

THE PERMANENT SECRETARIAT OF THE TRANSPORT COMMUNITY
Independent Auditor's Report and Financial Statements
As at and for the year ended December 31st, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of **The Permanent Secretariat Of The Transport Community** ("the Organization"), which comprise the statement of the financial position as at 31 December 2025, 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, 2025, 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.

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.

June 24th, 2026


**forv/s
mazars**
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Teit Gjini
Statutory Auditor



**PERMANENT SECRETARIAT
OF THE TRANSPORT COMMUNITY**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31st, 2025**

Belgrade, June 2026

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31st, 2025

	Notes	December 31st, 2025 (in EUR)	December 31st, 2024 (in EUR)
ASSETS			
A. Current assets			
I.	1	1,018,151.30	866,451.82
II.	2	6,482.96	30,192.55
		1,024,634.26	896,644.37
B. Non-current assets			
I.	3		
		301,606.35	408,489.27
II.	4		
		19,549.99	44,410.17
		321,156.34	452,899.44
		1,345,790.60	1,349,543.81
LIABILITIES			
A. Current liabilities			
I.	5		
		297,684.12	82,159.96
		2,158.80	674.76
		530,930.00	554,848.25
		2,028.62	31,914.17
		832,801.54	669,597.14
II.	6		
		-	227,047.22
		191,832.71	-
		191,832.71	227,047.22
B. Non-current liabilities			
I.	7	321,156.35	452,899.45
		1,345,790.60	1,349,543.81

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED DECEMBER 31st, 2025

	Notes	12 months period ending December 31 st , 2025 (in EUR)	12 months period ending December 31 st , 2024 (in EUR)
REVENUE	8		
Budget contributions			
Budget contributions parties		3,121,200.00	3,121,200.00
Legal commitments, prior year		554,848.25	509,046.71
Legal commitments, current year		(530,930.00)	(554,848.25)
Allocation to investments		(79,417.77)	(5,857.86)
Unused appropriations		(191,832.71)	(227,047.22)
Total contributions		2,873,867.77	2,842,493.38
TOTAL REVENUE		2,873,867.77	2,842,493.38
EXPENSES	9		
Staff costs			
Staff salaries		1,189,520.83	1,175,571.91
Health/Pension/Social security contributions		154,509.36	149,949.61
Other staff costs		17,668.33	18,407.08
Seconded staff costs		-	16,704.24
Total staff costs		1,361,698.52	1,360,632.84
Depreciation and Amortization Expense			
Depreciation expense		254,835.87	267,681.57
Release of deferred income from asset funding		(254,835.87)	(267,681.57)
Total fixed assets amortization		-	-
Operating expenses			
Running costs		1,453,402.12	1,421,715.96
Recruitment costs		7,191.00	6,167.30
Finance costs		24,656.13	22,387.28
Locally contracted experts		26,920.00	31,590.00
Total operating expenses		1,512,169.25	1,481,860.54
TOTAL EXPENSES		2,873,867.77	2,842,493.38
NET SURPLUS FOR THE PERIOD		0.00	0.00

