

**ASSOCIATION CRTA BEOGRAD**

**Financial Statements  
Year Ended December 31, 2021 and  
Independent Auditors' Report**

## ASSOCIATION CRTA BEOGRAD

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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, 2021, 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, 2021, 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 2021, and this 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, September 30, 2022

Djordje Dimic, 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.*

Company number: <b>17414054</b>	NACE code: <b>9499</b>	TIN: <b>102211181</b>
Name: <b>CRTA</b>		
Address: <b>Beograd (Stari grad), Francuska 6</b>		

**BALANCE SHEET**  
as on 31.12.2021

in RSD thousands

Group accounts, account	ITEM	EDP	Note	Total		
				Current year	Previous year	
					final 31.12.20 20	initial 01.01.20 20
1	2	3	4	5	6	7
	<b>ASSETS</b>					
	<b>A. NON-CURRENT ASSETS</b> (0002+0003+0009+0010+0011+0012)	0001	5.1	15,381	11,712	11,763
01	I. INTANGIBLE ASSETS	0002		-	-	-
02	II. PROPERTY, PLANT AND EQUIPMENT (0004+0005+0006+0007+0008)	0003	5.1	15,381	10,712	11,262
020, 021 and 022	1. Land and buildings	0004		-	-	-
023	2. Plant and equipment	0005	5.1	15,381	10,712	11,262
024	3. Investment property	0006		-	-	-
025 and 027	4. Other property, plant and equipment	0007		-	-	-
026 and 028	5. Property, plant and equipment in preparation and advances for property, plants and equipment	0008		-	-	-
03	III. BIOLOGICAL ASSETS	0009		-	-	-
04	IV. LONG-TERM FINANCIAL INVESTMENTS	0010	5.2	-	1,000	-
05	V. LONG-TERM RECEIVABLES	0011		-	-	390
28 (part)	VI. LONG-TERM PREPAYMENTS AND ACCRUED INCOME	0012		-	-	-
	<b>B. OPERATING ASSETS</b> (0014+0019+0020+0021+0022+0023)	0013		167,240	135,161	72,318
Class 1	I. INVENTORIES (0015+0016+0017+0018)	0014	6.1	5,876	149	795
10	1. Materials, spare parts, small tools and inventor	0015		-	-	-
11 and 12	2. Work in progress and services in progress, finished products	0016		-	-	-
13	3. Merchandise	0017		-	-	-
15	4. Advances paid for inventories and services	0018	6.1	5,876	149	795

Group accounts, account	ITEM	EDP	Note	Total		
				Current year	Previous year	
					final 31.12.20 20	initial 01.01.20 20
20	II. RECEIVABLES FROM SALES	0019	6.2	1,647	2,596	494
22 and 27	III. OTHER RECEIVABLES	0020	6.3	582	1,315	412
23	IV. SHORT-TERM FINANCIAL INVESTMENTS	0021		-	-	-
24	V. CASH AND CASH EQUIVALENTS	0022	6.4	158,665	131,053	70,498
28 (part)	VI. SHORT-TERM PREPAYMENTS AND ACCRUED INCOME	0023	6.5	470	48	119
	<b>C. TOTAL ASSETS = OPERATING ASSETS (0001+00013)</b>	0024		182,621	146,873	84,081
88	<b>D. OFF-BALANCE SHEET ASSETS</b>	0025		-	-	-
	<b>LIABILITIES</b>					
	<b>A. CAPITAL</b> (0402+0403-0404+0405-0408)>=0	0401		25,817	16,972	-
30	I. CAPITAL STOCK	0402		-	-	-
330 and demand balance 331	II. UNREALIZED GAINS(LOSSES) ON FINANCIAL INSTRUMENTS	0403		-	-	-
debt balance 331	III. UNREALIZED GAINS ON FINANCIAL INSTRUMENTS	0404		-	-	-
34	IV. RETAINED PROFIT (0406+0407)	0405		25,817	16,972	0
340	1. Retained profit from previous years	0406		16,972	-	-
341	2. Retained profit from current year	0407		8,845	16,972	-
35	V. RETAINED LOSS (0409+0410)	0408		-	-	-
350	1. Previous year's losses	0409		-	-	-
351	2. Current year loss	0410		-	-	-
	<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b> (0410+0411+0414+0415+0416+0417+ 0418+0419)	0411	7.1	-	1,449	2,297
40	I. LONG-TERM PROVISIONS	0412		-	-	-
41	II. LONG-TERM LIABILITIES (0412+0413)	0413	7.1	-	1,449	2,297
413 and 414	1. Long-term loans	0414		-	-	-
41 except 413 and 414	2. Other long-term liabilities	0415	7.1	-	1,449	2,297
495 (part)	<b>C. LONG-TERM DEFERRED INCOME AND RECEIVED DONATIONS</b>	0416	7.6	152,587	122,552	78,540
49 (part), except 495	<b>D. LONG-TERM ACCRUALS AND DEFERRED INCOME</b>	0417		-	-	-
	<b>E. SHORT-TERM RESERVATIONS I SHORT-TERM LIABILITIES (0419 + 0420 + 0421 + 0422 + 0423 + 0424 + 0425)</b>	0418		4,217	5,900	3,244

