**REGIONAL SCHOOL FOR PUBLIC ADMINISTRATION**
**BRANELOVICA, DANILOVGRAD**

**Financial Statements**
**December 31, 2016**
**and Independent Auditors' Report**

*This Report is translation of the Auditors' Report issued in official language in Montenegro. In the case of any discrepancy between the official language in Montenegro and English versions, the official language in Montenegro shall prevail.*

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# INDEPENDENT AUDITORS' REPORT

**To the Management of Regional School for Public Administration, Branelovica, Danilovgrad**

We have audited the accompanying financial statements (pages from 2 to 25) of Regional School for Public Administration, Branelovica, Danilovgrad (hereinafter the "ReSPA"), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

Management of the ReSPA is responsible for preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Law on Auditing of Montenegro, Law on Accounting of Montenegro and standards on auditing applicable in Montenegro. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our 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, we consider internal control relevant to the entity'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 ReSPA'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 solid basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the ReSPA as at December 31, 2016 as well as the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte d.o.o. Podgorica
September 06, 2017

**STATAMENT OF COMPREHENSIVE INCOME**
**Year ended December 31, 2016**
**(In EUR)**

| | Notes | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|---|
| **Operating activities – regular course of business** | | | |
| Sales income | 4 | 140,387 | 199,175 |
| Investments income | | - | 1,223 |
| Other income | 5 | 1,451,006 | 2,573,561 |
| Other loss/income | | (240) | (226) |
| Changes in inventories of finished goods and unfinished production | 6 | (3,176) | (38,317) |
| Materials, fuel and energy used | 7 | (56,180) | (110,112) |
| Salaries, wages & other personnel expenses | 8 | (516,196) | (583,532) |
| Amortization | 9 | (64,957) | (190,117) |
| Production expenses | 10 | (9,443) | (16,344) |
| Costs of non-production expenses | 11 | (948,082) | (1,834,701) |
| Other expenses | | (12,918) | (5,008) |
| Profit before taxation | | (19,799) | (4,398) |
| Net loss for the year from operations | | (19,799) | (4,398) |
| **NET LOSS FOR THE CURRENT YEAR** | | (19,799) | (4,398) |
| **TOTAL COMPREHENSIVE INCOME FOR THE CURRENT YEAR** | | (19,799) | (4,398) |

The accompanying notes on the following pages
are an integral part of these financial statements.

As sugested and initiated by Budget Board, these financial stataments were submitted to the Management Board of the Regional School for Public Administration, Branelovica, Danilovgrad for their review on May 14, 2017.

Signed on behalf of Regional School for Public Administration, Branelovica, Danilovgrad by:

| Coordinator - Finance and Operations Manager: | ReSPA Director: |
|---|---|
| (Vlatko Naumovski) | (Ratka Sekulović) |

**STATAMENT OF COMPREHENSIVE INCOME**
**Year ended December 31, 2016**
**(In EUR)**

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Coordinator Finance and Operations Manager:

(Vlatko Naumovski)

ReSPA Director:

(Ratka Sekulović)

**STATEMENT OF CHANGES IN EQUITY**
**Year ended December 31, 2016**
**(In EUR)**

| Content / Description | Retained earnings | Accumulated Loss | Loss for the current year | Total |
|---|---|---|---|---|
| Balance, January 1, 2015 | 800,425 | (80,826) | - | 715,599 |
| Net profit for the period | - | - | (4,398) | (4,398) |
| Balance, December 31, 2015 | 800,425 | (80,826) | (4,398) | 715,201 |
| Net profit for the year | - | - | (19,799) | (19,799) |
| Transfer | - | (4,398) | 4,398 | - |
| Balance, December 31, 2016 | 800,425 | (85,224) | (19,799) | 695,402 |

The accompanying notes on the following pages
are an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**
**Year ended December 31, 2016**
**(In EUR)**

| **Category/Position** | **Year ended December 31, 2016** | **Year ended December 31, 2015** |
|---|---|---|
| **Cash flows from operating activities** | | |
| Inflow from operating activities | 2,880,538 | 2,268,552 |
| Sales and advances | 169,610 | 195,289 |
| Interest receipts from operating activities | - | 1,223 |
| Other cash generated from operating activities | 2,710,928 | 2,072,040 |
| Outflow from operating activities | (1,389,438) | (2,573,988) |
| Payments to suppliers and given advances | (924,136) | (1,993,848) |
| Staff costs | (465,302) | (580,140) |
| ***Net cash flow from operating activities*** | 1,491,100 | (305,436) |
| **Cash flows from investing activities** | | |
| Outflow from investing activities | (63,786) | (20,138) |
| ***Net cash flow from investing activities*** | (63,786) | (20,138) |
| **Net cash flows** | 1,427,314 | (325,574) |
| **Cash at the beginning of reporting period** | 1,037,044 | 1,362,618 |
| **Cash at the end of reporting period** | 2,464,358 | 1,037,044 |

The accompanying notes on the following pages
are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**
**Year Ended December 31, 2016**

## 1. FOUNDATION AND BUSINESS ACTIVITY

In June 2003 the Council of Ministers of the European Union (hereinafter " EU") adopted "The Solun's Agenda for the Western Balkans: Towards European Integration" which supported the creation of a regional mechanism for training and education of civil servants.

