



ADITON d.o.o. Banja Luka
Auditing and Tax Counselling Firm

**REPORT ON AUDIT OF CONSOLIDATED FINANCIAL
STATEMENTS OF CITIZENS' ASSOCIATION
"ANTI-CORRUPTION COMBAT – BOSNIA AND
HERZEGOVINA"
AND
ASSOCIATION FOR THE FIGHT AGAINST CORRUPTION
"TRANSPARENCY INTERNATIONAL" IN BOSNIA AND
HERZEGOVINA
FOR YEAR 2016**

Banja Luka, May 2017

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■ No. of Court Reg. Folio 1-12461-00 ■ MBR 1954601 ■ ID No. with the RS Tax Administration 4401613680003
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Subscribed and paid-in initial capital KM 5,000 ■ Transfer account with "NLB Razvojna banka" B. Luka 5620990001398361

INDEPENDENT AUDITOR'S OPINION

Attn.
CITIZENS' ASSOCIATION
"ANTI-CORRUPTION COMBAT – BOSNIA AND HERZEGOVINA"
AND
ASSOCIATION FOR THE FIGHT AGAINST CORRUPTION
"TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA
BANJA LUKA

Introduction

We have audited the consolidated financial statements of the Citizens' Association "Anti-Corruption Combat – Bosnia and Herzegovina" Banja Luka and the Association for the Fight against Corruption "Transparency International" in Bosnia and Herzegovina Banja Luka, which comprise the consolidated Balance Sheet as at 31 December 2016, the related consolidated Income Statement, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, as well as a summary of significant accounting policies and notes to the consolidated financial statements.

Management's responsibility for the financial statements

The responsibility for the preparation and fair presentation of the consolidated financial statements, including their adequate and timely disclosure, rests with the Association's management. This includes the setting up and maintenance of appropriate accounting records in accordance with applicable laws governing the area of accounting, the design, implementation and maintenance of internal control relevant to the preparation of consolidated financial statements, selection and application of appropriate accounting policies, as well as timely assessment of assets and equity, as required by the principles contained in the International Accounting Standards and International Financial Reporting Standards.

Management's responsibility also includes compliance with applicable legal regulations, including the laws governing the area of accounting, tax laws and other laws relevant to the financial operations of the Association.

The management is also responsible for complying with internal decisions taken in accordance with the Association's regulations, which includes ensuring full integrity of assets.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing and the Law on Accounting and Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform the best possible audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Unqualified opinion

In our opinion, the consolidated financial statements presented by the Association's management were prepared in compliance with the relevant International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and give a true and fair view of the net assets and financial position as at 31 December 2016 as well as the results of operations for the business year then ended.

Other information

The revised ISAs that were supposed to apply to audits of the financial statements for the period ending on 15 December 2016 or after that date have not been translated and published as required by the provisions of Article 3, paragraph 2, item a) of the Law on Accounting and Auditing of BiH ("Official Gazette of BiH", No. 42/04). Therefore, the structure and elements of this Report are the same as they were before the above-mentioned revision of the ISAs.

No. 58/17-1/17
Banja Luka, 2 June 2017

Certified auditor:
Duško Daničić, MSc. Econ.

CONSOLIDATED BALANCE SHEET

(Statement of Financial Position)

as at 31/12/2016

-in convertible marks-

| Account No. | ITEM | AOP Code | Current year amounts | | | Previous year amounts (PS) |
|-------------------|--|------------|----------------------|---------------|---------------|----------------------------|
| | | | Gross | Allowance | Nett (4-5) | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | ASSETS | | | | | |
| | A. NON-CURRENT ASSETS (002 + 008 + 015 + 021 + 030) | 001 | 125,091 | 59,305 | 65,786 | 49,882 |
| 01 | I - INTANGIBLE ASSETS (003 through 007) | 002 | 10,076 | 0 | 10,076 | 0 |
| 010, dio 019 | 1. Research and development | 003 | | | | |
| 011, dio 019 | 2. Concessions, patents, licences and similar rights | 004 | | | | |
| 012, dio 019 | 3. Goodwill | 005 | | | | |
| 014, dio 019 | 4. Other intangible assets | 006 | 10,076 | | 10,076 | |
| 015, 016, dio 019 | 5. Advances and intangible assets under preparation | 007 | | | | |
| 02 | II - PROPERTY, PLANT, EQUIPMENT AND INVESTMENT PROPERTIES (009 through 014) | 008 | 115,015 | 59,305 | 55,710 | 49,882 |
| 020, part 029 | 1. Land | 009 | | | | |
| 021, part 029 | 2. Buildings | 010 | | | | |
| 022, part 029 | 3. Plant and equipment | 011 | 115,015 | 59,305 | 55,710 | 49,882 |

| | | | | | | |
|--------------------|--|------------|--|--|--|--|
| 023, part 029 | 4. Investment properties | 012 | | | | |
| 024, part 029 | 5. Investment in not one's own property, plant and equipment | 013 | | | | |
| 027, 028, part 029 | 6. Advances and property, plant, equipment and investment properties under preparation | 014 | | | | |
| 03 | III - BIOLOGICAL ASSETS AND CULTURAL ASSETS (016 through 020) | 015 | | | | |
| 030, part 039 | 1. Forests | 016 | | | | |
| 031, part 039 | 2. Plantations | 017 | | | | |
| 032, part 039 | 3. Livestock | 018 | | | | |
| 033, part 039 | 4. Cultural assets | 019 | | | | |
| 037, 038, part 039 | 5. Advances and biological assets and cultural assets under preparation | 020 | | | | |
| 04 | IV - LONG-TERM FINANCIAL INVESTMENTS (022 through 029) | 021 | | | | |
| 040, part 049 | 1. Investment in affiliated companies | 022 | | | | |
| 041, part 049 | 2. Investments in associated companies | 023 | | | | |
| 042, part 049 | 3. Long-term loans through associated companies | 024 | | | | |
| 043, part 049 | 4. Long-term loans – domestic | 025 | | | | |
| 044, part 049 | 5. Long-term loans – foreign | 026 | | | | |
| 045, part 049 | 6. Available for sale financial assets | 027 | | | | |
| 046, part 049 | 7. Long-term securities | 028 | | | | |

| | | | | | | |
|-------------------------|--|------------|----------------|--|----------------|----------------|
| 048, part 049 | 8. Other long-term investments | 029 | | | | |
| 050 | V - DEFERRED TAX ASSETS | 030 | | | | |
| | B. CURRENT ASSETS (032 + 039 + 061) | 031 | 376,834 | | 376,834 | 467,374 |
| 10 through 15 | I - INVENTORIES, NON-CURRENT ASSETS AVAILABLE FOR SALE AND ASSETS OF OPERATIONS BREAK (033 through 038) | 032 | 385 | | 385 | 9,660 |
| 100 through 109 | 1. Materials on stock | 033 | | | | |
| 110 through 119 | 2. Work in progress, semi-finished products and services in progress | 034 | | | | |
| 120 through 129 | 3. Finished products | 035 | | | | |
| 130 through 139 | 4. Goods on stock | 036 | | | | |
| 140 through 149 | 5. Non-current assets available for sale and assets of operations break | 037 | | | | |
| 150 through 159 | 6. Prepayments | 038 | 385 | | 385 | 9,660 |
| | II - SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (040 + 047 + 056 + 059 + 060) | 039 | 376,449 | | 376,449 | 457,714 |
| 20, 21, 22 | 1. Short-term receivables (041 through 046) | 040 | 4,918 | | 4,918 | 7,198 |
| 200, part 209 | a) Trade receivables – associated entities | 041 | | | | |
| 201, 202, 203, part 209 | b) Domestic trade receivables | 042 | | | | |
| 204, part 209 | c) Foreign trade receivables | 043 | | | | |
| 208, part 209 | d) Bad debts | 044 | | | | |
| 210 through 219 | e) Receivables from specific business operations | 045 | | | | |
| 220 through 229 | f) Other short-term receivables | 046 | 4,918 | | 4,918 | 7,198 |
| 23 | 2. Short-term financial investments (048 through 055) | 047 | | | | |

| | | | | | | |
|-----------------------------|--|------------|----------------|---------------|----------------|----------------|
| 230, part 239 | a) Short-term loans through associated entities | 048 | | | | |
| 231, part 239 | b) Short-term domestic loans | 049 | | | | |
| 232, part 239 | c) Short-term foreign loans | 050 | | | | |
| 233, 234, part 239 | d) Current portions of long-term loan due within one year | 051 | | | | |
| 235, part 239 | e) Financial assets at fair value through profit or loss held for trading | 052 | | | | |
| 236, part 239 | f) Financial assets at fair value through profit or loss | 053 | | | | |
| 237 | g) Shares buyback for future sale and stakes buyback of short-term financial investments | 054 | | | | |
| 238, part 239 | h) Other short-term financial investments | 055 | | | | |
| 24 | 3. Cash and cash equivalents (057 + 058) | 056 | 371,391 | | 371,391 | 447,589 |
| 240 | a) Cash equivalents - securities | 057 | | | | |
| 241 through 249 | b) Cash | 058 | 371,391 | | 371,391 | 447,589 |
| 270 through 279 | 4. Value-added tax | 059 | | | | |
| 280 through 289, except 288 | 5. Prepayments and accrued income | 060 | 140 | | 140 | 2,927 |
| 288 | III - DEFERRED TAX ASSETS | 061 | | | | |
| | C. OPERATING FUNDS (001 + 031) | 062 | 501,925 | 59,305 | 442,620 | 517,256 |
| 29 | D. LOSSES OVER CAPITAL | 063 | | | | |
| | E. OPERATING ASSETS (062 + 063) | 064 | 501,925 | 59,305 | 442,620 | 517,256 |
| 880 through 888 | F. OFF-BALANCE SHEET ASSETS | 065 | | | | |
| | G. TOTAL ASSETS (064 + 065) | 066 | 501,925 | 59,305 | 442,620 | 517,256 |

