

**THE PERMANENT SECRETARIAT OF
THE TRANSPORT COMMUNITY**

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

**TRANSPORT COMMUNITY
2021 Annual Financial Statements**

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Regional Steering Committee of the Permanent Secretariat of the Transport Community

Opinion

We have audited the accompanying financial statements of the Permanent Secretariat of the Transport Community (the "Organization") which comprise the statement of financial position as at 31 December 2021, the statement of financial performance, statement of changes in net asset, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements comprising a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organization as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Other matter

The Organization financial statements for the year 2020 were audited by another auditor who expressed a positive opinion on those financial statements in his report as of 24 June 2021.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (IPSAS), 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.

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

The management is responsible for overseeing the Organization's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)***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 International Standards on Auditing (ISAs) 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.

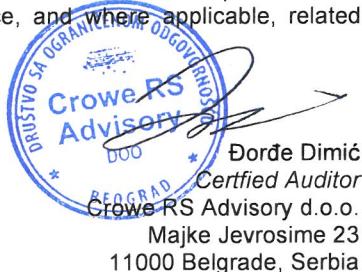
As part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Organization'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 Organization'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 Organization to cease to continue as a going concern.
- 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, May 31, 2022



TRANSPORT COMMUNITY
2021 Annual Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	31 December 2021 (in EUR)	31 December 2020 (in EUR)
ASSETS			
A. Current assets			
I.	Cash and cash equivalents	1	1,492,643.83
II.	Receivables and prepayments	2	1,464.48
	Budget contributions receivables		<u>185,753.87</u>
	Total current assets	1,494,108.31	3,440,525.78
B. Non-current assets			
I.	Intangible assets		
	Software and licences	3	27,116.40
II.	Tangible assets		
	Infrastructure, plant and equipment	4	4,985.03
	Total non-current assets	32,101.43	8,244.43
	TOTAL ASSETS	1,526,209.73	3,448,770.20
LIABILITIES			
A. Current liabilities			
I.	Accounts payable	5	
	Trade payables		42,986.83
	Payables to staff		14,940.43
	Legal commitments		690,745.00
	Accruals		7,750.00
	Total accounts payables	756,422.26	185,893.31
II.	Unused budget appropriations	6	
	Unused appropriations 2019 (Contracting Parties)		1,178,304.41
	Unused appropriations 2020 (Contracting Parties)		48,692.50
	Unused appropriations 2021 (Contracting Parties)		688,993.55
	Total unused budget appropriations	13	737,686.05
			3,254,632.46
B. Non-current liabilities			
I.	Investments	7	32,101.43
	TOTAL LIABILITIES AND NET ASSETS	1,526,209.73	3,448,770.20

TRANSPORT COMMUNITY
2021 Annual Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31 December 2021 (in EUR)	31 December 2020 (in EUR)
REVENUE	8		
Budget contributions			
Budget contributions parties		3,000,000.00	3,000,000.00
In kind contribution from EU			10,991.18
Legal commitments, prior year		162,260.00	55,316.72
Legal commitments, current year		(690,745.00)	(162,260.00)
Allocation to investments		(37,556.88)	(6,335.22)
Unused appropriations		(688,993.55)	(2,076,328.05)
Total contributions		1,744,964.57	821,384.63
TOTAL REVENUE		1,744,964.57	821,384.63
EXPENSES	9		
Staff costs			
Staff salaries		1,181,775.05	660,652.94
Health/Pension/Social security contr.		113,169.16	49,100.47
Other staff costs		90,895.36	964.58
Total staff costs		1,385,839.57	710,717.99
Depreciation and Amortization Expense			
Fixed assets amortization charge		13,699.88	16,136.92
Depreciation and amortization usage		(13,699.88)	(16,136.92)
Total fixed assets amortization		-	-
Operating expenses			
Running costs		350,390.24	87,091.87
Recruitment costs		-	18,481.07
Finance costs		8,734.76	5,093.70
Total operating expenses		359,125.00	110,666.64
TOTAL EXPENSES		1,744,964.57	821,384.63
NET SURPLUS FOR THE PERIOD		0.00	0.00

TRANSPORT COMMUNITY
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Indirect Method Cash Flow Statement (paragraph 27(b))
Cash Flow Statement for Year Ended December 31, 2021

