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Certified translation from the Serbian language

**Association for the Fight Against Corruption**  
**“TRANSPARENCY INTERNATIONAL” IN BOSNIA AND HERZEGOVINA**  
**FINANCIAL STATEMENTS FOR YEAR 2021**  
**WITH INDEPENDENT AUDITOR’S REPORT**

Banja Luka, March 2022

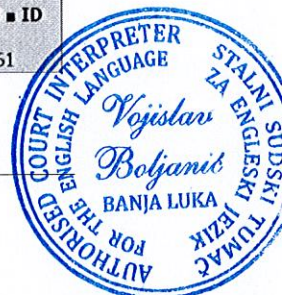


REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021

**CONTENTS:**

STATEMENT OF RESPONSIBILITY .....	3
INDEPENDENT AUDITOR'S OPINION .....	4
FINANCIAL STATEMENT FORMS FOR YEAR 2021 .....	8
1.    LEGAL AND OTHER BASES .....	21
2.    ASSOCIATION'S BACKGROUND INFORMATION .....	22
3.    DOCUMENTATION AND ACCOUNTING .....	24
4.    NOTES TO THE FINANCIAL STATEMENTS .....	25
5.    CONTINGENT ASSETS AND CONTINGENT LIABILITIES .....	31
6.    SUBSEQUENT EVENTS .....	35
7.    TAX RISKS .....	35

Auditing and Tax Counselling Firm "ADITON" doo Banja Luka - Ul. V. Pelagića 24/26  
Tel./fax: +387 51 214-670 mobile +387 65 522-723 ■ www.aditon.rs.ba ■ e-mail: aditon.doo@gmail.com  
■ No. of Court Reg. Folio 1-12461-00 ■ Reg. No. 1954601 ■ ID No. with the RS Tax Administration 4401613680003 ■ ID  
No. with the Indirect Taxation Administration 401613680003  
Subscribed and paid-in initial capital KM 5,000 ■ Transfer account with "NLB Razvojna banka" B. Luka 5620990001398361



## STATEMENT OF RESPONSIBILITY

*[inserted as a scanned image]*

TRANSPARENCY INTERNATIONAL  
Bosnia and Herzegovina

No. 17-030-1/22

AUDITING FIRM  
ADITON DOO  
78000 BANJA LUKA

The management is required to prepare financial statements for each financial year which give a true and fair view of the Association's financial position, results of its operations and cash flows for the year under audit in accordance with financial reporting standards generally accepted in Bosnia and Herzegovina. Also, the management has an ongoing responsibility for ensuring well organized, compliant and up-to-date bookkeeping that enables the preparation of financial statements at any time. The management has a general responsibility for taking available steps to safeguard the assets of the Association, as well as prevent and detect fraud and other irregularities and illegal activities in its operations.

The management is responsible for selecting such accounting policies as are in line with the financial reporting standards and applying them consistently; making reasonable judgements and estimates; and preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in operation.

Having performed the necessary analyses, the management is satisfied that the Association has sufficient resources to continue in operational existence for the foreseeable future and, accordingly, the statements for the financial year 2021 were prepared on a going concern basis.

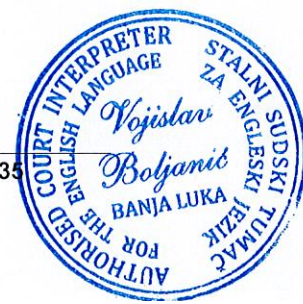
The financial statements have been approved by the management and are, in confirmation thereof, signed by

Banja Luka, 31 March 2022

Responsible person

\_\_\_\_\_  
Srđan Blagovčanin  
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*[round seal of the Association]*

Association for the Fight against Corruption Transparency International in BiH,  
Reg. No. UPOB-07-1-616/11, BiH Ministry of Justice, Sarajevo  
Headquarters: Gajeva 2, 78000 Banja Luka Tel/fax +387 51 216 369, 216 928, 224 521, 224 520  
Branch office: Mula Mustafe Bašeskije 9/1, 71000 Sarajevo Tel/fax +387 33 220 049, 220 047  
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## INDEPENDENT AUDITOR'S OPINION

### ASSOCIATION FOR THE FIGHT AGAINST CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA BANJA LUKA

To:

- Association's assembly and management

#### Opinion

We have audited the enclosed financial statements of the Association for the Fight against Corruption "Transparency International" in Bosnia and Herzegovina, which comprise the Balance Sheet as at 31 December 2021, the related Income Statement, the Cash Flow Statement and the Statement of Other Gains and Losses for the year then ended, as well as a summary of significant accounting policies and notes to the financial statements.

In our opinion, the enclosed financial statements give a true and fair view of the financial position as at 31 December 2021 as well as the operating results and cash flows for the year then ended, in accordance with the International Accounting Standards and International Financial Reporting Standards.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as well as in accordance with the ethical requirements relevant to our audit of financial statements in the Republika Srpska / Bosnia and Herzegovina and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

#### Other matters

Of the total grant funding received, 36.6 percent were funds received from the Swedish Development Agency (SIDA), with which the amount of funds was contractually denominated in Swedish kronor (SEK). In 2021, the SIDA Agency disbursed a total of SEK 2,600,000, which was transferred to TI's foreign currency account held in EUR. According to the middle (accounting) exchange rate of the BiH Central Bank of SEK 0.191818 / BAM 1.0 valid as at 29 July 2021, when the payment arrived on the foreign currency account, the value of the payment in local currency was BAM 498,726.80 (2,600,000 x 0.191818). According to the review of foreign currency account transactions issued by the commercial bank on 29 July 2021, EUR



254,966.95 was credited to TI's foreign currency account, which is BAM 498,672.01 calculated at the middle exchange rate of the BiH Central Bank. According to the exchange rate on the day of concluding the contract with the SIDA Agency (SEK 0.187459 / BAM 1.0) indicated in the correspondence between TI BiH and the administrative service of SIDA, the amount received in SEK was worth BAM 487,393.40 (2,600,000 x 0.187459) on the day of payment. The difference between the amount obtained by recalculating the amount paid in SEK at the current rate and at the exchange rate that is taken as valid in correspondence with SIDA's professional services on the day of concluding the contract is a gain and amounts to BAM 11,333.40.