Group accounts, account	ITEM	EDP	Note	Total		
				Current year	Previous year	
					final 31.12.20 20	initial 01.01.20 20
463	I.SHORT-TERM PROVISIONS	0419		-	-	-
42	II. SHORT-TERM FINANCIAL LIABILITIES	0420	7.2	-	837	805
43	III. LIABILITIES FROM BUSINESS OPERATIONS	0421	7.3	1,875	687	2,418
45, 46 except 463 and 47	IV. OTHER SHORT-TERM LIABILITIES	0422	7.4	586	962	21
48 except 481	VI. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER DUTIES	0423	7.5	195	419	-
481	VII LIABILITIES FOR VALUE ADDED TAX	0424	7.5	1,561	2,995	-
49 (part)	VIII. SHORT-TERM ACCRUALS AND DEFERRED INCOME	0425	7.5	-	-	-
	<b>F. LOSS ABOVE THE VALE OF EQUITY</b> <b>(0411 + 0416 + 0417 + 0418- 0024) ≥ 0 = (0404 +</b> <b>0408 - 0402 -0403 - 0405) ≥ 0</b>	0426		-	-	-
	<b>G. TOTAL LIABILITIES</b> <b>(0401+0411+0416+0417+0418-0426) &gt; = 0</b>	0427		182,621	146,873	84,081
89	<b>H. OFF-BALANCE SHEET LIABILITIES</b>	0428		-	-	-

*Signature*

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Company number: <b>17414054</b>	NACE code: <b>9499</b>	TIN: <b>10221181</b>
Name: <b>CRTA</b>		
Address: <b>Beograd (Stari grad), Francuska 6</b>		

