

**THE PERMANENT SECRETARIAT OF  
THE TRANSPORT COMMUNITY**

**Financial Statements  
Year Ended December 31, 2023 and  
Independent Auditor's Report**

**TRANSPORT COMMUNITY  
2023 Annual Financial Statements**

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of the Regional Steering Committee of the Transport Community

#### **Opinion**

We have audited the accompanying financial statements of the Permanent Secretariat of the Transport Community (the "Organization") which comprise the statement of financial position as at 31 December 2023, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements comprising a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organization as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

#### **Basis for Opinion**

We conducted our audit in accordance with 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 Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), 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.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (IPSAS), 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

The management is responsible for overseeing the Organization's financial reporting process.

#### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objective is 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 International Standards on Auditing (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.

## INDEPENDENT AUDITOR'S REPORT (continued)

### *Auditors' Responsibilities for the Audit of the Financial Statements (continued)*

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism 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 Organization'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 Organization'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 Organization 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Belgrade, June 19, 2024



Iva Cvetanović, FCCA  
Certified Auditor  
Društvo za reviziju, računovodstvo i konsalting  
Ivalex d.o.o. Beograd  
Darvinova 25  
11000 Belgrade, Serbia

STATEMENT OF FINANCIAL POSITION AS AT DEC 31, 2023

	Notes	December 31, 2023 (in EUR)	December 31, 2022 (in EUR)
<b>ASSETS</b>			
<b>A. Current assets</b>			
I.	1	1.182.626,36	1.368.709,35
Cash and cash equivalents			
II.	2	22.155,66	183.655,87
Receivables and prepayments			
Budget contributions receivable			
<b>Total current assets</b>		<b>1.204.782,02</b>	<b>1.552.365,22</b>
<b>B. Non-current assets</b>			
I.	3	638.373,87	512.836,70
Inangible assets			
Software and licences			
II.	4	72.184,52	76.904,69
Tangible assets			
Infrastructure, plant and equipment			
<b>Total non-current assets</b>		<b>710.558,39</b>	<b>589.741,39</b>
<b>TOTAL ASSETS</b>		<b>1.915.340,40</b>	<b>2.142.106,60</b>
<b>LIABILITIES</b>			
<b>A. Current liabilities</b>			
I.	5	129.630,05	152.917,38
Accounts payable			
Trade payables			
Payables to staff			
Legal commitments			
Accruals			
<b>Total accounts payables</b>		<b>660.508,04</b>	<b>1.039.901,23</b>
II.	6	544.273,96	511.763,93
Unused budget appropriations			
Unused appropriations 2021 (Contracting Parties)/Deferred			
Unused appropriations 2022 (Contracting Parties)/Deferred			
Unused appropriations 2023 (Contracting Parties)/Deferred			
<b>Total unused budget appropriations</b>		<b>544.273,96</b>	<b>512.463,93</b>
<b>B.</b>			
<b>I. Non-current liabilities</b>			
	7	710.558,39	589.741,39
Investments			
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>1.915.340,40</b>	<b>2.142.106,60</b>

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	12 Months Period ending Dec, 2023 (in EUR)	12 Months Period ending Dec, 2022 (in EUR)
<b>REVENUE</b>			
	8		
Budget contributions			
Budget contributions parties		3.060.000,00	3.002.105,00
Legal commitments, prior year		428.995,00	690.045,00
Legal commitments, current year		(509.046,71)	(428.995,00)
Allocation to investments		(215.184,71)	(597.987,15)
Unused appropriations		(544.273,96)	(511.763,93)
<b>Total contributions</b>		<b>2.220.489,62</b>	<b>2.153.403,92</b>
<b>TOTAL REVENUE</b>		<b>2.220.489,62</b>	<b>2.153.403,92</b>
<b>EXPENSES</b>			
	9		
Staff costs			
Staff salaries		1.169.227,07	1.146.903,22
Health/Pension/Social security contr.		150.773,11	148.180,37
Other staff costs		7.515,08	26.241,00
<b>Total staff costs</b>		<b>1.327.515,26</b>	<b>1.321.324,59</b>
Depreciation and Amortization Expense			
Fixed assets amortization charge		165.071,97	40.347,19
Depreciation and amortization usage		(165.071,97)	(40.347,19)
<b>Total fixed assets amortization</b>		<b>-</b>	<b>-</b>
Operating expenses			
Running costs		875.874,40	818.208,28
Recruitment costs		3.590,19	1.845,28
Finance costs		13.509,77	12.025,76
<b>Total operating expenses</b>		<b>892.974,36</b>	<b>832.079,32</b>
<b>TOTAL EXPENSES</b>		<b>2.220.489,62</b>	<b>2.153.403,91</b>
<b>NET SURPLUS FOR THE PERIOD</b>		<b>0,00</b>	<b>0,00</b>

TRANSPORT COMMUNITY  
2023 Annual Financial Statements

Indirect Method Cash Flow Statement (paragraph 27(b))  
Cash Flow Statement for Year Ended December 31, 2023