STATEMENT OF COMPARISON OF BUDGET AND EXPENDITURE
For the Financial Year 2025

Budget Heading / Subheading	2025 Budget (a)	Budget Transfers I (b)	Budget Transfers II (c)	Total Reallocation in % (d)	Revised Budget (e)=(a)+(b)+(c)+(d)	Expenditure including Legal Commitments (f)	Implementation Rate (g) = (f) / (e)	Remaining Balance (h) = (e) - (f)
I. PERMANENT SECRETARIAT	2,877,614	28,200	(5,000)	0.81%	2,900,814	2,717,896.03	93.69%	182,918
1. Personnel Costs	1,456,805			0.00%	1,456,805	1,361,698.52	93.47%	95,106
2. Travel costs	132,239	-		0.00%	132,239	126,792.29	95.88%	5,447
3. Office costs	414,920	63,000	(50,000)	3.13%	427,920	390,358.94	91.22%	37,561
4. Other costs and services	743,650	(99,800)	40,000	-8.04%	683,850	639,346.28	93.49%	44,504
5. STUDIES, Technical Assistance	130,000	65,000	5,000	53.85%	200,000	199,700.00	99.85%	300
II. MINISTERIAL COUNCIL	17,000	-	5,000	29.41%	22,000	17,231.02	78.32%	4,769
III. REGIONAL STEERING COMMITTEE	17,944	-	-	0.00%	17,944	16,321.02	90.96%	1,623
IV. TECHNICAL COMMITTEES	192,384	(28,800)	-	-14.97%	163,584	161,815.32	98.92%	1,769
V. SOCIAL FORUM	9,808	(1,400)	-	-14.27%	8,408	7,807.36	92.86%	601
VI. BUDGET COMMITTEE	6,450	2,000	-	31.01%	8,450	8,296.54	98.18%	153
SUBTOTAL: (I+II+III+IV+V+VI)	3,121,200	-	-	-	3,121,200	2,929,367.29	93.85%	191,832.71
Budget Reserve	-	-	-	-	-	-	-	-
TOTAL:	3,121,200	-	-	-	3,121,200	2,929,367	93.85%	191,833

INDIRECT METHOD CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31ST, 2025

	12 months period ended 31 December 2025 in EUR	12 months period ended 31 December 2024 in EUR
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(deficit)	-	-
Non-cash movements		
Depreciation of non-current assets	254,835.87	267,681.57
Usage of obligation dedicated to assets	(254,835.87)	(267,681.57)
(Increase)/Decrease in contribution receivables	-	-
(Increase)/Decrease in receivables and prepayments	23,709.59	(8,036.89)
Increase/(Decrease) in trade payables and other liabilities	187,122.65	(36,712.44)
Increase/(Decrease) in legal commitments	(23,918.25)	45,801.54
Increase/(Decrease) in unused appropriations	(35,214.51)	(317,226.74)
Net cash flows from operating activities	151,699.48	(316,174.53)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of non-current assets	(34,417.77)	(10,022.62)
Net cash flows from investing activities	(34,417.77)	(10,022.62)
CASH FLOWS FROM FINANCING ACTIVITIES		
Grant contribution for assets	34,417.77	10,022.62
Net cash flows from financing activities	34,417.77	10,022.62
Net increase/(decrease) in cash and cash equivalents	151,699.48	(316,174.53)
Cash and cash equivalents at beginning of period	866,451.82	1,182,626.36
Cash and cash equivalents at end of period	1,018,151.30	866,451.82

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31ST, 2025
(In EUR)

	Budget Contributions	Repayments	Accumulated Surpluses / (Deficits)	Total Net Assets
Balance as at January 1, 2025	227,047.22	-	-	227,047.22
Contributions	3,121,200.00	-	-	3,121,200.00
Allocated budget expenditures	(2,929,367.29)	-	-	(2,929,367.29)
Surplus for the period	-	-	191,832.71	191,832.71
Unused appropriations	-	-	(191,832.71)	(191,832.71)
Repaid unused appropriations	-	(181,637.78)	-	(181,637.78)
Offset unused appropriations	-	(45,409.44)	-	(45,409.44)
Balance as at December 31, 2025 carried forward	418,879.93	(227,047.22)	-	191,832.71



**PERMANENT SECRETARIAT
OF THE TRANSPORT COMMUNITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31st, 2025**

Belgrade, June 2026

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 Zakonjsek was appointed as Director of the Permanent Secretariat. Mr. Zakonjsek took office as of 01 August 2020. The mandate of Mr Zakonjsek was extended by another 3 year term by the Decision No. 2023/04¹ of the Regional Steering Committee dated 27 June 2023.

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

* 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 Decision No.2023/04

2. GENERAL INFORMATION (continued)

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 2025 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 30 December 2024.

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 Register 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 issues 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 an Infor Euro rate² as published under: https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_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.