	2021 in EUR	2020 in EUR
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(deficit)	-	-
Non-cash movements		
Depreciation of non-current assets	13,699.88	16,136.92
Usage of obligation dedicated to assets	(13,699.88)	(16,136.92)
Decrease in receivables	185,753.87	927,973.38
(Increase)/Decrease in prepayments	(1,464.48)	648.13
Increase/(Decrease) in trade payables and other liabilities	41,989.71	(11,076.60)
Increase in legal commitments	528,485.00	106,943.28
Increase/(Decrease) in unused appropriations	<u>(2,516,892.17)</u>	<u>2,076,328.05</u>
Net cash flows from operating activities	<u>(1,762,128.07)</u>	<u>3,100,816.24</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of non-current assets	<u>(37,556.88)</u>	<u>(6,335.22)</u>
Net cash flows from investing activities	<u>(37,556.88)</u>	<u>(6,335.22)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Grant contribution for assets	<u>37,556.88</u>	<u>6,335.22</u>
Net cash flows from financing activities	<u>37,556.88</u>	<u>6,335.22</u>
Net increase/(decrease) in cash and cash equivalents	<u>(1,762,128.07)</u>	<u>3,100,816.24</u>
Cash and cash equivalents at beginning of period	<u>3,254,771.91</u>	<u>153,955.66</u>
Cash and cash equivalents at end of period	<u>1,492,643.83</u>	<u>3,254,771.91</u>

TRANSPORT COMMUNITY
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Statement of Changes in Net Assets for the year ended December 31, 2021

	Budget Contributions	Repayments	Accumulated Surpluses / (Deficits)	Total Net Assets
Balance as at January 1, 2021	3,254,632.46			3,254,632.46
Contributions	3,000,000.00		-	3,000,000.00
Allocated budget expenditures	(2,311,006.45)	-	-	(2,311,006.45)
Surplus for the period	-	-	688,993.55	688,993.55
Unused appropriations	-		(688,993.55)	(688,993.55)
Repaid unused appropriations		(2,436,440.32)		(2,436,440.32)
Offset unused appropriations		(769,499.63)		(769,499.63)
Balance as at December 31, 2021 carried forward	3,943,626.01	(3,205,939.95)		737,686.05



Statement of Comparison of Budget and Actual Amounts for the Year 2020

(All figures in EUR)

Budget Heading / Line	Initial Budget	Budget Transfers	Final Budget	Actual Amounts 2021 on a comparable basis	Legal Commitments 2021	Actual Amounts on a comparable basis incl. Legal Commitments	Actual Amounts incl. Legal Commitments (%)	Unused Appropriations 2021
1. Permanent Secretariat								
1.1. Human Resources	1,465,706.00		1,465,706.00	1,385,839.57	-	1,385,839.57	94.55%	79,866.43
1.2. Travel costs	172,560.00	(17,256.00)	155,304.00	62,679.27	-	62,679.27	40.36%	92,624.73
1.3. Office costs, equipment and software	303,080.00	72,419.63	375,499.63	13,916.52	345,685.00	359,601.52	95.77%	15,898.11
1.4. Other costs and services	247,590.00	(15,163.63)	232,426.37	116,613.94	43,560.00	160,173.94	68.91%	72,252.43
1.5. STUDIES, Technical Assistance	400,000.00	(40,000.00)	360,000.00	8,750.00	301,500.00	310,250.00	86.18%	49,750.00
2. Ministerial Council	60,000.00		60,000.00	17,093.70		17,093.70	28.49%	42,906.30
3. Regional Steering Committee	20,950.00		20,950.00	6,524.65		6,524.65	31.14%	14,425.35
4. Technical Committees	99,100.00		99,100.00	8,843.80		8,843.80	8.92%	90,256.20
5. Social Forum	13,300.00		13,300.00	-		-	0.00%	13,300.00
Sub Total	2,782,286.00	-	2,782,286.00	1,620,261.45	690,745.00	2,311,006.45	83.06%	471,279.55
Budget Reserve (approx. 5%)	217,714.00		217,714.00	-	-	-	0.00%	217,714.00
TOTAL	3,000,000.00	-	3,000,000.00	1,620,261.45	690,745.00	2,311,006.45	77.03%	688,993.55

Signature of Director of the Transport Community Permanent Secretariat

Belgrade, 31 May 2022



Mr. Matej Zákonjšek



**PERMANENT SECRETARIAT
OF THE TRANSPORT COMMUNITY**

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

Belgrade, May 2022

1. INCORPORATION AND ACTIVITIES

The Transport Community has been established based on the Treaty signed between the European Union (Official Journal of the European Union No. L 278 p.3- 53) and the Republic of Albania, Bosnia and Herzegovina, the Republic of North Macedonia, Kosovo* (herein referred to as „Kosovo”), Montenegro and the Republic of Serbia; (hereinafter „the South East European Parties”).

