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**Member of**



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**INDEPENDENT AUDITOR'S REPORT**  
**State Electricity Regulatory Commission (SERC) Tuzla**

1. We have audited the accompanying financial statements of State Electricity Regulatory Commission (SERC), Tuzla ("hereinafter SERC"), which comprise the balance sheet as at December 31, 2016, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

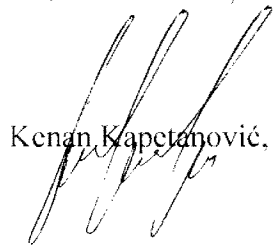
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

5. In our opinion, the financial statements present fairly, in all material respects, the financial position of the SERC as of December 31, 2016, and the results of its operations and its statement of changes in long term funds and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

REVIK d.o.o. Sarajevo

  
Milan Novokmet, director / certified auditor

  
Kenan Kapetanović, partner / certified auditor



Sarajevo, 10 March 2017

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

**INCOME STATEMENT**

**For the period ended 31 December 2016**

	<u>Napomena</u>	<u>2016</u>	<u>2015.</u>
<b>REVENUES</b>			
Income from fees	2	1,987,811	2,025,731
Other income	3	392	3,760
<b>Total Revenues</b>		<b>1,988,203</b>	<b>2,029,491</b>
<b>EXPENDITURES</b>			
Material and energy	4	45,272	44,918
Services	5	326,379	320,734
Salaries and other compensations	6	1,453,802	1,374,202
Depreciation	10 and 11	55,954	55,211
Business travelling	7	120,034	99,871
Humanitarian expenditures	8	-	11,258
Other expenditures	9	53,547	56,586
<b>Total Expenditures</b>		<b>2,054,988</b>	<b>1,962,780</b>
<b>Surplus of expenditures / revenues</b>		<b>(66,785)</b>	<b>66,711</b>

The accompanying notes are an integral part of these financial statements

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

**BALANCE SHEET**

**As at 31 December 2016**

	<u>Napomena</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Tangible assets	10	124,563	176,774
Intangible assets	11	231	616
Cash at bank and in hand	12	873,766	911,579
Customers and other receivables	13	37,418	20,300
Short term active accruals	14	26,850	9,044
<b>Total Assets</b>		<b>1,062,828</b>	<b>1,118,313</b>
<b>LONG TERM FUNDS AND LIABILITIES</b>			
Non-allocated surplus of revenues		899,655	966,440
Suppliers	15	22,882	22,458
Other liabilities	16	129,833	125,689
Short term passive accruals – accrued expenses	17	10,458	3,726
<b>Total Long Term Funds and Liabilities</b>		<b>1,062,828</b>	<b>1,118,313</b>

The financial statements were approved by the SERC, Tuzla on 28 February 2017


  
Chairman  
  
 Saad Zeljković

The accompanying notes are an integral part of these financial statements

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

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**STATEMENT OF CHANGES IN LONG TERM FUNDS**

**For the period ended 31 December 2016**

	<b>Non-allocated surplus of revenues</b>
<b>Balance at 1 January 2015</b>	<b>899,729</b>
Surplus of revenues for 2015	66,711
<b>Balance at 31 December 2015</b>	<b>966,440</b>
<b>Balance at 1 January 2016</b>	<b>966,440</b>
Surplus of expenditures for 2016	(66,785)
<b>Balance at 31 December 2016</b>	<b>899,655</b>

The accompanying notes are an integral part of these financial statements

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

**CASH FLOW STATEMENT**

**For the period ended 31 December 2016**

	<b>2016</b>	<b>2015.</b>
<b>Cash flow from operating activities:</b>		
Surplus of revenues	(66,785)	66,711
Depreciation	55,954	55,211
Increase / Decrease in customers and other receivables	(17,118)	14,013
Increase / Decrease in short term accruals – assets	(17,806)	3,800
Increase in suppliers	424	7,008
Increase / Decrease in other liabilities	4,144	(2,057)
Increase in short term accruals – liabilities	6,732	3,505
<b>Net cash flow from operating activities</b>	<b>(34,455)</b>	<b>148,191</b>
<b>Cash flow from investing activities:</b>		
Additions in tangible assets	(4,638)	(35,360)
Disposals in tangible assets (net)	1,280	-
<b>Net cash flow from investing activities</b>	<b>(3,358)</b>	<b>(35,360)</b>
<b>Decrease / Increase in cash at bank and in hand</b>	<b>(37,813)</b>	<b>112,831</b>
<b>Cash at bank and in hand at the beginning of the year</b>	<b>911,579</b>	<b>798,748</b>
<b>Cash at bank and in hand at the end of the year</b>	<b>873,766</b>	<b>911,579</b>

The accompanying notes are an integral part of these financial statements