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.

² 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 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 classified as financial assets and comprise cash on hand and demand deposits with financial institutions.

Cash balances are held with Raiffeisen Bank A.D. in Belgrade. Transport Community maintains one current account denominated in RSD and one current account denominated in EUR, as well as debit card accounts in both currencies.

	31 December 2025	31 December 2024
	In EUR	In EUR
Current RSD account	-	4,517.78
Current EUR account	1,015,352.81	859,127.56
Debit card account EUR	84.60	871.81
Debit card account RSD	2,713.89	1,934.67
Total	1,018,151.30	866,451.82

As at December 31, 2025, cash and cash equivalents comprise EUR 0.00 held in the RSD current account; EUR 1,015,352.81 held in the EUR current account; EUR 84.60 and EUR 2,713.89 on a debit card accounts.

Note 2: Receivables and Prepayments

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

	31 December 2025	31 December 2024
	In EUR	In EUR
<i>Other receivables</i>		
Receivables from staff and other	514.28	6,871.20
Receivables for observing member expenses	4,961.65	20,763.45
Total	5,475.93	27,634.65

The other receivables from staff and other amounts include costs which were recovered from staff members (for example private use of official phones and other costs). The receivables for observing member participant⁴ 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 16.

	31 December 2025	31 December 2024
	In EUR	In EUR
<i>Prepayments</i>		
Prepaid expenses	1,007.03	2,557.91
Total:	1,007.03	2,557.91

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

⁴<http://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.

<i>Computer software and licenses</i>	31 December 2025 in EUR	31 December 2024 in EUR
<i>Cost:</i>		
Gross carrying amount 31 December previous year	722,264.94	722,264.94
Additions	121,675.00	-
Disposals	-	-
Gross carrying amount as at 31 December current year	843,939.94	722,264.94
<i>Accumulated amortization:</i>		
As at 31 December previous year	313,775.67	83,891.07
Depreciation charge for the current year	228,557.92	229,884.60
Disposals	-	-
Accumulated depreciation as at 31 December current year	542,333.59	313,775.67
<i>Net carrying amount:</i>		
Net carrying amount as at 31 December current year	301,606.35	408,489.27
Net carrying amount as at 31 December previous year	408,489.27	638,373.87

The total amount of depreciation for 2025 is EUR 228,557.92 (For 2024: EUR 229,884.60). Additions in amount of EUR 121,675.00 are investments in the Transport Observatory, which was a multi-annual project. 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.

Infrastructure, plant and equipment	Vehicles	IT Equipment	Office Equipment	Other	Total
Gross carrying amount as at 01 January 2024	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 as at 31 December 2024	37,250.00	39,852.22	18,747.68	67,538.15	163,388.05
Additions	-	-	1,417.77	-	1,417.77
Disposals	-	-	-	-	-
Gross carrying amount as at 31 December 2025	37,250.00	39,852.22	20,165.45	67,538.15	164,805.82
Accumulated depreciation					
as at 1 January 2024:	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	-	-	-	-	-
as at 31 December 2024,	20,487.39	28,759.19	13,325.24	56,406.06	118,977.88
<i>Depreciation charge for the current year</i>	7,449.96	5,661.84	3,416.29	9,749.86	26,277.95
Disposals	0	0	0	0	0
Accumulated depreciation as at 31 December 2025	27,937.35	34,421.03	16,741.53	66,155.92	145,255.83
Net carrying amount as at 31 December 2024	16,762.61	11,093.03	5,422.44	11,132.09	44,410.17
Net carrying amount as at 31 December 2025	9,312.65	5,431.19	3,423.92	1,382.23	19,549.99

During 2025 additions made by the Transport Community amounted to EUR 1,417.77 which includes the purchasing of office equipment.

