

THE PERMANENT SECRETARIAT OF THE TRANSPORT COMMUNITY

Independent Auditor's Report and Financial Statements

As at and for the year ended December 31st, 2024

Content

	Page
INDEPENDENT AUDITOR'S REPORT	i-iii
FINANCIAL STATEMENTS:	
<i>STATEMENT OF THE FINANCIAL POSITION</i>	
<i>STATEMENT OF THE FINANCIAL PERFORMANCE</i>	
<i>STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS</i>	
<i>INDIRECT METHOD CASH FLOW STATEMENT</i>	
<i>STATEMENT OF CHANGES IN NET ASSETS</i>	
NOTES TO THE FINANCIAL STATEMENTS	1 – 25

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of **The Permanent Secretariat Of The Transport Community** ("the Organization"), which comprise the statement of the financial position as at 31 December 2024, statement of the financial performance, statement of comparison of budget and actual amounts, statement of cash flows, statement of changes in net assets for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024, its financial performance and its cash flows for the year 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) together with the ethical requirements that are relevant to our audit of the financial statements in Albania, 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.

Other matters

The financial statements of Permanent Secretariat of the Transport Community for the year ended as at 31 December 2023 have been audited by another auditor who issued an unmodified audit opinion on 19 June 2024.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards (IPSAS), and for such internal control as management determines is necessary to enable the preparation of the financial statement 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 the 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.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

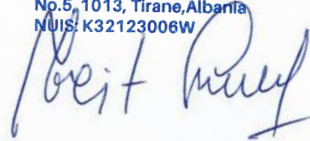
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. 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 consolidated 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to 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.

August 26th, 2025

**forv/s
mazars**

Emin Duraku, Str. Binjaket Build.,
No.5, 1013, Tirane, Albania
NUIB: K32123006W



Teit Gjini

Statutory Auditor

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

	Notes	December 31, 2024 (in EUR)	December 31, 2023 (in EUR)
ASSETS			
A. Current assets			
I. Cash and cash equivalents	1	866,451.82	1,182,626.36
II. Receivables and prepayments	2	30,192.55	22,155.66
Total current assets		896,644.37	1,204,782.02
B. Non-current assets			
I. Intangible assets	3		
Software and licenses		408,489.27	638,373.87
II. Tangible assets	4		
Infrastructure, plant and equipment		44,410.17	72,184.52
Total non-current assets		452,899.44	710,558.39
TOTAL ASSETS		1,349,543.81	1,915,340.40
LIABILITIES			
A. Current liabilities			
I. Accounts payable	5		
Trade payables		82,159.96	129,630.05
Payables to staff		674.76	2,632.07
Legal commitments		554,848.25	509,046.71
Accruals		31,914.17	19,199.21
Total accounts payables		669,597.14	660,508.04
II. Unused budget appropriations	6		
Unused appropriations 2023 (Contracting Parties)/Deferred			544,273.96
Unused appropriations 2024 (Contracting Parties)/Deferred		227,047.22	
Total unused budget appropriations		227,047.22	544,273.96
B. Non-current liabilities			
I. Investments	7	452,899.45	710,558.39
TOTAL LIABILITIES AND NET ASSETS		1,349,543.81	1,915,340.40

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING DECEMBER 31, 2024

	Notes	12 Months Period ending Dec, 2024 (in EUR)	12 Months Period ending Dec, 2023 (in EUR)
REVENUE	8		
Budget contributions parties		3,121,200.00	3,060,000.00
Legal commitments, prior year		509,046.71	428,995.00
Legal commitments, current year		(554,848.25)	(509,046.71)
Allocation to investments		(5,857.86)	(215,184.71)
Unused appropriations		(227,047.22)	(544,273.96)
Total contributions		2,842,493.38	2,220,489.62
TOTAL REVENUE		2,842,493.38	2,220,489.62
EXPENSES	9		
Staff costs			
Staff salaries		1,175,571.91	1,169,227.07
Health/Pension/Social security contr.		149,949.61	150,773.11
Other staff costs		18,407.08	7,515.08
Seconded staff costs		16,704.24	
Total staff costs		1,360,632.84	1,327,515.26
Depreciation and Amortization Expense			
Fixed assets amortization charge		267,681.57	165,071.97
Depreciation and amortization usage		(267,681.57)	(165,071.97)
Total fixed assets amortization		-	-
Operating expenses			
Running costs		1,421,715.96	875,874.40
Recruitment costs		6,167.30	3,590.19
Finance costs		22,387.28	13,509.77
Locally contracted experts		31,590.00	
Total operating expenses		1,481,860.54	892,974.36
TOTAL EXPENSES		2,842,493.38	2,220,489.62
NET SURPLUS FOR THE PERIOD		0.00	0.00