	2023 in EUR	2022 in EUR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus/(deficit)	-	-
<b>Non-cash movements</b>		
Depreciation of non-current assets	165.071,97	40.347,19
Usage of obligation dedicated to assets	(165.071,97)	(40.347,19)
(Increase)/Decrease in contribution receivables	-	-
(Increase)/Decrease in prepayments	161.500,21	(182.191,39)
Increase/(Decrease) in trade payables and other liabilities	(459.444,90)	545.228,97
Increase/(Decrease) in legal commitments	80.051,71	(261.750,00)
Increase/(Decrease) in unused appropriations	31.810,03	(225.222,12)
<b>Net cash flows from operating activities</b>	<u><u>(186.082,95)</u></u>	<u><u>(123.934,54)</u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of non-current assets	<u>(216.251,29)</u>	<u>(597.987,15)</u>
<b>Net cash flows from investing activities</b>	<u>(216.251,29)</u>	<u>(597.987,15)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Grant contribution for assets	<u>216.251,29</u>	<u>597.987,15</u>
<b>Net cash flows from financing activities</b>	<u>216.251,29</u>	<u>597.987,15</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(186.082,95)</u>	<u>(123.934,54)</u>
Cash and cash equivalents at beginning of period	1.368.709,35	1.492.643,83
<b>Cash and cash equivalents at end of period</b>	<u><u>1.182.626,36</u></u>	<u><u>1.368.709,35</u></u>

Statement of Changes in Net Assets for the Year ended December 31, 2023

In EUR	Budget Contributions	Repayments	Accumulated Surpluses / (Deficits)	Total Net Assets
<b>Balance as at January 1, 2023</b>	512.463,93			512.463,93
Contributions	3.060.000,00		-	3.060.000,00
Allocated budget expenditures	(2.515.726,04)	-	-	(2.515.726,04)
Surplus for the period	-	-	544.273,96	544.273,96
Unused appropriations	-		(544.273,96)	(544.273,96)
Repaid unused appropriations		(409.411,15)		(409.411,15)
Offset unused appropriations		(103.052,78)		(103.052,78)
<b>Balance as at December 31, 2023 carried forward</b>	1.056.737,89	(512.463,93)	-	544.273,96

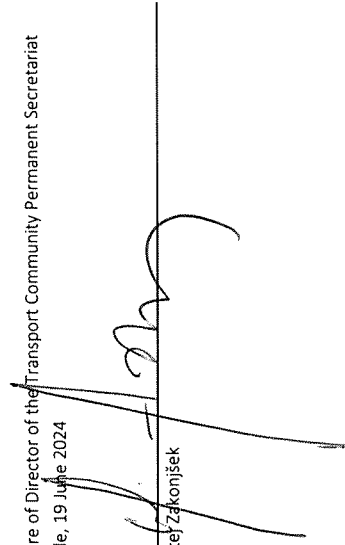


Statement of Comparison of Budget and Actual Amounts for the Year 2023

Budget Heading / SubHeading	Initial Budget	Budget Transfers	Final Budget	Actual Amounts 2023 on a comparable basis	Legal Commitments 2023	Actual Amounts 2023 on a comparable basis incl. Legal Commitments	Remaining Balance	Budget Implementation Rate
I. PERMANENT SECRETARIAT	2.738.584	17.730	2.756.314	1.831.360	509.046,71	2.340.407	415.907	84,91%
1. Personnel Costs	1.502.097	0	1.502.097	1.327.515	-	1.327.515	174.582	88,38%
2. Travel costs	119.220	0	119.220	117.993	-	117.993	1.227	98,97%
3. Office costs	64.150	95.500	159.650	34.944	4.169,66	39.114	120.536	24,50%
4. Other costs and services	543.117	(77.770)	465.347	350.908	12.187,05	363.095	102.252	78,03%
5. STUDIES, Technical Assistance	510.000	0	510.000	-	492.690,00	492.690	17.310	96,61%
II. MINISTERIAL COUNCIL	28.000	0	28.000	22.372	-	22.372	5.628	79,90%
III. REGIONAL STEERING COMMITTEE	18.560	0	18.560	9.258	-	9.258	9.302	49,88%
IV. TECHNICAL COMMITTEES	177.300	(17.730)	159.570	130.586	-	130.586	28.984	81,84%
V. SOCIAL FORUM	10.800	0	10.800	9.987	-	9.987	813	92,47%
VI. BUDGET COMMITTEE	5.720	0	5.720	3.116	-	3.116	2.604	54,48%
<b>TOTAL:</b>	<b>2.978.964</b>	<b>-</b>	<b>2.978.964</b>	<b>2.006.679</b>	<b>509.046,71</b>	<b>2.515.726</b>	<b>463.238</b>	<b>84,45%</b>
Budget Reserve (approx. 5%)	81.036	-	81.036	-	-	-	81.036	-
<b>GRAND TOTAL:</b>	<b>3.060.000</b>	<b>-</b>	<b>3.060.000</b>	<b>2.006.679</b>	<b>509.047</b>	<b>2.515.726</b>	<b>544.274</b>	<b>82,21%</b>

Signature of Director of the Transport Community Permanent Secretariat  
Belgrade, 19 June 2024

Mr. Matej Zakojšek





PERMANENT SECRETARIAT  
OF THE TRANSPORT COMMUNITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING DECEMBER 31, 2023

Belgrade, June 2024

## 1. INCORPORATION AND ACTIVITIES

The Transport Community has been established based on the Treaty signed between the European Union (Official Journal of the European Union No. L 278 p.3- 53) and the Republic of Albania, Bosnia and Herzegovina, the Republic of North Macedonia, Kosovo\* (herein referred to as „Kosovo“), Montenegro and the Republic of Serbia; (hereinafter „the South East European Parties“).