As the funds disbursed by the SIDA Agency arrived on the foreign currency account held in EUR and given the fact that BAM is pegged to EUR at the fixed exchange rate of BAM 1.95583 per EUR 1.0, the described exchange differences do not affect the items of the audited financial statements.

### Key Audit Matters

Key audit matters relate to assurances pertaining to compliance with contractual obligations to employees and temporary service contractors, including tax regulations (calculation and payment of liabilities to the budget/funds), as well as compliance with the requirements defined by the donor of funds, which constitute a key portion of the Association's financial operations. The issues discussed are the following:

- Compliance with the mode of use i.e. spending of funds approved by the Donor constitutes those matters which, in our professional judgement, were of utmost significance in our audit of the financial statements of the current period;
- Costs of salaries and other personal income, including taxes and contributions on paid salaries;
- Calculation and payment of VAT on performed taxable services, i.e. transactions;
- Costs of non-productive services, which, *inter alia*, include remunerations as per temporary service contracts and copyright contracts.
- The subject of a more detailed examination was the segment relating to initiated litigations, and their final outcome (if any).

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on them.

### Management's Responsibility for the Financial Statements

The Association's management is responsible for the preparation and fair presentation of these financial statements, including their appropriate and timely disclosure. This includes the design, implementation and maintenance of appropriate accounting records in accordance with applicable laws of the Republika Srpska, establishment and implementation of internal control relevant to the preparation of financial statements that are free from material misstatement, selection and



application of appropriate accounting policies, and 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 Association's financial operations.

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 objectives are to obtain reasonable assurance on 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 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 the use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.



REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021

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However, future events or conditions may cause the Association 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 so that the financial statements give a true and fair view;
- 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 provided a statement that we had complied with relevant ethical requirements regarding independence, as well as regarding other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The partner engaged in the audit process resulting in this independent auditor's report is Duško Daničić.

No. 37-1 /22

Banja Luka, 22 March 2022

Certified auditor:

Duško Daničić, Msc. Econ.

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





REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021

**FINANCIAL STATEMENT FORMS FOR YEAR 2021**  
**BALANCE SHEET**  
(Statement of Financial Position)  
as at 31/12/2021

-BAM

Account No.	ITEM	AOP Code	Gross	Allowance	Nett	Previous year amounts (PS)
	A. NON-CURRENT ASSETS (002 + 008 + 015 + 021 + 030)	001	194,662	93,406	101,256	96,324
01	I - INTANGIBLE ASSETS (003 through 007)	002	47,766	18,688	29,078	18,188
010, part 019	1. Research and development	003				
011, part 019	2. Concessions, patents, licences and similar rights	004				
012, part 019	3. Goodwill	005				
014, part 019	4. Other intangible assets	006	47,766	18,688	29,078	18,188
015, 016, part 019	5. Advances and intangible assets under preparation	007				
02	II - PROPERTY, PLANT, EQUIPMENT AND INVESTMENT PROPERTIES (009 through 014)	008	146,896	74,718	72,178	78,136
020, part 029	1. Land	009				
021, part 029	2. Buildings	010				
022, part 029	3. Plant and equipment	011	143,736	74,391	69,345	75,212
023, part 029	4. Investment properties	012				
024, part 029	5. Investment in not one's own property, plant and equipment	013	3,160	327	2,833	2,924
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				



**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

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>B. CURRENT ASSETS (032 + 039 + 061)</b>	<b>031</b>	<b>1,106,305</b>	<b>0</b>	<b>1,106,305</b>	<b>974,462</b>
10 through 15	<b>I - INVENTORIES, NON-CURRENT ASSETS AVAILABLE FOR SALE AND ASSETS OF OPERATIONS BREAK (033 through 038)</b>	<b>032</b>	<b>3,277</b>	<b>0</b>	<b>3,277</b>	<b>3,837</b>
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	3,277		3,277	3,837
	<b>II - SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (040 + 047 + 056 + 059 + 060)</b>	<b>039</b>	<b>1,103,028</b>	<b>0</b>	<b>1,103,028</b>	<b>970,625</b>
20, 21, 22	1. Short-term receivables (041 through 046)	040	6,372	0	6,372	1,782
200, part 209	a) Trade receivables – associated entities	041				
201, 202, 203, part 209	b) Domestic trade receivables	042	3,665		3,665	506
204, part 209	c) Foreign trade receivables	043	1,438		1,438	
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	1,269		1,269	1,276
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				



**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

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	1,096,656	0	1,096,656	968,843
240	a) Cash equivalents - securities	057				
241 through 249	b) Cash	058	1,096,656		1,096,656	968,843
270 through 279	4. Value-added tax	059				
280 through 289, except 288	5. Prepayments and accrued income	060				
288	III - DEFERRED TAX ASSETS	061				
	C. OPERATING FUNDS (001 + 031)	062	1,300,967	93,406	1,207,561	1,070,786
29	D. LOSSES OVER CAPITAL	063				
	E. OPERATING ASSETS (062 + 063)	064	1,300,967	93,406	1,207,561	1,070,786
880 through 888	F. OFF-BALANCE SHEET ASSETS	065				
	G. TOTAL ASSETS (064 + 065)	066	1,300,967	93,406	1,207,561	1,070,786

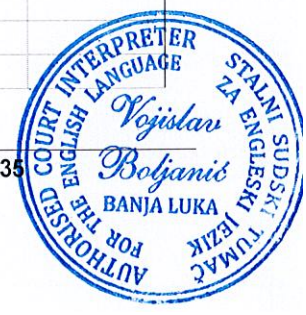
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 Person authorised to represent: [handwritten signature]  
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**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

-BAM

Account No.	ITEM	AOP Code	Current Year	Previous year
	A. EQUITY (102 - 109 + 110 - 111 + 112 + 116 + 117 - 118 + 119 - 123)	101	193,601	117,325
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	193,601	117,325
340 or 342	1. Prior years retained earnings / Unallocated surplus of income over expenditure in previous years	120	115,171	93,774
341 or 343	2. Current year retained earnings / Unallocated surplus of income over expenditure in the current year	121	78,430	23,551
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	989,327	935,091
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	989,327	935,091
409	8. Other long-term provisions	134		
	C. LIABILITIES (136 + 144)	135	24,633	18,370
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		