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the Financial Year 2024 (In EUR)

Budget Heading / Subheading	2024 Budget	Budget Transfers	Revised Budget	Actual Amounts 2024 on a comparable basis	Legal Commitments 2024	Actual Amounts 2024 on a comparable basis incl. Legal Commitments	Remaining Balance	Budget implementation rate
I. PERMANENT SECRETARIAT	2,799,383	21,843	2,821,225	2,122,640	554,848	2,677,488	143,737	94.91%
1. Personnel Costs	1,442,670	-	1,442,670	1,360,633		1,360,633	82,037	94.31%
2. Travel costs	138,836	-	138,836	137,223		137,223	1,614	98.84%
3. Office costs	48,020	146,301	194,321	21,787	171,069	192,856	1,465	99.25%
4. Other costs and services	799,857	(119,958)	679,898	602,997	18,379	621,377	58,521	91.39%
5. STUDIES, Technical Assistance	370,000	(4,500)	365,500	-	365,400	365,400	100	99.97%
II. MINISTERIAL COUNCIL	15,000	(2,250)	12,750	-	-	-	12,750	0.00%
III. REGIONAL STEERING COMMITTEE	12,353	5,400	17,753	16,302	-	16,302	1,450	91.83%
IV. TECHNICAL COMMITTEES	218,084	(30,713)	187,371	182,827	-	182,827	4,544	97.57%
V. SOCIAL FORUM	9,808	-	9,808	9,626	-	9,626	182	98.14%
VI. BUDGET COMMITTEE	5,286	5,720	11,006	7,579	-	7,579	3,427	68.86%
SUBTOTAL: (I+II+III+IV+V+VI)	3,059,914	-	3,059,914	2,338,974	554,848	2,893,823	166,091	94.57%
Budget Reserve (approx. 2%)	61,286	0	61,286	330		330	60,956	0.54%
TOTAL:	3,121,200	-	3,121,200	2,339,305	554,848	2,894,153	227,047	92.73%

**INDIRECT METHOD CASH FLOW STATEMENT
for the Year ended December 31, 2024**

	12 Months Period ending Dec, 2024 in EUR	12 Months Period ending Dec, 2023 in EUR
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(deficit)	-	-
Non-cash movements		
Depreciation of non-current assets	267,681.57	165,071.97
Usage of obligation dedicated to assets	(267,681.57)	(165,071.97)
(Increase)/Decrease in contribution receivables	-	-
(Increase)/Decrease in prepayments	(8,036.89)	161,500.21
Increase/Decrease) in trade payables and other liabilities	(36,712.44)	(459,444.90)
Increase/Decrease) in legal commitments	45,801.54	80,051.71
Increase/(Decrease) in unused appropriations	(317,226.74)	31,810.03
Net cash flows from operating activities	(316,174.53)	(186,082.95)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of non-current assets	(10,022.62)	(216,251.29)
Net cash flows from investing activities	(10,022.62)	(216,251.29)
CASH FLOWS FROM FINANCING ACTIVITIES		
Grant contribution for assets	10,022.62	216,251.29
Net cash flows from financing activities	10,022.62	216,251.29
Net increase/(decrease) in cash and cash equivalents	(316,174.53)	(186,082.95)
Cash and cash equivalents at beginning of period	1,182,626.36	1,368,709.35
Cash and cash equivalents at end of period	866,451.82	1,182,626.36

Statement of Changes in Net Assets for the Year ended December 31, 2024
(In EUR)

	Budget Contributions	Repayments	Accumulated Surpluses / (Deficits)	Total Net Assets
Balance as at January 1, 2024	544,273.96			544,273.96
Contributions	3,121,199.99		-	3,121,199.99
Allocated budget expenditures	(2,894,152.78)	-	-	(2,894,152.78)
Surplus for the period	-	-	227,047.22	227,047.22
Unused appropriations	-		(227,047.22)	(227,047.22)
Repaid unused appropriations		(435,419.17)		(435,419.17)
Offset unused appropriations		(108,854.79)		(108,854.79)
Balance as at December 31, 2024 carried forward	771,321.17	(544,273.96)	-	227,047.22

**PERMANENT SECRETARIAT
OF THE TRANSPORT COMMUNITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2024**

Belgrade, August 2025

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. 2023/04¹ of the Regional Steering Committee dated 27 June 2023.

