REGIONAL SCHOOL FOR PUBLIC ADMINISTRATION
DANILOVGRAD

Financial Statements
For period from January 1,
through December 31, 2014
and Independent Auditors' Report

CONTENTS:

	Page
Independent Auditors' Report	1
Financial Statements:	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 -30

Deloitte d.o.o.
Bulevar Svetog Petra Cetinjskog nn
Building Maxim
81 000 Podgorica

Tel: +382 (20) 228 324
+382 (20) 228 096
Fax: +382 (20) 228 327

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements (pages from 2 to 30) of Regional School for Public Administration (hereinafter the "ReSPA"), which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide solid basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of Regional School for Administration, Branelovica, Danilovgrad, as of December 31, 2014 as well as the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte doo

Deloitte d.o.o. Podgorica
Podgorica
May 26, 2015

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

STATAMENT OF COMPREHENSIVE INCOME
Period from January 1, through December 31, 2014
(In EUR)

	Notes	Period from January 1, through December 31, 2014	Period from January 1, through December 31,2013	Period from January 1. Through December 31, 2012
Operating activities – regular course of business				
Sales income	4	175,504	226,234	295,340
Investments income		8,581	7,301	241
Other income	5	1,986,127	1,843,029	2,070,589
Changes in inventories of finished goods and unfinished production	6	(57,129)	(56,609)	(72,899)
Materials, fuel and energy used	7	(76,897)	(63,601)	(57,666)
Salaries, wages & other personnel expenses	8	(579,999)	(632,211)	(682,463)
Amortization	9	(245,651)	(197,117)	(227,935)
Production expenses	10	(11,310)	(16,589)	-
Costs of non-production expenses	11	(1,008,231)	(1,094,020)	(1,099,201)
Profit before taxation		190,995	16,417	226,006
Net profit for the year from operations		190,995	16,417	226,006
NET PROFIT FOR THE CURRENT YEAR		190,995	16,417	226,006
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE CURRENT YEAR		190,995	16,417	226,006

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

As sugested and initiated by Budget Board, these financial statament were submitted to the Management Board of the Regional School for Public Administration, Branelovica, Danilovgrad for their review as at April 8, 2015.

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

ReSPA Operations Manager:	ReSPA Director:
(Vlatko Naumovski)	(Suad Musić)

STATEMENT OF FINANCIAL POSITION
As of December 31, 2014
(In EUR)

	Notes	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS				
Fixed assets				
Intangible assets	12	14,903	16,761	824
Property, plant and equipment	13	297,538	463,513	623,717
Total fixed assets		312,441	480,274	624,541
Current assets				
Inventories	14	29,170	33,334	11,726
Accounts receivable	15	41,446	15,871	15,694
Cash and cash equivalents	16	1,362,618	2,058,448	1,239,063
Prepaid expenses		6,692	235	1,806
Prepaid income taxes receivables		-	-	-
Total current assets		1,439,926	2,107,888	1,268,289
Total assets		1,752,367	2,588,162	1,892,830
LIABILITIES				
Equity				
Retained earnings		528,604	512,187	286,181
Profit/ (loss) for the period		190,995	16,417	226,006
Total equity		719,599	528,604	512,187
Current liabilities				
Short-term liabilities	17	83,606	24,476	146,005
Accrued liabilities	18	949,162	2,035,082	1,234,638
Total current liabilities		1,032,768	2,059,558	1,380,643
Total equity and liabilities		1,752,367	2,588,162	1,892,830

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

STATEMENT OF CHANGES IN EQUITY
Period from January 1, through December 31, 2014
(In EUR)

Content / Description	Retained earnings	Loss	Total
Balance, January 1, 2013	593,013	(80,826)	512,187
Net profit for the period	16,417	-	16,417
Balance, December 31, 2013	609,430	(80,826)	528,604
Net profit for the period	190,995	-	190,995
Balance, December 31, 2014	800,425	(80,826)	719,599

,

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

STATEMENT OF CASH FLOWS
Period from January 1, through December 31, 2014
(In EUR)

