

ASSOCIATION CRTA BEOGRAD

**Financial Statements
Year Ended December 31, 2019 and
Independent Auditors' Report**

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Translation of the Auditors' Report issued in the Serbian language**INDEPENDENT AUDITOR'S REPORT****To the Management of Association Crta, Beograd*****Opinion***

We have audited the accompanying financial statements of Association Crta, Beograd (the "Association") which comprise the balance sheet as at December 31, 2019, and the related income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at December 31, 2019, and (of) its financial performance for the year then ended in accordance with the accounting regulations effective in the Republic of Serbia.

Basis for Opinion

We conducted our audit in accordance with Law on accounting of the Republic of Serbia, Law on auditing of the Republic of Serbia and International Standards on Auditing (ISAs) applicable in the Republic of Serbia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Serbia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other matters

In accordance with Law on accounting of the Republic of Serbia and Law on auditing of the Republic of Serbia the Association does not have an obligation for a statutory audit of the financial statements for 2019, and this audit report is intended solely for the Association's management.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

(to be continued)

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Law on accounting of the Republic of Serbia, Law on auditing of the Republic of Serbia and International Standards on Auditing (ISAs) applicable in the Republic of Serbia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Law on accounting of the Republic of Serbia, Law on auditing of the Republic of Serbia and International Standards on Auditing (ISAs) applicable in the Republic of Serbia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

(to be continued)

INDEPENDENT AUDITOR'S REPORT (continued)***Auditor's Responsibilities for the Audit of the Financial Statements (continued)***

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Belgrade, October 20, 2020

Iva Cvetanović, Director
Certified Auditor
Crowe RS Advisory d.o.o.
Majke Jevrosime 23
11000 Belgrade, Serbia

This is a translation of the original document issued in the Serbian language. All due care has been taken to produce a translation that is faithful as possible to the original. However, if any questions arise related to interpretation of the information contained in the translation, the Serbian version of the document shall prevail.

Belgrade, October 20, 2020



Iva Cvetanović, Direktor
Ovlašćeni revizor

Crowe RS Advisory d.o.o.
Majke Jevrosime 23
11000 Beograd, Srbija

Company number: 17414054	NACE code: 9499	TIN: 102211181
Name: CRTA		
Address: Beograd (Vračar), Topolska 22		

BALANCE SHEET

as on 31.12.2019

in RSD thousands

Group accounts, account	ITEM	EDP	Note	Total		
				Current year	Previous year	
					final 31.12.2018	initial 01.01.2018
1	2	3	4	5	6	7
	A S S E T S					
	A. NON-CURRENT ASSETS (0002+0003+0009+0010+0011)	0001	5	11,763	4,069	
01	I. INTANGIBLE ASSETS	0002	5.1	111	111	
02	II. PROPERTY, PLANT AND EQUIPMENT (0004+0005+0006+0007+0008)	0003	5.2	11,262	3,958	
020, 021 and 29 (part)	1. Land	0004		-	-	
022 and 029 (part)	2. Buildings	0005		-	-	
023 and 029 (part)	3. Plant and equipment	0006	5.2.1	11,262	3,958	
024 and 029 (part)	4. Investment property	0007		-	-	
025 and 029 (part)	5. Other property, plant and equipment	0008		-	-	
03	III. BIOLOGICAL ASSETS	0009		-	-	
04	IV. LONG-TERM FINANCIAL INVESTMENTS	0010		-	-	
05	V. LONG-TERM RECEIVABLES	0011	5.3	390	-	
	B. OPERATING ASSETS (0013+0018+0019+0020+0021+0022+0023)	0012	6	72,317	31,030	
Class 1	I. INVENTORIES (0014+0015+0016+0017)	0013	6.1	795	6,082	
10	1. Materials, spare parts, small tools and inventor.	0014		-	-	
11 and 12	2. Work in progress and services in progress, finished products	0015		-	-	
13	3. Merchandise	0016		-	-	
15	4. Advances paid for inventories and services	0017	6.1.1	795	6,082	