| Account no. | ITEM | AOP Code | Current year amounts | Previous year amounts |
|----------------------|--|------------|----------------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| | EQUITY AND LIABILITIES | | | |
| | A. EQUITY (102 - 109 + 110 - 111 + 112 + 116 + 117 - 118 + 119 - 123) | 101 | | |
| 30 | I - SHARE CAPITAL (103 through 108) | 102 | | |
| 300 | 1. Share capital – ordinary shares | 103 | | |
| 302 | 2. Stakes in limited liability companies | 104 | | |
| 303 | 3. Cooperative stakes | 105 | | |
| 304 | 4. Stakes | 106 | | |
| 305 | 5. Capital owned by state | 107 | | |
| 309 | 6. Other shared capital | 108 | | |
| 31 | II – SUBSCRIBED CAPITAL UNPAID | 109 | | |
| 320 | III – ISSUING PREMIUMS | 110 | | |
| 321 | IV – ISSUING LOSS | 111 | | |
| part 32 | V - RESERVES (113 through 115) | 112 | | |
| 322 | 1. Legal reserves | 113 | | |
| 323 | 2. Statutory reserves | 114 | | |
| 329 | 3. Other reserves | 115 | | |
| 330, 331, 334 | VI – REVALUATION RESERVES | 116 | | |
| 332 | VII – UNREALISED GAINS FROM THE FINANCIAL ASSETS AVAILABLE FOR SALE | 117 | | |
| 333 | VIII – UNREALISED LOSSES FROM THE FINANCIAL ASSETS AVAILABLE FOR SALE | 118 | | |
| 34 | IX – RETAINED EARNINGS (120 through 122) | 119 | | |
| 340 or 342 | 1. Prior years retained earnings / Unallocated surplus of income over expenditure in previous years | 120 | | |
| 341 or 343 | 2. Current year retained earnings / Unallocated surplus of income over expenditure in the current year | 121 | | |
| 344 | 3. Net income of entrepreneurs | 122 | | |

| | | | | |
|----------------------|--|------------|----------------|----------------|
| 35 | X – LOSS UP TO THE AMOUNT OF CAPITAL (124 + 125) | 123 | | |
| 350 | 1. Previous years loss | 124 | | |
| 351 | 2. Current year loss | 125 | | |
| 40 | B. LONG-TERM PROVISIONS (127 through 134) | 126 | 436,319 | 0 |
| 400 | 1. Provisions for costs incurring during the warranty period | 127 | | |
| 401 | 2. Provisions for evaluations of mineral resources costs | 128 | | |
| 402 | 3. Provisions for retained deposits and caution money | 129 | | |
| 403 | 4. Provisions for cost of restructuring | 130 | | |
| 404 | 5. Provisions for employee salaries and other benefits | 131 | | |
| 407 | 6. Deferred tax liabilities | 132 | | |
| 408 | 7. Deferred income and grants received | 133 | 436,319 | 0 |
| 409 | 8. Other long-term provisions | 134 | | |
| | C. LIABILITIES (136 + 144) | 135 | 6,301 | 517,256 |
| 41 | I – LONG-TERM LIABILITIES (137 through 143) | 136 | | |
| 410 | 1. Liabilities that can be converted into capital | 137 | | |
| 411 | 2. Liabilities to associated entities | 138 | | |
| 412 | 3. Liabilities for issued long-term securities | 139 | | |
| 413, 414 | 4. Long-term loans | 140 | | |
| 415, 416 | 5. Long-term liabilities from financial leasing | 141 | | |
| 417 | 6. Long-term liabilities at fair value through profit and loss | 142 | | |
| 419 | 7. Other long-term liabilities | 143 | | |
| 42 through 49 | II – SHORT-TERM LIABILITIES (145 + 150 + 156 + 157 + 158 + 159 + 160 + 161 + 162 + 163) | 144 | 6,301 | 517,256 |
| 42 | 1. Short-term financial liabilities (146 through 149) | 145 | 10 | 0 |
| 420 through 423 | a) Short-term loans and short-term liabilities for issued securities | 146 | | |
| 424, 425 | b) Current portion of long-term liabilities due up to one year | 147 | | |
| 426 | c) Short-term liabilities at fair value through profit and loss | 148 | | |
| 429 | d) Other short-term financial liabilities | 149 | 10 | 0 |

| | | | | |
|----------------------------|--|------------|----------------|----------------|
| 43 | 2. Liabilities from operations (151 through 155) | 150 | 5,966 | 8,409 |
| 430 | a) Received advances, deposits and caution money | 151 | | 100 |
| 431 | b) Trade payables – associated entities | 152 | | |
| 432, 433, 434 | c) Domestic trade payables | 153 | 5,966 | 8,309 |
| 435 | d) Foreign trade payables | 154 | | |
| 439 | e) Other liabilities from operations | 155 | | |
| 440 through 449 | 3. Liabilities from specific operations | 156 | | |
| 450 through 458 | 4. Liabilities for salaries and fringe benefits | 157 | 15 | 179 |
| 460 through 469 | 5. Other liabilities | 158 | 6 | 129 |
| 470 through 479 | 6. Value-added tax | 159 | | |
| 48, except 481 | 7. Liabilities for other taxes, contributions and duties | 160 | 304 | 2,172 |
| 481 | 8. Profit tax liabilities | 161 | | |
| 49, except 495 | 9. Accruals and deferred income | 162 | | 506,367 |
| 495 | 10. Deferred tax liabilities | 163 | | |
| | D. OPERATING EQUITY AND LIABILITIES (101 + 126 + 135) | 164 | 442,620 | 517,256 |
| 890 through 898 | E. OFF-BALANCE SHEET EQUITY AND LIABILITIES | 165 | | |
| | F. TOTAL EQUITY AND LIABILITIES (164 + 165) | 166 | 442,620 | 517,256 |

Licensed person:
Jadranka Volak SR-1076/17

Person authorised to represent:
Srđan Blagovčanin

CONSOLIDATED INCOME STATEMENT

(Statement of Comprehensive Income in the period)

from 1 January to 31 December 2016

-in Convertible Marks-

| Account no. | ITEM | AOP Code | Amount | |
|-----------------|--|------------|----------------|----------------|
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 |
| | A. OPERATING INCOME AND EXPENSES | | | |
| | I – OPERATING INCOME (202 + 206 + 210 + 211 - 212 + 213 - 214 + 215) | 201 | 921,743 | 869,454 |
| 60 | 1. Income from sales of merchandise goods (203 through 205) | 202 | | |
| 600 | a) Income from sale of merchandise goods to associated legal entities | 203 | | |
| 601, 602, 603 | b) Income from sale of merchandise goods on domestic market | 204 | | |
| 604 | c) Income from sale of merchandise goods on foreign market | 205 | | |
| 61 | 2. Income from sale of products (207 through 209) | 206 | | |
| 610 | a) Income from sale of products to associated legal entities | 207 | | |
| 611, 612, 613 | b) Income from sale of products on domestic market | 208 | | |
| 614 | c) Income from sale of products on foreign market | 209 | | |
| 62 | 3. Income from employment (activation) or consumption of goods, products and services | 210 | | |
| 630 | 4. Increase in value of products in stock | 211 | | |
| 631 | 5. Decrease in value of products in stock | 212 | | |
| 640, 641 | 6. Increase of the value of investment properties and biological assets that are not subject to depreciation | 213 | | |
| 642, 643 | 7. Decrease of the value of investment properties and biological assets that are not subject to depreciation | 214 | | |
| 650 through 659 | 8. Other operating income | 215 | 921,743 | 869,454 |
| | II – OPERATING EXPENSES (217 + 218 + 219 + 222 + 223 + 226 + 227 + 228) | 216 | 902,946 | 867,210 |
| 500 through 502 | 1. Cost of goods sold | 217 | | |

| | | | | |
|------------------------|--|------------|---------------|--------------|
| 510 through 513 | 2. Material costs | 218 | 21,055 | 19,164 |
| 52 | 3. Employee expenses and benefits (220 + 221) | 219 | 417,603 | 382,375 |
| 520 through 523 | a) Gross salaries and gross fringe benefits | 220 | 295,947 | 301,122 |
| 524 through 529 | b) Other employee expenses | 221 | 121,656 | 81,253 |
| 530 through 539 | 4. Services expenses | 222 | 129,900 | 150,362 |
| 54 | 5. Depreciation and provisions expenses (224 + 225) | 223 | 14,851 | 13,093 |
| 540 | a) Depreciation expenses | 224 | 14,851 | 13,093 |
| 541 | b) Provisions expenses | 225 | | |
| 55, except 555 and 556 | 6. Immaterial expenses (excluding taxes and contributions) | 226 | 318,951 | 297,765 |
| 555 | 7. Tax expenses | 227 | 295 | 289 |
| 556 | 8. Contributions expenses | 228 | 291 | 4,162 |
| | B. OPERATING PROFIT (201 - 216) | 229 | 18,797 | 2,244 |
| | C. OPERATING LOSS (216 - 201) | 230 | | |
| | D. FINANCE INCOME AND EXPENSES | | | |
| 66 | I - FINANCE INCOME (232 through 237) | 231 | 1,208 | 680 |
| 660 | 1. Finance income from associated legal entities | 232 | | |
| 661 | 2. Interest income | 233 | 57 | 85 |
| 662 | 3. Foreign exchange gains | 234 | 1,151 | 595 |
| 663 | 4. Incomes from currency clause | 235 | | |
| 664 | 5. Income from joint venture investments | 236 | | |
| 669 | 6. Other finance income | 237 | | |
| 56 | II - FINANCE EXPENSES (239 through 243) | 238 | 2,793 | 985 |
| 560 | 1. Finance expenses from relations with associated legal entities | 239 | | |
| 561 | 2. Interests expense | 240 | 13 | 1 |
| 562 | 3. Foreign exchange losses | 241 | 2,780 | 984 |
| 563 | 4. Currency clause expenses | 242 | | |
| 569 | 5. Other finance expenses | 243 | | |
| | E. PROFIT FROM REGULAR OPERATION (229 + 231 - 238) or (231 - 238 - 230) | 244 | 17,212 | 1,939 |
| | F. LOSSES FROM REGULAR OPERATION (230 + 238 - 231) or (238 - 229 - 231) | 245 | | |

