercise the profession and his/her client, to original documents in his/her possession or to documents which have to be kept in accordance with the directive on money laundering. The person entitled to exercise the profession may make or retain copies or duplicates of the documents to be returned to the client. The client shall be obliged to bear these expenses in so far as these copies or duplicates may be required as a proof of the orderly execution of all professional duties by the person entitled to exercise the profession.

(6) In the event of termination of the contract, the contractor shall be entitled to charge an appropriate fee for work performed after the termination of the contract and for granting access to the relevant information about the audited company.

(7) The client shall fetch the documents handed over to the person entitled to exercise the profession within three months after the work has been completed. If the client fails to do so, the person entitled to exercise the profession shall have the right to return them to the client at the cost of the client or to charge safe custody fees. In the event of termination of the contract, the person entitled to exercise the profession can prove that he/she has asked the client twice to pick up the documents handed over.

(8) The person entitled to exercise the profession shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid resources at his/her disposal even if these funds are explicitly intended for safekeeping, if the client had to reckon with a counterblow of the person entitled to exercise the profession.

(9) To safeguard an existing or future fee payable, the person entitled to exercise the profession shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed about the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability by execution has been declared.

15. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law.

(2) The place of performance shall be the place of business of the person entitled to exercise the profession.

(3) In case of disputes, the court of the place of performance shall be the competent court.

16. Supplementary Provisions for Audits

(1) For statutory audits of financial statements which are carried out in order to issue a formal audit certificate (e.g. Section 268 and the following sections of the Company Code), the purpose of the contract, unless otherwise agreed to in writing, shall not be to investigate whether regulations concerning tax laws or specific regulations, e.g. price fixing, restriction of competition and foreign exchange regulations have been adhered to. Neither shall the purpose of the statutory audit of financial statements be to investigate whether the business is run in an economical and an expedient manner. Within the framework of a statutory audit of a financial statement there shall be no obligation to detect the falsification of accounts or other irregularities.

(2) When a qualified or unqualified audit certificate is issued within the scope of a statutory audit of the annual financial statement, the audit certificate issued shall be appropriate for the respective type of business organization.

(3) If financial statements are published together with the audit certificate, they shall only be published in the form confirmed or explicitly permitted by the auditor.

(4) If the auditor revokes his/her audit certificate, the further use thereof shall no longer be permitted. If the financial statements have been published with the audit certificate, the revocation thereof shall also be published.

(5) For other statutory and voluntary audits of financial statements as well as for other audits, the above principles shall apply accordingly.

17. Supplementary Provisions concerning the Preparation of Annual Financial Statements and Other Financial Statements, Consultation and Other Services to be Provided within the Framework of a Contract for theRendering of Services

(1) The person entitled to exercise the profession, when performing the aforementioned activities, shall be justified in accepting information provided by the client, in particular figures, as correct. However, he/she is obliged to inform the client of any errors identified by him/her. If the client shall present the person entitled to exercise the profession with all important documents required for keeping deadlocks, in particular tax assessment notices, in good time so as to ensure that the person entitled to exercise the profession has a reasonable amount of time, but not less than one week, to process the information.

(2) In the absence of written agreements to the contrary, consultation shall consist of the following activities:

a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or prepared by the contractor,

b) examining the tax assessment notices for the tax returns mentioned under a),

c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b),

d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a),

e) participating in appeal procedures with regard to the taxes mentioned under a), if the person entitled to exercise the profession receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Particular matters pertaining to income tax, corporate tax and relevant value tax return as well as all matters relating to value-added tax, withholding tax on salaries and wages and other taxes and duties shall only be prepared on the basis of a specific contract. This shall also apply to

a) processing non-recurring matters pertaining to tax, e.g. inheritance tax, capital transfer tax, land transfer tax,

b) the defense and consultation in penal procedures relating to the taxes mentioned,

c) providing consultation and expert opinions in matters pertaining to the foundation, restructuring, merger, capital increase and decrease, and reorganization of a company, entry and retirement of a shareholder or partner, sale of a business, winding up, management consultancy and other activities according to Sections 3 to 5 of the Act on Professions in the Field of Public Accounting (WTBG),

d) the preparation of applications to the Register of Companies in connection with annual financial statements, including the keeping of records required.

(4) Provided the preparation of the annual value added tax return is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant value added tax concessions have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(5) The aforementioned paragraphs shall not apply to services requiring particular expertise provided by an expert.

SECTION II

19. Scope

The General Conditions of Contract in Section II shall apply to contracts for the rendering of services in the field of bookkeeping, payroll accounting and the administration and assessment of payroll-related taxes and contributions.

19. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.
(2) The person entitled to exercise the profession shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and in using them as a basis for accounting. The person entitled to exercise the profession shall not be obliged to identify errors, unless he/she has been specifically instructed to do so in writing. However, if errors are identified, he/she shall inform the client thereof.

(3) If a flat fee has been negotiated for the activities mentioned in Point 18, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately.

(3) Particular individual services in connection with the services mentioned in Point 18, in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract and shall be treated according to Section I or Section III of the General Conditions of Contract.

(4) Any application submitted to authorities (e.g. tax office, social insurance institution) electronically, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to transmit the application.

20. Client's Duty to Cooperate

The client shall make sure that all information and documents required for bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions be placed at the disposal of the person entitled to exercise the profession on an agreed date without his/her specific request.

21. Termination

(1) Unless otherwise agreed to in writing, either contractual partner may terminate the contract at the end of each month with three months' notice without giving a particular reason.

(2) If the client repeatedly fails to fulfill his/her duties according to Point 20, the person entitled to exercise the profession shall have the right to terminate the contract immediately without prior notice.