Group accounts, account	ITEM	EDP	Note	Total		
				Current year	Previous year	
					final 31.12.2018	initial 01.01.2018
20	II. RECEIVABLES FROM SALES	0018	6.2	494	-	
22	III. OTHER RECEIVABLES	0019	6.3	411	821	
23	IV. SHORT-TERM FINANCIAL INVESTMENTS	0020		-	-	
24	V. CASH AND CASH EQUIVALENTS	0021	6.4	70,498	23,061	
27	VI. VALUE ADDED TAX	0022		-	-	
28	VII. PREPAYMENTS AND ACCRUED INCOME	0023	6.5	119	1,066	
	B. TOTAL ASSETS = OPERATING ASSETS (0001+00012)	0024		84,080	35,099	
88	C. OFF-BALANCE SHEET ASSETS	0025		-	-	
	LIABILITIES					
	A. CAPITAL (0402+0403-0406)>=0	0401		-	-	
30	I. CAPITAL STOCK	0402		-	-	
34	II. RETAINED PROFIT (0404+0405)	0403		-	-	
340	1. Retained profit from previous years	0404		-	-	
341	2. Retained profit from current year	0405		-	-	
35	III. LOSS (0407+0408)	0406		-	-	
350	1. Previous year's losses	0407		-	-	
351	2. Current year loss	0408		-	-	
	B. LONG-TERM PROVISIONS AND LIABILITIES (0410+0411+0414+0415+0416+0417+ 0418+0419)	0409	7	84,080	35,099	
40	I. LONG-TERM PROVISIONS	0410		-	-	
41	II. LONG-TERM LIABILITIES (0412+0413)	0411	7.1	2,297	960	
413 and 414	1. Long-term loans	0412		-	-	
41 except 413 and 414	2. Other long-term liabilities	0413	7.1.1	2,297	960	

Group accounts, account	ITEM	EDP	Note	Total		
				Current year	Previous year	
					final 31.12.2018	initial 01.01.2018
42	III. SHORT-TERM FINANCIAL LIABILITIES	0414	7.2	804	343	
43	IV. LIABILITIES FROM BUSINESS OPERATIONS	0415	7.3	2,417	1,181	
45 and 46	V. OTHER SHORT-TERM LIABILITIES	0416	7.4	22	22	
47	VI. LIABILITIES FOR VALUE ADDED TAX	0417		-	-	
48	VII. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER DUTIES	0418		-	-	
49	VIII. ACCRUALS AND DEFERRED INCOME	0419	7.5	78,540	32,593	
	B. LOSS ABOVE THE VALE OF EQUITY (0409-0024) >= 0 = (0402+0403-0406) <= 0	0420		-	-	
	C. TOTAL LIABILITIES (0401+0409-0420) >= 0	0421		84,080	35,099	
89	D. OFF-BALANCE SHEET LIABILITIES	0422		-	-	

Signature

Seal: CRTA

Company number: 17414054	NACE code: 9499	TIN: 102211181
Name: CRTA		
Address: Beograd (Vračar), Topolska 22		