In accordance with the "Solun's Agenda for the Western Balkans: Towards European Integration" in May 2006 in Brussels, "Protocol on Cooperation in the creation of the Regional School of Public Administration" (hereinafter "ReSPA") was signed between the governments of the Republic of Albania, Bosnia and Herzegovina, the Republic of Croatia, FYR Macedonia, Montenegro and the Republic of Serbia in presence of representatives of the European Commission. After signing the Protocol on cooperation and the foundation of ReSPA, Board of Directors of ReSPA was formed, comprising representatives of ReSPA member countries. Also, ReSPA Secretariat has been formed, comprising representatives of the Organization for Economic Development and Co-operation. At the invitation of the European Commission, all member countries had the opportunity to apply for the head office of ReSPA, and afterwards, at the VI Board Meeting of ReSPA, which took place on January 31, 2008 in Paris, it was decided that the head office will be in Danilovgrad.

By signing the Letter of support in Ljubljana on June 12, 2008, six countries have committed themselves to sign the Agreement on the Foundation of a Regional School of Public Administration. The representatives of five member countries of ReSPA signed agreement on the Foundation of the Regional School of Public Administration on November 21, 2008 in Podgorica, while Bosnia and Hercegovina signed the agreement in 2009.

In accordance with the International Agreement on the Foundation of ReSPA, the agreement is in effect seven years after the date of its entry into force upon signing with the possibility of its extension. At the end of the fifth year of the validity of this Agreement, ReSPA member countries will decide in two-thirds majority if this agreement is to be prolonged for additional seven years. As at June 27, 2016, the Management Board issued a decision No. GB-ML R/02-2016, by a two-thirds majority, on the extension of the agreement's validity for another seven years starting on August 1, 2016.

The project of the Regional School of Public Administration is one of the most important projects in the European Union (EU) in Western Balkan, which was initiated in order to promote regional cooperation in the field of public administration, strengthening of administrative capacity and personnel development in accordance with the principles of European administrative territory. It is planned that ReSPA with its activities encourage cooperation between institutions of public administration of the member countries and similar institutions of other countries of the EU in order to contribute to exchange of information and experiences in purpose of improving and promoting good practice.

ReSPA is common regional institution where civil servants from the member countries receive quality training in the field of public administration, in order to strengthen administrative capacity and human resources development in the candidate countries as well as in the potential candidates for EU membership in the Western Balkans. At the same time, ReSPA helps in promoting professional administration of member countries towards the EU and becomes a core of a network of schools of public administration in the Western Balkans. In addition, ReSPA has an advisory role for the improvement of the regional civil sector.

As an operational part of ReSPA, the hotel performs its activities and its capacities are used solely for accomodation of experts and coaches attending the trainings in the educational activities conducted by ReSPA.

The Government of Montenegro as the host country has provided all necessary conditions, including the offices for ReSPA with complete equipment and facilities for training, necessary for the effective performance of its functions, as well as the hotel building and surrounding land free of charge, in accordance with the Agreement on establishing the ReSPA and Agreement concluded between the ReSPA and the Government of Montenegro on the headquarters and the functioning of ReSPA in the host country ("Host Country Agreement").

As of the date of enacting of the International Agreement on Foundation of ReSPA through June 23, 2011, the Board of ReSPA, appointed the Directorate for Human Resources of Montenegro as a temporary manager of ReSPA. After signing the Agreement between ReSPA and the Government of Montenegro on the headquarters and the functioning of ReSPA in the host country on June 23, 2011, the management obligations of ReSPA became the responsibility of the management members of ReSPA itself.

ReSPA is located in Danilovgrad (Branelovica) as an institution providing education and training at the regional level and beyond. As of December 31, 2016, ReSPA had 14 employees (December 31, 2015: 17 employees).

**NOTES TO THE FINANCIAL STATEMENTS**
**Year Ended December 31, 2016**

## 2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION

### 2.1. Statement of compliance

The accompanying financial statements present the annual financial statements of ReSPA prepared in accordance with International Financial Reporting Standards (IFRS).

### 2.2. Basis of Preparation and Presentation of Financial Statements

The accompanying financial statements have been prepared under purchase price convention.
The amounts in the accompanying financial statements are disclosed in EUR.
In the preparation of the accompanying financial statements as of December 31, 2016, ReSPA has adhered to the direct method of reporting on cash flows.
The accompanying financial statements for the year ended December 31, 2016 have been prepared according the going concern principle.

### 2.3. Effect and Application of Newly Issued and Amended IFRS

*Standards and Interpretations effective in the current period*

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board are effective for the current period:

- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Bearer Plants (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after January 1, 2016);
- Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)" resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after January 1, 2016).

The adoption of these amendments to the existing standards and interpretations has not led to any changes in the ReSPA's accounting policies.

**NOTES TO THE FINANCIAL STATEMENTS**
**Year Ended December 31, 2016**

## 2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)

### 2.4. Standards and Interpretations in Issue not yet effective

At the date of authorization of these consolidated financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective:

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after January 1, 2018);
- IFRS 15 "Revenue from Contracts with Customers" and further amendments (effective for annual periods beginning on or after January 1, 2018);
- IFRS 16 "Leases" (effective for annual periods beginning on or after January 1, 2019);
- Amendments to IFRS 2 "Share-based Payment" - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after January 1, 2018);
- Amendments to IFRS 4 "Insurance Contracts" - Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after January 1, 2018 or when IFRS 9 "Financial Instruments" is applied first time);
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded);
- Amendments to IAS 7 "Statement of Cash Flows" - Disclosure Initiative (effective for annual periods beginning on or after January 1, 2017);
- Amendments to IAS 12 "Income Taxes" - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after January 1, 2017);
- Amendments to IAS 40 "Investment Property" - Transfers of Investment Property (effective for annual periods beginning on or after January 1, 2018);
- Amendments to various standards "Improvements to IFRSs (cycle 2014-2016)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after January 1, 2018);
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018);

ReSPA's management has decided not to adopt these standards, revisions and interpretations in advance of their effective dates. The management anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of ReSPA in the period of initial application.