All the above-mentioned parties hereinafter referred to together as ‘the Contracting Parties’.

The aim of the Treaty is the creation of a Transport Community, (hereinafter „the TCT”) in the field of road, rail, inland waterway and maritime transport as well as the development of the transport network between the European Union and the South East European Parties.

In order to implement the Treaty provisions and make the Transport Community operational, a Permanent Secretariat (hereinafter 'the Secretariat') has been established. The seat of the Secretariat is in Belgrade as defined by the Agreement between the Transport Community and the Republic of Serbia signed on January 30, 2019. According to this Agreement, the Secretariat enjoys diplomatic privileges and immunities including exemption from any taxes such as VAT. The officials employed by the Secretariat are exempt from personal income taxes and social security contributions.

The Organization's register number is 17921304 and its tax identification number is 111305000.

2. GENERAL INFORMATION

The Transport Community is an international organisation in the field of mobility and transport, consisting of 33 participants – the entire EU and South East European Parties. The TCT is working on the integration of Western Balkans transport markets into the EU, by assisting the South East European Parties to adopt and implement the EU legislation in the field of transport and by supporting projects that are connecting Western Balkans regional partners among themselves and with the EU.

The Institutions established under the Treaty are the Ministerial Council, the Regional Steering Committee and the Permanent Secretariat. Further bodies established in the course of Treaty implementation are Technical committees, the Budget Committee and Social forum.

By the Decision No. 2020/02 of the Regional Steering Committee dated 29 July 2020, Mr. Matej Zakonjšek was appointed as Director of the Permanent Secretariat. Mr. Zakonjšek took office as of 01 August 2020.

* This designation is without prejudice to positions on status and is in line with UNSCR 1244 (1999) and the ICJ Opinion on the Kosovo declaration of independence.

GENERAL INFORMATION (continued)

In order to implement the Treaty provisions and make the Transport Community operational, a Permanent Secretariat has been established. The Permanent Secretariat of the Transport Community is one of the institutions set up under the Treaty and has its seat in Belgrade as per Agreement between the Republic of Serbia and the Transport Community regarding the seat of the Permanent Secretariat of the Transport Community (hereinafter the 'HQ Agreement') signed on January 30, 2019 by the Interim Director of The Secretariat and Deputy Prime Minister of Republic of Serbia.

The Secretariat has been registered in the Republic of Serbia as a Legal Entity with attributions of privileges and immunities as defined by the HQ Agreement. Its inauguration took place on 13 September 2019.

Tax number: 111305000; VAT Exempted
ID No.: 17921304

The Secretariat is tasked to:

- provide administrative support to the Ministerial Council, the Regional Steering Committee, the Technical committees, Budget committee and the Social Forum;
- act as a Transport Observatory to monitor the performance of the indicative TEN-T extension of the comprehensive and core networks to the Western Balkans;
- support the implementation of WB6 Parties Connectivity Agenda aiming to improve links within the Western Balkans as well as between the region and the European Union.

The establishment and functioning of the Transport Community and the Permanent Secretariat has been secured from the contributions of the European Union (80% of the Budget) and South East European Parties (20% of the Budget).

The share of contributions among the South East European Parties is defined by the ANNEX V of the Treaty.

3. SIGNIFICANT ACCOUNTING POLICIES

Legal Basis of Preparation

The financial statements comply with International Public Sector Accounting Standards for the accrual basis of accounting. The measurement base applied is historical cost adjusted for revaluations of assets.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

The accounts of the Transport Community are kept in euro based on a calendar year.

The agreed Budget for the year 2021 was EUR 3,000,000.00 which needed to be spent for the operational functioning of the Permanent Secretariat, including staff remuneration, recruitment costs, organizing of meetings, running costs, purchase of equipment, studies and technical assistance; as well as the functioning of the other bodies of the TCT.

In accordance with the International Public Sector Accounting Standards framework, the accounting treatment for each transaction has to follow the following rules: Understandability, Relevance, Materiality, Reliability, Substance over Form, Prudence, Completeness

SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax exemption

In accordance with the provisions of Article 24 of the Law on Value Added Tax of the Republic of Serbia, as well as the provisions of Article 19 of the Law on Excise Duties of the Republic of Serbia, in connection with the provisions of Articles 10, 14 and 15 of the Law on Ratification of the Agreement between the Republic of Serbia and the Transport Community on the Headquarters of the Transport Community Permanent Secretariat confirms that the Transport Community Permanent Secretariat is exempt from VAT and excise duties. Officials of the Secretariat (Director, Deputy Directors and all other persons permanently employed in the Secretariat) are exempt from VAT and excise duties for the import of goods, including motor vehicles, for personal or family needs.