Category/Position	**Period from January 1, through December 31, 2014**	**Period from January 1, through December 31, 2013**	**Period from January 1, through December 31, 2012**
Cash flows from operating activities			
Inflow from operating activities	2,144,637	2,895,780	2,311,259
Sales and advances	149,929	226,057	294,075
Interest receipts from operating activities	8,581	7,301	264
Other cash generated from operating activities	1,986,127	2,662,422	2,016,920
Outflow from operating activities	2,469,952	2,059,005	2,003,197
Payments to suppliers and given advances	1,856,757	1,444,974	1,315,131
Staff costs	613,195	614,031	688,043
Interests paid	-	-	23
Net cash flow from operating activities	(325,315)	836,775	308,062
Cash flows from investing activities			
Outflow from investing activities	70,515	17,390	16,791
Other financial investmant (net outflow)	300,000	-	-
Net cash flow from investing activities	(370,515)	(17,390)	(16,791)
Net cash flows	(695,830)	819,385	291,271
Cash at the beginning of reporting period	2,058,448	1,239,063	947,792
Cash at the end of reporting period	1,362,618	2,058,448	1,239,063

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2013

1. FOUNDATION AND BUSINESS ACTIVITY

In June 2003 the Council of Ministers of the European Union (hereinafter " EU") adopted "The Solun's Agenda for the Western Balkans: Towards European Integration" which supported the creation of a regional mechanism for training and education of state employees.
In accordance with the "The Solun's Agenda for the Western Balkans: Towards European Integration" in May 2006 in Brussels, "Protocol on Cooperation in the creation of the Regional School of Public Administration (hereinafter ReSPA)" was signed between the governments of Republic of Albania, Bosnia and Herzegovina, Republic of Croatia, FYR Macedonia, Montenegro and Republic of Serbia in the presence of representatives of the European Commission. After signing the Protocol on cooperation and the foundation of ReSPA, Board of Directors of ReSPA has been formed, comprising representatives of ReSPA member countries. Also, ReSPA Secretariat has been formed, comprising representatives of the Organization for Economic Development and Co-operation. At the invitation of the European Commission, all member countries had the opportunity to apply for the head office of ReSPA, and afterwards, at the VI Board Meeting of ReSPA, which took place as at January 31, 2008 in Paris, it was decided that the head office will be in Danilovgrad.

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

In accordance with the International Agreement on the Foundation of ReSPA, the agreement is in effect seven years after the date of its entry into force upon signing with the possibility of its extension. At the end of the fifth year of this Agreement enacted and in force, ReSPA member countries will decide in two thirds majority if this agreement is to be annexed for seven years more.

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

ReSPA is common regional institution where civil servants from the member countries receive quality training in the field of public administration, in order to strengthen administrative capacity and human resources development in the candidate countries as well as in the potential candidates for EU membership in the Western Balkans. At the same time, ReSPA helps in promoting professional administration of member countries towards the EU and becomes a core network of schools of public administration in the Western Balkans. In addition, ReSPA has an advisory role for the improvement of the regional civil sector.
As an operational part of ReSPA, the hotel performs its activities and its capacities are used solely for board and lodging of participants and coaches attending the trainings in the education activities conducted by ReSPA.

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

As of the date of enacting of the International Agreement on Foundation of ReSPA through June 23, 2011, the Directorate for Human Resources of Montenegro was appointed by the Board of ReSPA as temporary manager of ReSPA. After signing the Agreement between ReSPA and the Government of Montenegro on the seat and the functioning of ReSPA in the host country as at June 23 2011, the management obligations of ReSPA became the responsibility of the management members of ReSPA itself.
ReSPA is located in Danilovgrad (Branelovica) as an institution providing education and training at the regional level and beyond.

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

2.1. Statement of compliance

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

2.2. Basis of Preparation and Presentation of Financial Statements

The accompanying financial statements have been prepared under purchase price convention.

The amounts in the accompanying financial statements are disclosed in EUR.

In the preparation of the accompanying financial statements as of December 31, 2014, ReSPA has adhered to the direct method of reporting on cash flows.

2.3. Effect and Application of Newly Issued and Amended IFRS

Currently Effective Standards and Interpretations

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

- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 27 “Separate Financial Statements” – Investment Entities (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 32 “Financial instruments: presentation” – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 36 “Impairment of assets” - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” – Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014),
- IFRIC 21 “Levies” (effective for annual periods beginning on or after 1 January 2014).