ReSPA did not make required disclosures pursuant to the provisions of IFRS 8 - "Operating Segments" as ReSPA has only one reportable operating segment, i.e. the whole ReSPA is an operating segment.

**NOTES TO THE FINANCIAL STATEMENTS**
**Year Ended December 31, 2016**

## 2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)

### 2.5. Use of Estimates

The presentation of the financial statements requires ReSPA's management to make best estimates and reasonable assumptions that affect the disclosure of potential receivables and liabilities as of the date of the preparation of the financial statements, and the income and expenses arising during the accounting period. These estimations and assumptions are based on information available as of the date of preparation of the financial statements. However, future actual results may vary from these estimates. These estimations mostly refer to the estimations of the useful life of equipment and reserves.

## 3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

### 3.1. Income and Expenses

Income is recorded when there is high probability that the economic benefits attributable to business transactions will flow to ReSPA.

Revenues from sales are recorded according to the accrual basis in accordance with the agreed conditions of sale. Income is measured at the fair value of the consideration received or receivable, for the products sold and services rendered in the regular course of business, net of any discounts.

At the time when income is recognized, the related expenditure is also recognized (as per the "matching principle"). The expense is charged to the statement of comprehensive income in the accounting period to which it relates, and when it does not qualify to be recognized as assets.

Interest income and interest expense are credited or charged to the statement of comprehensive income in the accounting period to which they relate.

### 3.2. Employee Benefits

Pursuant to the provisions of Chapter "X - privileges and immunities" of Agreement on Foundation of ReSPA signed in Podgorica on November 21, 2008 i.e. Certificate on registration issued by Ministry of foreign affairs of Montenegro - Department for consular affairs and diasporas, and pursuant to the provisions of the Article 166, paragraph 1 of the Law on General Administrative Procedure (Official Gazette of the Republic of Montenegro No. 60/02, 60/03 and Official Gazette of Montenegro No. 32/11) and on the basis of Article 18a paragraph 4) item 1) of the Law on Social Security ("Official Gazette of Montenegro" No. 13/07, 79/08, 86/09, 78/10, 14/12, 62/13, and 08/15), ReSPA is exempt from contributions and other duties relating to salaries.

### 3.3. Exchange Gains and Losses

All assets and liabilities denominated in foreign currencies as of the statement of financial position date are translated to EUR by applying the official exchange rates as of that date. Business transactions denominated in foreign currencies are translated to EUR by applying the official exchange rates available at European Commission official web site. Foreign exchange gains or losses arising upon the translation of assets, liabilities and transactions are credited or charged to the statement of comprehensive income as finance income or expenses.

### 3.4. Taxes and Contributions

Pursuant to the provisions of Chapter "X - privileges and immunities" of Agreement on Foundation of ReSPA signed in Podgorica on November 21, 2008 i.e. Certificate on registration issued by Ministry of foreign affairs of Montenegro - Department for consular affairs and diasporas, and pursuant to the provisions of the Article 166, paragraph 1 of the Law on General Administrative Procedure, and according to the following:

**NOTES TO THE FINANCIAL STATEMENTS**
**Year Ended December 31, 2016**

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.4. Taxes and Contributions (Continued)

- Article 184, paragraph 1) item 1) of the Customs Law ("Official Gazette of Montenegro" No. 21/08, 28/12),
- Article 25, paragraph 1) item 8b) of Law on Value Added Tax ("Official Gazette of the Republic of Montenegro" No. 04/06, and Official Gazette of Montenegro No. 16/07, 29/13 09/15,53/16,001/17),
- Article 6, paragraph 1) item 1) of Law on Personal Income Tax ("Official Gazette of the Republic of Montenegro" No. 37/04, 78/06 and Official Gazette of Montenegro No, 86/09, 14/12, 06/13, 62/13, 60/14 ,79/15,83/16),
- Article 18a paragraph 4) item 1) Law on Social Security ("Official Gazette of Montenegro" No. 13/07, 79/08, 86/09, 78/10, 14/12, 62/13, and 08/15).

ReSPA is exempt from customs duties, taxes and other fiscal charges.

### 3.5. Intangible Assets

After the initial recognition, an intangible asset shall be carried at its cost less any accumulated amortization and any impairment losses. Intangible assets comprise purchased software.

Costs directly attributable to the acquisition of software for which it is probable that the future economic benefits attributable to the asset will flow to the entity over a period exceeding one year, are recognized as intangible assets. Costs incurred based on computer software maintenance and development are disclosed as expense of the period to which they relate.

### 3.6. Equipment and investments in assets owned by third parties

An item is classified as an item of equipment if its useful life is longer than one year.

Equipment is stated at cost net of accumulated depreciation. Cost represents the price billed by suppliers increased all costs incurred in bringing new fixed assets into functional use.

Investments in assets that are not owned by the company and that have an expected useful life of more than one year are considered investments in assets owned by third parties.

Additional expenditures incurred while investing in assets owned by third parties, such as replacement of parts of property or equipment, modification, adaptation or general repair of the assets are recognized as an increase in the net book value of the investments in assets owned by third parties, when it is probable that future economic benefits will flow to ReSPA, and when the cost can be reliably measured.