INCOME STATEMENT

In the period from 01.01 to 31.12.2019

in RSD thousands

Group accounts, account	ITEM	EDP	Note	Total	
				Current year	Previous year
1	2	3	4	5	6
	OPERATING REVENUES AND EXPENSES				
60 to 65, exc.61&62	A. OPERATING REVENUES (1002+1003+1004+1005+1006)	1001	8	234,839	172,308
60	I. INCOME FROM THE SALE OF MERCHANDISE	1002	8.1	5,079	790
630 and 631	II. INCOME FROM	1003		-	-
632 and 639	III. INCOME FROM	1004		-	-
64	IV. INCOME FROM PREMIUMS, SUBVENTIONS, DONATIONS, ETC.	1005	8.2	229,760	171,518
65	IV. OTHER OPERATING INCOME	1006		-	-
50 to 55, 61, 620 and 621	B. OPERATING EXPENSES (1008-1009-1010+1011+1012+1013+1014+1015+1016+1017+1018)	1007	9	234,295	171,520
50	I. COST OF MERCHANDISE SOLD	1008		-	-
61	II. INCOME FROM THE OWN USE OF PRODUCTS, SERVICES AND MERCHANDISE	1009		-	-
620	III. INCREASE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS	1010		-	-
621	IV. DECREASE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS	1011		-	-
51	V. COSTS OF MATERIAL AND ENERGY	1012	9.1	8,746	4,045
52	VI. COSTS OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1013	9.2	75,576	59,982
53	VII. COST OF PRODUCTION SERVICES	1014	9.3	19,043	13,526
540	VIII. COSTS OF DEPRECIATION	1015	9.4	1,163	875
541	IX. COSTS OF PROVISIONS	1016		-	-
557	X. COSTS OD DONATIONS	1017		-	-
55 exc. 557	IX. NON-PRODUCTION COSTS	1018	9.5	129,767	93,092
	C. OPERATING PROFIT (1001-1007)	1019		544	788
	D. OPERATING LOSS (1007-1001)	1020		-	-

Group accounts , account	ITE M	EDP	Note	Total	
				Current year	Previous year
1	2	3	4	5	6
66	I. FINANCIAL INCOME (1022+1023+1024+1025+1026)	102 1	10	386	102
660	1. Financial income incurred with parent co. and subsidiaries	102 2		-	-
661	2. Income from interest	102 3	10.1	41	63
662 & 663	3. FX gains and positive effects of currency clause	102 4	10.2	346	39
664	4. Dividend income	102 5		-	-
669	5. Other financial income	102 6		-	-
56	II. FINANCIAL EXPENSES (1028+1029+1030+1031)	102 7	11	946	900
560	1. Financial expenses incurred with parent companies and subsidiaries	102 8		-	-
562	2. Costs of interest	102 9	11.1	44	46
563,564 & 566	3. Negative FX gains and negative of currency clause	103 0	11.2	899	854
569	4. Other financial expenses	103 1	11.3	3	-
	III. PROFIT FROM FINANCING (1021-1027)	103 2		-	-
	IV. LOSS FROM FINANCING (1027-1021)	103 3		560	798
683 & 685	V. INCOME FROM VALUATION ADJUSTMENT OF OTHER ASSETS AT FAIR VALUE	103 4		-	-
583 & 585	VI. EXPENSES FROM VALUATION ADJUSTMENT OF OTHER ASSETS AT FAIR VALUE	103 5		-	-
	VII. NET INCOME FROM VALUATION ADJUSTMENT OF OTHER ASSETS AT FAIR VALUE	103 6		-	-
	VIII. NET LOSS FROM VALUATION ADJUSTMENT OF OTHER ASSETS AT FAIR VALUE	103 7		-	-
67&68, ex. 683&685	IX. OTHER INCOME	103 8	12	275	123
57 & 58, ex. 583 & 585	X. OTHER EXPENSES	103 9	13	259	138
	XI. INCOME FROM CONTINUING OPERATIONS BEFORE TAXES (1019+1020+1032+1033+1036+1037+1038-1039)	104 0		-	-
	XII. LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (1020-1019+1033+1032+1037-1036+1039-1038)	104 1	14	-	25
69 - 59	XIII. NET INCOME FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACC. PRINCIPLES AND PRIOR PERIOD ERRORS	104 2	14	-	25
59 - 69	XIV. NET LOSS FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ERRORS	104 3	15	-	-

	F. INCOME BEFORE TAXES (1040-1041+1042-1043)	104 4		-	-
	G. LOSS BEFORE TAXES (1041-1040+1043-1042)	104 5		-	-
	H. INCOME TAX				
721	I. TAX EXPENDITURES FOR THE PERIOD	104 6		-	-
	I. NET INCOME (1044-1045-1046)	104 7		-	-
	J. NET LOSS (1045-1044+1046)	104 8		-	-