All the above-mentioned parties are herein after referred to together as ‘the Contracting Parties’.

The aim of the Treaty is the creation of a Transport Community, (hereinafter „the TCT“) in the field of road, rail, inland waterway and maritime transport as well as the development of the transport network between the European Union and the South East European Parties.

In order to implement the Treaty provisions and make the Transport Community operational, a Permanent Secretariat (hereinafter 'the Secretariat') has been established. The seat of the Secretariat is in Belgrade as defined by the Agreement between the Transport Community and the Republic of Serbia signed on January 30, 2019. According to this Agreement, the Secretariat enjoys diplomatic privileges and immunities including exemption from any taxes such as VAT. The officials employed by the Secretariat are exempt from personal income taxes and social security contributions.

The Organization's register number is 17921304 and its tax identification number is 111305000.

## 2. GENERAL INFORMATION

The Transport Community is an international organisation in the field of mobility and transport, consisting of 33 participants – the entire EU and South East European Parties. The TCT is working on the integration of Western Balkans transport markets into the EU, by assisting the South East European Parties to adopt and implement the EU legislation in the field of transport and by supporting projects that are connecting Western Balkans regional partners among themselves and with the EU.

The Institutions established under the Treaty are the Ministerial Council, the Regional Steering Committee and the Permanent Secretariat. Further bodies established in the course of Treaty implementation are Technical committees, the Budget Committee and Social forum.

By the Decision No. 2020/02 of the Regional Steering Committee dated 29 July 2020, Mr. Matej Zakonjšek was appointed as Director of the Permanent Secretariat. Mr. Zakonjšek took office as of 01 August 2020.

The mandate of Mr Zakonjšek was extended by another 3 year term by the Decision No. 2023/04<sup>1</sup> of the Regional Steering Committee dated 27 June 2023.

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\*\* This designation is without prejudice to positions on status and is in line with UNSCR 1244 (1999) and the ICJ Opinion on the Kosovo declaration of independence.

<sup>1</sup> <https://www.transport-community.org/wp-content/uploads/2023/07/Decision-04-2023.pdf>

## GENERAL INFORMATION (continued)

In order to implement the Treaty provisions and make the Transport Community operational, a Permanent Secretariat has been established. The Permanent Secretariat of the Transport Community is one of the institutions set up under the Treaty and has its seat in Belgrade as per Agreement between the Republic of Serbia and the Transport Community regarding the seat of the Permanent Secretariat of the Transport Community (hereinafter the 'HQ Agreement') signed on January 30, 2019 by the Interim Director of The Secretariat and Deputy Prime Minister of Republic of Serbia.

The Secretariat has been registered in the Republic of Serbia as a Legal Entity with attributions of privileges and immunities as defined by the HQ Agreement. Its inauguration took place on 13 September 2019.

Tax number: 111305000; VAT Exempted  
ID No.: 17921304

The Secretariat is tasked to:

- provide administrative support to the Ministerial Council, the Regional Steering Committee, the Technical committees, Budget committee and the Social Forum;
- act as a Transport Observatory to monitor the performance of the indicative TEN-T extension of the comprehensive and core networks to the Western Balkans;
- support the implementation of WB6 Parties Connectivity Agenda aiming to improve links within the Western Balkans as well as between the region and the European Union.

The establishment and functioning of the Transport Community and the Permanent Secretariat has been secured from the contributions of the European Union (80% of the Budget) and South East European Parties (20% of the Budget).

The share of contributions among the South East European Parties is defined by the ANNEX V of the Treaty.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Legal Basis of Preparation

The financial statements comply with International Public Sector Accounting Standards for the accrual basis of accounting. The measurement base applied is historical cost adjusted for revaluations of assets.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

The accounts of the Transport Community are kept in euro based on a calendar year.

The agreed Budget for the year 2023 was EUR 3,060,000.00 which needed to be spent for the operational functioning of the Permanent Secretariat, including staff remuneration, recruitment costs, organizing of meetings, running costs, purchase of equipment, studies and technical assistance; as well as the functioning of the other bodies of the TCT.

In accordance with the International Public Sector Accounting Standards framework, the accounting treatment for each transaction has to follow the following rules: Understandability, Relevance, Materiality, Reliability, Substance over Form, Prudence, Completeness.

## SIGNIFICANT ACCOUNTING POLICIES (continued)

### Tax exemption

In accordance with the provisions of Article 24 of the Law on Value Added Tax of the Republic of Serbia, as well as the provisions of Article 19 of the Law on Excise Duties of the Republic of Serbia, in connection with the provisions of Articles 10, 14 and 15. of the Law on Ratification of the Agreement between the Republic of Serbia and the Transport Community on the Headquarters of the Transport Community Permanent Secretariat confirms that the Transport Community Permanent Secretariat is exempt from VAT and excise duties. Officials of the Secretariat (Director, Deputy Directors and all other persons permanently employed in the Secretariat) are exempt from VAT and excise duties for the import of goods, including motor vehicles, for personal or family needs.