| G. OTHER INCOME AND EXPENSES | | | | |
|-------------------------------------|---|------------|---------------|--------------|
| 67 | I - OTHER INCOME (247 through 256) | 246 | 768 | 568 |
| 670 | 1. Income from sale of intangible assets, property, plant and equipment | 247 | | |
| 671 | 2. Income from sale of investment property | 248 | | |
| 672 | 3. Income from sale of biological assets | 249 | | |
| 673 | 4. Income from sale of discontinued operations assets | 250 | | |
| 674 | 5. Income from sale of stakes in capital and long-term securities | 251 | | |
| 675 | 6. Income from sale of materials | 252 | | |
| 676 | 7. Surpluses, excluding surpluses of products in stock | 253 | | |
| 677 | 8. Collected written-off receivables | 254 | | |
| 678 | 9. Incomes from contractually agreed risk protection which cannot be included in the revaluation reserves | 255 | | |
| 679 | 10. Income from reduction of liabilities, termination of unused long-term provisions and other incomes | 256 | 768 | 568 |
| 57 | II – OTHER EXPENSES (258 through 267) | 257 | 17,980 | 2,507 |
| 570 | 1. Losses arising from liquidation and write-off of fixed assets and intangible assets | 258 | 17,250 | |
| 571 | 2. Losses arising from sale and write off of investment property | 259 | | |
| 572 | 3. Losses arising from sale and write off of biological assets | 260 | | |
| 573 | 4. Losses arising from sale and write off of discontinued operations assets | 261 | | |
| 574 | 5. Losses from sale of stakes in capital and long-term securities | 262 | | |
| 575 | 6. Losses from sale of materials | 263 | | |
| 576 | 7. Deficits, excluding deficits of products in stock | 264 | | |
| 577 | 8. Losses from risk protection which cannot be included in the revaluation reserves | 265 | | |
| 578 | 9. Losses from revaluation and write-offs | 266 | | |
| 579 | 10. Losses from write-off of material and goods and other losses | 267 | 730 | 2,507 |
| | H. GAIN FROM OTHER INCOMES AND EXPENSES (246 - 257) | 268 | | |
| | I. LOSS FROM OTHER INCOMES AND EXPENSES (257 - 246) | 269 | 17,212 | 1,939 |

| | | | | |
|-----------------|---|------------|--|--|
| | J. INCOME AND LOSSES FROM REVALUATION OF PROPERTY VALUE | | | |
| 68 | I - INCOME FROM REVALUATION OF PROPERTY VALUE (271 through 279) | 270 | | |
| 680 | 1. Income from revaluation of intangible assets | 271 | | |
| 681 | 2. Income from revaluation of property, plant and equipment | 272 | | |
| 682 | 3. Income from revaluation of investment property which is subject to depreciation | 273 | | |
| 683 | 4. Income from revaluation of biological assets which are subject to depreciation | 274 | | |
| 684 | 5. Income from revaluation of long-term financial investments and financial assets available for sale | 275 | | |
| 685 | 6. Income from revaluation of materials and goods | 276 | | |
| 686 | 7. Income from revaluation of short-term financial investments | 277 | | |
| 687 | 8. Income from revaluation of capital value (negative Goodwill) | 278 | | |
| 689 | 9. Income from revaluation of other property value | 279 | | |
| 58 | II - LOSSES FROM REVALUATION OF PROPERTY VALUE (281 through 289) | 280 | | |
| 580 | 1. Impairment of intangible assets | 281 | | |
| 581 | 2. Impairment of property, plant and equipment | 282 | | |
| 582 | 3. Impairment of investment property which is subject to depreciation | 283 | | |
| 583 | 4. Impairment of biological assets which are subject to depreciation | 284 | | |
| 584 | 5. Impairment of long-term financial investments and financial assets available for sale | 285 | | |
| 585 | 6. Impairment of materials and goods | 286 | | |
| 586 | 7. Impairment of short-term financial investments | 287 | | |
| 588 | 8. Impairment of receivables through the indirect write-off method | 288 | | |
| 589 | 9. Impairment of other property value | 289 | | |
| | K. GAIN FROM THE REVALUATION OF PROPERTY VALUE (270 - 280) | 290 | | |
| | L. LOSS FROM THE REVALUATION OF PROPERTY VALUE (280 - 270) | 291 | | |
| 690, 691 | M. INCOMES FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS YEAR | 292 | | |

| | | | | |
|----------|--|------------|----------------|----------------|
| 590, 591 | N. LOSSES FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS YEAR | 293 | | |
| | O. INCOME AND LOSS BEFORE TAXES | | | |
| | 1. Income before taxes (244 + 268 + 290 + 292 - 293 - 245 - 269 - 291) | 294 | | |
| | 2. Loss before taxes (245 + 269 + 291 + 293 - 292 - 244 - 268 - 290) | 295 | | |
| | P. CURRENT AND DEFERRED INCOME TAX | | | |
| 721 | 1. Tax expenses of reporting period | 296 | | |
| 722 | 2. Deferred tax expenses of reporting period | 297 | | |
| 723 | 3. Deferred tax incomes of reporting period | 298 | | |
| | Q. NET INCOME AND NET LOSS | | | |
| | 1. Net income of current year (294 - 295 - 296 - 297 + 298) | 299 | | |
| | 2. Net loss of current year (295 - 294 + 296 + 297 - 298) | 300 | | |
| | TOTAL INCOME (201 + 231 + 246 + 270 + 292) | 301 | 923,719 | 870,702 |
| | TOTAL EXPENSES (216 + 238 + 257 + 280 + 293) | 302 | 923,719 | 870,702 |
| 724 | R. INTERIM DIVIDENDS AND OTHER FORMS OF NET INCOME DISTRIBUTION DURING REPORTING PERIOD | 303 | | |
| | Share of net income/loss which belongs to majority owners | 304 | | |
| | Share of net income/loss which belongs to minority owners | 305 | | |
| | Basic earnings per share | 306 | | |
| | Diluted earnings per share | 307 | | |
| | Average number of employees based on the working hour | 308 | 10,48 | 11 |
| | Average number of employees according to month ending balance | 309 | 10,54 | 11 |

Licensed person:

Jadranka Volak SR-1076/17

Person authorised to represent:

Srđan Blagovčanin

**CONSOLIDATED STATEMENT OF OTHER GAINS AND
LOSSES OF THE PERIOD**

for period from 1 January to 31 December 2016

- in Convertible Marks

| Account no. | ITEM | AOP Code | Amount | |
|-------------|--|----------|--------------|---------------|
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 |
| | A. NET INCOME OR NET LOSS (299 or 300) | 400 | 0 | 0 |
| | I - GAINS DETERMINED DIRECTLY IN CAPITAL (EQUITY) (402 through 407) | 401 | 0 | 0 |
| | 1. Gains from decreasing revaluation reserves for fixed assets, except securities available for sale | 402 | | |
| | 2. Gains from changes in fair value of securities available for sale | 403 | | |
| | 3. Gains arising from translation of financial statements in foreign operations | 404 | | |
| | 4. Actuarial gains from defined-benefit plans | 405 | | |
| | 5. Effective share of gains arising from cash-flow risk protection | 406 | | |
| | 6. Other gains determined directly in capital (equity) | 407 | | |
| | II - LOSSES DETERMINED DIRECTLY IN CAPITAL (EQUITY) (409 through 413) | 408 | 0 | 0 |
| | 1. Losses from changes in fair value of securities available for sale | 409 | | |
| | 2. Losses arising from translation of financial statements in foreign operations | 410 | | |
| | 3. Actuarial losses from defined-benefit plans | 411 | | |
| | 4. Effective share of losses arising from cash-flow risk protection | 412 | | |
| | 5. Other losses determined directly in capital (equity) | 413 | | |
| | B. OTHER GAINS AND LOSSES OF THE PERIOD (401 - 408) or (408 - 401) | 414 | 0 | 0 |
| | C. TAX ON THE OTHER GAINS AND LOSSES OF THE PERIOD | 415 | | |
| | D. NET RESULT FROM THE OTHER GAINS AND LOSSES OF THE PERIOD (414 ± 415) | 416 | 0 | 0 |
| | E. TOTAL NET INCOME (RESULT) | | | |
| | I - TOTAL NET INCOME OF THE PERIOD (400 ± 416) | 417 | 0 | 0 |
| | II - TOTAL NET LOSS OF THE PERIOD (400 ± 416) | 418 | 0 | 0 |