Signature

Seal: CRTA

ASSOCIATION CRTA

**NOTES TO THE
FINANCIAL STATEMENTS FOR THE
YEAR ENDING DECEMBER 31, 2019**

1. GENERAL INFORMATION

Full name of the association: CRTA

Head office: Topolska 22, Beograd, Vračar

Register number: 17414054

Tax identification number: 102211181

The predominate activity: 9499 – Other organisations based on membership

Date of establishment July 29, 2002

Based on data for the year ending December 31, 2019 as of December 31, 2019 entity is classified as a micro bussines.

Average number of employees for the year 2019 was 15 (2018: 8)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1. Basis of preparation of the financial statements

Financial statements for the year ending December 31, 2019 are prepared in accordance with the Law on Accounting ("Official Gazette of the RS", No. 62/2013, 30/2018 and 73/2019) and other applicable accounting regulations in the Republic of Serbia.

The Company has compiled these financial statements in the format prescribed by the Ministry of Finance of the Republic of Serbia which apply for the period ending December 31, 2019.

2.2. Presentation of the financial statements

The Financial statements are presented in the format prescribed by the Rulebook on the content and form of the financial statement for companies, cooperatives, other legal entities and entrepreneurs ("Official Gazette of the RS", No. 114/2006, 5/2007, 119/2008, 2/2010, 101/2012, 118/2012, 3/2014, 95/2014, 144/2014).

Financial statements are expressed in thousands of dinars (RSD), unless otherwise stated.

Dinar is the official currency in which financial reporting is performed in the Republic of Serbia.

The comparative data are expressed in thousands of dinars (RSD), effective as of December 31, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Valuation rules - basic assumptions

Financial statements are prepared based on causation principle and the business continuity principle.

On the causation principle, a transaction is recognized when it occurs and is included into financial statements for the period to which it relates, regardless of the receipt of cash payments in respect of that event.

Financial statements are prepared on the assumption that the association will operate for an indefinite period of time and that it will continue in business for the foreseeable future.

3.2. Recognition of financial statements elements

An asset is recognized in the balance sheet when it is probable that it will be all in flow to the association on the basis of the use of the asset, and when the asset has acquisition value, or cost price or a measurable value.

Liabilities are recognised in balance sheet when it is probable that there will be an outflow from settlements of current debt and when the value of liability can be reliably measured.

Income is recognized in the income statement when an increase in economic benefits is associated with an increase in assets or a decrease in liabilities that can be measured reliably, that is, revenue recognition occurs simultaneously with the recognition of an increase in assets or a decrease in liabilities.

Expenses are recognized in the income statement when the reductions in economic benefits associated with a decrease in assets or an increase in liabilities can be measured reliably, that is, the recognition of expenses occurs at the same time as the recognition of an increase in liabilities and by reducing funds.

3.3. Foreign currency translation and exchange rate treatment

Transactions denominated in foreign currencies are translated into dinars at the middle exchange rate determined at the interbank foreign exchange market in Serbia, which was in force at the date of the transaction.

Assets and liabilities denominated in foreign currency at the balance sheet are translated into dinars at the middle exchange rate established on the interbank foreign exchange market for the day.

Foreign exchange gains or losses arising on foreign currency transactions and on the translation of foreign currency balance sheet items are recorded in favor or expense of the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3. Foreign currency translation and exchange rate treatment (continued)

Non-monetary items that are measured at historical cost in a foreign currency are translated using the historical rates of exchange at the date of the initial transaction

3.4. Property, plant and equipment

Property, plant and equipment are initially recognized at cost value.

Cost value is the invoice value plus any costs directly attributable to bring these assets to a functional condition.

Equipment is capitalized if its useful life exceeds one year and if its individual value is greater than the value prescribed by tax regulations.