**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

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	24,633	18,370
42	1. Short-term financial liabilities (146 through 149)	145		
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		
43	2. Liabilities from operations (151 through 155)	150	23,487	11,535
430	a) Received advances, deposits and caution money	151		
431	b) Trade payables – associated entities	152		
432, 433, 434	c) Domestic trade payables	153	23,487	11,328
435	d) Foreign trade payables	154		207
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	46	291
460 through 469	5. Other liabilities	158		
470 through 479	6. Value-added tax	159	460	5,979
48, except 481	7. Liabilities for other taxes, contributions and duties	160	640	565
481	8. Profit tax liabilities	161		
49, except 495	9. Accruals and deferred income	162		
495	10. Deferred tax liabilities	163		
	D. OPERATING EQUITY AND LIABILITIES (101 + 126 + 135)	164	1,207,561	1,070,786
890 through 898	E. OFF-BALANCE SHEET EQUITY AND LIABILITIES	165		
	F. TOTAL EQUITY AND LIABILITIES (164 + 165)	166	1,207,561	1,070,786

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 Person authorised to represent: *[handwritten signature]*  
*[round seal of the Association]*



**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

**INCOME STATEMENT**  
(Statement of Comprehensive Income in the Period)  
from 1 January to 31 December 2021

-BAM

Account No.	ITEM	AOP Code	Current year	Previous year
	A. OPERATING INCOME AND EXPENSES- I – OPERATING INCOME (202 + 206 + 210 + 211 - 212 + 213 - 214 + 215)	201	1,573,818	1,345,106
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	221,152	77,179
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	157,681	64,877
614	c) Income from sale of products on foreign market	209	63,471	12,302
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	1,352,666	1,267,927
	II – OPERATING EXPENSES (217 + 218 + 219 + 222 + 223 + 226 + 227 + 228)	216	1,492,252	1,320,156
500 through 502	1. Cost of goods sold	217		
510 through 513	2. Material costs	218	28,391	22,743
52	3. Employee expenses and benefits (220 + 221)	219	793,928	627,112
520 through 523	a) Gross salaries and gross fringe benefits	220	623,568	552,776
524 through 529	b) Other employee expenses	221	170,360	74,336
530 through 539	4. Services expenses	222	150,906	201,961
54	5. Depreciation and provisions expenses (224 + 225)	223	33,691	24,321
540	a) Depreciation expenses	224	33,691	24,321
541	b) Provisions expenses	225		
55, except 555 and 556	6. Immaterial expenses (excluding taxes and contributions)	226	483,856	442,559
555	7. Tax expenses	227	895	917
556	8. Contributions expenses	228	585	543
	B. OPERATING PROFIT (201 - 216)	229	81,566	24,950
	C. OPERATING LOSS (216 - 201)	230		
66	D. FINANCE INCOME AND EXPENSES, I - FINANCE INCOME (232 through 237)	231	662	727
660	1. Finance income from associated legal entities	232		
661	2. Interest income	233	80	99
662	3. Foreign exchange gains	234	582	628



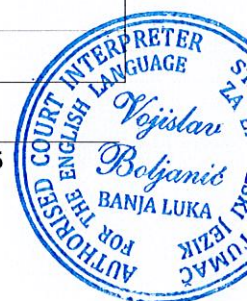
**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

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	4,110	2,129
560	1. Finance expenses from relations with associated legal entities	239		
561	2. Interests expense	240	36	129
562	3. Foreign exchange losses	241	4,074	2,000
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	78,118	23,548
	F. LOSSES FROM REGULAR OPERATION (230 + 238 - 231) or (238 - 229 - 231)	245		
67	G. OTHER INCOME AND EXPENSES- I – OTHER INCOME (247 through 256)	246	364	10
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	364	10
57	II – OTHER EXPENSES (258 through 267)	257	52	7
570	1. Losses arising from liquidation and write-off of fixed assets and intangible assets	258		
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	52	7
	H. GAIN FROM OTHER INCOMES AND EXPENSES (246 - 257)	268	312	3
	I. LOSS FROM OTHER INCOMES AND EXPENSES (257 - 246)	269		
68	J. INCOME AND LOSSES FROM REVALUATION OF PROPERTY VALUE, 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		



**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

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	78,430	23,551
	2. Loss before taxes (245 + 269 + 291 + 293 - 292 - 244 - 268 - 290)	295		
721	P. CURRENT AND DEFERRED INCOME TAX, 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	78,430	23,551
	2. Net loss of current year (295 - 294 + 296 + 297 - 298)	300		
	TOTAL INCOME (201 + 231 + 246 + 270 + 292)	301	1,574,844	1,345,843
	TOTAL EXPENSES (216 + 238 + 257 + 280 + 293)	302	1,496,414	1,322,292
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	19.68	18.25
	Average number of employees according to month ending balance	309	19.46	18.15
	A. NET INCOME OR NET LOSS OF PERIOD (299 or 300)	400	78,430	23,551
	I - GAINS DETERMINED DIRECTLY IN CAPITAL (EQUITY) (402 to 407)	401		
	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		





**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

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 to 413)	408		
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) 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		
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		
E. TOTAL NET INCOME (RESULT) OF THE PERIOD, I – TOTAL NET INCOME OF THE PERIOD (400 ± 416)	417	78,430	23,551
II - TOTAL NET LOSS OF THE PERIOD (400 ± 416)	418		

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**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