Import of excise goods (all types of motor gasoline, all types of diesel fuel, liquefied petroleum gas for motor vehicles; alcoholic beverages and tobacco products) into the Republic of Serbia, as well as purchase of excise goods on the local market in the Republic of Serbia without VAT and Excise are predetermined by quotas. The purchase of these products on the local market can be done only in the quantities listed in the Registar issued by the Secretariat, signed by the Director, and then verified in the General Secretariat of the Government of the Republic of Serbia. The Tax Exemption Certificate is valid for a calendar year and was issued on 14.10.2019.

Depreciation method

Accounting treatment for property, plant and equipment is prescribed in IPSAS 17. The principal issue in accounting for property, plant and equipment are timing of recognition of assets, the determination of their carrying amounts and the depreciation charges to be recognized in relation to them. Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciation method used must reflect the pattern in which the asset's future economic benefit of service potential is expected to be consumed by the entity. The depreciation charge for each period should be recognized as an expense.

The Transport Community applies the straight-line method of depreciation. For specific classes of assets, the following useful lives are estimated:

- Computer software and other intangible assets - 3 years
- Computer hardware - 3 years
- Electronic devices - 3 years
- Technical equipment - 3 years
- Furniture - 5 years

Assets whose purchase price is below 400 Euros are fully depreciated in the year of purchase.

Foreign Currency Transactions

The functional currency of the Transport Community is euro and these financial statements are presented in euro. All transactions occurring in other currencies are translated in euro using a InforEuro rate.¹ as published under:

https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-inforeuro_en

Both realized and unrealized gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of assets and liabilities denominated in currencies other than Transport Community's functional currency are recognized in the Statement of Financial Performance, in the net amount.

¹ See https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-inforeuro_en; the rates indicated are the market rates for penultimate day of the previous month quoted by the European Central Bank or, depending on availability, provided by the delegations or other appropriate sources close to that date

SIGNIFICANT ACCOUNTING POLICIES (continued)

Unused commitments

Unused commitments are budget contributions which have not been used (paid or invoiced) at the balance sheet date but for which commitments have been entered into in the current year or in prior years; they relate to the future periods and following IPSAS1 may not be shown as expenses² therefore are accounted as deductions from revenue.

Unused budget appropriations

Unused budget appropriations (not used and not committed at the end of the financial year) shall be proposed for repayment to the Contracting Parties. The repayment methodology is based on the budget report. The total calculated amount due shall equal/ be reconcilable with the amount of unused appropriations shown in the balance sheet as of 31 December. The table of repayments is subject to audit each year and shall be part of the Auditor's report.

² They do not meet the definition of expenses as defined by IPSAS1: "Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners"

1. NOTES TO THE FINANCIAL STATEMENTS

Note 1: Cash and cash equivalents

Cash and cash equivalents are financial instruments and defined as current assets. They include cash at hand and deposits held at bank.

Cash on hand is held in bank accounts with Raiffeisen Bank A.D. in Belgrade. Transport Community has one bank account in RSD and one bank account in EUR.

	31 December 2021 In EUR	31 December 2020 In EUR
Current RSD account	1,491,124.42	3,857.16
Current EUR account	1,519.41	3,250,914.75
Total	1,492,643.83	3,254,771.91

Total amount of cash and cash equivalents as at December 31, 2021 comprises of EUR 1,519.41 on current RSD account and EUR 1,491.42 on current EUR account.

Note 2: Receivables and Prepayments

Receivables are carried at original amount less write-off. Receivables are written off, when there is objective evidence that Transport Community will not be able to collect all amounts due according to the original terms of receivables.

	31 December 2021 In EUR	31 December 2020 In EUR
<i>Budget contributions receivables:</i>		
European Commission	-	169,463.87
Albania	-	16,290.00
<i>Other receivables</i>		
Receivables from staff	604.79	-
Total	604.79	185,753.87

The other receivable amount includes costs which were recovered from staff members (for example private use of official phones and other costs)

	31 December 2021 In EUR	31 December 2020 In EUR
<i>Prepayments</i>		
Prepaid expenses	859.69	-
Total:	859.69	-

The prepaid expenses include a payment to a supplier for an annual service extending beyond the financial year 2021 (staff related insurance).