Import of excise goods (all types of motor gasoline, all types of diesel fuel, liquefied petroleum gas for motor vehicles; alcoholic beverages and tobacco products) into the Republic of Serbia, as well as purchase of excise goods on the local market in the Republic of Serbia without VAT and Excise are predetermined by quotas. The purchase of these products on the local market can be done only in the quantities listed in the Registar issued by the Secretariat, signed by the Director, and then verified in the General Secretariat of the Government of the Republic of Serbia. The Tax Exemption Certificate is valid for a calendar year and was issued on 19 January 2023.

### Depreciation method

Accounting treatment for property, plant and equipment is prescribed in IPSAS 17. The principal issue in accounting for property, plant and equipment are timing of recognition of assets, the determination of their carrying amounts and the depreciation charges to be recognized in relation to them. Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciation method used must reflect the pattern in which the asset's future economic benefit of service potential is expected to be consumed by the entity. The depreciation charge for each period should be recognized as an expense.

The Transport Community applies the straight-line method of depreciation. For specific classes of assets, the following useful lives are estimated:

- Computer software and other intangible assets - 3 years
- Computer hardware - 3 years
- Electronic devices - 3 years
- Technical equipment - 3 years
- Furniture - 5 years
- Motor vehicles - 5 years

Assets whose purchase price is below 400 Euros are fully depreciated in the year of purchase.

### Foreign Currency Transactions

The functional currency of the Transport Community is euro and these financial statements are presented in euro. All transactions occurring in other currencies are translated in euro using a InforEuro rate<sup>2</sup> as published under: [https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-inforeuro\\_en](https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-inforeuro_en)

Both realised, and unrealised gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of assets and liabilities denominated in currencies other than Transport Community's functional currency are recognised in the Statement of Financial Performance, in the net amount.

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<sup>2</sup> See [https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-inforeuro\\_en](https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-inforeuro_en); the rates indicated are the market rates for penultimate day of the previous month quoted by the European Central Bank or, depending on availability, provided by the delegations or other appropriate sources close to that date

SIGNIFICANT ACCOUNTING POLICIES (continued)

Unused commitments

Unused commitments are budget contributions which have not been used (paid or invoiced) at the balance sheet date but for which commitments have been entered into in the current year or in prior years; they relate to the future periods and following IPSAS1 may not be shown as expenses<sup>3</sup> therefore are accounted as deductions from revenue.

Unused budget appropriations

Unused budget appropriations (not used and not committed at the end of the financial year) shall be proposed for repayment to the Contracting Parties. The repayment methodology is based on the budget report. The total calculated amount due shall equal/ be reconcilable with the amount of unused appropriations shown in the balance sheet as of 31 December. The table of repayments is subject to audit each year and shall be part of the Auditor's report.

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<sup>3</sup> They do not meet the definition of expenses as defined by IPSAS1: *"Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners"*

## 1. NOTES TO THE FINANCIAL STATEMENTS

### Note 1: Cash and cash equivalents

Cash and cash equivalents are financial instruments and defined as current assets. They include cash at hand and deposits held at the bank.

Cash on hand is held in bank accounts with Raiffeisen Bank A.D. in Belgrade. Transport Community has one bank account in RSD and one bank account in EUR.

	<b>31 December 2023</b>	<b>31 December 2022</b>
	In EUR	In EUR
Current RSD account	4,943.32	253.05
Current EUR account	1,174,489.90	1,368,197.14
Debit card account EUR	2,168.27	259.16
Debit card account RSD	1,024.87	
<b>Total</b>	<b>1,182,626.36</b>	<b>1,368,709.35</b>

The total amount of cash and cash equivalents as at December 31, 2023 comprises of EUR 4,943.32 on the current RSD account; EUR 1,174,489.90 on the current EUR account; EUR2,168.27 and EUR1,024.87 on a debit card accounts.

### Note 2: Receivables and Prepayments

Receivables are carried at the original amount less write-off. Receivables are written off, when there is objective evidence that Transport Community will not be able to collect all amounts due according to the original terms of receivables.

	<b>31 December 2023</b>	<b>31 December 2022</b>
	In EUR	In EUR
<i>Other receivables</i>		
Receivables from staff and other	2,217.11	1,400.98
Receivables for observing member expenses	16,412.17	
<b>Total</b>	<b>18,629.28</b>	<b>1,400.98</b>

The other receivable from staff and other amounts include costs which were recovered from staff members (for example private use of official phones and other costs). The receivables for observing member participant<sup>41</sup> expenses include costs which for operational reasons were initially covered through the main account. Such funds are in the meantime refunded from the designated grant contract. Further details are provided under Note 17.

<sup>4</sup> <https://www.transport-community.org/observing-participants/>

**PERMANENT SECRETARIAT OF THE TRANSPORT COMMUNITY**  
**Notes to the Financial Statements -**  
**Financial Year 2023**

	31 December 2023	31 December 2022
	In EUR	In EUR
<i>Prepayments</i>		
Prepaid expenses	3,526.38	182,254.89
Total:	3,526.38	182,254.89

The prepaid expenses include expenses with a duration extending across the end of the financial year.

**Note 3: Intangible assets**

Acquired software and licences are capitalised on the basis of the costs incurred to acquire and bring them to use. These costs are amortised over their estimated useful lives (3 years). Full amortisation in the year of purchase is applied in case of software and licence costing EUR 400 or less. Costs capitalisable include all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the intended manner.