Note 5: Account payables

	31 December 2025	31 December 2024
	In EUR	In EUR
Trade payables	297,684.12	82,159.96
Staff payables	2,158.80	674.76
Legal commitments	530,930.00	554,848.25
Accruals	2,028.61	31,914.17
Total	832,801.53	669,597.14

Trade payables include invoices received from suppliers for goods and services received by 31 December 2025 but not yet settled at the end of the year. Trade payables in the total amount of EUR 297,684.12 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 2025 refer to the contractual commitments entered by the Transport Community by 31 December 2025 without having received goods or services by the end of the year. They include: technical assistance for (a) Development of National Policy Frameworks on Alternative Fuels Infrastructure EUR 199,700; and following signed contracts: (a) Design, build and operationalization of regional digital platform that supports deployment of zero-emission bus fleets, systematic and sustainable urban mobility plans implementation EUR 23,000; (b) setting up electronic register of road undertakings (ERRU) EUR 270,000; (c) LCE contracts for RAMS EUR 11,800.00; and (e) audit fee for 2025 EUR 14,180.00.

Unrealised legal commitments from 2024 include: (a) setting up of National Access Points and National Bodies for the Western Balkans EUR 12,250.

The accruals consist of the total value of goods and services that were provided by 31 December 2025 but haven't been invoiced by the vendors yet.

Note 6: Unused budget appropriations

	31 December 2025	31 December 2024
	In EUR	In EUR
Unused appropriations - 2024 (budget parties)	-	227,047.22
Unused appropriations – 2025 (budget parties)	191,832.71	-
Total	191,832.71	227,047.22

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 2025 is EUR 191,832.71 representing unused appropriations from the financial year 2025. 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.

Unused appropriations from 2024 were fully utilized during 2025 and therefore are not presented as a liability at year-end.

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 321,156.35

The carrying amount as of 31 December 2025 of investments consists of the carrying amount as at January 2025 amounting to EUR 452,899.45 and additions in 2025 amounting to EUR 123,092.77 that were reduced by depreciation and amortization of EUR 254,835.87. The additions in 2025 are presented under Note 4 above.

Note 8: Revenue

	2025 In EUR	2024 In EUR
Contributions		
Budget contributions parties	3,121,200.00	3,121,200.00
Allocation to investments	(79,417.77)	(5,857.86)
Legal commitments, prior year	554,848.25	509,046.71
Legal commitments, current year	(530,930.00)	(554,848.25)
Unused appropriations	(191,832.71)	(227,047.22)
Total contributions:	2,873,867.77	2,842,493.38

Amounts shown under budget contribution parties' represent total contributions related to the TCT 2025 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 (79,417.77) (in 2024: EUR 5,857.86) invested in tangible and intangible assets, legal commitments for the prior year of EUR 554,848.25; legal commitments for the current year in the amount of EUR 530,930.00 and unused appropriations in the amount of EUR 191,832.71 (in 2024: EUR 227,047.22).

Note 9: Expenses

Staff remuneration

	2025 in EUR	2024 in EUR
Salaries	1,189,520.83	1,175,571.91
Health insurance and pension contributions	154,509.36	149,949.61
Other staff costs	17,668.33	18,407.08
Secondment staff costs	-	16,704.24
Total	1,361,698.52	1,360,632.84

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 1,361,698.52 (In 2024: EUR 1,360,632.84) include salaries in the amount of EUR 1,189,520.83 (in 2024: EUR 1,175,571.91); contributions for health and pension contributions in the amount of EUR 154,509.36 (In 2024: EUR 149,949.61). The other staff costs represent expenses for removal relocation allowances and costs in accordance with respective rules as adopted by the decision No. 2021/03 of the Regional Steering Committee. During 2025 there were no secondment staff costs, while in 2024 one person was seconded for a period of six months.