PERMANENT SECRETARIAT OF THE TRANSPORT COMMUNITY
Notes to the Financial Statements -
Financial Year 2021

Note 3: Intangible assets

Acquired software and licences are capitalised on the basis of the costs incurred to acquire and bring them to use. These costs are amortised over their estimated useful lives (3 years). Full amortisation in the year of purchase is applied in case of software and licence costing EUR 400 or less. Costs capitalisable include all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the intended manner.

Computer software and licences

	31 December 21 in EUR	31 December 2020 in EUR
<i>Cost:</i>		
Gross carrying amount 31 December previous year	3,036.72	-
Additions	36,974.63	3,036.72
Disposals	-	-
Gross carrying amount at 31 December current year	40,011.35	3,036.72
<i>Accumulated amortization:</i>		
As at 31 December previous year	3,036.72	-
Depreciation charge for the current year	9,858.23	3,036.72
Disposals	-	-
Accumulated depreciation 31 December current year	12,894.95	3,036.72
<i>Net carrying amount:</i>		
Net carrying amount at 31 December current year	27,116.40	-
Net carrying amount at 31 December previous year	-	-

During 2021 additions made by the Transport Community amounted to EUR 36,974.63 (for 2020: EUR 3,036.72). Total amount of depreciation for 2021 is EUR 9,858.23 (For 2020: EUR 3,036.72).

Note 4: Tangible assets

All items of property, plant and equipment are presented by cost model. Repairs and maintenance are charged to the expenditure account during the financial period in which they incurred.

The Transport Community applies the straight-line method of depreciation. For specific classes of assets, the following useful lives are estimated:

- Computer hardware - 3 years
- Electronic devices - 3 years
- Technical equipment - 3 years
- Furniture - 5 years

Assets whose purchase price is below EUR 400.00 are fully depreciated in the year of purchase.

<i>Infrastructure, plant and equipment</i>	31 December 2021 in EUR	31 December 2020 in EUR
Gross carrying amount 31 December previous year	22,004.67	18,706.17
Additions	582.25	3,298.51
Disposals	-	-
Gross carrying amount 31 December current year	22,586.94	22,004.68
<i>Accumulated depreciation:</i>		
As at 31 December previous year	13,760.26	660.08
Depreciation charge for the current year	3,841.65	13,100.20
Disposals	-	-
Accumulated depreciation at 31 December current year	17,601.91	13,760.28
Net carrying amount at 31 December current year	4,985.03	8,244.40
Net carrying amount at 31 December prior year	8,244.40	18,045.67

During 2021 additions made by the Transport Community amounted to EUR 582.25 (for 2020: EUR 3,298.51). Total amount of depreciation for 2021 is EUR 3,841.65 (For 2020: EUR 13,100.20)

Note 5: Account payables

	31 December 2021	31 December 2020
	In EUR	In EUR
Trade payables	42,986.83	19,488.73
Staff payables	14,940.43	1,144.58
Legal commitments	690,745.00	162,260.00
Accruals	7,750.00	3,000.00
Total	756,422.26	185,893.31

Trade payable include invoices received from suppliers for goods and services received by 31 December 2021 but not yet settled at the end of the year. Trade payables in total amount of EUR 42,986.83 are related to office running costs, travel costs, event participation costs etc.

Payables to staff include liabilities for reimbursement of official travel expenses and relocation costs.

Legal commitments for the financial year 2021 refer to the contractual commitments entered by the Transport Community by 31 December 2021 without having received goods or services by the end of the year. The amount of Legal commitments for 2020 is EUR 690,745.00 which include contracts for: development of Transport Observatory, development of Road Safety Observatory, supply of video teleconferencing system, supply of a vehicle, services for public information campaign, consultancy services, technical assistance for e-freight deployment, technical assistance for e-tolling interoperability, services for development of a website, capacity building for transport facilitation.

The accruals related to the costs for external audit of 2021 Financial Statements.