*Computer software and licenses*

	31 December 2023	31 December 2022
	in EUR	in EUR
<i>Cost:</i>		
Gross carrying amount 31 December previous year	540,296.35	40,011.35
Additions	181,968.59	80,635.00
Additions – Assets in development		419,650.00
Disposals	-	-
Gross carrying amount at 31 December current year	722,264.94	540,296.35
<i>Accumulated amortization:</i>		
As at 31 December previous year	27,459.65	12,894.95
Depreciation charge for the current year	56,431.42	14,564.70
Disposals	-	-
Accumulated depreciation 31 December current year	83,891.07	27,459.65
<i>Net carrying amount:</i>		
Net carrying amount at 31 December current year	638,373.87	512,836.70
Net carrying amount at 31 December previous year	512,836.70	

During 2023 additions made by the Transport Community amounted to EUR 181,968.59 (for 2022: EUR 80,635.00). The total amount of depreciation for 2023 is EUR 83,891.07 (For 2022: EUR 27,459.65).

The additions include the Transport Observatory for EUR179,850.00; and software licences. As at 31 December 2022 the value of EUR419,650 represented the ongoing investment in the Transport Observatory which was finally delivered and deployed in December 2023. The total investment reached EUR599,500. The other items included in are the Western Balkans Road Safety Observatory and Financial Software.



Note 4: Tangible assets

All items of property, plant and equipment are presented by cost model. Repairs and maintenance are charged to the expenditure account during the financial period in which they incurred.

The Transport Community applies the straight-line method of depreciation. For specific classes of assets, the following useful lives are estimated:

- Computer hardware - 3 years
- Electronic devices - 3 years
- Technical equipment - 3 years
- Furniture - 5 years
- Motor vehicles - 5 years

Assets whose purchase price is below EUR 400.00 are fully depreciated in the year of purchase.

<i>Infrastructure, plant and equipment</i>	31 December 2023 in EUR	31 December 2022 in EUR
Gross carrying amount 31 December previous year	120,289.09	22,586.94
Additions	34,282.70	97,702.15
Disposals	(1,206.37 )	-
<b>Gross carrying amount 31 December current year</b>	<b>153,365.42</b>	<b>120,289.09</b>
<i>Accumulated depreciation:</i>		
As at 31 December previous year	43,384.40	17,601.91
Depreciation charge for the current year	39,002.87	25,782.49
Disposals	(1,206.37 )	-
<b>Accumulated depreciation at 31 December current year</b>	<b>81,180.90</b>	<b>43,384.40</b>
<b>Net carrying amount at 31 December current year</b>	<b>72,184.52</b>	<b>76,904.69</b>
<b>Net carrying amount at 31 December prior year</b>	<b>76,904.69</b>	<b>4,985.03</b>

During 2023 additions made by the Transport Community amounted to EUR 34,282.70 which included the purchasing of a microphone system, IT and other office equipment.

**PERMANENT SECRETARIAT OF THE TRANSPORT COMMUNITY**  
**Notes to the Financial Statements -**  
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Note 5: Account payables

	31 December 2023	31 December 2022
	In EUR	In EUR
Trade payables	129,630.05	165,609.97
Staff payables	2,632.07	5,006.85
Legal commitments	509,046.71	428,995.00
Accruals	19,199.21	440,289.41
<b>Total</b>	<b>660,508.04</b>	<b>1,039,901.23</b>

Trade payables include invoices received from suppliers for goods and services received by 31 December 2023 but not yet settled at the end of the year. Trade payables in the total amount of EUR 129,630.05 are related to office running costs, travel costs, event participation costs etc.

Payables to staff include liabilities for reimbursement of official travel expenses.

Legal commitments for the financial year 2023 refer to the contractual commitments entered by the Transport Community by 31 December 2023 without having received goods or services by the end of the year. They included: technical assistance for a pilot project collecting KPI on safety belt usage EUR130,700, technical assistance for railway level crossings safety EUR 114,990; purchase of IT equipment EUR 4,170; technical assistance for strengthening regulatory frameworks for passenger rights EUR 117,500; technical assistance for assessment and digitalization of multimodality terminals EUR 129,500; and expenses related to Jovsic Printing Centar EUR 12,187.

The accruals consist of the total value of goods and services that were provided by 31 December 2023 but haven't been invoiced by the vendors yet.

Note 6: Unused appropriations

	31 December 2023	31 December 2022
	In EUR	In EUR
Unused legal commitments - 2022 (budget parties)	-	700.00
Unused appropriations – 2023 (budget parties)	544,273.96	511,763.93
<b>Total</b>	<b>544,273.96</b>	<b>512,463.93</b>

Unused budget appropriations (not used and not committed at the end of the financial year) are shown as liabilities towards the Contracting Parties. The total amount as at 31 December 2022 is EUR 544,273.96 representing unused appropriations from the financial year 2023. The Budget Committee has recommended that the unused appropriations belonging to the South East Europe parties to be carried forward as Parties' contributions for the next Year's budget. Whereas the unused appropriations belonging to the European Union are to be repaid. The calculation methodology is based on the budget report and made in accordance with the Annex V ('Contribution to the Budget of the Transport Community') of the Treaty.