The maintenance and repair expenses: replacement and installation of spare parts and consumables used, as well as the expenses of day-to-day servicing of equipment are charged to expenses of the period.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognized in the statement of comprehensive income.

### 3.7. Amortization

The amortization of equipment is calculated based on the cost of an asset at the beginning of the year, as well as equipment put into use during the year on the straight-line basis. The basic annual rates of depreciation in 2016 were unchanged in comparison to previous year and are presented in the following table:

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.7. Amortization (Continued)

| | Useful life (in years) | Rate (%) | Rate Prescribed by Income Tax Law (%) |
|---|---|---|---|
| Vehicles | 5 | 20 | 15 |
| Computers and other equipment | 5 | 20 | 30 |
| Other equipment | 3 – 10 | 33.33 – 10 | 20 |

The amortization of equipment and software is calculated using digressive method for the whole period, disregarding the date of activation of such assets.

### 3.8. Impairment of Assets

ReSPA's management reviews the carrying amounts of the intangible and tangible assets. If there is any indication that such assets have been impaired, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. If the estimated recoverable amount of assets is below their carrying value, the carrying amount of the asset is reduced to its recoverable amount.

### 3.9. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes the invoiced value increased for import expenses and other non-recoverable duties, transportation, manipulative and other expenses that can be directly attributed to acquisition. The inventories of materials used are assigned using the weighted-average cost method.

The net realizable value is the price at which inventories may be sold in the normal course of business, after deduction of sale realization expenses.

Provisions that are charged to "Other expenses" are made where appropriate in order to reduce the carrying value of such inventories according to the management's best estimate of their net realizable value. Inventories found to be damaged, expired or of a substandard quality are adjusted or written off in total amount.

### 3.10. Donations of European Commission

Granted assets i.e. donated assets (IT equipment, furniture given to use of ReSPA and other related equipment), are recognized at cost at the time of admission. The long-term provisions are formed in the amount of the cost value of equipment.

Donations received for the purpose of purchasing equipment and nonmaterial donations (property) are shown as deferred donations and are amortized over the useful life of the donated equipment.

The amounts of depreciation of the donated equipment are recorded as other operating income during the useful life of the donated equipment.

Income generated from a financial assistance of the European Commission comprises grants approved to ReSPA for the purpose of financing its operations. Funds received are recognized as income on a systematic and rational basis for the period, in the amount necessary to cover the operational costs.

**NOTES TO THE FINANCIAL STATEMENTS**
**Year Ended December 31, 2016**

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.11. Financial Instruments

Financial assets are comprised of accounts receivable. The classification of the financial assets depends on a kind and purpose of a financial instrument and is determined at the time of initial recognition.

*Accounts Receivable*

Accounts receivable and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortized cost using the effective interest rate method, reduced for any impairment based on the management's estimate of their collectability.

*Impairment of Financial Assets*

Financial assets are assessed for impairment as of the financial statements' preparation date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of financial assets impairment could include the following:

- significant financial difficulty of the legal entity - counterparty; or
- delay or default in interest or principal payments (more then 360 days from maturity date; or
- it becomes probable that the borrower will enter bankruptcy or financial re-organization.

The book value of accounts receivable is reduced through the allowance account. When an account receivable is not collectible, it is written off through the impairment account. Subsequent collections of the previously written off amounts are disclosed as a decrease in the allowance for impairment. Changes in the book value on the impairment account are recognized in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

*Derecognition of Financial Assets*

Financial assets cease to be recognized only when the ReSPA loses control of the contractual rights governing such instruments, or if it transfers financial assets along with all the risks and rewards of ownership to another entity. In case when ReSPA neither transfers nor substantially retains any of the risks or returns arising from the ownership of financial assets, and it retains control over financial assets, it continues to recognize financial assets.

### 3.12. Fair Value

*Cash Equivalents and Cash*

In the statement of cash flows, cash and cash equivalents comprise cash in hand, cash and balances on current bank accounts, and demand deposits placed with commercial banks for the period of up to three months, that are readily convertible to known amounts of cash with insignificant risk of changes in value.

**NOTES TO THE FINANCIAL STATEMENTS**
**Year Ended December 31, 2016**

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.12. Fair Value (Continued)

*Short Term Liabilities*

Short term liabilities are initially measured at fair value, net of transaction costs.

*Derecognition of Financial Liabilities*

ReSPA derecognizes financial liabilities when, and only when, ReSPA's obligations are discharged, cancelled or expired.

It is a policy of ReSPA to disclose the fair value information of those components of assets and liabilities for which published or quoted market prices are readily available, and of those for which the fair value may be materially different than their recorded amounts. In Montenegro, sufficient market experience, stability and liquidity do not exist for the purchase and sale of receivables, investments and other financial assets or liabilities, for which published market prices, at present, are not readily available. As a result, fair value cannot readily or reliably be determined. The management of ReSPA assesses its overall risk exposure, and in instances in which it estimates that the value of assets stated in its books may have suffered an impairment loss, appropriately, it recognizes a provision made in order to reduce the value of these assets to their estimated recoverable amounts. In the management's opinion, the reported carrying amounts are the most valid and useful reporting values under the present market conditions.