Note 6: Unused appropriations

	31 December 2021	31 December 2020
	In EUR	In EUR
Unused appropriations (budget parties)	737,686.05	3,254,632.46

Unused budget appropriations (not used and not committed at the end of the financial year) are shown as liabilities towards the Contracting Parties. Total amount as at 31 December 2021 is EUR 737,686.05 representing unused appropriations from the financial year 2019 and 2020 of EUR 48,692.50 and EUR 688,993.55 from Fiscal Year 2021. The Budget Committee has recommended that the unused appropriations belonging to the South East Europe parties to be carried forward as Parties' contributions for the next Year's budget. Whereas the unused appropriations belonging to the European Union is to be repaid back. The calculation methodology is based on the budget report and made in accordance with the Annex V ('Contribution to the Budget of the Transport Community') of the Treaty.

The table of Unused budget appropriations is shown under Note 13.

Note 7: Investments

Given that the investments in tangible assets were made using the contributions of the Contracting Parties, the net carrying value of the tangible assets is also shown as an investment donations in the amount of EUR 32,101.43

The carrying amount as at 31 December 2021 of investments consists of the carrying amount as at January 2021 amounting to EUR 8,244.43 and additions amounting to EUR 37,556.88 that were reduced by depreciation and amortization of EUR 13,699.88. The additions of 2021 include purchases of Enterprise Resource Planning software, other software licence and office equipment.

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Note 8: Revenue

Contributions	2021 In EUR	2020 In EUR
Budget contributions parties	3,000,000.00	3,000,000.00
In kind contribution from EU	10,991.48	
Allocation to investments	(37,556.88)	(6,335.23)
Legal commitments, prior year	162,260.00	55,316.72
Legal commitments, current year	(690,745.00)	(162,260.00)
Unused appropriations	(688,993.55)	(2,076,328.05)
Total contributions:	1,744,964.57	821,384.63

Amounts shown under budget contribution parties' represent total expected contributions related to the TCT budget of EUR3,000,000.00.

Parties	Contribution share in %	Contributions payable In EUR
European Union	80.00%	2,400,000
Republic of Albania	3.20%	96,000
Bosnia and Herzegovina	3.55%	106,500
Republic of North Macedonia	2.88%	86,400
Kosovo	2.57%	77,100
Montenegro	2.38%	71,400
Republic of Serbia	5.42%	162,600
TOTAL	100%	3,000,000

Revenue adjustments are related to the allocation to investments in the amount of EUR 37,556.88 invested in tangible and intangible assets, legal commitments for prior year EUR 162,260.00; legal commitments for the current year in the amount of EUR 690,745.00 (in 2020: EUR 162,260.00) unused appropriations in the amount of EUR 688,993.55 (in 2020: EUR 2,076,328.05).

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Note 9: Expenses

Staff remuneration

	2021 in EUR	2020 in EUR
Salaries	1,181,775.05	660,652.94
Health/Pension/Social Security contributions	113,169.16	49,100.47
Other staff costs	90,895.36	964.58
Total	1,385,839.57	710,717.99

With exception of January 2021, the Permanent Secretariat was fully staffed with 21 employed officials. Staff remuneration costs in the total amount of EUR 1,385,839.57 (In 2020: EUR 710,717.99) include salaries in the amount of EUR 1,181,775.05 (in 2020: EUR 660,652.94); contributions for health and pension contributions in the amount of EUR 113,169.16 (In 2020: EUR 49,100.47). The other staff costs represent expenses for removal and relocation allowances and costs in accordance with respective rules as adopted by the decision No. 2021/03 of the Regional Steering Committee.

Depreciation and amortization expense

	2021 In EUR	2020 In EUR
Office equipment – Information Technology Hardware	3,656.16	11,825.32
Telecommunications equipment	169.32	874.78
Other equipment	16.17	400.10
Software licences	9,858.23	3,036.72
Total	13,699.88	16,136.92

Depreciation and amortization expense include amortization expenses for Information Technology Hardware (laptops) in the amount of EUR 3,656.16; telecommunications equipment depreciation charge amounted to EUR 169.32; Other equipment EUR 16.17 while amortization costs for software licences amounted to EUR 9,858.23

Finance costs

	2021 In EUR	2020 In EUR
Bank charges	8,015.52	4,757.76
Foreign exchange losses	721.28	335.94
Foreign exchange gains	(2.04)	(6.65)
Total	8,734.76	5,093.70

Finance costs in the total amount EUR 8,734.76 include bank charges EUR 8,015.52 (in 2020: EUR 4,757.76), foreign exchange losses EUR 721.28 (in 2020: EUR 335.94), Foreign exchange gains EUR 2.04 (in 2020: EUR 6.65).