### INCOME STATEMENT

In the period from 01.01 to 31.12.2021

in RSD thousands

Group accounts, account	ITE M	EDP	Note	Total	
				Current year	Previous year
1	2	3	4	5	6
	<b>OPERATING REVENUES AND EXPENSES</b>				
	<b>A. OPERATING REVENUES (1002+1003+1004+1005+1006+1007-1008+1009)</b>	1001	8.1	276,593	319,594
60	I. INCOME FROM THE SALE OF MERCHANDISE	1002	8.1	24,542	22,225
630 and 631	II. INCOME FROM MEMBERSHIP AND MEMBERSHIP FEES CONTRIBUTION	1003		-	-
632 and 639	III. INCOME FROM SPECIAL BUDGET REGULATIONS AND OTHER SOURCES	1004		-	-
64	IV. INCOME FROM PREMIUMS, SUBVENTIONS, DONATIONS, ETC.	1005	8.1	252,051	297,369
65	V. OTHER OPERATING INCOME	1006		-	-
620	VI. INCREASE OF INVENTORY VALUE	1007		-	-
621	VII. DECREASE OF INVENTORY VALUE	1008		-	-
61	VIII. INCOME OF ACTIVATION OF GOODS, PRODUCTS AND SERVICE	1009		-	-
	<b>B. OPERATING EXPENSES (1011 + 1012 + 1013 +1014 + 1015 + 1016 + 1017 + 1018)</b>	1010	9.1	265,227	297,750
50	I. COST OF MERCHANDISE SOLD	1011		-	-
51	II. COSTS OF MATERIAL, FUEL AND ENERGY	1012	9.1	6,246	18,003
52	III. COSTS OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1013	9.2	97,690	118,208
53	VII. COST OF PRODUCTION SERVICES	1014	9.3	54,402	48,594
540	VIII. COSTS OF DEPRECIATION	1015	9.4	3,413	2,819
541	IX. COSTS OF PROVISIONS	1016		-	-
557	X. COSTS OD DONATIONS	1017	9.5	50,724	45,170
55 exc. 557	IX. NON-PRODUCTION COSTS	1018	9.6	52,752	64,956
	<b>C. OPERATING PROFIT (1001-1007)</b>	1019		11,366	21,844
	<b>D. OPERATING LOSS (1007-1001)</b>	1020		-	-

Group accounts , account	ITE M	EDP	Note	Total	
				Current year	Previous year
1	2	3	4	5	6
66	<b>I. FINANCIAL INCOME</b> (1022+1023+1024+1025+1026)	1021	10	867	508
660	1. Financial income incurred with parent co. and subsidiaries	1022		-	-
661	2. Income from interest	1023	10.1	579	75
662 & 663	3. FX gains and positive effects of currency clause	1024	10.2	288	433
664	4. Dividend income	1025		-	-
669	5. Other financial income	1026		-	-
56	<b>II. FINANCIAL EXPENSES</b> (1028+1029+1030+1031)	1027	11	1,283	1,476
560	1. Financial expenses incurred with parent companies and subsidiaries	1028		-	-
562	2. Costs of interest	1029	11.1	334	72
563,564 & 566	3. Negative FX gains and negative of currency clause	1030	11.2	949	1,404
569	4. Other financial expenses	1031		-	-
	<b>III. PROFIT FROM FINANCING (1021-1027)</b>	1032		-	-
	<b>IV. LOSS FROM FINANCING (1027-1021)</b>	1033		416	968
683 & 685	<b>V. INCOME FROM VALUATION ADJUSTMENT OF OTHER ASSETS AT FAIR VALUE</b>	1034		-	-
583 & 585	<b>VI. EXPENSES FROM VALUATION ADJUSTMENT OF OTHER ASSETS AT FAIR VALUE</b>	1035		-	-
67&68, ex. 683&685	<b>VII. OTHER INCOME</b>	1036	12	2	115
57 & 58, ex. 583 & 585	<b>VIII. OTHER EXPENSES</b>	1037	13	546	1,024
	<b>IX. TOTAL INCOME</b>	1038		277,462	320,217
	<b>XII. TOTAL LOSSES</b>	1039		267,056	300,250
	<b>E. PROFIT FROM ORDINARY OPERATIONS BEFORE TAXATION (1038-1039) ≥ 0</b>	1040	14	10,406	19,967
	<b>F. LOSS FROM ORDINARY OPERATIONS BEFORE TAXATION (1038-1039) ≥ 0</b>	1041		-	-
69 - 59	<b>XIII. NET INCOME FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACC. PRINCIPLES AND PRIOR PERIOD ERRORS</b>	1042		-	-
59 - 69	<b>XIV. NET LOSS FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ERRORS</b>	1043		-	-
	<b>G. INCOME BEFORE TAXES (1040 - 1041 + 1042 - 1043) ≥ 0</b>	1044	14.1	10,406	19,967
	<b>H. LOSS BEFORE TAXES (1041 - 1040 + 1043 - 1042) ≥ 0</b>	1045		-	-
	<b>I. INCOME TAX</b>				