## 4. SALES INCOME

(In EUR)

| | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|
| Income generated from services rendered-Hotel | 140,387 | 199,175 |
| | 140,387 | 199,175 |

## 5. OTHER INCOME

(In EUR)

| | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|
| Financial donation (Note 18) | 642,217 | 1,661,820 |
| Financial donation in equipment (Note 18) | 11,287 | 149,461 |
| Membership fees | 750,000 | 750,000 |
| Prior period income | 5,203 | 5,098 |
| Income from reduction in liabilities | 42,299 | - |
| Other income | - | 7,182 |
| | 1,451,006 | 2,573,561 |

Income from financial donation, which, for the period from January 1 to December 31, 2016, amounted to EUR 642,217 and referred to funds from a donation of the European Commission „Grant Contract Mainstream of ReSPA Activities No. 2016/373-854", signed on June 24, 2016, with an scheduled implementation period of two years in the amount of EUR 623,569, while the amount of EUR 18,648 referred to funds from donation of the European Commission „Grant Contract Mainstream of ReSPA Activities No. 2013/331-241" signed on November 25, 2013 with a scheduled implementation period of two years.

**NOTES TO THE FINANCIAL STATEMENTS**
**Year Ended December 31, 2016**

## 5. OTHER INCOME (Continued)

In accordance with Article 23, Chapter "IX - privileges and immunities" of the Agreement on Foundation of ReSPA, all signatories of the agreement are required to pay an annual fee (for the Core Budget) in the amount of EUR 150,000 per member country.

Revenue from membership fees by member countries for the period from January 1 through December 31, 2016 and for a period from January 1 through December 31, 2015 is as shown in the table below:

| | Year ended December 31, 2016 | (In EUR ) Year ended December 31, 2015 |
|---|---|---|
| Republic of Albania | 150,000 | 150,000 |
| Bosnia and Herzegovina | 150,000 | 150,000 |
| Republic of Macedonia | 150,000 | 150,000 |
| Montenegro | 150,000 | 150,000 |
| Republic of Serbia | 150,000 | 150,000 |
| | 750,000 | 750,000 |

## 6. CHANGES IN INVENTORIES OF FINISHED GOODS AND UNFINISHED PRODUCTION

| | Year ended December 31, 2016 | (In EUR) Year ended December 31, 2015 |
|---|---|---|
| Cost of goods sold at wholesale | 3,176 | 38,317 |
| | 3,176 | 38,317 |

## 7. RAW MATERIALS, FUEL AND ENERGY USED

| | Year ended December 31, 2016 | (In EUR) Year ended December 31, 2015 |
|---|---|---|
| Maintenance | 9,651 | 17,177 |
| Fuel and electricity | 31,637 | 39,298 |
| Office materials | 14,892 | 53,637 |
| | 56,180 | 110,112 |

## 8. SALARIES, WAGES AND OTHER PERSONNEL EXPENSES

| | Year ended December 31, 2016 | (In EUR) Year ended December 31, 2015 |
|---|---|---|
| Salaries | 395,877 | 475,381 |
| Per diems for business trips | 71,704 | 33,670 |
| Transport, accommodation and meals on business trips | 48,615 | 74,481 |
| | 516,196 | 583,532 |

**NOTES TO THE FINANCIAL STATEMENTS**
**Year Ended December 31, 2016**

## 9. DEPRECIATION

(In EUR)

| | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|
| Amortization of intengible assets (Note 12) | 3,056 | 5,846 |
| Amortization of tangible assets (Note 13) | 61,901 | 184,271 |
| | 64,957 | 190,117 |

The cost of depreciation of tangible assets, which for the period from January 1 to December 31, 2016 amounted to EUR 61,901 (2015: EUR 184,271), included the costs of amortization of donated funds in the amount of EUR 11,287, and referred to the depreciation of equipment which has received by ReSPA in a donated of the European Union in 2010 (Note 13 and 18).

## 10. COSTS OF PRODUCTION SERVICES

(In EUR)

| | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|
| Costs of maintenance of computer equipment | 1,040 | 1,457 |
| Costs of maintenance vehicles | 1,441 | 3,370 |
| Costs of maintenance of office furniture | 958 | 278 |
| Maintenance costs – business premises | 2,559 | 3,255 |
| Maintenance costs of the building | 2,164 | 1,478 |
| Other costs of maintenance | 1,281 | 6,506 |
| | 9,443 | 16,344 |

## 11. COSTS OF NON - PRODUCTION SERVICES

(In EUR)

| | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|
| Seminars | 318,766 | 893,334 |
| Banking fees | 9,930 | 18,472 |
| Marketing and advertisement | 6,197 | 1,702 |
| Legal, accounting and consultancy services | 32,150 | 29,045 |
| Other professional services | 349,634 | 604,337 |
| Postal services | 31,624 | 38,389 |
| Cost of the lease of rooms and inventory | 4,840 | 13,820 |
| Implementation of EC Grant | - | 50,400 |
| Translation services | - | 76,437 |
| Representation costs | 45,248 | 32,291 |
| Cost of utilities | 5,212 | 7,125 |
| Catering costs | 41,700 | 15,384 |
| The costs of securing the facility | 22,200 | 22,250 |
| Expenses of non-production services | 55,643 | 8,278 |
| Membership fees | 3,645 | 1,083 |
| Cost of insurance premiums for fixed assets | 21,293 | 22,354 |
| | 948,082 | 1,834,701 |

Seminars expenses in the amount of EUR 318,766 refer to the costs of organizing the seminars in ReSPA's premises or the cost of the summer schools organized by ReSPA.