(3) If the person entitled to exercise the profession delays in rendering services due to reasons for which he/she is solely responsible, the client shall have the right to terminate the contract immediately without prior notice.

(4) In case of a termination of the contractual relationship only those assignments shall be considered part of the contract which the contractor is already working on or major parts of which can be completed within the period of notice and which are notified to the client within one month.

22. Fee and Entitlement to Fee

(1) Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(2) If the contract is terminated pursuant to Point 21 Item 2 the person entitled to exercise the profession shall have the right to the full fee negotiated for three months. This shall also apply if the client fails to observe the period of notice.

(3) If the contract is terminated pursuant to Point 21 Item 3, the person entitled to exercise the profession shall only have the right to the fee corresponding to the services rendered up to this point, provided they are of value to the client.

(4) If a flat fee has not been negotiated, the fee shall be calculated pursuant to Item 2 according to the monthly average of the current year of contract until termination.

(5) Unless the parties agree that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved. Furthermore, the basics standardized under section 13 apply.

(6) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for lassio enormis (lesion beyond moiety) among entrepreneurs, is hereby renounced.

23. Other Provisions

In all other cases, the provisions of Section I of the General Conditions of Contract shall apply accordingly.

SECTION III

24. Scope

(1) The General Conditions of Contract in Section III shall apply to all contracts not mentioned in the previous sections, which are not to be regarded as contracts for rendering services and are not related to the contracts mentioned in the previous sections.

(2) In particular, Section III of the General Conditions of Contract shall apply to contracts concerning the non-recurring participation in negotiations, to services as an agent in matters pertaining to insolvency, to contracts concerning non-recurring interventions and the handling of the individual matters mentioned in Point 17 Item 3 in the absence of a continuing agreement.

25. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.

(2) The person entitled to exercise the profession shall be justified in regarding and obliged to regard information and documents presented to him/her by the client, in particular figures, as correct and complete. In case of penal procedures he/she shall protect the rights of the client.

(3) The person entitled to exercise the profession shall not be obliged to identify errors, unless he/she has been specifically instructed to do so in writing. However, if he/she identifies errors, the client shall be informed accordingly.

26. Client's Duty to Cooperate

The client shall make sure that all the necessary information and documents be placed at the disposal of the person entitled to exercise the profession in good time and without his/her special request.

27. Termination

Unless otherwise agreed to in writing or stipulated by force of law, either contractual party shall have the right to terminate the contract at any time with immediate effect (Section 1070 of the Civil Code (ABGB)).

28. Fee and Entitlement to Fee

(1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved. Furthermore, the basics standardized under section 13 apply.

(2) In the event of termination the fee shall be calculated according to the services rendered up to this point, provided they are of value to the client.

(3) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for lassio enormis (lesion beyond moiety) among entrepreneurs, is hereby renounced.

29. Other Provisions

The reference in Point 23 to provisions in Section I shall apply accordingly.

SECTION IV

30. Scope

The Conditions of Contract of Section IV shall only apply to consumer business in accordance with the Consumer Act (Federal Law of March 8, 1976/federal Law Gazette No. 140 as amended).
31. Supplementary Provisions for Consumer Transactions

(1) Contracts between persons entitled to exercise the profession and consumers shall fall under the obligatory provisions of the Consumer Act.

(2) The person entitled to exercise the profession shall only be liable for the deliberate and gross negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Point 8 Item 2 of the General Conditions of Contract, the duty to compensate on the part of the person entitled to exercise the profession shall not be limited in case of gross negligence.

(4) Point 8 Item 3 of the General Conditions of Contract (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal according to Section 3 of the Consumer Protection Act

If the consumer has not made his/her contract statement in the office usually used by the person entitled to exercise his/her profession, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the person entitled to exercise the profession as well as instructions on the right to revoke the contract, but no earlier than the conclusion of the contract.

The consumer shall not have the right to withdraw from the contract,

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the person entitled to exercise the profession or his/her agent,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their agents or

3. in case of contracts where the mutual services have to be provided immediately, if the contracts are usually concluded outside the offices of the persons entitled to exercise the profession, and the fee agreed upon does not exceed €15.

In order to become legally effective, the revocation shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the person entitled to exercise the profession to the person entitled to exercise the profession with a note which reveals that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within a week.

If the consumer withdraws from the contract according to Section 3 of the Consumer Act,

1. the person entitled to exercise the profession shall return all benefits received, including all statutory interest, calculated from the day of receipt, and to compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the person entitled to exercise the profession as far as they are of a clear and predominate benefit to him/her.

According to Section 4 Paragraph 3 of the Consumer Act claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 of the Consumer Act

The consumer shall pay for the preparation of a cost estimate in accordance with Section 1177a of the Austrian Civil Code by the person entitled to exercise the profession only, if this payment obligation has been notified to the consumer beforehand.

If the contract is based on a cost estimate prepared by the person entitled to exercise the profession, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Point 7

If the person entitled to exercise the profession is obliged according to Section 932 of the Austrian Civil Code to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred to him/her. If it is in the interest of the consumer to have the work and the documents returned by the person entitled to exercise the profession, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Instead of Point 15 Item 3:

if the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 Paragraph 2 and 104 Paragraph 1 JN the jurisdiction of a court shall depend on the district where the consumer has his domicile, usual residence or place of employment.

(9) Contracts on Recurring Services

(a) Contracts which oblige the person entitled to exercise the profession to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year, may be terminated by the consumer at the end of the first year, and after the first year at the end of every sixth months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) 1 requires considerable expenses on the part of the person entitled to exercise the profession and if he/she informed the consumer about this not later than when the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.