Depreciation and amortization expense

	2025 In EUR	2024 In EUR
Office equipment – Information Technology Hardware	5,661.84	5,195.07
Telecommunications equipment	9,749.86	22,253.28
Other equipment	3,416.29	2,898.66
Software licenses / Intangible assets	228,557.92	229,884.60
Motor vehicles	7,449.96	7,449.96
Total	254,835.87	267,681.57

Depreciation and amortization expense include depreciation expenses for Information Technology Hardware (in the amount of EUR 5,661.84; telecommunications equipment depreciation charge amounted to EUR 9,749.86; Other equipment EUR 3,416.29; motor vehicle depreciation charge of EUR 7,449.96; while amortization costs for software licences/intangible assets amounted to EUR 228,557.92.

Note 9: Expenses (continued)

Running costs of the Secretariat	2025 In EUR	2024 In EUR
Travel costs	126,792.29	137,222.70
Office costs, equipment, and software	176,760.17	20,098.51
Other costs and services	572,978.40	555,370.12
Sub total	876,530.86	712,691.33

Studies and Technical Assistance	2025 In EUR	2024 In EUR
Studies and Technical Assistance	365,400.00	492,690.00
Sub total	365,400.00	492,690.00

Other Transport Community Bodies	2025 In EUR	2024 In EUR
Ministerial Council	17,231.02	-
Regional Steering Committee	16,321.02	16,302.47
Technical Committee Meetings	161,815.32	182,827.08
Social Forum	7,807.36	9,625.97
Budget Committee	8,296.54	7,579.11
Sub total	211,471.26	216,334.63
Running costs total	1,453,402.12	1,421,715.96

Recruitment costs	2025 In EUR	2024 In EUR
Recruitment costs	7,191.00	6,167.30
Total	7,191.00	6,167.30

Locally contracted experts	2025 In EUR	2024 In EUR
Locally contracted experts	26,920.00	31,590.00
Total	26,920.00	31,590.00

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	2025 In EUR	2024 In EUR
Bank charges	23,092.59	20,831.59
Foreign exchange losses	1,612.74	1,592.93
Foreign exchange gains	(49.20)	(37.25)
Total	24,656.13	22,387.28

Finance costs in the total amount EUR 24,656.13 include bank charges EUR 23,092.59 (in 2024: EUR 20,831.59), foreign exchange losses EUR 1,612.74 (in 2024: EUR 1,592.93), Foreign exchange gains EUR 49.20 (in 2024: EUR 37.25).

Note 10: Exchange gain and losses

Transport Community realizes 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 date. The net effect result exchange gains and losses in 2025 is represented in Note 9 - Expenses (Finance costs).

Note 11: Financial Instruments

As at 31 December 2025, the Transport Community was holding bank performance guarantees for the good execution of four service contracts. Total value of the guarantees was EUR 92,490.

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 2025	Legal Commitments 2024	Differences Budget Report vs Financial Statements	Actual Amounts Statement of Financial Performance
	(1)	(2)	(3)	(4) = (1) + (2) + (3)
I. PERMANENT SECRETARIAT	2,186,966.03	554,848.25	(79,417.77)	2,662,396.51
1. Personnel Costs	1,361,698.52	-	-	1,361,698.52
2. Travel costs	126,792.29	-	-	126,792.29
3. Office costs	85,108.94	171,069.00	(79,417.77)	176,760.17
4. Other costs and services	613,366.28	18,379.25	-	631,745.53
5. STUDIES, Technical Assistance	-	365,400.00	-	365,400.00
II. MINISTERIAL COUNCIL	17,231.02	-	-	17,231.02
III. REGIONAL STEERING COMMITTEE	16,321.02	-	-	16,321.02
IV. TECHNICAL COMMITTEES	161,815.32	-	-	161,815.32
V. SOCIAL FORUM	7,807.36	-	-	7,807.36
VI. BUDGET COMMITTEE	8,296.54	-	-	8,296.54
Budget Reserve	-	-	-	-
TOTAL	2,398,437.29	554,848.25	(79,417.77)	2,873,867.77

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 2025 which are related to the legal commitments attributable to open commitments at the end of 2024.