Licensed person:
Jadranka Volak SR-1076/17

Person authorised to represent:
Srđan Blagovčanin

CONSOLIDATED CASH FLOW STATEMENT

(Statement of Cash Flow)

for the period covering 1 January to 31 December 2016

| No. | ITEM | AOP Code | Amount | |
|-----|---|----------|--------------|---------------|
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 |
| 1. | A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 2. | I - CASH PROCEEDS FROM OPERATING ACTIVITIES (502 through 504) | 501 | 845,735 | 1,025,030 |
| 3. | 1. Proceeds from sale and advances (prepayments) | 502 | 0 | 0 |
| 4. | 2. Proceeds from premiums, subventions, grants, etc. | 503 | 0 | 0 |
| 5. | 3. Other proceeds from operating activities | 504 | 845,735 | 1,025,030 |
| 6. | II - CASH OUTFLOWS FROM OPERATING ACTIVITIES (506 through 510) | 505 | 767,515 | 871,827 |
| 7. | 1. Payments to suppliers and given advances (prepayments) | 506 | 419,991 | 485,039 |
| 8. | 2. Payments for employee wages, salaries, and other employee benefits | 507 | 347,171 | 382,198 |
| 9. | 3. Payment of interests | 508 | 13 | 1 |
| 10. | 4. Payment of income taxes | 509 | 0 | 0 |
| 11. | 5. Other payments of operating activities | 510 | 340 | 4,589 |
| 12. | III - NET INFLOW OF CASH FROM OPERATING ACTIVITIES (501 - 505) | 511 | 78,220 | 224,649 |
| 13. | IV - NET OUTFLOW OF CASH FROM OPERATING ACTIVITIES (505 - 501) | 512 | 0 | 71,446 |
| 14. | CASH FLOWS FROM INVESTING ACTIVITIES | | 0 | 0 |
| 15. | I - PROCEEDS FROM INVESTING ACTIVITIES (514 through 519) | 513 | 48 | 85 |
| 16. | 1. Proceeds from short-term financial investment | 514 | 0 | 0 |
| 17. | 2. Proceeds from sale of shares and capital stakes | 515 | 0 | 0 |
| 18. | 3. Proceeds from sale of intangible assets, real-estates, plant, equipment, investment property and biological assets | 516 | 0 | 0 |
| 19. | 4. Proceeds from interests | 517 | 48 | 85 |
| 20. | 5. Proceeds from dividends and participation in profit | 518 | 0 | 0 |

| | | | | |
|-----|---|-----|----------------|------------------|
| 21. | 6. Proceeds from other long-term financial investments | 519 | 0 | 0 |
| 22. | II - CASH OUTFLOW FROM INVESTING ACTIVITIES (521 through 524) | 520 | 22,014 | 11,657 |
| 23. | 1. Outflows from short-term financial investments | 521 | 0 | 0 |
| 24. | 2. Outflows arising from purchase of shares and participation in capital | 522 | 0 | 0 |
| 25. | 3. Outflows from purchase of intangible assets, real-estates, plant, equipment, investment property and biological assets | 523 | 22,014 | 11,657 |
| 26. | 4. Outflow arising from other long-term financial investments | 524 | 0 | 0 |
| 27. | III - NET CASH INFLOW FROM INVESTING ACTIVITIES (513 - 520) | 525 | 0 | 0 |
| 28. | IV - NET CASH OUTFLOW FROM INVESTING ACTIVITIES (520 - 513) | 526 | 21,966 | 11,572 |
| 29. | C. CASH FLOW FROM FINANCING ACTIVITIES | | 0 | 0 |
| 30. | I - CASH INFLOW FROM FINANCING ACTIVITIES (528 through 531) | 527 | 1,151 | 332 |
| 31. | 1. Inflow from increase in share capital | 528 | 0 | 0 |
| 32. | 2. Inflow arising from long-term financial liabilities | 529 | 0 | 0 |
| 33. | 3. Inflow arising from short-term financial liabilities | 530 | 0 | 0 |
| 34. | 4. Inflow from other long-term and short-term financial liabilities | 531 | 1,151 | 332 |
| 35. | II - CASH OUTFLOW FROM FINANCING ACTIVITIES (533 through 538) | 532 | 2,780 | 983 |
| 36. | 1. Outflow from redemption of own shares and capital stakes | 533 | 0 | 0 |
| 37. | 2. Outflow from long-term financial liabilities | 534 | 0 | 0 |
| 38. | 3. Outflow from short-term financial liabilities | 535 | 0 | 0 |
| 39. | 4. Net outflow arising from finance lease | 536 | 0 | 0 |
| 40. | 5. Outflow arising from dividends and participation in profit | 537 | 0 | 0 |
| 41. | 6. Outflows from other long-term and short-term liabilities | 538 | 2,780 | 983 |
| 42. | III - NET INFLOW OF CASH FROM FINANCING ACTIVITIES (527 - 532) | 539 | 0 | 0 |
| 43. | IV - NET OUTFLOW OF CASH FROM FINANCING ACTIVITIES (532 - 527) | 540 | 1,629 | 651 |
| 44. | D. TOTAL CASH INFLOW (501 + 513 + 527) | 541 | 846,934 | 1,025,447 |
| 45. | E. TOTAL CASH OUTFLOW (505 + 520 + 532) | 542 | 792,309 | 884,467 |

| | | | | |
|-----|---|-----|----------------|----------------|
| 46. | F. NET CASH INFLOW (541 - 542) | 543 | 54,625 | 213,398 |
| 47. | G. NET CASH OUTFLOW (542 - 541) | 544 | 0 | 72,418 |
| 48. | H. CASH AT THE BEGINNING OF REPORTING PERIOD | 545 | 447,589 | 306,346 |
| 49. | I. FOREIGN EXCHANGE GAINS FROM TRANSLATION OF CASH | 546 | 0 | 263 |
| 50. | J. FOREIGN EXCHANGE LOSSES FROM TRANSLATION OF CASH | 547 | 0 | 0 |
| 51. | K. CASH AT THE END OF REPORTING PERIOD (545 + 543 - 544 + 546 - 547) | 548 | 502,214 | 447,589 |

Licensed person:

Jadranka Volak SR-1076/17

Person authorised to represent:

Srđan Blagovčanin

**REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS OF CITIZENS'
ASSOCIATION "ANTI-CORRUPTION COMBAT – BOSNIA AND HERZEGOVINA"
AND ASSOCIATION FOR THE FIGHT AGAINST CORRUPTION
"TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2016**

1. LEGAL AND OTHER BASES

Regulations governing accounting and auditing provide that consolidated financial statements are to be prepared when the parent legal person gains control over a subsidiary legal person or multiple subsidiary legal persons. As in this case there is no ownership-based dependence relationship, but a relationship that arises from joint representation and management as well as identical non-profit statutory objectives, it was decided that consolidated financial statements were to be prepared and presented in order to obtain information on the joint operations of both associations.

The terms and conditions for conducting this audit as well as the responsibilities of the auditor and the Association's management are set out in the Contract between the association for the fight against corruption "Transparency International" in Bosnia and Herzegovina Banja Luka and the Auditing and Tax Counselling Firm "Aditon" doo Banja Luka.

As required by the International Standards of Auditing, before commencing the audit activities the auditor had to familiarise himself with the basic financial indicators that are material to the overall activities in the year for which the financial statements under audit were produced, as well as with any changes in the Association's organisation, management, funding and main objectives. Also, the auditor will familiarise himself with the realisation of revenues and expenditures, which were approved by the project donors and persons entrusted with the implementation of the projects (project managers), if such checks have not already been made as part of the audits of each of the associations whose balance sheets are consolidated.

Audit activities include assessment of information about the Association's financial operation contained in the financial statement forms that were delivered to us electronically.

Observing the provisions of the applicable audit regulations, generally accepted rules and the Audit Contract, the audit is to be conducted in accordance with the International Standards of Auditing, which require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Given the nature of the both Associations' line of work as well as other limitations, there is a certain unavoidable risk that a material error may remain undetected. However, the use of standardised sampling and inspection methods and analytical procedures has reduced this risk to a reasonable and allowable level.

The preparation of consolidated financial statements, including their adequate disclosure is the responsibility of the Associations' management. This includes establishing and maintaining proper accounting records, establishing and maintaining internal controls, selecting and applying appropriate accounting procedures, and ensuring full protection of property of the Associations and donors. Also, the management is responsible for complying with the principles and rules of consolidation.

Our work also entailed establishment of appropriate cooperation with the hired professional accountant, which we believe we did in a professional way.

2. ASSOCIATIONS' BACKGROUND INFORMATION

Association "Anti-corruption Combat – Bosnia and Herzegovina" Banja Luka was registered as a non-governmental organisation in the register of citizens' associations with the Basic Court in Banja Luka on 28 March 2001 under registration number Rg-23/01, while the Association for the Fight against Corruption "Transparency International" in Bosnia and Herzegovina Banja Luka was registered in the register maintained by the Ministry of Justice of Bosnia and Herzegovina by virtue of the decision no. UP08-07-1-616/11 of 25 May 2011.

The register of the Ministry of Justice of BiH also contains an entry on the Association's logo. The logo is in the form of a blue-bordered circle, with two large blue stylised letters "T" and "I" in the middle.

Both associations have the same statutory objectives:

- curbing corruption, supporting the development of good governance, accountability and transparency of public institutions, common democratic values and fair competition;
- organisation of seminars, roundtables and other forms of public debate and professional training;
- initiating the collection of data on experiences in combating corruption;
- commitment to the preparation of draft legislation and other documents;
- dissemination of information on the Association's activities through print, digital and other media;
- processing of data on corruption;
- collection and public dissemination of data on corruption;
- commitment to providing free legal assistance to citizens in their fight against corruption;
- commitment to conducting public opinion surveys;
- exchange of experiences with similar institutions and organisations at home and abroad and various professional and advisory activities.

The seat of both associations is in Banja Luka, 2 Gajeva Str.

The Association for the Fight against Corruption “Transparency International” in Bosnia and Herzegovina has an office in Sarajevo, at address 9 Mula Mustafe Bašeskije Str. The register maintained by the Ministry of Justice of BiH still contains the address at 4 Mehmed Bega Kapetanovića Ljubušaka Str., 71000 Sarajevo. This change was entered in the register by virtue of a decision.