The table of Unused budget appropriations is shown under Note 14.

**Note 7: Investments**

Given that the investments in tangible and intangible assets were made using the contributions of the Contracting Parties, the net carrying value of those assets is also shown as investment donations in the amount of EUR710.558.39

The carrying amount as of 31 December 2023 of investments consists of the carrying amount as at January 2023 amounting to EUR660,585.44 and additions amounting to EUR216,251.29 that were reduced by depreciation and amortisation of EUR81,180.90. The value of the investments has also been reduced by the write-off of certain assets with a total value of EUR1,206.37. The additions of 2023 include the final stage of development of the Transport Observatory, purchasing a microphone system, IT and other equipment as well as software licences.

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Note 8: Revenue

Contributions	2023 In EUR	2022 In EUR
Budget contributions parties	3,060,000.00	3,002,105.00
Allocation to investments	(215,184.71)	(597,987.15)
Legal commitments, prior year	428,995.00	690,045.00
Legal commitments, current year	(509,046.71)	(428,995.00)
Unused appropriations	(544,273.96)	(511,763.93)
<b>Total contributions:</b>	<b>2,220,489.62</b>	<b>2,153,403.92</b>

Amounts shown under budget contribution parties' represent total contributions related to the TCT 2023 budget of EUR3,060,000.00

Parties	Contribution share in %	Contributions payable In EUR
European Union	80.00%	2,448,000.00
Republic of Albania	3.20%	97,920.00
Bosnia and Herzegovina	3.55%	108,630.00
Republic of North Macedonia	2.88%	88,128.00
Kosovo	2.57%	78,642.00
Montenegro	2.38%	72,828.00
Republic of Serbia	5.42%	165,852.00
<b>TOTAL</b>	<b>100%</b>	<b>3,060,000.00</b>

Revenue adjustments are related to the allocation to investments in the amount of EUR215,184.71 (in 2022: EUR597,987.15) invested in tangible and intangible assets, legal commitments for the prior year of EUR428,995.00; legal commitments for the current year in the amount of EUR 509,046.71.00 and unused appropriations in the amount of EUR 544,273.96 (in 2022: EUR511,763.93)

**PERMANENT SECRETARIAT OF THE TRANSPORT COMMUNITY**  
**Notes to the Financial Statements -**  
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Note 9: Expenses

Staff remuneration

	2023 in EUR	2022 in EUR
Salaries	1,169,227.07	1,146,903.22
Health insurance and pension contributions	150,773.11	148,418.03
Other staff costs	7,515.08	26,003.34
<b>Total</b>	<b>1,327,515.26</b>	<b>1,321,324.59</b>

The Permanent Secretariat was not fully staffed throughout the year due to the resignation of two officials and their replacement. Staff remuneration costs in the total amount of EUR 1,327,515.26 (In 2022: EUR 1,321,24.56) include salaries in the amount of EUR1,169,227.07 (in 2022: EUR1,146,903.22); contributions for health and pension contributions in the amount of EUR 150,773.11 (In 2022: EUR 148,418.03). The other staff costs represent expenses for removal allowances and costs in accordance with respective rules as adopted by the decision No. 2021/03 of the Regional Steering Committee.

Depreciation and amortization expense

	2023 In EUR	2022 In EUR
Office equipment – Information Technology Hardware	3,855.73	19,828.89
Telecommunications equipment	21,007.39	14,231.26
Other equipment	6,689.79	3,736.79
Software licenses / Intangible assets	56,431.42	27,459.65
Motor vehicles	7,449.96	5,587.47
<b>Total</b>	<b>95,434.29</b>	<b>70,844.06</b>

Depreciation and amortization expense include depreciation expenses for Information Technology Hardware (in the amount of EUR 3,855.73; telecommunications equipment depreciation charge amounted to EUR21,007.39; Other equipment EUR 6,689.79; motor vehicle depreciation charge of EUR7,449.96; while amortization costs for software licences/intangible assets amounted to EUR 56,431.42.

<b>Running costs of the Secretariat</b>	<b>2023</b>	<b>2022</b>
	in EUR	in EUR
Travel costs	117,992.89	124,989.86
Office costs, equipment, and software	16,194.43	24,476.02
Other costs and services	333,807.73	231,001.54
<b>Sub total</b>	<b>467,995.05</b>	<b>380,467.42</b>

<b>Studies and Technical Assistance</b>	<b>2023</b>	<b>2022</b>
	in EUR	in EUR
Studies and Technical Assistance	232,560.00	301,500.00
<b>Sub total</b>	<b>232,560.00</b>	<b>301,500.00</b>

<b>Other Transport Community Bodies</b>	<b>2023</b>	<b>2022</b>
	in EUR	in EUR
Ministerial Council	22,372.30	6,611.84
Regional Steering Committee	9,258.08	16,109.01
Technical Committee Meetings	130,585.55	106,887.12
Social Forum	9,987.20	5,367.12
Budget Committee	3,116.22	1,265.77
<b>Sub total</b>	<b>175,319.35</b>	<b>136,240.86</b>

<b>Recruitment costs</b>	<b>2023</b>	<b>2022</b>
	in EUR	in EUR
Recruitment costs	3,590.19	1,845.28
<b>Total</b>	<b>3,590.19</b>	<b>1,845.28</b>

Expenses arising from purchasing goods and services are reported on an accrual basis, recognising costs when a transaction occurs, rather than when payment is made.