**NOTES TO THE FINANCIAL STATEMENTS**
**Year Ended December 31, 2016**

## 12. INTANGIBLE ASSETS

| | (In EUR) Software and licences |
|---|---|
| **Cost** | |
| Balance, January 1, 2015 | 18,658 |
| Balance, December 31, 2015 | 18,658 |
| Balance, January 1, 2016 | 18,658 |
| Balance, December 31, 2016 | 18,658 |
| **Accumulated Amortization** | |
| Balance, January 1, 2015 | 3,755 |
| Amortization (Note 9) | 5,846 |
| Balance, December 31, 2015 | 9,601 |
| Balance, January 1, 2016 | 9,601 |
| Amortization (Note 9) | 3,056 |
| Balance, December 31, 2016 | 12,657 |
| **Book Value as at:** | |
| - December 31, 2016 | 6,001 |
| - December 31, 2015 | 9,057 |

## 13. PROPERTY AND INVESTMENTS IN ASSETS OWNED BY THIRD PARTIES

In EUR

| | Investment in buildings – property not owned by ReSPA | IT Equipment | Furniture | Vehicles | Tools and small inventory | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance, January 1, 2015 | 47,769 | 459,354 | 570,235 | 45,890 | 52,753 | 1,176,001 |
| Acquisitions | - | 2,052 | 17,802 | - | 2,239 | 22,093 |
| Balance, December 31, 2015 | 47,769 | 461,406 | 588,037 | 45,890 | 54,992 | 1,198,094 |
| Balance, January 1, 2016 | 47,769 | 461,406 | 588,037 | 45,890 | 54,992 | 1,198,094 |
| Acquisitions | - | 52,710 | 12,100 | - | 425 | 65,235 |
| Balance, December 31, 2016 | 47,769 | 514,116 | 600,137 | 45,890 | 55,417 | 1,263,329 |
| **Impairments** | | | | | | |
| Balance, January 1, 2015 | 26,874 | 390,839 | 426,160 | 14,504 | 20,086 | 878,463 |
| Depreciation during the period (note 9) | 20,895 | 69,258 | 84,786 | 9,178 | 154 | 184,271 |
| Balance, December 31, 2015 | 47,769 | 460,097 | 510,946 | 23,682 | 20,240 | 1,062,734 |
| Balance, January 1, 2016 | 47,769 | 460,097 | 510,946 | 23,682 | 20,240 | 1,062,734 |
| Depreciation during the period (note 9) | - | 29,696 | 22,890 | 9,178 | 137 | 61,901 |
| Balance, December 31, 2016. | 47,769 | 489,793 | 533,836 | 32,860 | 20,377 | 1,124,635 |
| **Net Book Value** | | | | | | |
| **December 31, 2016** | - | 24,323 | 66,301 | 13,030 | 35,040 | 138,694 |
| **December 31, 2015** | - | 1,309 | 77,091 | 22,208 | 34,752 | 135,360 |

## 13. PROPERTY AND INVESTMENTS IN ASSETS OWNED BY THIRD PARTIES (Continued)

In accordance with the Agreement concluded between ReSPA and the Government of Montenegro on the headquarters and the functioning of ReSPA in the host country ("Host Country Agreement"), the Government of Montenegro as a host country, was obliged to provide free of charge all the necessary conditions operating, including the offices of ReSPA and hotel facility, as well as the surrounding land. Under this agreement, the Government was obliged to give these properties to ReSPA for the use (note 1).

The European Union at the end of 2010 donated IT equipment and furniture to ReSPA in the total amount of EUR 857,968. In accordance with the Decision enacted by the Board of Directors of ReSPA, Directorate for Human Resources had an obligation of taking the above mentioned equipment donated by the European Union, and the obligation to coordinate the activities on furnishing the facilities given to the use of ReSPA by the Government of Montenegro, and to ensure continuous monitoring of these facilities to their assignment to ReSPA. Based on the Decision of the Directorate dated December 6, 2012, the inventory count committee was formed comprising members of the Directorate for Human Resources and RESPA, which conducted the annual inventory count, based on which the above mentioned equipment and furniture has been transferred on January 29, 2013 in the total amount of EUR 857,968.

On April 29, 2015, the Government of Montenegro – Directorate for Personnel and ReSPA concluded the Agreement on Disposal for Usage of official premises, equipment, hotel facility and surrounding land, pursuant to which ReSPA will continue to use the related property without compensation, being also in compliance with the provisions of Article 2 of the Agreement concluded between the Government of Montenegro and ReSPA referring to headquarters and functioning of ReSPA in the host country.

Total depreciation of property, and investments in assets owned by third parties for the year ended December 31, 2016 amounted to EUR 60,901, out of which the depreciation of donated equipment was in the amount of EUR 11,287 and it is recognized as income of the related period (Note 5 and 9).

## 14. INVENTORIES

**(In EUR)**

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| Storehouse inventories | 37,785 | 25,620 |
| | 37,785 | 25,620 |

As of December 31, 2016, ReSPA has inventories in the amount of EUR 37,785 relating to food, beverage and materials that are used by participants in the seminars, experts and trainers in the Hotel, given that trainings are organized in that way that all the participants, experts and trainers have been provided with the accommodation and food in the ReSPA.

## 15. ACCOUNTS RECEIVABLE

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| | | (In EUR) |
| Receivables from membership fees (Contribution) | | |
| - Montenegro | 40,961 | 37,455 |
| - Macedonia | 67,727 | - |
| | 108,688 | 37,455 |
| Receivables from customers: | | |
| - domestic | 19,205 | 3,113 |
| - foreign | 5,079 | 1,375 |
| | 24,284 | 4,488 |
| Other receivables | 6,529 | 13,729 |
| *Less allowance:* | | |
| - for trade receivables | (3,158) | (3,158) |
| | 136,343 | 52,514 |

Pursuant to the provisions of Article 23, Chapter IX of Agreement on Foundation of ReSPA signed in Podgorica on November 21, 2008, all states parties to the agreement are required to pay an annual fee (for the Core Budget) in the amount of EUR 150,000 per member country.