Subsequent investments in property, plant and equipment, which aim to extend their useful lives or increase their capacity, increase their carrying value.

Subsequent to initial recognition, property, plant and equipment are carried at cost value less any accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is calculated on the value of property, plant and equipment at the beginning of the year, or on the purchase value of equipment put to use during the year, using the proportional method over the estimated useful lives of assets, using the following rates:

Vehicles	10%
Computers	30%
Office furniture	15%
Other assets	10% - 15%

Depreciation starts from the following month compared to the month in which the asset is put into use.

Depreciation rates are reviewed annually to calculate depreciation that reflects the actual use of these assets in the course of business and the remaining intended useful lives.

The asset is derecognized at the time of disposal or if no future economic benefits are expected from using the asset.

Gains or losses on the sale or write-off of assets (as the difference between the sale value and the carrying amount) are recognized in the income statement of the relevant period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5. Inventory

Inventory is valued either at cost value (cost price) or net sales value, depending on which of the two is lower.

Cost value includes invoice value from suppliers, import duties, transport expenses, and other variable procurement expenses.

Cost price comprises of direct material costs, direct labour cost and indirect cost of production. Expenses are included in cost price based on normal level of utilization of capacities, excluding interest costs and cost of period.

Net sales value is value at which the supplies could normally be sold on market, after deduction of selling expenses.

3.6. Impairment of assets

On the day of balance sheet, the entity evaluates its tangible and intangible assets to determine whether it has encountered deduction of asset's value.

If there are such indications, entity estimates net realizable value (NRV) to determine eventual loss.

If the NRV could not be estimated, the entity estimates NRV of unit that generates cash, which the asset belongs to.

NRV is net sales or value in use, depending on which one of the two is higher.

To estimate value in use, estimated future cash flows are discounted to present value, using discount rate before tax which reflects current market's estimation of the time value of money for risks specific to such asset.

If the NRV (or the value of unit that generates cash) is lower than carrying amount, then the carrying amount is adjusted to the level of NRV.

The loss from deduction of value is recognized as expense, unless the asset was previously subject of revaluation. In this case, the portion of the loss, up to the amount of the revaluation, is recognized within other comprehensive income.

3.7. Borrowing costs

Borrowing costs relate to interest and other costs associated with borrowings. Borrowing costs directly attributable to the acquisition, construction or construction of a qualifying asset (investment) are included in the cost or cost of the asset.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (COUNTIUED)

3.8. Financial instruments

Classification of financial instruments

Financial instruments includes long term financial placements, receivables, short term financial placements, cash and cash equivalents.

The entity classifies financial instruments into 5 categories: financial assets at fair value through OCI, investments held to maturity financial, receivables and assets available for sale. Classification depends on intent for which the assets were acquired.

The entity determines classification of financial assets at inicial recognition.

Financial liabilities include long-term financial liabilities, short-term financial liabilities, operating liabilities and other current liabilities.

The association classifies financial liabilities into two categories: fair value liabilities through OCI and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the depreciated value of a financial asset or financial liabilities and the distribution of interest income and interest expense over a specified period.

The effective interest rate is the interest rate that accurately discounts future cash payments or receipts during the expected life of the financial instrument or, where appropriate, during a shorter period to the net carrying amount of the financial asset or financial liability.

Cash and cash equivalents

Cash and cash equivalents are cash in hand, funds at current and foreign currency accounts as well as short-term deposits of up to three months that are easily possible convert to cash are subject to an insignificant risk of change in value.

Loans (borrowings) and receivables

Trade receivables, loans (borrowings) and other fixed or determinable payments that are not quoted in an active market are classified as loans (short-term loans) and receivables.

Loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8. Financial instruments (continued)

Loans (borrowings) and receivables (continued)

Interest income is recognized using the effective interest method, except in the case of short-term receivables, where recognition of interest income would not be material.

Impairment of financial assets

At each balance sheet date, the association assesses whether there is objective evidence that a financial asset or group of financial assets has been impaired (except for assets carried at fair value through OCI).