**CASH FLOW STATEMENT**  
(Statement of Cash Flow)  
for the period covering 1 January 2021 to 31 December 2021

-BAM				
Account No.	ITEM	AOP Code	Current year	Previous year
	A. CASH FLOWS FROM OPERATING ACTIVITIES, I – CASH PROCEEDS FROM OPERATING ACTIVITIES (502 through 504)	501	1,618,245	1,558,780
	1. Proceeds from sale and advances (prepayments)	502	216,556	82,652
	2. Proceeds from premiums, subventions, grants, etc.	503		
	3. Other proceeds from operating activities	504	1,401,689	1,476,128
	II - CASH OUTFLOWS FROM OPERATING ACTIVITIES (506 through 510)	505	1,448,397	1,513,691
	1. Payments to suppliers and given advances (prepayments)	506	650,646	665,331
	2. Payments for employee wages, salaries, and other employee benefits	507	794,173	627,576
	3. Payment of interests	508	36	129
	4. Payment of income taxes	509	2,154	10,595
	5. Other payments of operating activities	510	1,388	210,060
	III - NET INFLOW OF CASH FROM OPERATING ACTIVITIES (501 - 505)	511	169,848	45,089
	IV - NET OUTFLOW OF CASH FROM OPERATING ACTIVITIES (505 - 501)	512		
	B. CASH FLOWS FROM INVESTING ACTIVITIES, I – PROCEEDS FROM INVESTING ACTIVITIES (514 through 519)	513	80	99
	1. Proceeds from short-term financial investment	514		
	2. Proceeds from sale of shares and capital stakes	515		
	3. Proceeds from sale of intangible assets, real-estates, plant, equipment, investment property and biological assets	516		
	4. Proceeds from interests	517	80	99
	5. Proceeds from dividends and participation in profit	518		
	6. Proceeds from other long-term financial investments	519		
	II - CASH OUTFLOW FROM INVESTING ACTIVITIES (521 through 524)	520	38,623	78,025
	1. Outflows from short-term financial investments	521		
	2. Outflows arising from purchase of shares and participation in capital	522		
	3. Outflows from purchase of intangible assets, real-estates, plant, equipment, investment property and biological assets	523	38,623	78,025
	4. Outflow arising from other long-term financial investments	524		
	III - NET CASH INFLOW FROM INVESTING ACTIVITIES (513 - 520)	525		
	IV - NET CASH OUTFLOW FROM INVESTING ACTIVITIES (520 - 513)	526	38,543	77,926
	C. CASH FLOW FROM FINANCING ACTIVITIES, I – CASH INFLOW FROM FINANCING ACTIVITIES (528 through 531)	527		
	1. Inflow from increase in share capital	528		
	2. Inflow arising from long-term financial liabilities	529		
	3. Inflow arising from short-term financial liabilities	530		
	4. Inflow from other long-term and short-term financial liabilities	531		
	II - CASH OUTFLOW FROM FINANCING ACTIVITIES (533 through 538)	532		
	1. Outflow from redemption of own shares and capital stakes	533		
	2. Outflow from long-term financial liabilities	534		
	3. Outflow from short-term financial liabilities	535		
	4. Net outflow arising from finance lease	536		
	5. Outflow arising from dividends and participation in profit	537		



**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

6. Outflows from other long-term and short-term liabilities	538		
III - NET INFLOW OF CASH FROM FINANCING ACTIVITIES (527 - 532)	539		
IV - NET OUTFLOW OF CASH FROM FINANCING ACTIVITIES (532 - 527)	540		
D. TOTAL CASH INFLOW (501 + 513 + 527)	541	1,618,325	1,558,879
E. TOTAL CASH OUTFLOW (505 + 520 + 532)	542	1,487,020	1,591,716
F. NET CASH INFLOW (541 - 542)	543	131,305	
G. NET CASH OUTFLOW (542 - 541)	544		32,837
H. CASH AT THE BEGINNING OF REPORTING PERIOD	545	968,843	1,003,052
I. FOREIGN EXCHANGE GAINS FROM TRANSLATION OF CASH	546	582	628
J. FOREIGN EXCHANGE LOSSES FROM TRANSLATION OF CASH	547	4,074	2,000
K. CASH AT THE END OF REPORTING PERIOD (545 + 543 - 544 + 546 - 547)	548	1,096,656	968,843

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**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST CORRUPTION "TRANSPARENCY INTERNATIONAL"  
IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

**STATEMENT OF CHANGES IN EQUITY**  
for period ending on 31 December 2021

Account no.	TYPE OF CHANGE IN EQUITY	AOP Code	Shareholder's equity and stakes in limited liability companies	Revaluation reserve (MRS 16, MRS 21 and MRS 38)	Unrealised gains/losses arising from financial assets available for sale	Other reserves (issuance premium, legal and statutory reserves, cash flow protection)	Retained earnings / uncovered loss	TOTAL	MINORITY INTEREST
	1. Balance at 1 January 20__	901					104.368	104.368	
	2. Effects of the changes in accounting policies	902							
	3. Effects of the corrections of material errors	903							
	New balance at 1 January 20__ (901 ± 902 ± 903)	904	0.00	0.00	0.00	0.00	104.368	104.368	0
	4. Effects of the revaluation of the material and immaterial assets	905							
	5. Unrealized gains/losses arising from financial assets available for sale	906							
	6. Foreign exchange differences from the translation of the financial statements in other foreign currency	907							
	7. Net income/loss of the reporting period as reported in income statement	908					23.551	23.551	23.551
	8. Net income/losses of the period recognized directly in equity	909							
	9. Declared dividends and other distributions of the net income and covering the loss	910					10.594	10.594	10.594
	10. New issuance of the shareholders equity and other increases in capital or decrease in capital	911							
	11. Balance at 31 December 20__ / 1 January 20__ (904 ± 905 ± 906 ± 907 ± 908 ± 909-910-911)	912	0.00	0.00	0.00	0.00	117.325	1 17.325	0.00
	12. Effects of the changes in accounting policies	913							
	13. Effects of errors corrections	914							



**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST CORRUPTION "TRANSPARENCY INTERNATIONAL"  
IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