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

Standards and Interpretations Issued not yet Adopted

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

- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after 1 January 2018),
- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016),
- IFRS 15 “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1 January 2017),
- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures” - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 11 “Joint Arrangements” – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 1 “Presentation of Financial Statements” - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2014

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

2.3. Influence and Application of Newly Issued and Revised Standards (Continued)

Standards and Interpretations Issued not yet Adopted (Continued)

- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 19 “Employee Benefits” - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014),
- Amendments to IAS 27 “Separate Financial Statements” - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016),
- Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)” resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments
- Amendments to various standards “Improvements to IFRSs (cycle 2011-2013)” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),
- Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)” resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

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

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

2.4. Use of Estimates

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2014

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

3.1. Income and Expense

Income is measured at the fair value of the consideration received or receivable, for the products sold and services rendered in the regular course of business of ReSPA.

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

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

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

3.2. Employee Benefits

Pursuant to the provisions of Chapter "X - privileges and immunities" of Agreement on Foundation of ReSPA signed in Podgorica as at November 21, 2008 i.e. Certificate on registration issued by Ministry of foreign affairs of Montenegro - Department for consular affairs and diasporas, and pursuant to the provisions of the Article 166, paragraph 1 of the Law on General Administrative Procedure (Official Gazette of Montenegro No. 60/02, 60/03 and 32/11) and on the basis of Article 18a paragraph 4) item 1) Law on Social Security ("Official Gazette of Montenegro" No. 86/09, 78/10, 14/12), ReSPA is free from custom fees, taxes and other fiscal benefits.

3.3. Exchange Gains and Losses

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

3.4. Taxes and Contributions

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

- Article 184, paragraph 1) item 1) of Law on Custom ("Official Gazette of Montenegro" No. 21/08),
- Article 25, paragraph 1) item 8b) of Law on Value Added Tax ("Official Gazette of Montenegro" No. 04/06, 16/07, 73/10 i 40/11),
- Article 6, paragraph 1) item 1) of Law on Personal Income ("Official Gazette of Montenegro" No. 37/04, 78/06, 86/09 i 14/12),
- Article 18a paragraph 4) item 1) Law on Social Security ("Official Gazette of Montenegro" No. 86/09, 78/10, 14/12).

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5. Intangible Assets

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

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

3.6. Equipment

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

Equipment is stated at cost net decreased for total of accumulated depreciation Cost represents the price billed by suppliers increased for all customs duties, irrecoverable taxes and all other costs incurred in bringing new fixed assets into functional use.

Subsequent expenditures such as the replacement of a part of property or equipment, modification, adaptation or general repair of the assets are recognized as an increase in the net book value of the respective assets, when it is probable that future economic benefits will flow to the ReSPA, and when the cost can reliably be measured.

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

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

3.7. Amortization

The amortization of property, plant and equipment is charged to their cost as reduced for the estimated residual amount, using the straight-line method over their estimated useful life. The basic annual rates of depreciation applied were as follows:

	Useful life (in years))	Rate (%)	Rate Prescribed by Income Tax Law (%)
Vehicles	7	14.33	15
Computers and other equipment	5	20	30
Other equipment	3-10	33.33-10	20

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

3.8. Impairment of Assets

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9. Inventories

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

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

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

3.10. Donations of European Commission

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

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

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

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

3.11. Financial Instruments

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

Accounts Receivable

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

Impairment of Financial Assets

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

Objective evidence of financial assets impairment could include the following:

- significant financial difficulty of the legal entity - counterparty; or
- delay or default in interest or principal payments; or
- it become probable that the borrower will enter bankruptcy or financial re-organization.

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11. Financial Instruments (Continued)

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

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

Derecognition of Financial Assets

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

Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents comprise cash in hand, cash and balances on current bank accounts, and demand deposits placed with commercial banks for the period of up to three months.