* 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.

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

2. 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 2024 was EUR 3,121,200.00 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.

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. The Tax Exemption Certificate is valid for a calendar year and was issued on 28 December 2023.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 rate² as published under:

https://commission.europa.eu/funding-tenders/procedures-guidelines-tenders/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.

² See 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

3. 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 expenses³ 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.

³ 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"

4. 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.

	31 December 2024	31 December 2023
	In EUR	In EUR
Current RSD account	4,517.78	4,943.32
Current EUR account	859,127.56	1,174,489.90
Debit card account EUR	871.81	2,168.27
Debit card account RSD	1,934.67	1,024.87
Total	866,451.82	1,182,626.36

The total amount of cash and cash equivalents as at December 31, 2024 comprises of EUR 4,517.78 on the current RSD account; EUR 859,127.56 on the current EUR account; EUR 871.81 and EUR 1,934.67 on two 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.

	31 December 2024	31 December 2023
	In EUR	In EUR
<i>Other receivables</i>		
Receivables from staff and other prepayments	6,871.20	2,217.11
Receivables for observing member expenses	20,763.45	16,412.17
Total	27,634.65	18,629.28

Note 2: Receivables and Prepayments (continued)

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), recoverable costs from event participants and other prepayments. The receivables for observing member participants⁴ 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.

<i>Prepayments</i>	31 December 2024	31 December 2023
	In EUR	In EUR
Prepaid expenses	2,557.91	3,526.38
Total:	2,557.91	3,526.38

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

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

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 2024	31 December 2023
	in EUR	in EUR
<i>Cost:</i>		
Gross carrying amount 31 December previous year	722,264.94	540,296.35
Additions	-	181,968.59
Disposals	-	-
Gross carrying amount at 31 December current year	722,264.94	722,264.94
<i>Accumulated amortization:</i>		
As at 31 December previous year	83,891.07	27,459.65
Depreciation charge for the current year	229,884.60	56,431.42
Disposals	-	-
Accumulated depreciation 31 December current year	313,775.67	83,891.07
<i>Net carrying amount:</i>		
Net carrying amount at 31 December current year	408,489.27	638,373.87
Net carrying amount at 31 December previous year	638,373.87	512,836.70

During 2024 no additions were made by the Transport Community (for 2023: EUR 181,968.59). The total amount of depreciation for 2024 is EUR 229,884.60 (For 2023: EUR 56,431.42). The major investments from prior years include the Transport Observatory for EUR 599,500 and the Western Balkans Road Safety Observatory for EUR 78,985.00

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>	Vehicles	IT Equipment	Office equipment	Other	Total
Gross carrying amount 01 January 2023	37,250.00	24,253.82	6,882.44	51,902.84	120,289.10
Additions	-	6,646.65	10,914.87	16,721.18	34,282.70
Disposals	-	(120.50)	-	(1,085.87)	(1,206.37)
Gross carrying amount 31 December 2023	37,250.00	30,779.97	17,797.31	67,538.15	153,365.43
Additions	-	9,072.25	950.37	-	10,022.62
Disposals	-	-	-	-	-
Gross carrying amount 31 December 2024	37,250.00	39,852.22	18,747.68	67,538.15	163,388.05
<i>Accumulated depreciation:</i>					
As at 01 January 2023	5,587.47	19,828.89	3,736.79	14,231.26	43,384.41
Depreciation charge for the current year	7,449.96	3,855.73	6,689.79	21,007.39	39,002.87
Disposals	-	(120.50)	-	(1,085.87)	(1,206.37)
As at 31 December 2023	13,037.43	23,564.12	10,426.58	34,152.78	81,180.91
Depreciation charge for the current year	7,449.96	5,195.07	2,898.66	22,253.28	37,796.97
Disposals	-	-	-	-	-
Accumulated depreciation at 31 December 2023	20,487.39	28,759.19	13,325.24	56,406.06	118,977.88
Net carrying amount at 31 December 2023	24,212.57	7,215.85	7,370.73	33,385.37	72,184.52
Net carrying amount at 31 December 2024	16,762.61	11,093.03	5,422.44	11,132.09	44,410.17

During 2024 additions made by the Transport Community amounted to EUR 10,022.62 which included the purchasing of laptops, monitors and other office equipment.