Account no.	TYPE OF CHANGE IN EQUITY	AOP Code	Shareholder's equity and stakes in limited liability companies	Revaluation reserve (MRS 16, MRS 21 and MRS 38)	Unrealised gains/losses arising from financial assets available for sale	Other reserves (issuance premium, legal and statutory reserves, cash flow protection)	Retained earnings / uncovered loss	TOTAL	MINORITY INTEREST	TOTAL EQUITY
	14. New balance at 1 January 20__ (912 ± 913 ± 914)	915	0.00	0.00	0.00	0.00	117.325	117.325	0.00	117.325
	15. Effects of the revaluation of the material and immaterial assets	916								
	16. Unrealised gains/losses arising from financial assets available for sale	917								
	17. Foreign exchange differences from the translation of the financial statements in other foreign currency	918								
	18. Net income/ loss of the reporting period as reported in income statement	919					78.430	78.430		78.430
	19. Net income/losses of the period recognized directly in equity	920								
	20. Declared dividends and other distributions of the net income and covering the loss	921					2.154	2.154		2.154
	21. New issuance of the shareholders equity and other increases in capital or decrease in capital	922								
	22. Balance at <u>20</u> (915 ± 916 ± 917 ± 918 ± 919 ± 920 - 921 + 922)	923	0.00	0.00	0.00	0.00	193.601	193.601	0.00	193.601

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 Person authorised to represent: *[handwritten signature]*  
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## 1. LEGAL AND OTHER BASES

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 Audit 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 audit activities the auditor has to familiarise himself with the main 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 changes, if any occurred, in the Association's organisation, management, financing and main objectives. Also, the auditor shall familiarise himself with the realisation of revenues and expenditures, which were approved by the project financiers (donors) and persons entrusted with the implementation of the projects (project managers).

According to the provisions of the applicable audit regulations and generally accepted rules, 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 about whether the financial statements are free from material misstatement.

Due to the nature of the Associations' line of work and other inherent limitations, there is an unavoidable risk that even some material misstatements may remain undiscovered. However, the use of standardised sampling and inspection methods and analytical procedures has reduced this risk to a reasonable and acceptably low level.

Preparation of the financial statements, including their appropriate and timely disclosure, is the responsibility of the Associations' management. This includes the establishment and maintenance of adequate accounting records and internal controls, selection and application of appropriate accounting policies, and safeguarding of the Association's and donor's assets.

As part of our audit process, we requested from management written confirmation concerning representations made to us in connection with the audit.

Our work also entailed establishment of appropriate cooperation with the hired professional accountant, which was done in professional terms.



## 2. ASSOCIATION'S BACKGROUND INFORMATION

The Association for the Fight against Corruption "Transparency International" in Bosnia and Herzegovina Banja Luka was registered as a non-governmental organisation in the register maintained by the Ministry of Justice of Bosnia and Herzegovina by virtue of the decision No. UP08-07-1-616/11 dated 25 May 2011, with the following name in all three languages of the constituent peoples of Bosnia and Herzegovina:

Udruženje za borbu protiv korupcije "Transparency International" u Bosni i Hercegovini,

Udruga za borbu protiv korupcije "Transparency International" u Bosni i Hercegovini,

Удружење за борбу против корупције "Транспаренци Интернационал" у Босни и Херцеговини.

Association's abbreviated name: TI u BiH, TI u BiH and ТИ у БиХ.

The register 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.

According to the register maintained by the BiH Ministry of Justice, the Association's main objectives are as follows:

- curbing corruption, supporting the development of good governance, accountability and transparency of public institutions, common democratic values and fair competition;
- organising seminars, roundtables and other forms of public and professional exchange of views and training;
- initiating the collection of data on experiences in combating corruption;
- advocating the preparation of draft legislation and other documents;
- disseminating information on the Association's activities through print, digital and other media;
- collecting, processing and publishing data on corruption;
- commitment to providing free legal assistance to citizens in their fight against corruption;
- commitment to conducting public opinion surveys;
- collaborating and sharing experiences with similar institutions and organisations at home and abroad;
- providing consultancy services, which are in accordance with the Association's vision and mission and within the scope of the Association's mandate; the revenues thus generated will be used to finance the organisation's activities aimed at achievement of strategic objectives;
- pursuing professional activities and providing expertise in the field of the rule of law and fight against corruption.



Registration information maintained in the Ministry's register was updated following the Decision of the BiH Ministry of Justice No. UP08-07-1-616/11 dated 18 November 2013, as follows:

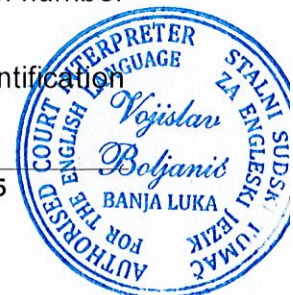
- Amendments to the Association's Statute No. 01/10 dated 8 December 2010;
- Change of address of the Association's seat from the former address in Sarajevo, 2 Franje Račkog Street to the new address in Banja Luka, 2 Gajeva Street;
- According to the decision of the BiH Ministry of Justice No. UP08-07-1-616/11 dated 18 November 2013, the address of the Sarajevo-based branch office of the Association for the Fight against Corruption Transparency International in Bosnia and Herzegovina was 2 Franje Račkog Street. According to the Decision Amending the Association's Statute No. 01-01-06-15 dated 24 October 2015, the address of the Sarajevo office was changed to Sarajevo, 4 Mehmed bega Kapetanovića Ljubušaka Street. Another change of address was registered in the BiH Ministry of Justice's register in accordance with the Decision No. UP09-07-1-552/17 dated 10 May 2017 and the current address of the office is Sarajevo, 9 Mule Mustafe Bašeskije Street;
- The change of person authorised for representation was registered by virtue of the decision of the Association's Assembly No. 01-01-12(007)/15 dated 24 October 2015;
- Decision of the BiH Ministry of Justice No. UP0907-1-1421/21 dated 25 August 2020 acknowledged the extension of the term of the Chairman of the Board of Directors until 15 January 2025.
- The person responsible for representing the Association is Mr Srđan Blagovčanin, Chairman 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.

"Transparency International in BiH" conducts its financial transactions through the main business account No. 338-350-22574104-75 held at Unicredit bank DD Mostar, where the inflows and outflows of funds are recorded. For the purposes of individual projects, sub-accounts are opened within the main business account. This ensures that cash flows for each project/donor are tracked and controlled independently of other monies that the Association uses or receives.

The Association is registered with the Tax Administration under tax identification number 4403650790008.

The Association is also registered with the Indirect Tax Authority under identification number 403650790008.