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 expenditure is recorded as current year expenses at acquisition costs. Accounting basis requires that these expenditures capitalized and depreciated over the useful life of the assets. The acquisition costs of additions to the assets in 2025 amount to EUR 79,417.77 which were charged to the 2025 budget, and an amount of EUR 43,675.00 charged to the 2024 budget, brought forward as a legal commitment. Total value of asset additions during the year 2025: EUR 123,092.77

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 2025 on a comparable basis	Legal Commitments 2025	Actual Amounts 2025 on a comparable basis including Legal Commitments	Actual Amounts including Legal Commitments (%)	Unused Appropriations 2025
I. Permanent Secretariat						
I.1. Human Resources	1,456,805.00	1,361,698.52	-	1,361,698.52	93.47%	95,106.48
The target of 100% was not reached due to staff turnover and recruitment process. During the year there were two resignations for which the job positions were not filled immediately due to recruitment procedures.						
I.2. Travel costs	132,239.00	126,792.29	-	126,792.29	95.88%	5,446.71
Variance reflects lower-than-planned travel activity during the year.						
I.3. Office costs, equipment, and software	427,920.00	85,108.94	305,250.00	390,358.94	91.22%	37,561.06
Investment in further enhancement of the Transport Observatory. Savings in procurement WBERRU.						
I.4. Other costs and services	683,850.00	613,366.28	25,980.00	639,346.28	93.49%	44,503.72
Expenses include advertising, communication and visibility; financial costs and audit fees; meeting and conference costs; information technology and communication costs; consultancy services etc. The surplus under this budget line reflects lower-than-planned expenditure, as well as savings across related expenditure categories.						
I.5. Studies, Technical Assistance	200,000.00	-	199,700.00	199,700.00	99.85%	300.00
Insignificant variance.						
II. Ministerial Council						
	22,000.00	17,231.02	-	17,231.02	78.32%	4,768.98
The savings resulted from the remote participation of certain Council members, which reduced expenses associated with physical attendance at regular meetings.						
III. Regional Steering Committee						
	17,944.00	16,321.02	-	16,321.02	90.96%	1,622.98
Insignificant variance.						

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

Budget Heading / Line	Final Budget	Actual Amounts 2025 on a comparable basis	Legal Commitments 2025	Actual Amounts 2025 on a comparable basis including Legal Commitments	Actual Amounts including Legal Commitments (%)	Unused Appropriations 2025
IV. Technical Committees	163,584.00	161,815.32	-	161,815.32	98.92%	1,768.68
The savings are attributable in part to the non-physical participation of some of the members of the Technical Committees at the meetings.						
V. Social Forum	8,408.00	7,807.36	-	7,807.36	92.86%	600.64
Insignificant variance.						
VI. Budget Committee	8,450.00	8,296.54	-	8,296.54	98.18%	153.46
Insignificant variance.						
SUB TOTAL	3,121,200.00	2,398,437.29	530,930.00	2,929,367.29	93.85%	191,832.71
Budget Reserve	-	-	-	-	-	-
TOTAL	3,121,200.00	2,398,437.29	530,930.00	2,929,367.29	93.85%	191,832.71

Note 14: Calculation of unused appropriations and amounts repayable to Contracting Parties

(In EUR)

Parties	Contribution share in %	2025 Contributions	Share of the costs	Surplus 2025
	(a)	(b)	(c)	(d)=(b)-(c)
European Union	80.00%	2,496,960.00	2,343,493.83	153,466.17
Republic of Albania	3.20%	99,878.40	93,739.75	6,138.65
Bosnia and Herzegovina	3.55%	110,802.60	103,992.54	6,810.06
Republic of North Macedonia	2.88%	89,890.56	84,365.78	5,524.78
Kosovo	2.57%	80,214.84	75,284.74	4,930.10
Montenegro	2.38%	74,284.56	69,718.94	4,565.62
Republic of Serbia	5.42%	169,169.04	158,771.71	10,397.33
TOTAL	100.00%	3,121,200.00	2,929,367.29	191,832.71

Note 15: Key management personnel

The key management personnel (as defined by IPSAS 20) of the Transport Community Permanent Secretariat are the Director 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	2025
Aggregate remuneration	EUR 210,398.76	EUR 210,214.21
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 was initiated at the Ministerial Council meeting held on 15 November 2022. During this meeting, the Contracting Parties to the Transport Community Treaty, together with the Transport Ministers of the countries, endorsed a Joint Statement on Cooperation for Transport Sector Development. Following this endorsement, the Transport Community Permanent Secretariat undertook a review of the working modalities of the Transport Community Treaty (TCT) bodies to enable the systematic participation of these countries in an observer capacity.