721	I. TAX EXPENDITURES FOR THE PERIOD	1046		1,561	2,995
	<b>J. NET INCOME (1044 - 1045 - 1046) ≥ 0</b>	1047		8,845	16,972
	<b>K. NET LOSS (1045 - 1044 + 1046) ≥ 0</b>	1048		-	-

*Signature*

Seal: CRTA

**ASSOCIATION CRTA**

**NOTES TO THE  
FINANCIAL STATEMENTS FOR THE  
YEAR ENDING DECEMBER 31, 2021**

## **1. GENERAL INFORMATION**

Full name of the association: CRTA

Head office: Francuska 6, Beograd, Stari grad

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, 2021 as of December 31, 2021 entity is classified as a micro bussines.

Average number of employees for the year 2021 was 30 (2020: 19)

## **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, 2021 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, 2021.

### **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, 2020.

### **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 100.000,00 dinars.

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 (CONTIUED)**

#### **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 (CONTINUED)**

#### **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 (CONTINUED)**

#### **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

## BALANCE SHEET

### 5. FIXED ASSETS

		in thousands of RSD	
		2021	2020
5.1	<b>PROPERTIES, PLANTS AND EQUIPMENT</b>	<b>15,381</b>	<b>10,712</b>
5.1.1.	Plants and equipment	15,381	10,712
<b>TOTAL FIXED ASSETS:</b>		<b>15,381</b>	<b>10,712</b>

### 6. CURRENT ASSETS

#### 6.1. INVENTORY

		in thousands of RSD	
		2021	2019
6.1.1.	<b>Advances paid for inventory and services</b>	<b>5,876</b>	<b>149</b>
<b>TOTAL INVENTORY:</b>		<b>5,876</b>	<b>149</b>

#### 6.2. RECEIVABLES FROM SALES

		in thousands of RSD	
		2021	2020
6.2.1.	<b>Receivables from sales</b>	<b>1,647</b>	<b>2,596</b>
<b>TOTAL RECEIVABLES FROM SALES:</b>		<b>1,647</b>	<b>2,596</b>

#### 6.3. OTHER RECEIVABLES

		in thousands of RSD	
		2021	2020
6.3.1.	Receivables from employees	-	180
6.3.2.	Receivables for higher paid corporate income tax	-	1
6.3.3.	Receivables from other taxes and contributions paid	11	11
6.3.4.	Receivables for Reimbursement Earnings	28	306
6.3.5.	Other receivables	543	817
<b>TOTAL OTHER RECEIVABLES:</b>		<b>582</b>	<b>1,315</b>

## 6. CURRENT ASSETS (CONTINUED)

### 6.4. CASH AND CASH EQUIVALENTS

in thousands of RSD

		2021	2020
6.4.1.	Bank accounts- Dinars	149,106	131,053
6.4.2.	Bank accounts- foreign currency	9,559	-
<b>TOTAL CASH AND CASH EQUIVALENTS:</b>		<b>158,665</b>	<b>131,053</b>

### 6.5. PREPAYMENTS AND ACCRUED INCOME

in thousands of RSD

		2021	2020
6.5.1.	Prepaid costs	470	48
6.5.2.	Other accruals	-	-
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME:</b>		<b>470</b>	<b>48</b>

in thousands of RSD

		2021	2020
<b>TOTAL CURRENT ASSETS:</b>		<b>167,240</b>	<b>135,161</b>

## 7. LONG-TERM RESERVATIONS AND LIABILITIES

### 7.1. LONG-TERM LIABILITIES

in thousands of RSD

		2021	2020
7.1.1.	Long-term loans and borrowings - domestic	-	1,449
<b>TOTAL LONG-TERM LIABILITIES:</b>		<b>-</b>	<b>1,149</b>

### 7.2. SHORT-TERM FINANCIAL LIABILITIES

in thousands of RSD

		2021	2020
7.2.1.	Current portion of long-term liabilities	-	837
<b>TOTAL SHORT-TERM FINANCIAL LIABILITIES:</b>		<b>-</b>	<b>837</b>