Note 5: Accounts payable

	31 December 2024	31 December 2023
	In EUR	In EUR
Trade payables	82,159.96	129,630.05
Staff payables	674.76	2,632.07
Legal commitments	554,848.25	509,046.71
Accruals	31,914.17	19,199.21
Total	669,597.14	660,508.04

Trade payables include invoices received from suppliers for goods and services received by 31 December 2024 but not yet settled at the end of the year. Trade payables in the total amount of EUR 82,159.96 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 2024 refer to the contractual commitments entered by the Transport Community by 31 December 2024 without having received goods or services by the end of the year. They included: technical assistances for (a) Establishment of the Regional Centre on Railway Excellence EUR 100,000; Setting up of National Access Points and National Bodies for the Western Balkans EUR 122,400; (c) Preparation of tender documentation for the Western Balkans Register of Road Undertakings EUR 143,000.00. Furthermore two contracts were signed for (a) Enhancement of the Transport Observatory Features EUR 122,500; and (b) Upgrade of the Transport Observatory for EUR 48,569.00⁵. Furthermore, there is one supply contract for advertising/publications/visibility materials for EUR 14,889.25 and a service contract for design services EUR 3,490.00

The accruals consist of the total value of goods and services that were provided by 31 December 2024 but haven't been invoiced by the vendors yet. Also included here are the audit fees for 2024.

⁵ Total contract value is EUR 93,569.00 however, only EUR 48,569.00 are allocated from the 2024 Budget, and the rest is planned from the 2025 Budget.

Note 6: Unused appropriations

	31 December 2024	31 December 2023
	In EUR	In EUR
Unused appropriations - 2023 (budget parties)	-	544,273.96
Unused appropriations – 2024 (budget parties)	227,047.22	-
Total	227,047.22	544,273.96

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 2024 is EUR 227,047.22 representing unused appropriations from the financial year 2024. 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 EUR 452,899.45

The carrying amount as of 31 December 2024 of investments consists of the carrying amount as at January 2024 amounting to EUR 710,558.39 and additions amounting to EUR 10,022.62 that were reduced by depreciation and amortisation of EUR 267,681.57 The additions of 2024 are explained under note 4 above.

Note 8: Revenue

	2024	2023
	In EUR	In EUR
Contributions		
Budget contributions parties	3,121,200.00	3,060,000.00
Allocation to investments	(5,857.86)	(215,184.71)
Legal commitments, prior year	509,046.71	428,995.00
Legal commitments, current year	(554,848.25)	(509,046.71)
Unused appropriations	(227,047.22)	(544,273.96)
Total contributions:	2,842,493.38	2,220,489.62

Amounts shown under budget contribution parties' represent total contributions related to the TCT 2024 budget of EUR 3,121,200.00

Parties	Contribution share in %	Contributions payable In EUR
European Union	80.00%	2,496,960.00
Republic of Albania	3.20%	99,878.40
Bosnia and Herzegovina	3.55%	110,802.60
Republic of North Macedonia	2.88%	89,890.56
Kosovo	2.57%	80,214.84
Montenegro	2.38%	74,284.56
Republic of Serbia	5.42%	169,169.04
TOTAL	100%	3,121,200.00

Revenue adjustments are related to the allocation to investments in the amount of EUR 5,857.86 (in 2023: EUR 215,184.71) invested in tangible and intangible assets, legal commitments for the prior year of EUR 509,046.71; legal commitments for the current year in the amount of EUR 554,848.25 and unused appropriations in the amount of EUR 227,047.22 (in 2023: EUR 544,273.96)

Note 9: Expenses

Staff remuneration

	2024	2023
	in EUR	in EUR
Salaries	1,175,571.91	1,169,227.07
Health insurance and pension contributions	149,949.61	150,773.11
Other staff costs	18,407.08	7,515.08
Secondment staff costs	16,704.24	
Total	1,360,632.84	1,327,515.26

The Permanent Secretariat was not fully staffed throughout the year due to staff turnover and the recruitment process. Staff remuneration costs in the total amount of EUR 1,360,632.84 (In 2023: EUR 1,327,515.26) include salaries in the amount of EUR 1,175,571.91 (in 2023: EUR 1,169,227.07); contributions for health and pension contributions in the amount of EUR 149,949.61 (In 2023: EUR 150,773.11). 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. During 2024 one person was seconded for a period of six months.