Accordingly, during the year 2016 Member of States have paid a total of EUR 679,337, and each member paid the sum of EUR 150,000 except the Montenegro which have paid EUR 109,039 and Macedonia which have paid EUR 82,273 in membership fees for 2016.

## 16. CASH EQUIVALENTS AND CASH

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| | | (In EUR) |
| Gyro accounts | 287,441 | 150,562 |
| Foreign currency account | 2,176,234 | 886,482 |
| Cash in hands | 683 | - |
| | 2,464,358 | 1,037,044 |

## 17. SHORT-TERM LIABILITIES

(In EUR)

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| Payables to suppliers: | | |
| - domestic | 110,412 | 44,084 |
| - foreign | 1,040 | 3,054 |
| - other liabilities | 1,183 | 1,182 |
| | 112,635 | 48,320 |
| Liabilities to employees | 858 | 3,137 |
| Payables under the contract on hiring experts | 26,403 | 4,619 |
| | 139,896 | 56,076 |

## 18. ACCRUED LIABILITIES

(In EUR)

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| Received financial donation | 1,843,558 | 461,366 |
| Received donation in equipment | - | 11,287 |
| Accrued expenses | 115,202 | 15,900 |
| | 1,958,760 | 488,553 |

Changes in accrued liabilities arising from financial donations received for the year 2016 and 2015 are shown in the following table:

(In EUR)

| | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|
| Balance at the beginning of the period | 461,365 | 788,414 |
| Increase during the period - Grant | 2,024,410 | 1,334,771 |
| Used during the period – Grant (Note 5) | (642,217) | (1,661,820) |
| Balance at the end of the year | 1,843,558 | 461,365 |

Changes in accrued liabilities arising from financial donations in equipment received for the year 2016 and 2015, are shown in the following table:

(In EUR)

| | Year ended December 31, 2016 | Year ended December 31, 2015 |
|---|---|---|
| Balance at the beginning of the period | 11,287 | 160,748 |
| Depreciation for the period (Note 5 and 9) | (11,287) | (149,461) |
| Balance at the end of the year | - | 11,287 |

## 19. RISK MANAGEMENT

### 19.1. Equity Risk Management

There is no formal equity risk management framework implemented in ReSPA. Management deals with equity risk on a case-to-case basis with the aim to mitigate risks and ensure that ReSPA is able to continue as a going concern. As a part of this review, Management considers the cost of capital and the risks associated with each class of capital. Based on this review, ReSPA will balance its overall capital structure, by assuming new liabilities or by settling existing liabilities.

### 19.2. Significant Accounting Policies

The details of significant accounting policies and methods adopted, including the recognition criteria, basis for measurement and recognition of income and expenses for each category of financial assets, financial liabilities and equity instruments are disclosed in Note 3 to the financial statements.

### 19.3. Categories of Financial Instruments

(In EUR)

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| **Financial assets** | | |
| Accounts receivable | 129,814 | 45,967 |
| Cash and cash equivalents | 2,464,358 | 1,037,044 |
| | 2,594,172 | 1,083,011 |
| **Financial liabilities** | | |
| Short term liabilities | 112,635 | 48,320 |
| | 112,635 | 48,320 |

ReSPA does not enter into transactions with derivative financial instruments, such as interest rate swaps or forwards. In addition, in the course of the year ended December 31, 2016, ReSPA did not undertake transactions involving financial instruments.

Basic financial instruments of ReSPA comprise cash and cash equivalents and receivables, which arise directly from ReSPA's operations, as well as accounts payable.

### 19.4. Aims of Financial Risk Management

In its business activities, ReSPA is exposed to a variety of financial risks, including liquidity risk. ReSPA does not use derivative financial instruments or any other form of hedges against these risks.

There is no formal risk management framework implemented in ReSPA. The Financial Department focuses mainly on liquidity risk, acting on a case-to-case basis to mitigate risks and minimize losses. However, such activities, on "as needed" basis, may not be entirely effective, and therefore ReSPA cannot prevent the adverse effects of fluctuations in the risk variables on the operations, financial position and financial performance.

### 19.5. Market Risk

*(a) Currency Risk*

ReSPA is not exposed to risks of the fluctuations in foreign currencies exchange rates, because all business operations are performed in the currency EUR.

**19. RISK MANAGEMENT (Continued)**

**19.5. Market Risk (Continued)**

*(b) Interest Rate Risk*

The following table gives the present value of financial assets and financial liabilities and their fair value as at December 31, 2016:

**(In EUR)**

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| *noninterest* | | |
| **Non-interest bearing financial assets** | | |
| Accounts receivable | 129,814 | 45,967 |
| Cash and cash equivalents | 2,464,358 | 1,037,044 |
| | 2,594,172 | 1,083,011 |
| *noninterest* | | |
| **Non-interest bearing financial liabilities** | | |
| Short term liabilities | 112,635 | 48,320 |
| | 112,635 | 48,320 |

Given that ReSPA neither has significant interest-bearing assets nor liabilities, the ReSPA's income and expenses are to a great extent independent of interest rate risks.