## 7. LONG-TERM RESERVATIONS AND LIABILITIES (CONTINUED)

### 7.3. LIABILITIES FROM BUSINESS OPERATIONS

		in thousands of RSD	
		2021	2020
7.3.1.	Trade payables - domestic	1,857	687
7.3.2.	Trade payables - foreign	18	-
<b>TOTAL LIABILITIES FROM BUSINESS OPERATIONS:</b>		<b>1,875</b>	<b>687</b>

### 7.4. OTHER SHORT-TERM LIABILITIES

		in thousands of RSD	
		2021	2020
7.4.1.	Other short-term liabilities	586	962
<b>TOTAL OTHER SHORT-TERM LIABILITIES:</b>		<b>586</b>	<b>962</b>

### 7.5. ACCRUALS AND DEFERRED INCOME

		in thousands of RSD	
		2021	2020
7.5.1.	Deferred income and donations received	1,561	2,995
7.5..2	Deferred income	195	419
<b>TOTAL ACCRUALS AND DEFERRED INCOME:</b>		<b>1,756</b>	<b>3,414</b>

### 7.6. PASSIVE ACCRUALS

		in thousands of RSD	
		2021	2020
7.6.1.	Passive accruals	152.587	122,552
<b>TOTAL PASSIVE ACCRUALS :</b>		<b>152.587</b>	<b>122,552</b>

		in thousands of RSD	
		2021	2020
<b>TOTAL LONG-TERM RESERVATIONS AND LIABILITIES:</b>		<b>156,804</b>	<b>127,615</b>



## INCOME STATEMENT

### 8. OPERATING INCOME

		in thousands of RSD	
		2021	2020
8.1.	Revenue from services	24.542	22,225
8.2.	Donation income	252.051	297,369
<b>TOTAL OPERATING INCOME:</b>		<b>276.593</b>	<b>319,594</b>

### 9. OPERATING EXPENSES

		in thousands of RSD	
		2021	2020
9.1	Material costs and energy	6,246	18,003
9.2	Cost of salaries, wage compensation and other personal expenses	97,690	118,208
9.3	Production services expenses	54,402	48,594
9.4	Depreciation and amortization expense	3,413	2,819
9.5	Donation expenses	50,724	45,170
9.6	Non-production expenses	52,752	64,956
<b>TOTAL OPERATING EXPENSES:</b>		<b>265,227</b>	<b>297,750</b>

### 10. FINANCIAL INCOME

		in thousands of RSD	
		2021	2020
10.1.	Interest income	579	-
10.2.	Foreign exchange gains and gains for currency clause effects	288	508
<b>TOTAL FINANCIAL INCOME:</b>		<b>867</b>	<b>508</b>

### 11. FINANCIAL EXPENSES

		in thousands of RSD	
		2021	2020
11.1.	Interest expenses	334	72
11.2.	Foreign exchange losses and losses for currency clause effects	949	1,404
<b>TOTAL FINANCIAL EXPENSES:</b>		<b>1,238</b>	<b>1,476</b>

## 12. OTHER INCOME

		in thousands of RSD	
		2021	2020
12.1.	Other income	2	115
<b>TOTAL OTHER INCOME:</b>		<b>2</b>	<b>115</b>

### 13. OTHER EXPENSES

		in thousands of RSD	
		2021	2020
13.1.	Other expenses	546	1,024
<b>TOTAL OTHER EXPENSES:</b>		<b>546</b>	<b>1,024</b>

### 14. SURPLUS OF INCOME OVER EXPENSES

		in thousands of RSD	
		2021	2020
14.1.	Retained earnings from earlier years that are not materially significant	10,406	19,967
<b>TOTAL SURPLUS OF INCOME OVER EXPENSES:</b>		<b>10,406</b>	<b>19,967</b>

### 15. 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	31.12.2021.	31.12.2020.
EUR	117.5821	117.5802
USD	103.9262	95.6637