

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 6 to 21, which comprise the balance sheet as at 31st December, 2018, and the income statement, statement of changes in permanent funds and cash flow statement for the year that 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 31st December, 2018, 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 BiH and International Financial Reporting Standards („IFRS“).

Basis for Opinion

We conducted our audit in accordance with Law on Accounting and Auditing of the Federation BiH and International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors 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.

Other issues

The audit of the financial statements of SERC for the year ended 31 December 2017 was carried out by another auditor and expressed a positive opinion on 6st April 2018.

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.

INDEPENDENT AUDITORS REPORT (CONTINUED)

State Electricity Regulatory Commission (SERC) Tuzla

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 IFRS, and for those 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 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 ISA, will always detect a 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 the 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 SERCs internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

State Electricity Regulatory Commission (SERC) Tuzla

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

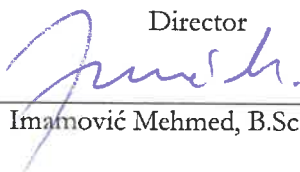
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SERC's ability to continue as a going concern; If we conclude that a material uncertainty exists, we are required to draw attention on 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.

Tuzla, 22th March, 2019

„Vincent“ d.o.o. za reviziju Tuzla

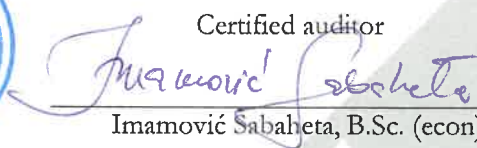
Director



Imamović Mehmed, B.Sc. (econ)



Certified auditor



Imamović Sabaheta, B.Sc. (econ)

State Electricity Regulatory Commission (SERC) Tuzla

(all amounts in KM unless otherwise implied)

INCOME STATEMENT

for period 01.01.- 31.12.2018. and period 01.01. – 31.12.2017.

No	Position	Note	31.12.2018.	31.12.2017.
	REVENUES			
1.	Income from fees	5	2.053.339	2.002.000
2.	Other income	5	17.170	13.671
3.	Total revenues (1 to 2)		2.070.509	2.015.671
	EXPENDITURES			
4.	Material and energy	6	48.593	52.836
5.	Services	7	310.959	313.445
6.	Salaries and other compensations	8	1.352.241	1.428.791
7.	Depreciation	14	52.043	55.413
8.	Financial expenditures	10	8.802	10.723
9.	Business travelling	11	126.209	124.243
10.	Taxes and contributions not dependent on results	12	528	791
11.	Other expenditures	13	28.146	28.577
12.	Total expenditures (4 to 11)		1.927.521	2.014.819
13.	Surplus of revenues / expenditures (3-12)		142.988	852

The accompanying notes on pages 10 to 21 are an integral part of these financial statements

State Electricity Regulatory Commission (SERC) Tuzla

(all amounts in KM unless otherwise implied)

BALANCE SHEET

For the year ended 31st December, 2018 and 31st December, 2017

No	Description	Note	31.12.2018.	31.12.2017.
	ASSETS			
1.	Tangible fixed assets	14	146.147	135.107
2.	Intangible fixed assets	15	-	-
3.	Cash at bank and in hand	16	966.601	837.949
4.	Trade and other receivables	17	59.204	43.539
5.	Short term active accruals	18	15.735	26.208
6.	Total Assets (1 to 5)		1.187.687	1.042.803
	LONG TERM FUNDS AND LIABILITIES			
7.	Non-allocated surplus of revenues	19	1.043.495	900.507
8.	Suppliers	20	8.997	7.186
9.	Other liabilities	21	127.275	127.206
10.	Short term passive accruals – accrued expenses	22	7.920	7.904
11.	Total Long Term Funds and Liabilities (7 to 10)		1.187.687	1.042.803

The financial statements have been approved by the SERC, Tuzla on 27th February, 2019



Chairman:

Milorad Tuševljak

The accompanying notes on pages 10 to 21 are an integral part of these financial statements