**19.6. Credit Risk**

*Matured receivables from customers*

As at December 31, 2016 not matured receivables from customers in the amount of EUR 129,814 (December 31, 2015: EUR 45,967) primarily relate to receivables from customers for the hospitality and restaurant services rendered during the training sessions, as well as receivables from the Government of Montenegro and Government of Macedonia for unpaid membership fee for 2016. These receivables are usually due within 30 days after the invoice issuance date, depending on the agreed terms of payment.

The structure of accounts receivable as of December 31, 2016 is shown in the following table

**(In EUR)**

| | Gross | Allowance for impairment | Net |
|---|---|---|---|
| Matured accounts receivable | 132,972 | (3,158) | 129,814 |
| | 132,972 | (3,158) | 129,814 |

The structure of accounts receivable as of December 31, 2015 is shown in the following table:

**(In EUR)**

| | Gross | Allowance for impairment | Net |
|---|---|---|---|
| Matured accounts receivable | 49,125 | (3,158) | 45,967 |
| | 49,125 | (3,158) | 45,967 |

## 19. RISK MANAGEMENT (Continued)

### 19.6. Credit Risk( continued)

*Receivables*

Receivables as of December 31, 2016 and 2015 are presented in the following table:

| | December 31, 2016 | (In EUR) December 31, 2015 |
|---|---|---|
| Montenegro – membership | 40,961 | 37,455 |
| Macedonia – membership | 67,727 | - |
| Municipalitiy of Danilovgrad | - | 1,285 |
| Human Resources Administration | - | 1,720 |
| EIPA | - | 1,348 |
| Congress travel | 3,701 | - |
| Other receivables | 17,425 | 4,159 |
| | 129,814 | 45,967 |

### 19.7. Liquidity risk

On the ReSPA level, liquidity management is centralized. The ReSPA manages its assets and liabilities in the manner which is to ensure that the ReSPA is able to settle its liabilities at any time.

The ReSPA has sufficient amount of highly liquid assets (cash and cash equivalents) and continuous cash flows from service rendering which enables it to settle its liabilities on maturity. The ultimate responsibility for liquidity risk management rests with the Financial Department, which is responsible for the management of the ReSPA's short, medium and long-term funding and liquidity management requirements. The ReSPA manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecasted and actual cash flows and matching between maturities of financial assets and liabilities. The ReSPA does not use financial derivatives.

Also, the business policy led to dispersion in decision-making levels regarding the acquisition of goods/services. The dispersion is secured through the limits in the powers to make decisions on the liquidity risk exposure vested in an individual or in a ReSPA's department.

The following tables give the details of outstanding contractual assets and liabilities of ReSPA. The amounts presented are based on the undiscounted cash flows arising from financial assets and liabilities based on the earliest date upon which the ReSPA will be due to settle such payables. The table includes both interest and principal cash flows.

### 19.7. Liquidity risk (Continued)

| Amounts in EUR | Up to 1 Month | 1 to 3 months | 3 to 6 months | 6 to 12 months | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | | |
| Cash and cash equivalents | 2,464,358 | - | - | - | - | - | 2,464,358 |
| Accounts receivable | 129,814 | - | - | - | - | - | 129,814 |
| **Total:** | 2,594,172 | - | - | - | - | - | 2,594,172 |
| **Financial liabilities** | | | | | | | |
| Short term liabilities | 112,635 | - | - | - | - | - | 112,635 |
| **Total:** | 112,635 | - | - | - | - | - | 112,635 |
| **Maturity gap:** | | | | | | | |
| **- December 31, 2016** | 2,481,537 | - | - | - | - | - | 2,481,537 |
| **- December 31, 2015** | 1,027,509 | 7,182 | - | - | - | - | 1,034,691 |
| **Cumulative gap:** | | | | | | | |
| **- December 31, 2016** | 2,481,537 | - | - | - | - | - | 2,481,537 |
| **- Decembra 31, 2015** | 1,027,509 | 1,034,691 | - | - | - | - | 1,034,691 |

### 19.8. Fair Values of Financial Assets and Liabilities

The following table shows the present value of financial assets and financial liabilities and their fair value as at December 31, 2016:

**(In EUR)**

| | December 31, 2016 | | December 31, 2015 | |
|---|---|---|---|---|
| | **Carrying Amount** | **Fair Value** | **Carrying Amount** | **Fair Value** |
| **Financial assets** | | | | |
| Accounts receivable from customers | 129,814 | 129,814 | 45,967 | 45,967 |
| Cash and cash equivalents | 2,464,358 | 2,464,358 | 1,037,044 | 1,037,044 |
| | 2,594,172 | 2,594,172 | 1,083,011 | 1,083,011 |
| **Financial liabilities** | | | | |
| Accounts payable | 112,635 | 112,635 | 48,320 | 48,320 |
| | 112,635 | 112,635 | 48,320 | 48,320 |

The assumptions used to estimate current fair values of financial assets and liabilities are summarized below:

- The fair value of other financial assets and liabilities carried at amortized value maturing within a year approximates their fair value as the original interest rates do not differ significantly from the market interest rates.

## 20. RELATED PARTIES TRANSACTIONS

Personal benefit of the key management employees for the period from January 1 through December 31, 2016 amounted to EUR 187,529 (2015: EUR 198,439).

## 21. LITIGATIONS

As of December 31, 2016 ReSPA was not engaged in any legal disputes neither as a defendant nor as a plaintiff.

## 22. SUBSEQUENT EVENTS

There were no corrective and non-corrective events after the date of the statement of financial position.