

REVIK d.o.o. Sarajevo

Member of



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INDEPENDENT AUDITOR'S REPORT

State Electricity Regulatory Commission (SERC) Tuzla

Opinion

We have audited the accompanying financial statements of State Electricity Regulatory Commission (SERC), Tuzla ("hereinafter SERC"), set out on pages 8 to 23, which comprise the balance sheet as at December 31, 2020, and the income statement, statement of changes in permanent funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the SERC as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Law on Accounting and Auditing of the Federation of Bosnia and Herzegovina and International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Law on Accounting and Auditing of the Federation of Bosnia and Herzegovina and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to 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.

Emphasis of matter

We draw your attention to the Note - "Impact of the COVID-19 pandemic on SERC's operations" described on page 4 of this audit report, which refers to the impact of the corona virus (COVID-19) on SERC's operations. Our opinion has not been modified on this issue.

Other information in the annual report

Management is responsible for the other information. The other information comprises the information included in the annual reports, but do not include the annual financial statements and our auditor's report. Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment 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 Foundation's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- * Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

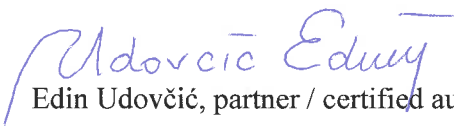
* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Bosnia and Herzegovina



Milan Novokmet, director / certified auditor



Edin Udovčić, partner / certified auditor



Sarajevo, 15 April 2021

**State Electricity Regulatory Commission (SERC) Tuzla
(In BAM)**

INCOME STATEMENT

For the year ended 31 December 2020

	<u>Napomena</u>	<u>2020</u>	<u>2019</u>
REVENUES			
Income from fees	2	1,916,000	1,993,694
Other income	3	3,301	12,648
Total Revenues		1,919,301	2,006,342
EXPENDITURES			
Material and energy	4	43,548	46,589
Services	5	304,064	302,861
Salaries and other compensations	6	1,459,189	1,416,178
Depreciation	11 and 12	44,907	43,956
Financial expenditures	7	7,228	7,360
Business travelling	8	17,933	120,573
Taxes and contributions not dependent on results	9	460	350
Other expenditures	10	35,930	32,768
Total Expenditures		1,913,259	1,970,635
Surplus of revenues / expenditures		6,042	35,707

The accompanying notes are an integral part of these financial statements.

**State Electricity Regulatory Commission (SERC) Tuzla
(In BAM)**

BALANCE SHEET

As at 31 December 2020

	Napomena	2020	2019
ASSETS			
Tangible fixed assets	11	171,844	177,054
Intangible fixed assets	12	10,553	13,719
Cash at bank and in hand	13	1,042,034	1,015,587
Trade and other receivables	14	307	5,754
Short term active accruals	15	12,889	13,390
Total Assets		1,237,627	1,225,504
LONG TERM FUNDS AND LIABILITIES			
Non-allocated surplus of revenues		1,085,244	1,079,202
Suppliers	16	3,437	12,824
Other liabilities	17	137,355	128,287
Short term passive accruals – accrued expenses	18	11,591	5,191
Total Long Term Funds and Liabilities		1,237,627	1,225,504

The financial statements have been approved by the SERC, Tuzla on 24 February 2021.



Chairman:

 Nikola Pejić

The accompanying notes are an integral part of these financial statements