Financial Liabilities

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

Derecognition of Financial Liabilities

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

3.12. Fair Value

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2014

4. SALES INCOME

(In EUR)

	Period from January 1 through December 31 2014	Period from January 1 through December 31 2013	Period from January 1 through December 31 2012
Income generated from services rendered-Hotel	175,504	226,234	295,340
	175,504	226,234	295,340

5. OTHER INCOME

(In EUR)

	Period from January 1 through December 31 2014	Period from January 1 through December 31 2013	Period from January 1 through December 31 2012
Financial donation (Note 18)	801,872	771,436	966,845
Financial donation in equipment (Note 18)	171,520	171,593	171,593
Membership fees	900,000	900,000	900,000
Provision reversal for the introduction of ISO 9001 and HACCP	112,735	-	32,151
	1,986,127	1,843,029	2,070,589

Income from financial donations, which for the year ended December 31, 2014 amounted EUR 801,872, refers to the funds from donations from the European Commission in accordance with the Contract "Grant Contract 2010/256-128", signed in Brussels as at November 26, 2010 between ReSPA and the European Commission , and for the second donation from European Commission in accordance with the Contract „Grant Contract Mainstream of ReSPA Activities No. 2013/331-241“ signed in November 25 , 2013 with anticipated implementation period for 2 years.

In accordance with Article 23, Chapter “X - privileges and immunities” of Agreement on Foundation of ReSPA, all members of the signatories of the agreement are required to pay an annual fee (for the Core Budget) in the amount of EUR 120 000 per member country in 2009, i.e. EUR 150,000 per member country for the next year.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2014

5. OTHER INCOME (Continued)

Revenue from membership fees by member countries for the year ended December 31, 2014, for a period from January 1 through December 31, 2013 and the period from January 1 through December 31, 2012, is as shown in the table below:

(In EUR)

	Period from January 1 through December 31 2014	Period from January 1 through December 31 2013	Period from January 1 through December 31 2012
Republic of Albania	150,000	150,000	150,000
Federation of Bosnia and Herzegovina	150,000	150,000	150,000
Republic of Croatia	150,000	150,000	150,000
Republic of Macedonia	150,000	150,000	150,000
Montenegro	150,000	150,000	150,000
Republic of Serbia	150,000	150,000	150,000
	900,000	900,000	900,000

Income from cancellation of long-term provisions for the period from January 1 to December 31, 2014 amounted to EUR 112.736 is referring to the cancellation of provisions for the investment maintenance of the hotel. Namely, as at April 29, 2015 the state of Montenegro - Human Resources Management Authority and ReSPA signed the Agreement on disposal for usage of official premises, equipment, hotel facility and surrounding land, in accordance with which the ReSPA will continue to use the aforementioned property without compensation, and in accordance with Art. 2 of the Agreement between the Government of Montenegro and ReSPA on seat and the functioning of the ReSPA in the host country. Furthermore, Article 8 of newly concluded Agreement stipulates that ReSPA shall at the time of returning hotel and equipment, return those in conditions appearing after usage, resulting as a consequence of their regular use, resulting as a consequence of regular use of the same, while, in accordance with Article 5, it undertakes to provide a regular insurance of the property and equipment from the risk of flooding, fire, theft, burglary and similar accidents. ReSPA in accordance with these known facts has cancelled the established provisions for investments and maintenance of the hotel in the amount of EUR 112.736, due to the fact that any potential capital investments and investment maintenance are charged to the Government of Montenegro - the Human Resources Administration.

6. CHANGES IN INVENTORIES OF FINISHED GOODS AND UNFINISHED PRODUCTION

(In EUR)

	Period from January 1 through December 31 2014	Period from January 1 through December 31 2013	Period from January 1 through December 31 2012
Cost of goods sold in retail	1,201	56,609	6,574
Cost of goods sold at wholesale	55,928	-	66,325
	57,129	56,609	72,899

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2014

7. ROW MATERIALS, FUEL AND ENERGY USED

	Period from January 1 through December 31 2014	Period from January 1 through December 31 2013	(In EUR) Period from January 1 through December 31 2012
Maintenance	29,156	12,658	2,412
Fuel and electricity	36,480	39,682	37,454
Office materials	11,261	11,261	17,800
	76,897	63,601	57,666