In the reporting year, the responsible person in both associations was:

- Mr Srđan Blagovčanin, chair of the Board of Directors

Bookkeeping records are maintained, as per appropriate contract, by the professional bookkeeping agency “Libra”, owned by professional accountant Ms Jadranka Volak B.Sc.Econ. with a certified accountant licence. This person is considered responsible for proper maintenance and updating of the required transaction records.

The associations conduct their financial transactions in domestic currency (Convertible Marks) and foreign currency through main business accounts held at “Nova banka” AD Banja Luka No. 555-007-00006307-57 and Unicredit bank DD Mostar No. 338-350-22574104-75.

In addition to these accounts, both associations have sub-accounts to track the inflow and outflow of funds in individual projects. This ensures that the cash flows for each project/donor is tracked and controlled independently of other funds used or received by the Association.

The Association “Anti-corruption Combat – Bosnia and Herzegovina” is registered with the Tax Administration with tax identification number 4401564530009.

The Association for the Fight against Corruption “Transparency International” in Bosnia and Herzegovina is registered with the Tax Administration with tax identification number 4403650790008.

3. CONNECTION BETWEEN THE PARTIES GETTING CONSOLIDATED

The citizens’ association “Anti-corruption Combat – Bosnia and Herzegovina”, which was founded in 2001, was the initiator of the establishment and registration of the Association with the Ministry of Justice of Bosnia and Herzegovina under the new name – Association for the Fight against Corruption “Transparency International” in Bosnia and Herzegovina

By getting registered with the Ministry of Justice of Bosnia and Herzegovina, the Association became subject to the Law on Associations and Foundations of Bosnia and Herzegovina (“Official Gazette of BiH”, Nos. 32/01, 42/03, 63/08 and 76/11) and conditions have been met for the Association to perform its activities freely throughout Bosnia and Herzegovina.

The objectives of the two associations are identical. Therefore it was decided that as of 2015, the Association for the Fight against Corruption “Transparency International” in Bosnia and Herzegovina would gradually take over the tasks that had previously been performed by the Citizens’ Association registered with the competent court in Banja Luka, as well as that TI BiH would continue to apply for donor funds and assume the

implementation of projects in which the association has an interest and which are in line with its main statutory objectives, while the Association registered with the Basic Court in Banja Luka would no longer pursue new projects, but only complete the ongoing projects it implements.

The employees who had an employment contract concluded with the Citizens' Association "Anti-corruption Combat – Bosnia and Herzegovina" concluded a new employment contract with the Association registered with the Ministry of Justice of BiH.

The managements of both associations are composed of the same persons.

This connection between the associations served as a basis for preparing the consolidated financial statements and the audit thereof.

4. DOCUMENTATION AND ACCOUNTING

The original bookkeeping documentation about the financial transactions under audit is kept in the Association's headquarters, while the copies of bookkeeping and financial documents are forwarded to the hired bookkeeping agency.

The maintenance of accounting records is entrusted to a professional agency owned by a licensed accountant. The accounting is done through automated data processing by means of appropriate computer software. The recording of financial transactions is done in accordance with the prescribed chart of accounts.

5. ACCOUNTING POLICIES

5.1. Basis for and principles of consolidation

For consolidation purposes principles that are applied to the consolidation of a group of companies were respected.

Consolidation of items contained in financial statement forms is made in accordance with the principles which provide that the preparation of consolidated balance sheets is done with the elimination of mutual receivables and liabilities, while other balance items are added up and expressed in amounts which contain information pertaining to both associations. Estimates of balance sheet items were not made because assets items that would require such estimates were not encountered in the balance sheets of either association.

Consolidation is not done on the basis of property rights because in this particular case it does not involve commercial companies but organisations that have decided that one of them will continue the activities that are in line with the joint statutory objectives, while the other is withdrawing from these activities, and during a certain period they have acted or will act jointly.

5.2. Basis for Recognition of Transactions

The associations have used the common/same principles for recognising and weighing main assets, receivables and liabilities items.

Below are the rules that were applied to both individual as well as consolidated balance sheets.

Intangible Assets and Equipment

Intangible assets and equipment are presented by primary procedure, i.e. by historical value, which is the purchase value as stated in the supplier's invoice, plus any related procurement costs and minus accumulated depreciation and accumulated losses.

Amortisation

The amortisation of equipment and other property whose value decreases with the passage of time due to wear and tear is calculated according to the linear method over the estimated useful life and according to the depreciation rates provided for in the Law on Income Tax.

Receivables

Receivables are recognised at their nominal value. On balance day, the collectability of receivables is assessed. The assessment of receivables is done indirectly through appreciation, for the amount of receivables for which there is a possibility of collection at some future time, and directly if inability to collect is certain and documented.

Cash and cash equivalent

Cash and cash equivalents are reported at face value amount expressed in Convertible Marks, based on the actual state determined by the inventory.

Liabilities

Liabilities are reported at face value amount arising from proper business transaction, contract, regulations governing tax liability, etc. and in the amount of expected payments on that basis.

A liability is a short-term liability if it is payable within one year, or a long-term liability if it is payable within more than one year from the date of creation, i.e. from the balance day.

Income

Income is recognised at fair value. This is related to the increase in assets or decrease in liabilities. When agreed so in the agreement with the donors, income is recognised in the

amount of approved costs, in relation to the implementation of the projects carried out by the Association. As the Association is not engaged in commercial activity, nor does it charge membership contributions, income is related to the approved and realised budget, in accordance with the agreement concluded with the donor(s).

Interests are recognised as income in proportion to the length of use of funds by the debtor, in accordance with the contract or the law.

Expenses

An expense is recognised immediately in the accounting period when the expenditure does not yield future economic benefits, or when the obligation arose, and there are no conditions for it to be recognised as an asset item. This applies to the received material resources, services, as well as personal income and other personal expenses. All expenses related to the accounting period are included in the financial statements.

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are accompanied by notes describing specific items of the balance sheet and income statement.

CONSOLIDATED BALANCE SHEET

(ABBREVIATED TEMPLATE)

as at 31 December 2016

in KM

| ITEM | Note | Amount in current year | | | Previous year |
|---|------|------------------------|---------------|----------------|----------------|
| | no. | Gross | Allowance | Nett | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| A. ASSETS | | 501,925 | 59,305 | 442,620 | 517.256 |
| I NON-CURRENT ASSETS | | 125,091 | 59,305 | 65,786 | 49.882 |
| Property, plant and equipment | 1 | 115,015 | 59,305 | 55,710 | 49.882 |
| Biological assets | | | | | |
| Goodwill | | | | | |
| Other intangible assets (research and development, patents, licences, advances, etc.) | | | | | |
| Investment in affiliated legal entities | | | | | |
| Long-term investments | | | | | |
| Deferred tax assets | | | | | |
| II CURRENT ASSETS | | | | | |
| Inventories | | | | | |
| Prepayments | 2 | 385 | 0 | 385 | 9.660 |
| Receivables from sales | | | | | |
| Other receivables | 3 | 4,918 | 0 | 4,918 | 7.198 |
| Short-term financial investments | | | | | |
| Cash and cash equivalents | 4 | 371,391 | 0 | 371,391 | 447.589 |
| Prepayments and accrued income | | | | | |
| B SOURCES OF ASSETS | | | | 442,620 | 517.256 |
| I. SHAREHOLDERS' EQUITY THAT BELONGS TO OWNERS OF PARENT COMPANY | | | | 0 | 0 |
| Share capital | | | | | |
| Subscribed capital unpaid | | | | | |
| Other capital (issuing premiums) | | | | | |
| Reserves (total) | | | | | |
| Gain (total) | | | | | |

| | | | | | |
|--|---|--|--|---------|---------|
| Loss (total) | | | | | |
| II. MINORITY INTERESTS | | | | | |
| TOTAL LIABILITIES | 5 | | | 442,620 | 517.256 |
| III. LONG-TERM PROVISIONS AND LIABILITIES | | | | 436,319 | 0 |
| Long-term provisions | | | | | |
| Long-term loans and long-term leasing | | | | | |
| Deferred tax liabilities | | | | | |
| Deferred income | | | | 436,319 | |
| IV. SHORT-TERM LIABILITIES | | | | | |
| Short-term loans and other short-term fin. liabilities | | | | 10 | |
| Trade payables | | | | 5,966 | 8.409 |
| Liabilities for salaries | | | | 15 | 179 |
| Liabilities for VAT | | | | 0 | 0 |
| Liabilities for other taxes and contributions | | | | 304 | 2.172 |
| Accruals and deferred income | | | | 0 | 506.367 |
| Deferred tax liabilities | | | | 0 | 0 |
| Other short-term liabilities | | | | 6 | 129 |

CONSOLIDATED INCOME STATEMENT
(ABBREVIATED TEMPLATE)
for year 2016

in KM

| I T E M | Note no. | Year | |
|---|-------------|----------------|----------------|
| | | 2016 | 2015 |
| 1 | 2 | 3 | 4 |
| OPERATING INCOME | 6 | 921,743 | 869,454 |
| Income from sales | | | |
| Other operating income | | 921,743 | 869,454 |
| Activation effects and changes in the value of inventories | | | |
| OPERATING EXPENSES | 7 | 902,946 | 867,210 |
| Cost of goods sold | | | |
| Material costs | | 21,055 | 19,164 |
| Employee expenses and benefits | | 417,603 | 382,375 |
| Service expenses | | 129,900 | 150,362 |
| Depreciation expenses | | 14,851 | 13,093 |
| Immaterial expenses | | 297,765 | 297,765 |
| Tax and contribution expenses | | 586 | 4,451 |
| Other operating expenses | | | |
| OPERATING PROFIT | | 18,797 | 2,244 |
| OPERATING LOSS | | | |
| Financial income | 8 | 1,208 | 680 |
| Financial expenses | 8a | 2,793 | 985 |
| REGULAR ACTIVITY INCOME | | 17,212 | 1,939 |
| REGULAR ACTIVITY LOSS | | | |
| Other income | 9 | 768 | 568 |
| Other expenses | 9a | 17,980 | 2,507 |
| Income from revaluation of assets | | | |
| Losses from revaluation of assets | | | |
| Income from changes in accounting policies and corrections of the initial error | | | |
| Losses from changes in accounting policies and corrections of the initial error | | | |
| PROFIT BEFORE TAX | | 0 | 0 |
| LOSS BEFORE TAX | | 0 | 0 |
| Income tax | | | |
| NETT INCOME | 10 | 0 | 0 |
| LOSS | | 0 | 0 |

Note 1 – Intangible assets

As at 31 December 2016 the intangible assets included investment in software by the Association for the Fight against Corruption TI in Bosnia and Herzegovina in the amount of KM 10,076.