Impairment of financial assets is made when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the assets will change.

Impairment (allowance) of receivables is made indirectly based on management's assessment on the reality of collection of receivables, and directly if the inability to collect is certain and documented.

Changes in the allowance account are recorded in favour or expense of the income statement. Written off receivables are recorded in the income statement as other income.

Other financial liabilities

Other financial liabilities, including loans, are initially recognized at fair value of the proceeds, deducted for transaction costs.

After initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Interest expense is recognized in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (COUNTIUED)

3.9. Income tax

Current tax

Income tax is the amount that is calculated and paid in accordance with the tax regulations of the Republic of Serbia.

The final amount of the income tax liability is determined by applying a tax rate of 15% to the tax base set out in the association's tax balance.

The tax base shown in the tax balance includes the profit shown in the official Income statement corrected for the permanent differences defined by the regulations on taxation of the income tax of the Republic of Serbia.

State regulations do not provide that tax losses from the current period can be used as a basis to recover tax paid in prior periods. However, losses from the current period may be used to reduce the tax base of future accounting periods, but not longer than 5 years.

Deferred tax

Deferred income tax is calculated using the balance sheet liability method for temporary differences arising between the carrying amount of the asset and the financial statements and their corresponding tax bases used in calculating taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable profits will be available for the use of deductible temporary differences.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax is charged or credited to the income statement, except when it relates to items that are credited directly to or against the other comprehensive result, in which case the deferred tax is also allocated to other comprehensive income.

Deferred tax is charged or recorded in the income statement, except when referring to positions which are recorded directly credited or charged to equity, in which case the deferred tax is also allocated to equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (COUNTIUED)

3.10. Employee benefits

Employee taxes and contributions for Social Security

In accordance with the regulations applicable in the Republic of Serbia, the association is obliged to pay tax and contributions to state social security funds that provide social security for employees.

These obligations involve the payment of contribution on behalf of employer in an amount calculated by applying the specific, legally-prescribed rates.

The Association is also obliged to suspend contributions from employees' gross salaries and to pay them, on behalf of employees, to those funds.

Contributions on behalf of employer and on behalf of employee are charged to expense as incurred.

The association is not included in other forms of pension plans and has no obligations under these grounds.

Severance payment

In accordance with the Labour Law, the association is obliged to pay the employee severance payment upon retirement in the amount of the average salary of the employee for the last three months, or in the amount of three average earnings earned in the Republic of Serbia in the month preceding the month of retirement, whichever is higher at the time of payment.

3.11. Revenues and expenses

Revenues from the sale of goods and services rendered are recognized in the income statement when all risks and rewards have passed to the customer.

Sales revenues are recorded when the goods are delivered or the service is rendered.

Revenues are recorded at invoiced value, net of discounts and value added tax.

Expenses are calculated on the principle of causality of income and expenses.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements requires to make estimates and assumptions that may affect the presented amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the reporting period.

These estimates and assumptions are based on previous experience, current and expected operating conditions and other available information at the date of preparation of the financial statements.

Actual results may differ from the estimated amounts.

The most important areas requiring assessment and assumptions are presented below:

4.1. Useful life of property, plant and equipment

The useful life of property, plant and equipment is estimated at the end of each financial year. The estimated useful life of the equipment is based on historical experience with similar assets, as well as predicted technological advances and changes in economic and industrial factors.

If the present estimate differs from the previous estimates, changes in the records of the association are recorded in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

These changes could have a materially significant effect on the carrying value of the equipment as well as the depreciation of the current accounting period.

4.2. Impairment of assets

At the balance sheet date, the association reviews the carrying amount of tangible and intangible assets and assesses whether there are any indications of impairment of the asset.

In assessing impairment, assets that do not generate cash flows independently are allocated to the appropriate cash-generating unit.

Subsequent changes in the allocation to the cash-generating unit or the timing of cash flows may affect the carrying value of the asset in question.