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2014

8. SALARIES, WAGES AND OTHER PERSONNEL EXPENSES

(In EUR)

	Period from January 1 through December 31 2014	Period from January 1 through December 31 2013	Period from January 1 through December 31 2012
Salaries	495,536	557,667	605,905
Per diems for business trips	32,767	33,865	42,809
Cost of labour wears-uniforms	1,636	-	-
Transport, accommodation and meals on business trips	50,060	40,679	33,472
Other staff costs	-	-	277
	579,999	632,211	682,463

Expenses of personal income for the year ended December 31, 2014 amounting to EUR 495,536 are referred to personal income of staff employed at Hotel in the amount of EUR 87,200 and personal income paid to the management and staff of ReSPA in the amount of EUR 408,336.

**NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2014**

9. DEPRECIATION

(In EUR)

	Period from January 1 through December 31 2014	Period from January 1 through December 31 2013	Period from January 1 through December 31 2012
Amortization	74,131	25,524	56,342
Amortization of donated assets (Note 18)	171,520	171,593	171,593
	245,651	197,117	227,935

Cost of depreciation of donated funds for the period from January 1 through December 31, 2014 amounted to EUR 171,520 and are related to the amortization of the equipment the ReSPA received as a donation from the European Union in 2010.

10. PRODUCTION EXPENSES

(In EUR)

	Period from January 1 through December 31 2014	Period from January 1 through December 31 2013	Period from January 1 through December 31 2012
Maintenance costs of computer equipment	1,795	5,790	-
Costs of maintenance vehicles	1,134	1,507	-
Costs of maintenance of office furniture	-	4,166	-
Other costs of maintenance	4,414	1,274	-
Maintenance costs of the building	1,489	176	-
Maintenance costs - business	2,478	3,676	-
	11,310	16,589	-

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2014

11. COSTS OF NON-PRODUCTION EXPENSES

(In EUR)

	Period from January 1 through December 31 2014	Period from January 1 through December 31 2013	Period from January 1 through December 31 2012
Seminars	519,700	527,701	686,621
Banking fees	8,204	16,467	9,496
Marketing and advertisement	2,633	39,364	4,095
Legal, accounting and consultancy services	21,780	26,458	40,299
Other professional services	278,021	156,771	14,784
Postal services	34,924	44,218	34,186
Cost of the lease of rooms and inventory	2,917	-	-
Cost of services and conceptual design	-	-	19,200
Organization of ReSPA activities	-	-	9,685
Implementation of EC Grant	37,125	213,350	189,166
Translation services	29,549	17,701	52,500
Representation costs	11,706	12,826	8,154
Maintenance services	-	401	8,289
Cost of utilities	7,137	7,570	13,754
Fair value adjust of inventories	-	-	622
The costs of providing the facility	24,245	9,400	-
Cost of direct write-off of receivables	-	-	188
Expenses of non-production services	14,423	12,282	2,608
Provision for the introduction of ISO 9001 and HACCP	3,756	1,823	-
Cost of insurance premiums for fixed assets	12,111	7,688	2,175
Other operating expenses	-	-	3,379
	1,008,231	1,094,020	1,099,201

Seminars expenses in the amount of EUR 519,700 refer to the costs of organizing the seminars in ReSPA's premises or the cost of the summer schools organized by ReSPA abroad.

Costs of implementation of EC grant of EUR 37,125 refer to experts and trainers per diem, travel expenses and accommodation costs.

12. INTANGIBLE ASSETS

As of December 31, 2014, intangible assets of ReSPA amount to EUR 14,903(2013: 16,761, 2012: 824) and refer to investments in software and licences for software.

.