Note 2 – Non-current assets

The non-current assets in the present value of KM 42,928 as at 31 December 2016 included one passenger car, office furniture, computer and telecommunication equipment. The purchase of these assets was approved and accepted by donors.

The purchases were recorded on the basis of suppliers' invoices at the moment of putting the purchased items into use.

Depreciation was calculated on the amount of the purchase value of the equipment and inventory, in accordance with the rates of the Nomenclature of Depreciating Assets.

Cost of the small inventory was presented as expenditure in the year of purchase, which is in line with the policy of presenting small inventory expenditures in 100 per cent amount at the moment of putting such items into use.

Note 2 – Prepayments

The 'prepayments' item in the amount of KM 385 refers to pre-paid expenses and subscriptions to professional journals

Note 3 – Short-term receivables

The 'accounts receivable' item in the amount of KM 4,918 refers mostly to debit balances of taxes that were paid for copyright works from which recognised expenses were not deducted, as determined by comparing wage tax cards and income tax returns that the Association submitted to the local unit of the RS Tax Administration.

These receivables are as follows:

| DESCRIPTION | AMOUNT |
|--|------------|
| | 31/12/2016 |
| Receivables from employees | 82 |
| Receivables for contributions to personal income | 29 |
| Receivables for taxes | 4,807 |
| Other receivables | |
| TOTAL | 4,918 |

Note 4 – Cash and cash equivalents

Cash consists of:

| DESCRIPTION | AMOUNT |
|---|----------------|
| | 31/12/2016 |
| Cash assets at banks / KM | 337,941 |
| Cash assets at banks – foreign currency account | 26,295 |
| Cash in hand | 7,155 |
| TOTAL | 371,391 |

Note 5 – Short-term liabilities

Short-term liabilities are summarised as follows:

| DESCRIPTION | AMOUNT |
|--------------------------------------|--------------|
| | 31/12/2016 |
| Suppliers in the country | 5,966 |
| Suppliers abroad | 0 |
| Liabilities for wages and salaries | 15 |
| Liabilities to physical persons | 6 |
| Liabilities for water management fee | 0 |
| Liabilities for contributions | 24 |
| Liabilities for taxes | 280 |
| Accruals and deferred income | 0 |
| Other liabilities | 10 |
| TOTAL | 6,291 |

Liabilities to suppliers in the total amount of KM 6,291 include payables for delivered electricity, water, heating, telephone, internet and other related services based on invoices received in December, as well as liabilities to other suppliers for goods and services delivered in relation to the headquarters in Banja Luka and the branch office in Sarajevo, as well as liabilities to contributors participating in the implementation of projects.

After deduction from approved funds of realised and recognised expenses and depreciation relating to non-current assets, in line with the adopted budgets and the timeframe for implementation of the activity programme, the most sizeable item under the sources of funding are the remaining donor funds for implementation of projects in the next year; thus, the item 'deferred income from grants' is formed as a liability to

fundere of individual projects (Open Society Fund, Association Centres for Civic Initiatives (CCI), Foreign and Commonwealth Office, SIDA, European Commission, TI Secretariat in Berlin, etc.). The total balance on account no. 4081 – Deferred Income and Grants Received is KM 436,319.

Note 6 – Other –operating income

Donor funds used in individual projects account for virtually the only source of TI’s income.

It should be noted that the incomes in 2016 are also related to the implementation of the parts of projects that had not been completed in the previous year, and a portion of income was recognised for projects that continue to be implemented in the current year (2017). The aggregate amount of incomes for all projects implemented by the Associations as well as other incomes in 2016 is KM 923,719, while the remaining portion of unused funds is recorded under the ‘deferred income’ item.

Note 7 – Operating expenses

Operating expenses include the following:

| DESCRIPTION | AMOUNT |
|---------------------------------------|----------------|
| | 2016 |
| | |
| Expenses for other material and fuel | 21,055 |
| Expenses for gross wages and salaries | 417,603 |
| Services expenses | 129,900 |
| Depreciation expenses | 14,851 |
| Immaterial expenses | 318,951 |
| Tax and contribution expenses | 586 |
| TOTAL: | 902,946 |

Material expenses include the recognised expenses for office supplies, hygiene products and other operating supplies used in the office’s daily activities as well as the fuel expenses for the passenger car. These expenses are recorded on the basis of individual invoices issued by suppliers for the delivered products.

Energy expenses consist of the expenses recorded on the basis of electricity bills issued by the Power Supply Company, district heating bills issued by the City Heating Plant as well as bills for natural gas. As has been mentioned earlier in relation to these expenses,

given that they are associated with the owners of the offices rented by the Association, the bills for these expenses are not addressed to TI but to physical persons.

Wages, income benefits and other personal incomes are calculated in accordance with employment contracts and the applicable regulations governing tax and contribution liabilities. Operating costs were charged based on these liabilities.

Service expenses refer to telecommunication costs, transport costs, costs of renting business offices, as well as costs of maintenance and repair of the Association's equipment and other property.

Depreciation expenses were calculated on the purchase value of the fixed assets, in accordance with the depreciation rates set out in the Nomenclature of Depreciating Assets.

Costs of the promotion of TI's objectives and activities as well as costs of the public campaign in the media (such as daily papers and periodicals, etc.) make up a sizeable group of expenses in the audited year. These are followed by author's fees. Other significant costs include rent, business trip allowances (boarding and travel costs), payment operation costs, administrative and court fees, etc.

Each payment of author's fee is accompanied with a contract concluded between TI and the author, regardless of whether the author is employed in the office or is an external contractor.

Tax and contribution expenses include fees for water use, fees payable for registration of vehicles, contributions for volunteer's pay, contribution for employment and vocational rehabilitation of disabled persons, and other taxes.

Note 8 and 8 a – Financial income and Financial expenses

Financial income includes income from foreign exchange gains in the amount of KM 1,151 and income from interest in the amount of KM 57.

Financial expenses comprise foreign exchange losses and interest expenses (KM 2,793).

Note 9 and 9 a – Other income and Other expenses

Other income totalling KM 768 consists of incomes arising from rebates and write-offs for taxes and other liabilities as well as other unmentioned incomes.

Other expenses in the total amount of KM 17,250 comprise losses arising from liquidation of fixed assets and intangible assets, and expenses arising from write-off of material, goods and other expenses in the amount of KM 730.

Note 10 – Operating results – surplus of income over expenditure/expenditure over income

The non-profit nature of the Associations' work means that the income is recognised only in the amount of expenditures that the donor or funder envisaged in the approved budget for the given calendar year or a particular part thereof. The received funds are justified per individual projects, and annual incomes are recognised only in the amount of the approved expenditures, with predefined tolerance. This allows for equalisation of incomes and expenditures, and thus the surplus of income over expenditure is not presented, but is instead shown under account no. 4081 – Deferred Income and Grants Received.

7. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2016 the Citizens' Association "Anti-Corruption Combat – Bosnia and Herzegovina" Banja Luka and the Association for the Fight against Corruption "Transparency International" in Bosnia and Herzegovina Banja Luka have initiated 121 lawsuits, whose overview with estimated values and costs is given in the table below:

| No. | CASE | Suit 1 | I | | | II | | | III | | |
|----------|--|--------|-------------------------------|-------------------------------------|---------------------|-----------------------------|--|----------------------|------------------------------|--|----------------------|
| | | | Year, Institution | Ruling | No. | Year, Institution | Ruling | No. | Year, Institution | Ruling | No. |
| | Public Enterprise "Highways of Republika Srpska" | 2009 | 2010 District Court BL | Decision: the lawsuit is dismissed | 11 0 U 002350 09 U | 2011 Supreme Court of RS | Judgement: the decision is repealed and remitted for retrial | 11 0 U 002350 10 Uvp | 2012 District Court BL | Decision: the lawsuit is dismissed | 11 0 U 002350 11 U 2 |
| 133/09 | Ministry of Finance RS (misrepresentation of social situation in RS) | 2010 | 2010 District Court BL | Judgement: the lawsuit is admitted | 11 0 U 002645 10 U | 2012 District Court BL | Decision: request for enforcement of the judgement is rejected | 11 0 U 005379 10 U | 2016 Supreme Court of RS | Judgement: request for extraordinary review of the | 11 0 U 010581 14 Uvp |
| 82/09-E | Ministry of Finance RS ("Luckiest Fiscal Receipt") | 2010 | 2010, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 002644 10 U | | | | | | |
| | Council of Ministers BiH and Ministry of Civil Affairs BiH | 2010 | 2010, Court of BiH | Decision: the lawsuit is dismissed | U-85/07 | | | | | | |
| 13/08-T | APIF | 2010 | 2010, Cantonal Court Sarajevo | Decision: the lawsuit is dismissed | 09 0 005581 10 U | 2012 Supreme Court of FBiH | Judgement: request for extraordinary review of the court ruling is accepted, the case is remitted for revision | 09 0 U 005581 11 Uvp | 2012 Cantonal Court Sarajevo | Judgement: the lawsuit is admitted | 09 0 005581 12 U 2 |
| 8/10-E | Council of Ministers BiH | 2010 | 2011, Court of BiH | Judgement: the lawsuit is dismissed | S1 3 U 001055 10 U | | | | | | |
| | HJPC | 2010 | 2013, Court of BiH | Judgement: the lawsuit is dismissed | S1 3 U 003096 11 U | 2013, Court of BiH | Judgement: request for extraordinary review of the court ruling is rejected | S1 3 U 003096 13 Uvp | | | |
| 1/10-P | Prosecutor's Office of the Tuzla Canton | 2011 | 2011, Cantonal Court Tuzla | Decision: the lawsuit is dismissed | 03 0 U 006946 11 U | 2012, Supreme Court of FBiH | Judgement: request for extraordinary review of the court ruling is accepted, the case is remitted for revision | 03 0 U 006946 11 Uvp | 2012 Cantonal Court Tuzla | Judgement: the lawsuit is admitted and the case is referred back to the first-instance court | 03 0 U 006946 12 U 2 |
| | Basic Court BL | 2011 | 2012, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 006987 11 U | 2012, District Court BL | Decision: the proceedings are halted | 11 0 U 009918 12 U | | | |
| 7/10-P | Administrative Inspectorate FBiH | 2011 | 2012, Cantonal Court Sarajevo | Judgement: the lawsuit is dismissed | 09 0 U 013270 11 U | 2015, Supreme Court of FBiH | Decision: request for extraordinary review of the court ruling is rejected | 09 0 U 013270 13 Uvp | | | |
| 90/11-P | Ministry of Finance RS | 2011 | 2013, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 008128 11 U | | | | | | |
| 90/11-P | Ministry of the Interior RS | 2011 | 2013, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 008319 11 U | | | | | | |
| 158/09-P | Prosecutor's Office of the Sarajevo Canton | 2011 | 2013, Cantonal Court Sarajevo | Judgement: the lawsuit is dismissed | 09 0 U 0143589 11 U | 2015, Supreme Court of FBiH | Decision: request for extraordinary review of the court ruling is rejected | 09 0 U 014359 13 Uvp | | | |
| 63/11-E | Republic Administration for Geodetic and Property Affairs of RS | 2012 | 2012, District Court BL | Decision: the lawsuit is dismissed | 11 0 U 008640 12 U | 2013, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 0100548 12 U | 2015, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 013459 14 U |
| 164/11-P | Government of RS | 2012 | 2012, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 008967 12 U | | | | | | |
| 47/12-E | Presidency of BiH | 2012 | 2014, Court of BiH | Judgement: the lawsuit is admitted | S1 3 U 010083 12 U | | | | | | |
| 129/11-E | Ministry of Veterans and Disabled Veterans FBiH | 2012 | 2015, Cantonal Court Sarajevo | Judgement: the lawsuit is admitted | 09 0 U 015749 12 U | | | | | | |

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|----------|--|------|---------------------------------------|--|---------------------|-----------------------------|--|----------------------|--------------------|---|----------------------|
| 108/12-P | Ministry for Refugees and Displaced Persons RS | 2012 | 2013, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 010572 12 U | | | | | | |
| 108/12-P | Ministry of Trade and Tourism RS | 2012 | 2014, District Court BL | Decision: the proceedings are halted | 11 0 U 010570 12 U | | | | | | |
| 108/12-P | Ministry of the Interior RS | 2012 | 2013, District Court BL | Decision: the proceedings are halted | 11 0 U 0010571 13 U | | | | | | |
| 89/12-E | Prosecutor's Office of the Tuzla Canton | 2012 | 2012, Cantonal Court Tuzla | Judgement: the lawsuit is dismissed | 03 0 U 009902 12 U | | | | | | |
| 59/12-E | BH Telecom | 2012 | 2016, Cantonal Court Sarajevo | Judgement: the lawsuit is admitted | 09 0 U 016458 12 U | | | | | | |
| 110/12-P | Complaints Commission BL | 2012 | 2014, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 010763 12 U | | | | | | |
| 108/12-P | Ministry of the Interior of the WH Canton | 2012 | 2013, Cantonal Court Široki Brijeg | Decision: the lawsuit is dismissed | 08 0 U 001622 12 U | | | | | | |
| 155/12-E | Faculty of Economics in Bihać | 2013 | 2013, Cantonal Court Bihać | Decision: the proceedings are halted | 01 0 U 007429 13 U | | | | | | |
| 145/12-E | Ministry of Science and Technology RS | 2013 | 2014, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 011601 13 U | | | | | | |
| 20/13-P | Ministry of Trade and Tourism RS | 2013 | 2015, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 011830 13 U | 2017, District Court BL | Judgement: motion for renewal of proceedings is rejected | 11 0 U 018543 16 Uvl | | | |
| 1/10-P | Parliamentary Assembly BiH | 2013 | 2014, Court of BiH | Judgement: the lawsuit is admitted | S1 3 U 013415 13 U | 2016, Court of BiH | Judgement: the lawsuit is dismissed | S1 3 U 017766 14 U | 2017, Court of BiH | Judgement: request for extraordinary review of the court ruling is accepted | S1 3 U 017766 16 Uvp |
| 101/11-E | CEC BiH | 2013 | 2014, Court of BiH | Judgement: the lawsuit is admitted | S1 3 U 009457 12 U | | | | | | |
| | Agency for Privatisation | 2013 | 2014, Cantonal Court Mostar | Judgement: the lawsuit is admitted partially | 07 0 U 009331 14 U | | | | | | |
| 46/11-P | Administrative Inspectorate FBiH | 2013 | 2014, Cantonal Court Sarajevo | Decision: the proceedings are halted | 09 0 U 019406 13 U | 2015, Supreme Court of FBiH | Decision: request for extraordinary review of the court ruling is rejected | 09 0 U 019406 14 Uvp | | | |
| 25/05-S | Municipality of Vlasenica | 2014 | 2014, District Court Istočno Sarajevo | Decision: the proceedings are halted | 14 0 U 002371 14 U | | | | | | |
| 107/13-E | Ministry of Education of the Sarajevo Canton | 2014 | 2014, Cantonal Court Sarajevo | Decision: the proceedings are halted | 09 0 U 020365 14 U | | | | | | |
| 145/13-E | Republic Inspection Administration of RS | 2014 | 2015, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 014028 14 U | | | | | | |
| 145/13-E | Republic Inspection Administration of RS (employment in Bijeljina) | 2014 | 2015, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 014027 14 U | | | | | | |
| 48/14-M | Deposit Insurance Agency BiH | 2014 | 2015, Court of BiH | Judgement: the lawsuit is admitted | S1 3 U 016336 14 U | | | | | | |
| 48/14-M | Ministry of Veterans and Disabled Veterans FBiH | 2014 | 2015, Cantonal Court Sarajevo | Judgement: the lawsuit is admitted | 09 0 U 021290 14 U | | | | | | |
| 48/14-M | Municipality of Milići | 2014 | 2015, District Court Istočno Sarajevo | Judgement: the lawsuit is admitted | 14 0 U 002453 14 U | | | | | | |
| 48/14-M | Municipality of Iliđa | 2014 | | | | | | | | | |
| 48/14-M | Ministry of Spatial Planning of the Sarajevo Canton | 2014 | | | | | | | | | |
| 48/14-M | Ministry of Labour and Soc. Policy of the Sarajevo Canton | 2014 | | | | | | | | | |
| 48/14-M | Municipality of Prnjavor | 2014 | 2015, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 014493 14 U | | | | | | |
| 48/14-M | Central Bank of BiH | 2014 | 2015, Court of BiH | Judgement: the lawsuit is admitted | S1 3 U 016730 14 U | | | | | | |
| 25/14-E | Ministry of Agriculture RS | 2014 | 2015, District Court BL | Decision: the proceedings are halted | 11 0 U 014647 14 U | | | | | | |
| 48/14-M | Ministry of the Interior RS | 2014 | 2015, District Court BL | Judgement: the lawsuit is dismissed | 11 0 U 014631 14 U | | | | | | |
| 48/14-M | Indirect Taxation Authority BiH | 2014 | 2015, Court of BiH | Judgement: the lawsuit is admitted | S1 3 U 016746 14 U | | | | | | |