Depreciation and amortization expense

	2024	2023
	In EUR	In EUR
Office equipment – Information Technology Hardware	5,195.07	3,855.73
Telecommunications equipment	22,253.28	21,007.39
Other equipment	2,898.66	6,689.79
Software licenses / Intangible assets	229,884.60	56,431.42
Motor vehicles	7,449.96	7,449.96
Total	267,681.57	95,434.29

Depreciation and amortization expense include depreciation expenses for Information Technology Hardware (in the amount of EUR 5,195.07; telecommunications equipment depreciation charge amounted to EUR 22,253.28; Other equipment EUR 2,898.66; motor vehicle depreciation charge of EUR 7,449.96; while amortization costs for software licences/intangible assets amounted to EUR 229,884.60.

Note 9: Expenses (continued)

Running costs of the Secretariat	2024	2023
	in EUR	in EUR
Travel costs	137,222.70	117,992.89
Office costs, equipment, and software	20,098.51	16,194.43
Other costs and services	555,370.12	333,807.73
Sub total	712,691.33	467,995.05

Studies and Technical Assistance	2024	2023
	in EUR	in EUR
Studies and Technical Assistance	492,690.00	232,560.00
Sub total	492,690.00	232,560.00

Other Transport Community Bodies	2024	2023
	in EUR	in EUR
Ministerial Council	-	22,372.30
Regional Steering Committee	16,302.47	9,258.08
Technical Committee Meetings	182,827.08	130,585.55
Social Forum	9,625.97	9,987.20
Budget Committee	7,579.11	3,116.22
Sub total	216,334.63	175,319.35

Recruitment costs	2024	2023
	In EUR	In EUR
Recruitment costs	6,167.30	3,590.19
Sub total	6,167.30	3,590.19

Note 9: Expenses (continued)

Locally contracted experts

	2024	2023
	In EUR	In EUR
Locally contracted experts	31,590.00	0.00
Sub total	31,590.00	0.00

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.

Finance costs

	2024	2023
	In EUR	In EUR
Bank charges	20,831.59	12,074.12
Foreign exchange losses	1,592.93	1,448.25
Foreign exchange gains	(37.25)	(12.50)
Total	22,387.28	13,509.77

Finance costs in the total amount EUR 22,387.28 include bank charges EUR 20,831.59 (in 2023: EUR 12,074.12), foreign exchange losses EUR 1,592.93 (in 2023: EUR 1,448.25), Foreign exchange gains EUR 37.25 (in 2023: EUR 12.50).

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 2024 is represented in Note 9 – Expenses (Finance costs).

Note 11: Financial Instruments

As at 31 December 2024, the Transport Community was holding bank performance guarantees for the good execution of four service contracts. Total value of the guarantees was EUR 58,970.00

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 2024	Legal Commitments 2023	Differences Budget Report vs Financial Statements	Actual amounts Statement of Financial Performance
	(a)	(b)	(c)	(d)=(a)+(b)+(c)
I. PERMANENT SECRETARIAT	2,122,639.72	509,046.71	(5,857.86)	2,625,828.57
1. Personnel Costs	1,360,632.84	-	-	1,360,632.84
2. Travel costs	137,222.70	-	-	137,222.70
3. Office costs	21,786.71	4,169.66	(5,857.86)	20,098.51
4. Other costs and services	602,997.47	12,187.05	-	615,184.52
5. STUDIES, Technical Assistance	-	492,690.00	-	492,690.00
II. MINISTERIAL COUNCIL	-	-	-	-
III. REGIONAL STEERING COMMITTEE	16,302.47	-	-	16,302.47
IV. TECHNICAL COMMITTEES	182,827.08	-	-	182,827.08
V. SOCIAL FORUM	9,625.97	-	-	9,625.97
VI. BUDGET COMMITTEE	7,579.11	-	-	7,579.11
Budget Reserve (approx. 2%)	330.18			330.18
TOTAL	2,339,304.53	509,046.71	(5,857.86)	2,842,493.38

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 2024 which are related to the legal commitments attributable to open commitments at the end of 2023.