BALANCE SHEET

5. FIXED ASSETS

		in thousands of RSD	
		2019	2018
5.1.	INTANGIBLE ASSETS	111	111
5.2.	PROPERTIES, PLANTS AND EQUIPMENT	11,262	3,958
5.2.1.	Plants and equipment	11,262	3,958
5.3	LONG-TERM RECEIVABLES	390	0
TOTAL FIXED ASSETS:		11,763	4,069

6. CURRENT ASSETS

6.1. INVENTORY

		in thousands of RSD	
		2019	2018
6.1.1.	Advances paid for inventory and services	795	6,082
TOTAL INVENTORY:		795	6,082

6.2. RECEIVABLES FROM SALES

		in thousands of RSD	
		2019	2018
6.2.1.	Receivables from sales	494	0
6.2.1.1.	Trade receivables - foreign	494	0
TOTAL RECEIVABLES FROM SALES:		494	0

6.3. OTHER RECEIVABLES

		in thousands of RSD	
		2019	2018
6.3.1.	Receivables from employees	0	0
6.3.2.	Receivables for higher paid corporate income tax	58	58
6.3.3.	Receivables from other taxes and contributions paid	11	0
6.3.4.	Receivables for Reimbursement Earnings	107	527
6.3.5.	Other receivables	235	236
TOTAL OTHER RECEIVABLES:		411	821

6. CURRENT ASSETS (CONTINUED)

6.4. CASH AND CASH EQUIVALENTS

		in thousands of RSD	
		2019	2018
6.4.1.	Bank accounts- Dinars	70,498	23,061
6.4.2.	Bank accounts- foreign currency	0	0
TOTAL CASH AND CASH EQUIVALENTS:		70,498	23,061

6.5. PREPAYMENTS AND ACCRUED INCOME

		in thousands of RSD	
		2019	2018
6.5.1.	Prepaid costs	119	954
6.5.2.	Other accruals	0	112
TOTAL PREPAYMENTS AND ACCRUED INCOME:		119	1,066

		in thousands of RSD	
		2019	2018
TOTAL CURRENT ASSETS:		72,317	31,030

7. LONG-TERM RESERVATIONS AND LIABILITIES

7.1. LONG-TERM LIABILITIES

		in thousands of RSD	
		2019	2018
7.1.1.	Long-term loans and borrowings - domestic	639	960
7.1.2.	Finance lease liabilities	1,658	0
TOTAL LONG-TERM LIABILITIES:		2,297	960

7.2. SHORT-TERM FINANCIAL LIABILITIES

		in thousands of RSD	
		2019	2018
7.2.1.	Current portion of long-term liabilities	804	343
7.2.2.	Other short-term financial liabilities	0	0
TOTAL SHORT-TERM FINANCIAL LIABILITIES:		804	343

7. LONG-TERM RESERVATIONS AND LIABILITIES (CONTINUED)

7.3. LIABILITIES FROM BUSINESS OPERATIONS

		in thousands of RSD	
		2019	2018
7.3.1.	Trade payables - domestic	2,417	1,181
7.3.2.	Trade payables - foreign	0	0
TOTAL LIABILITIES FROM BUSINESS OPERATIONS:		2,417	1,181

7.4. OTHER SHORT-TERM LIABILITIES

		in thousands of RSD	
		2019	2018
7.4.1.	Liabilities to employees	10	10
7.4.2.	Other liabilities	12	12
TOTAL OTHER SHORT-TERM LIABILITIES:		22	22

7.5. ACCRUALS AND DEFERRED INCOME

		in thousands of RSD	
		2019	2018
7.5.1.	Deferred income and donations received	78,540	32,593
TOTAL ACCRUALS AND DEFERRED INCOME:		78,540	32,593

		in thousands of RSD	
		2019	2018
TOTAL LONG-TERM RESERVATIONS AND LIABILITIES:		84,080	35,099