13. PROPERTY, PLANT AND EQUIPMENT

	Investment in buildings – property not owned by ReSPA	IT Equipment	Furniture	Vehicles	Tools and small inventory	Construction in progress	Total
Cost							
Balance, January 1, 2013	47,769	395,275	540,452	45,890	28,930	4,350	1,062,666
Acquisitions	-	14,215	11,187	-	11,055	-	36,457
Activation of the investment	-	-	4,350	-	-	(4,350)	-
Balance, December 31, 2013	47,769	409,490	555,989	45,890	39,985	-	1,099,123
Balance, January 1, 2014	47,769	409,490	555,989	45,890	39,985	-	1,099,123
Acquisitions	-	49,864	14,246	-	12,768	-	76,878
Balance, December 31, 2014	47,769	459,354	570,235	45,890	52,753	-	1,176,001
Impairments							
Balance, January 1, 2013	14,210	175,393	225,478	5,326	18,542	-	438,949
Depreciation during the period	3,289	88,199	99,310	4,589	1,275	-	196,662
Balance, December 31, 2013	17,499	263,592	324,788	9,915	19,817	-	635,611
Balance, January 1, 2014	17,499	263,592	324,788	9,915	19,817	-	635,611
Depreciation during the period	9,375	127,247	101,372	4,589	269	-	242,852
Balance, December 31, 2014.	26,874	390,839	426,160	14,504	20,086	-	878,463
Net Book Value							
December 31, 2014	20,895	68,515	144,075	31,386	32,667	-	297,538
December 31, 2013	30,270	145,898	231,202	35,975	20,168	-	463,513
January 1, 2013	33,559	219,882	314,9747	40,564	10,388	4,350	623,717

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

International agreement on the foundation stipulated that the Montenegrin Government gave the official premises of ReSPA and hotel facility and surrounding land for use to ReSPA free of charge for a period of seven years beginning from August 1, 2010, but after the expiration of five years, the Board of ReSPA will decide whether it will request the Government of Montenegro an extension to the usage deadline for seven years more.

From the enacting of the International Agreement on the Foundation of ReSPA to the signing of the Agreement between ReSPA and the Government of Montenegro on the seat and the functioning of ReSPA in the host country, i.e. June 23, 2011, the Directorate of Human Resources of Montenegro was appointed by the Board of ReSPA for its temporary manager.

The European Union in the end of 2010 donated IT equipment and furniture to ReSPA in the total amount of EUR 857.968. In accordance with the Decision enacted by the Board of Directors of ReSPA, Directorate for Human Resources had an obligation of taking the above mentioned equipment donated by the European Union, and the obligation to coordinate the activities on furnishing the facilities given to the use of ReSPA by the Government of Montenegro, and to ensure continuous monitoring of these facilities to their assignment to ReSPA. Based on the Decision of the Directorate dated December 6, 2012, the inventory count committee was formed comprising members of the Directorate for Human Resources and RESPA, which conducted the annual inventory count, based on which the above mentioned equipment and furniture has been transferred on January 29, 2013 in the total amount of EUR 857,968.

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

As of December 31, 2014, investments in buildings - property not owned by ReSPA amounted to EUR 20,895, and referred to investment in business premises, hotel building and development of surrounding land, which the Government of Montenegro, as noted above, gave to ReSPA for usage without compensation.

Total depreciation of property, plant and equipment for the year ended December 31, 2014 amounted to EUR 245,561, out of which the depreciation of donated equipment was in the amount of EUR 171,520 and it is recognized as income of the related period (Note 5 and 18).

14. INVENTORIES

(In EUR)

	December 31, 2014	December 31, 2013	January 1, 2013
Storehouse inventories	29,009	31,972	9,882
Goods in retail	161	1,362	1,844
	29,170	33,334	11,726

As of December 31, 2014, ReSPA has inventories in the amount of EUR 29,170 relating to food and beverage that are used by participants in the seminars, experts and trainers in the Hotel, given that trainings are organized in that way that all the participants, experts and trainers have been provided with the accommodation and food in the ReSPA.

15. ACCOUNTS RECEIVABLE

(In EUR)

	December 31, 2014	December 31, 2013	January 1, 2013
Receivables for membership fees (Contribution)			
- Bosnia and Herzegovina	-	-	25
- Republic of Macedonia	-	-	797
- Montenegro	24,723	12,789	-
	24,723	12,789	822
Receivables from customers:			
- domestic	8,846	-	13,279
- foreign	1,348	1,548	1,358
	10,194	1,548	14,637
Receivables from given advances		-	235
Other account receivable	6,529	1,534	-
	41,446	15,871	15,694

Pursuant to the provisions of Article 23, Chapter IX of Agreement on Foundation of ReSPA signed in Podgorica as at November 21, 2008, all states parties to the agreement are required to pay an annual fee (for the Core Budget) in the amount of EUR 120 000 per member country in 2009 or EUR 150,000 per member country for the next year.