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Running costs of the Secretariat	2021	2020
	in EUR	in EUR
Travel costs	62,679.27	10,665.79
Office costs, equipment, and software	10,859.64	4,343.70
Other costs and services	114,139.18	72,082.38
Recruitment costs		18,481.07
Total	187,678.09	105,572.94

Studies and Technical Assistance	2021	2020
	in EUR	in EUR
Studies and Technical Assistance	130,250.00	-
Total	130,250.00	-

Other Transport Community Bodies	2021	2020
	in EUR	in EUR
Ministerial Council	17,093.70	-
Regional Steering Committee	6,524.65	-
Technical Committee Meetings	8,843.80	-
Social Forum		
Total	32,462.15	-

Expenses arising from the purchase of goods and services are reported on an accrual basis, recognizing expenses when a transaction occurs, rather than when payment is made.

Note 10: Exchange gain and losses

Transport Community realises exchange gains and losses on accounts payable and accounts receivable transactions incurred in currencies other than euro based on exchange rate in effect on the date of the transaction. The net effect of all exchanges gain and losses in 2021 is represented in Note 9 – Expenses (Finance costs).

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Note 11: Reconciliation of Statement of Comparison of Budget and Actual Amounts and Statement of Financial Performance
(In EUR)

Budget Heading / Line	Actual Amounts Budget Report 2021	Legal Commitments 2020	Differences Budget Report vs Financial Statements	Actual Amounts Statement of Financial Performance
	(1)	(2)	(3)	(4)=(1)+(2)+(3)
1. Permanent Secretariat				
1.1. Human Resources	1,385,840	-	-	1,385,840
1.2. Travel costs	62,679	-		62,679
1.3. Office costs, equipment and software	13,917	34,500	(37,557)	10,860
1.4. Other costs and services	116,614	6,260	-	122,874
1.5. Studies, technical assistance	8,750	121,500	-	130,250
2. Ministerial Council	17,094			17,094
3. Regional Steering Committee	6,525			6,525
4. Technical Committee Meetings	8,844			8,844
5. Social Forum	-			-
Budget Reserve	-	-	-	-
TOTAL	1,620,261	162,260	(37,557)	1,744,965

As required by IPSAS 24, a reconciliation is provided between the actual amounts on a comparable basis as presented in Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Financial Performance identifying separately any basis, timing and entity differences.

Basis differences occur when the approved budget is prepared on a basis other than the full accrual accounting basis. Basis differences include the depreciation of assets and the full recognition of legal commitments.

Column 2: Legal Commitments

Through the approval of the Regional Steering Committee, the Permanent Secretariat is allowed to carry over budget appropriations from previous in future in future years for funds that were committed. This column shows the expenses incurred during 2021 which are related to the legal commitments attributable to open commitments at the end of 2020.

Column 3: Differences between Actual Amounts in the Financial Statement and Actual Budget Amounts

Budget basis requires that the capital expenditures are recorded as current year expenses at acquisition costs. Accounting basis requires that these expenditures are capitalized and depreciated over the useful life of the assets. The acquisition costs of additions to the assets in 2021 amount to EUR 37,556.88

Note 12: Statement of Budgetary Comparison: Explanation of material differences between the budget and actual amounts
 (In EUR)

Budget Heading / Line	Final Budget	Actual Amounts 2021 on a comparable basis	Legal Commitments 2021	Actual Amounts 2021 on a comparable basis incl. Legal Commitments	Actual Amounts incl. Legal Commitments (%)	Unused Appropriations 2021
1. Permanent Secretariat						
1.1. Human Resources	1,465,706.00	1,385,839.57	-	1,385,839.57	94.55%	79,866.43
One post was vacant for one and half month (January – mid February 2021), and another post was vacant for one month (January 2021). See also Note 9 – Staff Remuneration above.						
1.2. Travel costs	155,304.00	62,679.27	-	62,679.27	40.36%	92,624.73
The low implementation rate of 40.36% is explained by two main factors: a) the COVID-19 pandemic which made impossible to conduct all the planned official travel, and b) the actual travel cost per trip was lower than the planned based costs. Another cost saving factor was that for the destinations in the region frequently private cars of Permanent Secretariat officials were used against a reimbursement rate of EURO.22/km.						
1.3. Office costs, equipment and software	375,499.63	13,916.52	345,685.00	359,601.52	95.77%	15,898.11
This budget line covers office costs as well as purchasing of equipment such as video teleconferencing system, a motor vehicle, and development of Transport Observatory and the Road Safety Observatory. Most of these costs were contracted by the end of 2021 for which the supply and services are expected in the course of 2022.						
1.4. Other costs and services	232,426.37	116,613.94	43,560.00	160,173.94	68.91%	72,252.43
Expenses include advertising, communication and visibility; financial costs and audit fees; meeting and conference costs; information technology and communication costs. The low implementation rate of 68.91% is mainly attributed to the COVID-19 pandemic imposing organizing the meetings, conferences and workshops in hybrid mode with low physical presence of participants.						