### 3. DOCUMENTATION AND ACCOUNTING

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

All documents relating to financial operations in 2021 are duly numbered with project reference number and ordinal number of account.

The documents kept in the Association's headquarters are sorted by specific projects and in chronological order by months. In accounting, the documents are kept and sorted by type of financial transactions – incoming invoices related to expenses incurred, contracts for special services and service contracts with employees and external contractors, commercial bank's statements of domestic-currency and foreign-currency accounts as original documents, as well as internal documents such as payroll accounts, cash-related documents, etc.

The documents are archived in line with the applicable standards, accounting rules and archiving regulations.

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.

#### COVID-19 pandemic

The coronavirus pandemic continued to spread in 2021. Numerous countries continued to impose restrictions on freedom of movement in 2021, too, closing schools and preschools and banning all public gatherings, as a reliable way to at least slow down, if not stop the spread of the infection. Responding to the potentially serious threat to public health posed by COVID-19, the governments of the Republika Srpska, the Federation of Bosnia and Herzegovina and the Brčko District instituted measures aimed at combating the epidemic, including restrictions on public and private gatherings, restrictions on the entry of foreign visitors and the closing down of certain industries.

In addition, some companies in Bosnia and Herzegovina also instructed their employees to stay at home and scaled down or suspended their operations.

The broader economic consequences of these events include:

- Disruption in business and economic activities in Bosnia and Herzegovina, with a cascading impact on the upstream and downstream supply chain;
- Significant disruption for companies in certain sectors, both within Bosnia and Herzegovina and in markets that are highly dependent on foreign supply chains, as well as export-oriented companies that had heavily relied on foreign markets. These sectors include trade and transport, tourism, entertainment manufacturing, construction, retail, insurance, education and the financial sector;
- Considerable decline in demand for non-basic products and services;



- Increased economic uncertainty, as reflected in increased volatility of asset prices and exchange rates.

Each entity in BiH follow its own policy when it comes to instituting measures to combat infection.

The consequences of the pandemic on the Association included, in particular, changes in how the Association's work was organised, with emphasis on the implementation of "working from home" protocols and measures aimed at preventing the spread of the coronavirus.

Based on the experience so far, the management expects that the further impact of the epidemic will not have significant effects that could jeopardise the Association's operations, but the possibility of detrimental impact on the financial position and financial performance cannot be completely ruled out.

Management is monitoring the situation closely and will respond by implementing further measures to mitigate such events and circumstances as they occur.

#### 4. NOTES TO THE FINANCIAL STATEMENTS

The Association for the Fight against Corruption "Transparency International" in Bosnia and Herzegovina is registered as an association with the following as its full name: Udruženje za borbu protiv korupcije "Transparency International" u Bosni i Hercegovini

Address: Gajeva 2, 78000 Banja Luka

TIN: 4403650790008

ID No. for VAT: 403650790008

Reg. No. 11109284

Number of staff as at 31/12/2021 – 20

##### 4.1. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and methods of valuing liabilities, capital, income, expenses and financial performance used in the annual financial statements for the period 01/01/2021 – 31/12/2021 were applied in accordance with the Accounting Rules and IAS, i.e. International Financial Reporting Standards, while in the valuation of assets, the calculation of depreciation was performed as follows – real estate: proportional method 3%, and equipment: application of the degressive method, namely 20% for equipment and 40% for computers and software.

The financial statements were prepared in accordance with IAS and IFRS as well as the accompanying guidance, notes and guidelines issued by the International Accounting Standards Board. In addition to accounting standards, in compiling the annual report the



following were used: tax-related regulations, the Law on Accounting and Auditing, the Law on Companies and other laws and bylaws that were in force at the time of business events and their recording.

The statements are compiled on the historical cost principle, under the going-concern assumption

The amounts in the enclosed financial statements are denominated in Convertible Marks (BAM). The Convertible Mark is the functional and official reporting currency in the Republika Srpska.

No adjustment of values from previous years was performed in the reporting period.

#### **4.2. Bases for valuation**

##### **Intangible assets and equipment**

Fixed assets are classified into two groups.

The first group includes assets that are depreciated by applying the proportional method to individual assets according to the following depreciation rates:

- Property and plants – 3%
- Intangible assets other than software – 10%.

The second group includes assets that are depreciated using the degressive method to grouped assets according to the following depreciation rates

- Computers, servers, software – 40%
- Equipment and other assets – 20%.

##### **Subsequent investments in intangible assets and equipment**

Subsequent investments in existing intangible assets and equipment aimed at improving the performance of an asset, increasing its capacity or extending its useful life are included in the acquisition value of that asset.

Expenditures that maintain the original characteristics of fixed assets represent maintenance costs that are charged to expenses of the period in which they arose.

##### **Receivables**

Receivables are stated at nominal value. The collectability of receivables is assessed on the balance sheet date.

Valuation of receivables is performed indirectly through value adjustment, against the amount of probable collectability, and directly if inability to collect is certain and documented.

##### **Cash and cash equivalents**

Cash and cash equivalents are stated at nominal value denominated in Convertible Marks.



### Capital

The stated surplus of income over expenditure is used to cover the loss/surplus of expenditure over income in the following period or for other purposes as per the decision of the founder or director, in accordance with the Statute and internal acts.

### Liabilities

Liabilities are stated at nominal value amount arising from the respective financial transaction, i.e. in the amount of the expected payment 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 sheet date.

### Long-term provisions

At the time of receipt, a grant is stated in fixed assets and in deferred income and grants received. Deferred income in the amount equal to the depreciation calculated on the asset was cancelled in favour of income from grants in the current period.

### Income

Income is measured at fair value. It is stated if assets increase or liabilities decrease at the same time.

Interest is stated in income proportionate to the time the debtor uses the asset, in accordance with the contract or the law.

### Expenses

Expenses are stated immediately in the accounting period when the expense does not create future economic benefits, or when a liability has arisen, and it cannot be stated as an asset. All expenses related to the accounting period are included in the financial statements.

## 4.3. NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

### Note 1 "AOP 006 – Other intangible assets"

Account 014 – Other Intangible Assets comprises the purchase of software totalling BAM 47,766 and value adjustment totalling BAM 18,688. In the accounting period, depreciation in the amount of BAM 9,035 and the purchase of software in the amount of BAM 19,925 were recorded.