<b>Finance costs</b>	<b>2023</b>	<b>2022</b>
	in EUR	in EUR
Bank charges	12,074.12	10,964.59
Foreign exchange losses	1,448.25	1,076.13
Foreign exchange gains	(12.50)	(14.96)
<b>Total</b>	<b>13,509.77</b>	<b>12,025.76</b>

Finance costs in the total amount EUR 13,509.77 include bank charges EUR 12,074.12 (in 2022: EUR 10,964.59 ), foreign exchange losses EUR 1,448.25 (in 2022: EUR 1,076.13 ), Foreign exchange gains EUR 12.50 (in 2022: EUR 14.96).

**Note 10: Exchange gain and losses**

Transport Community realises exchange gains and losses on accounts payable and accounts receivable transactions incurred in currencies other than euro based on the exchange rate in effect on transaction datetion. The net effect result exchange gains and losses in 2023 is represented in Note 9 – Expenses (Finance costs).

**Note 11: Financial Instruments**

As at 31 December 2023, the Transport Community was holding bank performance guarantees for the good execution of three service contracts. Total value of the guarantees was EUR 105,600.00

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Note 12: Reconciliation of Statement of Comparison of Budget and Actual Amounts and Statement of Financial Performance

(In EUR)

Budget Heading / Line	Actual Amounts Budget Report 2023	Legal Commitments 2022	Differences Budget Report vs Financial Statements	Actual Amounts Statement of Financial Performance
	(1)	(2)	(3)	(4)=(1)+(2)+(3)
I. PERMANENT SECRETARIAT	1,831,359.98	428,995	(215,185)	2,045,170.27
1. Personnel Costs	1,327,515.26	-		1,327,515.26
2. Travel costs	117,992.89	-		117,992.89
3. Office costs	34,944.14	196,435	(215,185)	16,194.43
4. Other costs and services	350,907.69	-		350,907.69
5. STUDIES, Technical Assistance	-	232,560		232,560.00
II. MINISTERIAL COUNCIL	22,372.30	-		22,372.30
III. REGIONAL STEERING COMMITTEE	9,258.08	-		9,258.08
IV. TECHNICAL COMMITTEES	130,585.55	-		130,585.55
V. SOCIAL FORUM	9,987.20	-		9,987.20
VI. BUDGET COMMITTEE	3,116.22	-		3,116.22
Budget Reserve				
<b>TOTAL</b>	<b>2,006,679.33</b>	<b>428,995</b>	<b>(215,185)</b>	<b>2,220,489.62</b>

As required by IPSAS 24, a reconciliation is provided between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Financial Performance identifying separately any basis, timing and entity differences.

Basis differences occur when the approved budget is prepared on a basis other than the full accrual accounting basis. Basis differences include the depreciation of assets and the full recognition of legal commitments.

Column 2: Legal Commitments

Through the amendment of the Financial Rules as approved by the Regional Steering Committee, the Permanent Secretariat is allowed to carry over budget appropriations from previous in future years for funds that were committed. This column shows the expenses incurred during 2023 which are related to the legal commitments attributable to open commitments at the end of 2022.

Column 3: Differences between Actual Amounts in the Financial Statement and Actual Budget Amounts

The budget basis requires that the capital expenditures are recorded as current year expenses at acquisition costs. Accounting basis requires that these expenditures capitalised and depreciated over the useful life of the assets. The acquisition costs of additions to the assets in 2023 amount to EUR216,251.29



Note 13: Statement of Budgetary Comparison: Explanation of material differences between the budget and actual amounts  
(In EUR)

Budget Heading / Line	Final Budget	Actual Amounts 2023 on a comparable basis	Legal Commitments 2023	Actual Amounts 2023 on a comparable basis incl. Legal Commitments	Actual Amounts incl. Legal Commitments (%)	Unused Appropriations 2023
<b>I. Permanent Secretariat</b>						
I.1. Human Resources	1,502,097	1,327,515		1,327,515	88.38%	174,582
The target of 100% was not reached due to staff turnover. During the year there were two resignations for which the job positions were not filled immediately due to recruitment procedures.						
I.2. Travel costs	119,220	117,993	-	117,993	98.97%	1,227
I.3. Office costs, equipment, and software	159,650	34,944	4,169.66	39,114	21.89%	120,536
It was planned to invest EUR80,000 into a further enhancement of the Transport Observatory. However, the negotiations with the Contractor were unsuccessful. The deployment of Transport Observatory itself happened only at the end of 2023 whereas the maintenance costs were budgeted to start from the beginning of 2023 for a total amount of EUR70,000 resulting in an underspending of around EUR65,000						
I.4. Other costs and services	465,347	350,908	12,187.05	363,095	75.41%	102,252
Expenses include advertising, communication and visibility; financial costs and audit fees; meeting and conference costs; information technology and communication costs; consultancy services etc. In all of these budget lines, there were savings for including partially virtual participation to events and meetings. There were also savings in bank charges for advertising/visibility.						