Note 12: Statement of Budgetary Comparison: Explanation of material differences between the budget and actual amounts (Continued)

1.5. Studies, Technical Assistance	360,000.00	8,750.00	301,500.00	310,250.00	86.18%	49,750.00
The costs include studies and technical assistance / capacity building for: e-Freight deployment; e-tolling interoperability, capacity building in transport facilitation. The implementation rate below the target of 100% is due to savings in the procurement procedures.						
2. Ministerial Council	60,000.00	17,093.70		17,093.70	28.49%	42,906.30
Only one Ministerial Council with physical presence was organized as opposed to two planned ones. The 2 nd meeting was organized virtually, whereas the one physical meeting took place under the auspices of the Slovenian Presidency in Brdo pri Kranju, Slovenia.						
3. Regional Steering Committee	20,950.00	6,524.65		6,524.65	31.14%	14,425.35
Not all the planned meetings of the Regional Steering Committee took place with physical presence. All of them were organized in hybrid mode with most of participants joining virtually and thereby incurring budget savings.						
4. Technical Committees	99,100.00	8,843.80		8,843.80	8.92%	90,256.20
Not all the planned meetings of the Technical Committees took place with physical presence. All of them were organized in hybrid mode with most of participants joining virtually and thereby incurring budget savings.						
5. Social Forum	13,300.00	-		-	0.00%	13,300.00
Due to COVID-19 pandemic, the Social Forum meeting was organized virtually. No costs were incurred.						
SUB TOTAL	2,782,286.00	1,620,261.45	690,745.00	2,311,006.45	83.06%	471,279.55
Budget Reserve (approx. 5%)	217,714.00	-		-	0.00%	217,714.00
TOTAL	3,000,000.00	1,620,261.45	690,745.00	2,311,006.45	77.03%	688,993.55

Note 13: Calculation of unused appropriations and amounts repayable to Contracting Parties
(in EUR)

Parties	Contribution share in % 2021	2021 Contributions paid	2021 Share of costs	2019 & 2020 Unused Appropriations	Unused commitments 2020	2021 Unused Appropriations	TOTAL amounts repayable
	<i>a</i>	<i>b</i>	<i>c=a*b</i>	<i>d</i>	<i>E</i>	<i>f=d-c+e</i>	<i>g=d+f</i>
European Union	80.00%	2,400,000.00	1,848,805.16		43.39	551,238.23	551,238.23
Republic of Albania	3.20%	96,000.00	73,952.21	7,706.52	1.74	22,049.53	29,756.05
Bosnia and Herzegovina	3.55%	106,500.00	82,040.73	8,649.25	1.93	24,461.20	33,110.45
Republic of North Macedonia	2.88%	86,400.00	66,556.99	7,016.86	1.56	19,844.58	26,861.43
Kosovo	2.57%	77,100.00	59,392.87	6,261.57	1.39	17,708.53	23,970.10
Montenegro	2.38%	71,400.00	55,001.95	5,798.65	1.29	16,399.34	22,197.99
Republic of Serbia	5.42%	162,600.00	125,256.55	13,205.34	2.94	37,346.39	50,551.73
TOTAL	100%	3,000,000.00	2,311,006.45	48,638.19	54.24	689,047.79	737,686.05

Note 14: Key management personnel

The key management personnel (as defined by IPSAS 20) of the Transport Community Permanent Secretariat are the Directory and the Deputy Director. The aggregate remuneration of members of the management and the number of managers determined on a full-time equivalent basis receiving remuneration within this category are:

	2021	2020	
Aggregate remuneration	EUR 206,752.68	EUR 77,190.00	2 persons
Number of persons	2 persons		Note: During this year one person was employed for 5 months, and one person was employed for 4 months.

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Notes to the Financial Statements - Financial Year 2021

Note 15: Events after the reporting date

At the date of signing of these accounts no major subsequent events occurred after the reporting date that have come to the attention of the Director and that would have to be recognized in the financial statements.

Signature of Director of the Transport Community Permanent Secretariat

Belgrade, 31 May 2022



Mr. Matej Zákoníšek

