

## **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 22, which comprise the balance sheet as at December 31, 2021, 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 2021, 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 SERC 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.

Regarding the Business Report for 2021, our obligation, according to Article 68 of the Law on Accounting and Auditing of the FBiH, is to give an opinion on the compliance of the business report with the financial statements for the same business year. Based on the performed procedures to the extent that we are able to assess this, we report that:

- the information in the Business Report for 2021 presented to us is harmonized, in all relevant respects, with the attached financial statements.

### ***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 SERC'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 SERC'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 SERC'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 SERC 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.

**REVIK d.o.o. Sarajevo**  
**Member of HLB International**  
**Branilaca Sarajeva 20**  
**71000 Sarajevo**  
**Bosnia and Herzegovina**

  
Kenan Kapetanović, director



  
Edin Udovčić, partner / certified auditor

Sarajevo, 9 March 2022

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

---

**INCOME STATEMENT**

**For the year ended 31 December 2021**

	<u>Napomena</u>	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>			
Income from fees	2	2,013,172	1,916,000
Other income	3	1	<u>3,301</u>
<b>Total Revenues</b>		<b>2,013,173</b>	<b>1,919,301</b>
<b>EXPENDITURES</b>			
Material and energy	4	40,319	43,548
Services	5	302,823	304,064
Salaries and other compensations	6	1,482,710	1,459,189
Depreciation	11 and 12	59,995	44,907
Financial expenditures	7	7,780	7,228
Business travelling	8	41,370	17,933
Taxes and contributions not dependent on results	9	266	460
Other expenditures	10	34,713	<u>35,930</u>
<b>Total Expenditures</b>		<b>1,969,976</b>	<b>1,913,259</b>
<b>Surplus of revenues / expenditures</b>		<b>43,197</b>	<u><b>6,042</b></u>

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 2021

	Napomena	2021	2020
<b>ASSETS</b>			
Tangible fixed assets	11	203,098	171,844
Intangible fixed assets	12	7,387	10,553
Cash at bank and in hand	13	1,054,537	1,042,034
Trade and other receivables	14	1,979,034	307
Short term active accruals	15	6,509	12,889
<b>Total Assets</b>		<b>3,250,565</b>	<b>1,237,627</b>
<b>LONG TERM FUNDS AND LIABILITIES</b>			
Non-allocated surplus of revenues		1,128,441	1,085,244
Suppliers	16	14,494	3,437
Other liabilities	17	129,368	137,355
Short term passive accruals – accrued expenses	18	1,978,262	11,591
<b>Total Long Term Funds and Liabilities</b>		<b>3,250,565</b>	<b>1,237,627</b>

The financial statements have been approved by the SERC, Tuzla on 16 February 2022.

Chairwoman:

*Branislava Milekić*  
Branislava Milekić

The accompanying notes are an integral part of these financial statements