INCOME STATEMENT

8. OPERATING INCOME

		in thousands of RSD	
		2019	2018
8.1.	Revenue from services	5,079	790
8.2.	Donation income	229,760	171,518
TOTAL OPERATING INCOME:		234,839	172,308

9. OPERATING EXPENSES

		in thousands of RSD	
		2019	2018
9.1.	Material costs and energy	8,746	4,045
9.2.	Cost of salaries, wage compensation and other personal expenses	75,576	59,982
9.3.	Production services expenses	19,043	13,526
9.4.	Depreciation and amortization expense	1,163	875
9.5.	Non-production expenses	129,767	93,092
TOTAL OPERATING EXPENSES:		234,295	171,520

10. FINANCIAL INCOME

		in thousands of RSD	
		2019	2018
10.1.	Interest income	41	63
10.2.	Foreign exchange gains and gains for currency clause effects	345	39
TOTAL FINANCIAL INCOME:		386	102

11. FINANCIAL EXPENSES

		in thousands of RSD	
		2019	2018
11.1.	Interest expenses	44	46
11.2.	Foreign exchange losses and losses for currency clause effects	899	854
11.3.	Other financial expenses	3	0
TOTAL FINANCIAL EXPENSES:		946	900

12. OTHER INCOME

		in thousands of RSD	
		2019	2018
12.1.	Other income	275	123
TOTAL OTHER INCOME:		275	123

13. OTHER EXPENSES

		in thousands of RSD	
		2019	2018
13.1.	Other expenses	259	138
TOTAL OTHER EXPENSES:		259	138

14. SURPLUS OF INCOME OVER EXPENSES

		in thousands of RSD	
		2019	2018
14.1.	Retained earnings from earlier years that are not materially significant	0	0
TOTAL SURPLUS OF INCOME OVER EXPENSES:		0	0

15. SURPLUS OF EXPENSES OVER INCOME

		in thousands of RSD	
		2019	2018
15.1.	Expenditures from earlier years that are not materially significant	0	25
TOTAL SURPLUS OF EXPENSES OVER INCOME:		0	25

16. FOREIGN EXCHANGE RATES

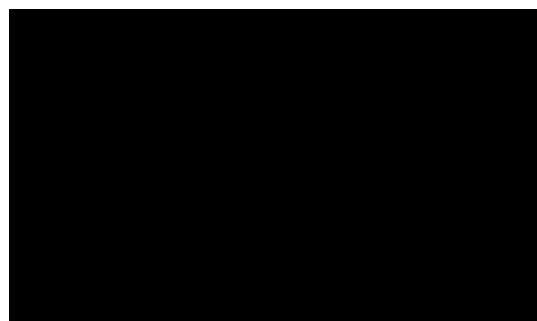
The official rates for currencies that are relevant to the operations of the company and used to convert foreign currency balance sheet positions into dinars are as follows:

CURRENCY	31.12.2019.	31.12.2018.
EUR	117.5928	118.1946
USD	104.9186	103.3893
GBP	137.5998	131.1816
SEK	11.2183	11.5202

17. EVENTS AFTER THE REPORTING PERIOD

Following indications that the Coronavirus Outbreak - COVID-19 (hereinafter: Coronavirus) is present in March 2020 in Serbia and worldwide, the Association has taken the necessary measures to protect its co-workers, employees and all interested parties by providing a way to allow the smooth running of its activity. Since the epidemic and spread of coronavirus is continuously growing, it is a great challenge to predict its duration and economic impact. As a consequence, these circumstances may put the Association ahead of the challenge related to business operations, largely because of appropriate measures and policies that have already been adopted or could be enacted in the future by state institutions responsible for crisis management. Such measures and policies could significantly affect the Association's activities. The Association's management has estimated that coronavirus could have a significant impact on the overall business over a longer period of time. The final implication of the Association's future financial results cannot be determined at this time.

Belgrade, July 30, 2020



Vukosava Crnjanski Šabović s.r.