### Note 2 "AOP 011 – Equipment"

Equipment structure as at 31/12/2021 is shown in the table below:

Description	Purchase value	Value adjustment	Present value
Equipment	143,736	74,391	69,345
Total:	143,736	74,391	69,345



In the accounting period for which the financial statements were prepared, the following changes were recorded on account 022:

- purchase of equipment in the amount of BAM 18,699,
- value adjustment for equipment in the amount of BAM 24,566.

AOP 013 shows investment in not one's own property totalling BAM 3,160 and value adjustment totalling BAM 327.

### Note 3 "AOP 038 – Prepayments"

Description	Amount
Prepayments	3,277

Prepayments include advance payments made to the following suppliers:

- Hotel Palas in the amount of BAM 1,025;
- MG Travel in the amount of BAM 1,169;
- Autoputevi RS in the amount of BAM 213;
- Refam Creative Solution in the amount of BAM 870;

### Note 4 "AOP 040 – Short-term receivables"

Description	Amount
Receivables for overpaid taxes and contributions	1,269
Receivables from buyers	5,103

Account 225 – Receivables for overpaid taxes and contributions comprises the following:

- overpaid pension and disability insurance contributions under temporary service contracts totalling BAM 29;
- overpaid income tax for fees paid for copyrighted works totalling BAM 180;
- overpaid personal income contribution totalling BAM 785;
- overpaid personal income tax totalling BAM 188;
- receivables for tax on income from capital totalling BAM 87.

### Note 5 "AOP 058 – Cash"

Cash comprises:

Description	Amount
Cash at UniCredit Bank a.d.	442,834
Cash at UniCredit Bank a.d. – foreign currency account	6,166
Cash at Nova banka a.d.	636,444
Cash at Nova banka a.d. – foreign currency account	9,921
Cash in hand	1,291
Total:	1,096,656

**Note 6 "AOP 101 – Equity"**

Equity on the balance sheet date was disclosed in the amount of BAM 193,601, comprising the current year profit totalling BAM 78,430 and previous years profit totalling BAM 115,171.

**Note 7 "AOP 133 – Deferred income and grants received"**

The amount disclosed on this AOP, which concerns grants received and unspent, was BAM 989,327.

**Note 8 "AOP 144 – Short-term liabilities"**

Short-term liabilities are summarised in the table below:

Description	Amount
Suppliers	23,487
Liabilities for other taxes, contributions and duties	640
Liabilities for salaries	46
Liabilities for value-added tax	460
Total:	24,633

Liabilities to suppliers reported as totalling BAM 23,487 refer to liabilities from the accounting period.

Liabilities for other taxes and contributions comprise liabilities for water management fee totalling BAM 121, liabilities for pension and disability insurance contributions paid for author's fees and temporary service contracts totalling BAM 278, tax on temporary service contracts in amount of BAM 154, and liabilities for tax on income from capital in the amount of BAM 87.

**Note 9 "AOP 201 – Operating income"**

Operating income in the amount of BAM 1,573,818 comprises income from grants received totalling BAM 1,319,067, other operating income totalling BAM 13,514, income from reimbursement of sick leaves totalling BAM 20,085 and income from invoiced services totalling BAM 221,152.



**Note 10 "AOP 216 – Operating expenses"**

A breakdown of operating expenses is given in the table below:

Description	Amount
Expenses for other material and fuel	28.391
Expenses for gross wages and salaries	793.928
Services expenses	150.906
Depreciation expenses	33.691
Immaterial expenses	483.856
Tax and contribution expenses	1.480
<b>Total:</b>	<b>1.492.252</b>

**Note 11 "AOP 229 – Operating profit" – surplus of income over expenditure**

Operating profit stated on this AOP totals BAM 81,566.

**"AOP 231/238 Financing gains"**

Financing loss stated on this AOP totals BAM 3,448 arising from:

- Expenses: foreign exchange losses totalling BAM 4,074 and interest totalling BAM 36,
- Income: foreign exchange gains totalling BAM 582 and interests totalling BAM 80.

**Note 12 "AOP 246 – Other income"**

Other income stated on this AOP comprises income from reduction and write-off of tax and other liabilities totalling BAM 364.

**Note 13 "AOP 257 – Other expenses"**

Other expenses stated on this AOP totalling BAM 52 comprise other expenses in the amount of BAM 52.

**Note 14 "AOP 299 – Net income of current year"**

Gain disclosed on this AOP totals BAM 78,430, representing the difference between total income in the amount of BAM 1,574,844 and total expenditure in the amount of BAM 1,496,414.



## 5. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2021 the Association has initiated the following lawsuits, whose summary with estimated values and status is given in the table below:

	Litigation	Initiated by	Date of initiation	Current status	Estimated value
1	Suit against FBiH Banking Agency	Citizens' Association "Anti-Corruption Combat BiH"	03/02/2021	Case pending before the Sarajevo Cantonal Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
2	Suit against Banja Luka Social Welfare Centre	Citizens' Association "Anti-Corruption Combat BiH"	25/05/2021	Lawsuit settled in the Banja Luka District Court – TI BiH's lawsuit was upheld	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)  Costs reimbursed by the defendant
3	Suit against the City of Dobož	Citizens' Association "Anti-Corruption Combat BiH"	23/02/2021	Lawsuit settled in in the Dobož District Court – TI dropped the suit because after the suit was brought the defendant issued the decision in question	No costs were incurred as the lawsuit was brought for "administrative silence"
4	Suit against FBiH Civil Service Appeals Board	Citizens' Association "Anti-Corruption Combat BiH"	26/04/2021	Case pending before the Sarajevo Cantonal Court	BAM 200 (BAM 100 litigation fee, BAM 100 court ruling fee)
5	Suit against Tuzla University Clinical Centre	Citizens' Association "Anti-Corruption Combat BiH"	27/01/2021	Lawsuit settled in the Tuzla Cantonal Court – TI BiH's lawsuit was upheld	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)  Costs reimbursed by the defendant
6	Suit against the RS Ministry of Agriculture, Water Management and Forestry	Citizens' Association "Anti-Corruption Combat BiH"	07/04/2021	Case pending before the Banja Luka District Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
7	Suit against RUGIPP RS	Citizens' Association "Anti-Corruption Combat BiH"	21/10/2021	Lawsuit settled in the Banja Luka District Court – TI BiH's lawsuit was upheld	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)  Costs reimbursed by the defendant