Accordingly during the year 2014 Member of States have paid a total of EUR 876,245, and each member paid the sum of EUR 150,000 except the Montenegro which have paid EUR 125,000 in membership fees for 2014, while Macedonia paid EUR 151,245.

16. CASH AND CASH EQUIVALENTS

(In EUR)

	December 31, 2014	December 31, 2013	January 1, 2013
Cash in hand	-	-	905
Gyro accounts	677,535	1,935,654	191,912
Foreign currency account	385,083	122,794	1,046,246
Other financial deposts	300,000	-	-
	1,362,618	2,058,448	1,239,063

Other cash in the amount of EUR 300,000 as of December 31, 2014 related to the deposit placed at Prva banka Crne Gore AD, Podgorica, which ReSPA deposited for a period of 3 months with the maturity date January 10, 2015 and interest rate of 3.20% per annum. As at January 20, 2015, ReSPA withdrew deposits in whole amount.

17. SHORT-TERM LIABILITIES

(In EUR)

	December 31, 2014	December 31, 2013	January 1, 2013
Payables to suppliers:			
- domestic	15,902	13,852	63,589
- foreign	19,827	2,472	56,083
	35,729	16,324	119,672
Liabilities to employees	6,529	8,152	794
Payables under the contract on hiring experts	41,348	-	25,539
	83,606	24,476	146,005

18. ACCRUED LIABILITIES

(In EUR)

	December 31, 2014	December 31, 2013	January 1, 2013
Received financial donation	788,414	1,590,286	618,249
Received donation in equipment	160,748	332,268	503,861
Hotel inventory maintenance	-	48,226	48,226
Building maintenance	-	64,302	64,302
	949,162	2,035,082	1,234,638

Changes in accrued liabilities arising from financial donations received for the year 2014, 2013,2012 are shown in the following table:

(In EUR)

	Period from January 1 through December 31 2014	Period from January 1 through December 31 2013	Period from January 1 through December 31 2012
Balance at the beginning of the period	1,590,286	618,249	342,499
Increase during the period-the second installment Granta	-	168,548	1,242,595
Increase during the period- Granta 2 (note 5)	-	1,574,925	-
Used during the period –Grant 1(Note 5)	-	(749,092)	-
Used during the period –Grant 2(Note 5)	(801,872)	(22,344)	(966,845)
Balance at the end of the year	788,414	1,590,286	618,249

Changes in accrued liabilities arising from financial donations in equipment received for the year 2014, 2013, 2012 are shown in the following table:

(In EUR)

	Period from January 1 through December 31 2014	Period from January 1 through December 31 2013	Period from January 1 through December 31 2012
Balance at the beginning of the period	332,268	503,861	675,454
Depreciation for the period (Note 5 and 9)	(171,520)	(171,593)	(171,593)
Balance at the end of the year	160,748	332,268	503,861

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2014

19. RISK MANAGEMENT

19.1. Equity Risk Management

	December 31, 2014	(In EUR) December 31, 2013
Cash and cash equivalents	1,362,618	2,058,449
Debt, net	1,362,618	2,058,449
Equity	719,600	528,604
The ratio of total debt to equity ratio	(1.89)	(3.89)

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

19. RISK MANAGEMENT (Continued)

19.2. Significant Accounting Policies

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

19.3. Categories of Financial Instruments

	December 31, 2014	(In EUR) December 31, 2013
Financial assets		
Accounts receivable from customers and other receivables	10,194	1,548
Other receivables	1,362,618	2,058,449
Cash and cash equivalents		
	1,372,812	2,059,997
Financial liabilities		
Accounts payable and other liabilities	35,729	16,324
	35,729	16,324

ReSPA does not enter into transactions with derivative financial instruments, such as interest rate swaps or forwards. In addition, in the course of the year ended December 31, 2014, ReSPA undertook no transactions involving financial instruments.