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|----------|--|------|------------------------------------|--------------------------------------|--------------------|--------------------|---|----------------------|--|--|
| 48/14-M | Ministry of Education and Culture RS | 2014 | 2015, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 014598 14 U | | | | | |
| 48/14-M | Complaints Board of the Council of Ministers of BiH | 2014 | 2014, Court of BiH | Judgement: the lawsuit is dismissed | S1 3 U 016743 14 U | 2015, Court of BiH | Judgement: the lawsuit is admitted | S1 3 U 016743 14 Uvp | | |
| 48/14-M | Agency for Healthcare Quality and Accreditation in FBiH | 2014 | | | | | | | | |
| 48/14-M | Ministry of Housing Policy of the Sarajevo Canton | 2014 | 2016, Cantonal Court Sarajevo | Judgement: the lawsuit is dismissed | 09 0 U 021858 14 U | | | | | |
| 48/14-M | Ministry of Education, Science, Culture and Sports of the WH Canton | 2014 | 2015, Cantonal Court Široki Brijeg | Judgement: the lawsuit is admitted | 08 0 U 002217 14 U | | | | | |
| 48/14-M | Municipality of Brod | 2014 | 2015, District Court Doboj | Judgement: the lawsuit is dismissed | 13 0 U 003181 14 U | | | | | |
| 48/14-M | RUGIP | 2014 | 2015, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 015080 14 U | | | | | |
| 48/14-M | Health Centre Jajce | 2014 | 2014, Cantonal Court Novi Travnik | Decision: the proceedings are halted | 06 0 U 007404 14 U | | | | | |
| 48/14-M | City of Banja Luka | 2014 | 2015, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 015155 14 U | | | | | |
| 48/14-M | Municipality of Berkovići | 2014 | 2015, District Court Trebinje | Judgement: the lawsuit is admitted | 15 0 U 002307 14 U | | | | | |
| 55/14-E | Prosecutor's Office of BiH | 2014 | 2016, Court of BiH | Judgement: the lawsuit is dismissed | S1 3 U 017350 14 U | 2016, Court of BiH | Judgement: request for review of the court ruling is rejected | S1 3 U 017350 16 Uvp | | |
| 48/14-M | Complaints Board of the Council of Ministers of BiH | 2014 | 2016, Court of BiH | Judgement: the lawsuit is admitted | S1 3 U 017419 14 U | | | | | |
| 48/14-M | Municipality of Novi Grad Sarajevo | 2014 | | | | | | | | |
| 48/14-M | Ministry of the Interior of the Sarajevo Canton | 2014 | | | | | | | | |
| 48/14-M | Prosecutor's Office of BiH | 2015 | 2016, Court of BiH | Judgement: the lawsuit is admitted | S1 3 U 18145 15 U | | | | | |
| 48/14-M | Municipality of Stolac | 2015 | | | | | | | | |
| 48/14-M | Ministry of Health and Social Welfare RS | 2015 | 2015, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 016067 15 U | | | | | |
| 169/14-U | Banking Agency (Bobar bank) | 2015 | 2016, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 016386 15 U | | | | | |
| 116/14-M | Ministry of Public Administration and Local Self-Government RS | 2015 | 2016, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 01660215 U | | | | | |
| 62/15-M | Ministry of Industry, Energy and Mining RS | 2015 | 2015, District Court BL | Judgement: the lawsuit is dismissed | 11 0 U 016823 15 U | | | | | |
| 129/15-E | Banking Agency (Bank of Srpska) | 2015 | 2016, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 017465 15 U | | | | | |
| 18/16 | Prosecutor's Office of BiH | 2016 | | | | | | | | |
| 128/15-M | Secondary Vocational School Gradiška | 2016 | 2017, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 019185 16 U | | | | | |
| 96/16 | Public Utility Company "Park" | 2016 | | | | | | | | |
| 96/16 | Industrial plantations BL | 2016 | 2017, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 019046 16 U | | | | | |
| 96/16 | Public Enterprise "BH Post" | 2016 | | | | | | | | |
| 96/16 | Public Enterprise RTRS | 2016 | 2017, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 019075 16 U | | | | | |
| 96/16 | Public Enterprise "Roads of RS" | 2016 | 2017, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 019080 16 U | | | | | |
| 96/16 | ZP Elektrokrajina | 2016 | | | | | | | | |
| 96/16 | Water Utility Company Sanski Most | 2016 | | | | | | | | |
| 96/16 | Water Utility Company Mostar | 2016 | | | | | | | | |
| 96/16 | MH ERS Trebinje, Hydro-Power Plant on the Drina River ZP Hidroelektrane na Drini | 2016 | 2016, District Court I. Sarajevo | Judgement: the lawsuit is admitted | 14 0 U 003097 16 U | | | | | |
| 96/16 | Iron Ore Mines Ljubija | 2016 | | | | | | | | |
| 96/16 | Public Utility Company "Budućnost" Laktaši | 2016 | | | | | | | | |
| 96/16 | Public Utility Company "Vodostan" Ilijaš | 2016 | | | | | | | | |
| 96/16 | Electric Utility Company of BiH | 2016 | | | | | | | | |

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|----------|---|------|-----------------------------------|-------------------------------------|--------------------|--|--|--|--|--|
| 96/16 | Water Utility Company Zenica | 2016 | 2017, Cantonal Court Zenica | Judgement: the lawsuit is admitted | 04 0 U 008543 16 U | | | | | |
| 96/16 | Public Utility Company "Centar" Skenderija | 2016 | | | | | | | | |
| 96/16 | Public Utility Company Rad | 2016 | | | | | | | | |
| 96/16 | Airports of RS | 2016 | 2017, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 019331 16 U | | | | | |
| 96/16 | Public Enterprise Commodity Reserves | 2016 | 2017, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 019351 16 U | | | | | |
| 96/16 | Public Utility Company "Komunalac" Brod | 2016 | 2016, District Court Doboj | Judgement: the lawsuit is dismissed | 13 0 U 004259 16 U | | | | | |
| 96/16 | Water Utility Company Vlasenica | 2016 | 2016, District Court I. Sarajevo | Judgement: the lawsuit is admitted | 14 0 U 003114 16 U | | | | | |
| 96/16 | MH Elektroprivreda RS ZP Hydro-Power Plants on the Trebišnica River | 2016 | | | | | | | | |
| 116/15-M | Complaints Board of the Council of Ministers of BiH | 2016 | | | | | | | | |
| 96/16 | Croatian Post Mostar | 2016 | | | | | | | | |
| 96/16 | Roads Mostar | 2016 | | | | | | | | |
| 96/16 | Public Enterprise "Directorate for Construction and Development of the City of Bijeljina" | 2016 | | | | | | | | |
| 96/16 | AD Komunalac Kozarska Dubica | 2016 | | | | | | | | |
| 96/16 | Primary School "Dositej Obradović" | 2016 | 2017, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 019422 16 U | | | | | |
| 96/16 | Public Utility Company "Komunalac" Orašje | 2016 | 2016, Cantonal Court Ožjak | Judgement: the lawsuit is admitted | 02 0 U 001282 6 U | | | | | |
| 96/16 | Una National Park | 2016 | | | | | | | | |
| 96/16 | Primary School "Aleksa Šantić" | 2016 | 2017, District Court BL | Judgement: the lawsuit is dismissed | 11 0 U 019521 16 U | | | | | |
| 96/16 | Public Enterprise "Sarajevo Forests" | 2016 | | | | | | | | |
| 96/16 | Water Utility Company Čelinac | 2016 | | | | | | | | |
| 96/16 | Public Enterprise "Electric Utility Company HZ Herceg Bosna" | 2016 | | | | | | | | |
| 96/16 | Public Utility Company "RAD" Istočno Sarajevo | 2016 | 2016, District Court I. Sarajevo | Judgement: the lawsuit is admitted | 14 0 U 003161 16 U | | | | | |
| 96/16 | AD Zvornik stan | 2016 | | | | | | | | |
| 96/16 | Railways of RS | 2016 | 2016, District Court Doboj | Judgement: the lawsuit is dismissed | 13 0 U 004312 16 U | | | | | |
| 96/16 | Gas Res Banja Luka | 2016 | 2017, District Court BL | Judgement: the lawsuit is admitted | 11 0 U 019662 16 U | | | | | |
| 96/16 | MH ERS ZP Elektro-hercegovina Trebinje | 2016 | 2017, District Court Trebinje | Judgement: the lawsuit is admitted | 15 0 U 003164 16 U | | | | | |
| 96/16 | Gas Promet Pale | 2016 | 2016, District Court I. Sarajevo | Judgement: the lawsuit is admitted | 14 0 U 003162 16 U | | | | | |
| 96/16 | Public Enterprise TV of the Sarajevo Canton | 2016 | | | | | | | | |
| 96/16 | Public Utility Company "10.juli" | 2016 | | | | | | | | |
| 96/16 | Public Utility Company Tomislavgrad | 2016 | | | | | | | | |
| 96/16 | Public Utility Company VIK G.Vakuf - Uskoplje | 2016 | 2017, Cantonal Court Novi Travnik | Judgement: the lawsuit is admitted | 060 U 010056 16 U | | | | | |
| 96/16 | Public Enterprise "Parkovi" Ljubuški | 2016 | | | | | | | | |
| 96/16 | Public Enterprise "Hrvatske telekomunikacije" Mostar | 2016 | | | | | | | | |
| 96/16 | Public Utility Company "Komunalac" Tuzla | 2016 | | | | | | | | |
| 96/16 | Water Utility Company Tuzla | 2016 | | | | | | | | |
| 96/16 | ZD IRCE Istočno Sarajevo | 2016 | | | | | | | | |
| 96/16 | Public Utility Company Milići | 2016 | | | | | | | | |
| 96/16 | Heating Plant Banja Luka | 2016 | | | | | | | | |
| 96/16 | Development Bank of FBiH | 2016 | | | | | | | | |

8. TAX RISKS

The tax system of the Republic of Srpska and Bosnia and Herzegovina is governed by the principle that indirect taxes (customs, excise, VAT and road tax) are charged at the country-wide level, whereas all other taxes (profit tax, income tax, property taxes, fees and charges) and social security contributions are levied at the entity level. Big problem for taxpayers is the frequent changes to the laws and implementing regulations that govern taxes, in contrast to most developed market economies with stable tax systems.

When it comes to practical application of the tax laws, there are often differences of opinion between the various competent authorities regarding the legal interpretation of specific provisions. This can give rise to uncertainty. In some cases, different inspection authorities claim legal authority over the same tax issue (e.g. foreign trade, customs and currency control).

The interpretation of tax legislation by tax authorities as applied to the transactions and activities of a company may differ from that by the management. As a result of different interpretation and application of the law by the government and by the inspection authorities, transactions may be challenged by tax authorities and a company may be imposed additional taxes, penalties and interests.

In accordance with the Law on Tax Procedure of the Republic of Srpska and the Law on Indirect Taxation of BiH, the tax liability limitation period is five years. This means that the tax authorities are entitled to order the payment of outstanding liabilities within five years from the time of the transaction. All this results in tax risks being significantly higher in the Republic of Srpska and Bosnia and Herzegovina than in countries with more stable and developed tax systems.