**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

8	Suit against RUGIPP RS	Citizens' Association "Anti-Corruption Combat BiH"	25/10/2021	Lawsuit settled in the Banja Luka District Court – TI BiH's lawsuit was upheld	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)  Costs reimbursed by the defendant
9	Suit against Elektroprenos BiH	Citizens' Association "Anti-Corruption Combat BiH"	19/02/2021	Case pending before the Court of BiH	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
10	Suit against Elektroprenos BiH	Citizens' Association "Anti-Corruption Combat BiH"	01/09/2021	Case pending before the Court of BiH	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
11	Suit against Cazin Water Utility Company	Citizens' Association "Anti-Corruption Combat BiH"	23/08/2021	Lawsuit upheld in the Bihać Cantonal Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
12	Suit against Kozarska Dubica Water Utility Company	Citizens' Association "Anti-Corruption Combat BiH"	01/09/2021	Lawsuit upheld in the Prijedor District Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
13	Suit against HT Eronet	Citizens' Association "Anti-Corruption Combat BiH"	15/10/2021	Case pending before the Mostar Cantonal Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
14	Suit against BH Postal Service	Citizens' Association "Anti-Corruption Combat BiH"	15/10/2021	Case pending before the Sarajevo Cantonal Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
15	Suit against FTV	Citizens' Association "Anti-Corruption Combat BiH"	15/10/2021	Case pending before the Sarajevo Cantonal Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
16	Suit against RS Roads	Citizens' Association "Anti-Corruption Combat BiH"	16/11/2021	Case pending before Banja Luka District Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)



**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

17	Suit against RTV Velika Kladuša	Citizens' Association "Anti-Corruption Combat BiH"	03/12/2021	Case pending before the Bihać Cantonal Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
18	Suit against MH ERS Matično preduzeće	Citizens' Association "Anti-Corruption Combat BiH"	20/12/2021	Case pending before the Trebinje District Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
19	Suit against Pale Public Library	Citizens' Association "Anti-Corruption Combat BiH"	16/12/2021	Lawsuit rejected by the Istočno Sarajevo District Court, so in 2022 TI BiH filed a request for an extraordinary review of the court decision with the Republika Srpska Supreme Court.	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
20	Suit against IV primary school in Mostar	Citizens' Association "Anti-Corruption Combat BiH"	28/12/2021	Case pending before the Mostar Cantonal Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
21	Suit against primary school Omer Maksumić Podvelež	Citizens' Association "Anti-Corruption Combat BiH"	28/12/2021	Case pending before the Mostar Cantonal Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
22	Suit against Bijeljina Primary Health Care Centre	Citizens' Association "Anti-Corruption Combat BiH"	28/12/2021	Lawsuit dropped in the Bijeljina District Court because the defendant subsequently complied with the request	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
23	Suit against Konjic Secondary School	Citizens' Association "Anti-Corruption Combat BiH"	28/12/2021	Case pending before the Mostar Cantonal Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
24	Suit against the Municipality of Novi grad Sarajevo	Citizens' Association "Anti-Corruption Combat BiH"	10/03/2021	Case pending before the Sarajevo Cantonal Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)



**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF THE ASSOCIATION FOR THE FIGHT AGAINST  
CORRUPTION "TRANSPARENCY INTERNATIONAL" IN BOSNIA AND HERZEGOVINA FOR YEAR 2021**

25	Suit against the FBiH Ministry of Displaced Persons and Refugees	Citizens' Association "Anti-Corruption Combat BiH"	14/04/2021	Case pending before the Sarajevo Cantonal Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
26	Suit against the RS Ministry of Family, Youth and Sports	Citizens' Association "Anti-Corruption Combat BiH"	22/04/2021	Lawsuit upheld by the Banja Luka District Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
27	Suit against the Municipality of Kozarska Dubica	Citizens' Association "Anti-Corruption Combat BiH"	16/07/2021	Lawsuit dropped in the Prijedor District Court because the defendant subsequently complied with the request	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
28	Suit against the City of Trebinje	Citizens' Association "Anti-Corruption Combat BiH"	16/07/2021	Case pending before the Trebinje District Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
29	Suit against the RS Ministry of Labour, War Veterans and Disabled Persons' Protection	Citizens' Association "Anti-Corruption Combat BiH"	20/12/2021	Case pending before the Banja Luka District Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
30	Suit against the City of Banja Luka	Citizens' Association "Anti-Corruption Combat BiH"	01/04/2021	Lawsuit dropped in the Banja Luka District Court because the defendant subsequently complied with the request	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)
31	Suit against the SBC Ministry of Agriculture, Water Management and Forestry	Citizens' Association "Anti-Corruption Combat BiH"	01/09/2021	Lawsuit upheld by the Novi Travnik Cantonal Court	BAM 200 (BAM 100 litigation fee + BAM 100 court ruling fee)



## 6. SUBSEQUENT EVENTS

There were no post balance sheet events that would require adjustments to the financial statements or any specific disclosures related to such events.

## 7. TAX RISKS

The tax systems of the Republika Srpska (RS) and Bosnia and Herzegovina (BiH) are governed by the principle whereby 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 posed by 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 implementation 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).

In accordance with the RS Law on Tax Procedure and the BiH Law on Indirect Taxation, 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 when the liability arose. All this results in tax risks being significantly higher in the Republika Srpska and Bosnia and Herzegovina than in countries with more stable and developed tax systems.

Banja Luka, 28 February 2022

Responsible person:

Srđan Blagovčanin



No.  
Date: 18/04/2022

I, Vojislav Boljanić, certified court interpreter for the English language, appointed in accordance with the decision of the Ministry of Justice of the Republika Srpska No. 01/2-704-33/04 of 13 December 2005, hereby certify that the foregoing translation is true to its original in the Serbian language.

Banja Luka, 18 April 2022