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

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 2024 amount to EUR 5,857.86 which were charged to the 2024 budget, and an amount of EUR 4,164.75 charged to the 2023 budget brought forward as a legal commitment. Total value of asset additions during the year 2024: EUR 10,022.62

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 2024 on a comparable basis	Legal Commitments 2024	Actual Amounts 2024 on a comparable basis incl. Legal Commitments	Actual Amounts incl. Legal Commitments (%)	Unused Appropriations 2024
I. Permanent Secretariat						
I.1. Human Resources	1,442,670	1,360,633		1,360,633	94.31%	82,037
<i>The target of 100% was not reached due to staff turnover and the recruitment process. A secondment post was vacant for six months.</i>						
I.2. Travel costs	138,836	137,223	-	137,223	98.84%	1,614
<i>Insignificant variance.</i>						
I.3. Office costs, equipment, and software	194,321	21,787	171,069	192,856	99.25%	1,465
<i>Insignificant variance.</i>						
I.4. Other costs and services	679,898	602,997	18,379	621,377	91.39%	58,521
Expenses include advertising, communication and visibility; financial costs and audit fees; meeting and conference costs; information technology and communication costs; consultancy services etc. The main underspending are in the costs events/conferences/meetings due to market conditions, the number of physical participants, and in some cases organising of back to back of such events.						

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

I.5. Studies, Technical Assistance	365,500	-	365,400	365,400	99.97%	100
<i>Insignificant variance.</i>						
II. Ministerial Council	12,750	0.00	-	0.00	0.00%	12,750
The Ministerial Council did not convene during 2024.						
III. Regional Steering Committee	17,753	16,302	-	16,302	91.83%	1,450
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	187,371	182,827	-	182,827	97.57%	4,544
<i>Insignificant variance.</i>						
V. Social Forum	9,808	9,626	-	9,626	98.14%	182
<i>Insignificant variance.</i>						
VI. Budget Committee	11,006	7,579	-	7,579	68.86%	3,427
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	3,059,914	2,338,974	554,848	2,893,823	94.57%	166,091
Budget Reserve (approx. 2%)	61,286	330	-	330	0.54%	60,956
TOTAL	3,121,200	2,339,305	554,848	2,894,153	92.73%	227,047

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

Parties	Contribution share in %	2024 Contributions	Share of the costs	Surplus 2024
	(a)	(b)	(c)	(d=b-c)
European Union	80.00%	2,496,960.00	2,315,322.22	181,637.78
Republic of Albania	3.20%	99,878.40	92,612.89	7,265.51
Bosnia and Herzegovina	3.55%	110,802.60	102,742.42	8,060.18
Republic of North Macedonia	2.88%	89,890.56	83,351.60	6,538.96
Kosovo	2.57%	80,214.84	74,379.73	5,835.11
Montenegro	2.38%	74,284.56	68,880.84	5,403.72
Republic of Serbia	5.42%	169,169.04	156,863.08	12,305.96
TOTAL	100.00%	3,121,200.00	2,894,152.78	227,047.22

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:

	2024	2023
Aggregate remuneration	EUR 210,398.76	EUR 210,539.27
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 grants provided by the European Union DG/NEAR. As a continuation of the first Grant Contract for 2023, in 2024 the TCT Secretariat started implementation of the Grant Contract⁶ signed with the European Union for a total amount of EUR3,128,000.00 for a three-year period.

The funds for 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 2024. In line with the conditions of the grant, a separate expenditure verification has been conducted by the external auditor.

Budget Headings	2024 Budgeted Expenditure (in EUR)	2024 Reported Expenditure (in EUR)
Human Resources	309,551	287,135
Travel	13,850	8,599
Equipment and supplies	27,860	8,115
Project office	5,400	3,023
Other costs, services	270,000	115,071
Total direct eligible costs	626,661	421,944
Indirect costs		
Provision for contingency reserve	31,333	
Total	657,994	421,944

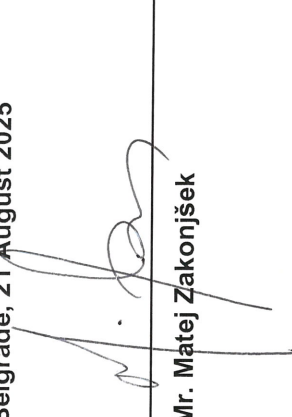
⁶ Grant Contract with reference NDICI-GEO-NEAR/2023/ 452-688

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, 21 August 2025



Mr. Matej Zakonjšek