**PERMANENT SECRETARIAT OF THE TRANSPORT COMMUNITY**  
**Notes to the Financial Statements - Financial Year 2023**

**Note 13: Statement of Budgetary Comparison: Explanation of material differences between the budget and actual amounts (Continued)**

I.5. Studies, Technical Assistance	510,000	-	492,690.00	492,690.00	96.61%	17,310
The savings are a result of the procurement procedures i.e. market conditions.						
II. Ministerial Council	28,000	22,372	-	22,372	79.90%	5,628
The savings have been incurred as a result of the market conditions.						
III. Regional Steering Committee	18,560	9,258	-	9,258	49.88%	9,302
The savings are attributable to the non-physical participation of some of the members of the Regional Steering Committee during some of the regular meetings.						
IV. Technical Committees	159,570	130,586	-	130,586	81.84%	28,984
The savings are attributable in part to the non-physical participation of some of the members of the Technical Committees at the meetings.						
V. Social Forum	10,800	9,987	-	9,987	92.47%	813
VI. Budget Committee	5,720	3,116	-	3,116	54.48%	2,604
The savings are attributable in part to the non-physical participation of some of the members of the Budget Committee at the meetings.						
SUB TOTAL	2,978,964	2,006,679	509,046.71	2,515,726	84.45%	463,238
Budget Reserve (approx. 5%)	81,036	-	-	-	0.00%	81,036
TOTAL	3,060,000	2,006,679	509,046.71	2,515,726	82.21%	544,274

Note 14: Calculation of unused appropriations and amounts repayable to Contracting Parties  
(In EUR)

Parties	Contribution share in % <i>a</i>	Contributions paid <i>b</i>	Share of costs <i>c</i>	Surplus <i>d=c-b</i>
European Union	80.00%	2,448,000.00	2,012,580.83	435,419.17
Republic of Albania	3.20%	97,920.00	80,503.23	17,416.77
Bosnia and Herzegovina	3.55%	108,630.00	89,308.27	19,321.73
Republic of North Macedonia	2.88%	88,128.00	72,452.91	15,675.09
Kosovo	2.57%	78,642.00	64,654.16	13,987.84
Montenegro	2.38%	72,828.00	59,874.28	12,953.72
Republic of Serbia	5.42%	165,852.00	136,352.35	29,499.65
<b>TOTAL</b>	<b>100%</b>	<b>3,060,000.00</b>	<b>2,515,726.04</b>	<b>544,273.96</b>

Note 15: Key management personnel

The key management personnel (as defined by IPSAS 20) of the Transport Community Permanent Secretariat are the Directory and the Deputy Director. The aggregate remuneration of members of the management and the number of managers determined on a full-time equivalent basis receiving remuneration within this category are:

	2023	2022
Aggregate remuneration	EUR 210,539.27	EUR 210,482.46
Number of persons	2 persons	2 persons

**Note 16: Grant Contract for Observing Members**

The process of integrating Georgia, Moldova, and Ukraine into the Transport Community began with the Ministerial Council meeting on 15 November 2022. During this gathering, the Contracting Parties of the Transport Community Treaty, alongside Transport Ministers from the aforementioned countries, endorsed a Joint Statement on Cooperation for Transport Sector Development. This endorsement prompted the Transport Community Permanent Secretariat to reassess the working modalities of TCT bodies to facilitate the systematic involvement of these countries as observing participants. Any associated costs shall not be covered by the regular budget of the Transport Community, but rather through a specific grant<sup>5</sup> provided by the European Union DG/NEAR to the TCT Secretariat which for the year 2023 amounted to EUR167,274.57. The funds of this grant have been managed completely separately from the regular Transport Community budget, and were operated through a separate bank account.

The table below shows an overview of the grant budget and the actual expenditure for 2023. In line with the conditions of the grant, a separate expenditure verification has been conducted by the external auditor.

Budget Headings	Budgeted Expenditure (amount)	Reported Expenditure (amount)
Human Resources	EUR 19,800.00	EUR 13,942.67
Travel	-	-
Equipment and supplies	EUR 7,690.00	EUR 1,665.34
Project office	EUR 780	EUR 490.74
Other costs, services	EUR 131,039.11	EUR 119,158.21
Total direct eligible costs	EUR 159,309.11	EUR 135,256.95
Indirect costs	-	-
Provision for contingency reserve	EUR 7,965.46	-
<b>Total</b>	<b>EUR 167,274.57</b>	<b>EUR 135,256.95</b>

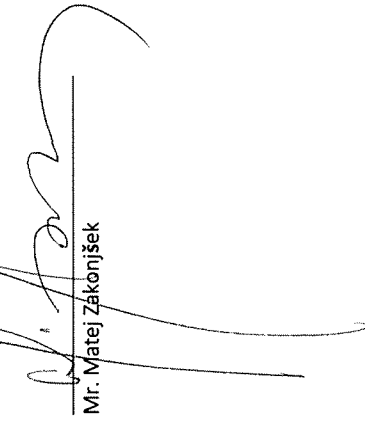
<sup>5</sup> Grant Contract with Reference: NDICI-GEO-NEAR/ 2022 / 441-320

Note 17: Events after the reporting date

At the date of signing of these accounts no major subsequent events occurred after the reporting date that have come to the attention of the Director and that would have to be recognized in the financial statements.

Signature of Director of the Transport Community Permanent Secretariat

Belgrade, 19 June 2024



Mr. Matej Zákonišek