The related activities have been financed under Grant Contract "Participation of Georgia, Republic of Moldova and Ukraine in the Transport Community, NDICI-GEO NEAR/2023/452-688", which commenced on 1 January 2024. This grant, provided by the European Union to the TCT Secretariat, amounted to EUR 890,276 for the year 2025.

The funds allocated under this grant have been managed entirely separately from the regular Transport Community budget and administered through a dedicated bank account.

Note 16: Grant Contract for Observing Members (continued)

The table below shows an overview of the grant budget and the actual expenditure for 2025. In line with the grant conditions, a separate expenditure verification is conducted by the external auditor.

Budget Headings	2025 Budgeted Expenditure (amount)	2025 Reported Expenditure (amount)
Human Resources	EUR 413,916	EUR 390,780
Travel	EUR 27,900	EUR 19,174
Equipment and supplies	EUR 7,920.00	EUR 7,251
Project office	EUR 5,400	EUR 5,461
Other costs, services	EUR 1,040,600	EUR 467,610
Total direct eligible costs	EUR 1,495,736	EUR 890,276
Indirect costs	-	-
Provision for contingency reserve	EUR 148,950	-
Total	EUR 1,644,686	EUR 890,276

Note 17: Management Commentary for the Financial Year 2025

Financial Overview

The financial statements of the Permanent Secretariat of the Transport Community for the year ended 31 December 2025 have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) on an accrual basis. The Organization continues to operate under a cost-recovery model, whereby annual contributions from Contracting Parties are utilized to finance operational activities, with any unused funds either deferred or returned.

Total revenue for 2025 amounted to approximately EUR 2.87 million, derived entirely from budget contributions and related adjustments. Total expenses were aligned with revenue, resulting in a net financial result of zero, reflecting the Organization's non-profit and budget-neutral operational framework.

The financial position remains stable, with total assets of approximately EUR 1.35 million at year-end. Cash and cash equivalents increased to EUR 1.02 million, primarily due to timing differences between the receipt of contributions and the execution of expenditures. Non-current assets decreased because of ongoing amortization of previously capitalized software and limited new investments during the year.

Budget Execution Rate

The total approved budget for 2025 amounted to EUR 3.12 million. The execution rate, including legal commitments, reached 93.85%, indicating a high level of implementation of planned activities.

The remaining balance of EUR 191,832.71 represents unused appropriations at year-end. In accordance with the applicable financial rules, these funds are either proposed for repayment or carried forward, depending on the agreement of the contributing party.

Variances from full budget execution were mainly attributable to:

- (a) Human resources dynamics:
 - Secondment position remained vacant and
 - Delays in recruitment processes and staff turnover resulted in slight underspending.
- (b) Participant impact:
 - Not all invited participants attended certain events and
 - Increased use of remote participation and optimized planning of activities led to efficiencies in administrative and operational expenditures generating some budget savings.
- (c) Capital investment:
 - Additions to non-current assets were realized during the year.

The Secretariat will continue to focus on efficient budget execution, strengthening operational capacity, and supporting the implementation of the Transport Community Treaty. Efforts will be made to improve processes and ensure continuity in key areas, particularly in relation to staffing and implementation of technical assistance.

Note 18: Events after the reporting date

At the date of signing of these accounts no major subsequent events occurred after the reporting date that has 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, 24 June 2026

Mr. Matej Zakonjšek