Basic financial instruments of ReSPA-e comprise cash and cash equivalents and receivables, which arise directly from ReSPA's operations, as well as accounts payable In the regular course of business, ReSPA is exposed to further listed risks.

19.4. Financial Risk Management

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

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

19.5. Market Risk

(a) Currency Risk

ReSPA is not exposed to various risks through the fluctuations in exchange rates having impact on the business transactions performed in the country and abroad, because all business operations are performed in the currency EUR.

(b) Interest Rate Risk

ReSPA is exposed to various risks which through the effects of the fluctuations in the market interest rates influence its financial position and cash flows.

19. RISK MANAGEMENT (Continued)

19.5. Market Risk (Continued)

(b) Interest Rate Risk (Continued)

The following table gives the present value of financial assets and financial liabilities and their fair value as at December 31, 2014:

		(In EUR)
	December 31, 2014	**December 31, 2013**
Financial assets-non-interest		
Accounts receivable from customers and other receivables	10,194	1,548
Cash and cash equivalents	31,252	14,323
	1,362,618	2,058,449
	1,404,064	2,074,320
Financial liabilities – non-interest		
Accounts payable and other liabilities	35,729	16,324
	35,729	16,324

Given that the ReSPA has no significant interest-bearing neither assets nor liabilities, the ReSPA's income and expenses are to a great extent independent of interest rate risks.

(c) Receivables

The most important customers – receivables as of December 31, 2014 and 2013 are presented in the following table:

		(In EUR)
	December 31, 2014	**December 31, 2013**
Intours doo, Podgorica	5,845	-
Municipalitiy of Danilovgrad	2,485	-
Human Resources Administration	1,810	-
EIPA	1,348	-
Miross travel	-	255
Other customers	1,294	1,293
	10,194	1,548
Less allowance for impairment	-	-
	10,194	1,548

The structure of account receivable as of December 31, 2014 is shown in the following table:

			(In EUR)
	Gross	**Allowance for impairment**	**Net**
Not matured account receivables	10,194	-	10,194
	10,194	-	10,194

The structure of account receivable as of December 31, 2013 is shown in the following table:

			(In EUR)
	Gross	**Allowance for impairment**	**Net**
Not matured account receivables	1,548	-	1,548
	1,548	-	1,548

19. RISK MANAGEMENT (Continued)

19.6. Liquidity risk

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

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

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

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

Maturity of financial assets

(In EUR)

December 31, 2014	Up to 1 Month	From 1 Months to 3 Months	From 3 Months to 1 year	From 1 Year to 5 Years	More than five years
Non-interest bearable	1,362,618	-	-	-	-
	1,362,618	-	-	-	-

Maturity of financial assets

(In EUR)

December 31, 2013	Up to 1 Month	From 1 Months to 3 Months	From 3 Months to 1 year	From 1 Year to 5 Years	More than five years
Non-interest bearable	2,074,320	-	-	-	-
	2,074,320	-	-	-	-

Maturity of financial liabilities

(In EUR)

December 31, 2014	Up to 1 Month	From 1 Months to 3 Months	From 3 Months to 1 year	From 1 Year to 5 Years	More than five years
Non-interest bearable	35,729	-	-	-	-
	35,729	-	-	-	-

19. RISK MANAGEMENT (Continued)

19.6. Liquidity Risk (Continued)

Maturity of financial liabilities

(In EUR)

December 31, 2013	Up to 1 Month	From 1 Months to 3 Months	From 3 Months to 1 year	From 1 Year to 2 Years	More than five years
Non-interest bearable	16,324	-	-	-	-
	16,324	-	-	-	-

19.7. Credit Risk

Not matured receivables from customers

As at December 31, 2014 *not matured receivables from customers* in the amount of EUR 10,194 (December 31, 2013: EUR 1,548) primarily relate to receivables from customers for the hospitality and restaurant services rendered during the training sessions. These receivables are usually due within 30 days after the invoice issuance date, depending on the agreed terms of payment.

The structure of account receivable as of December 31, 2014 is shown in the following table

(In EUR)

	Gross	Allowance for impairment	Net
Not matured account receivables and other receivables	10,194	-	10,194
	10,194	-	10,194

19.8. Fair Values of Financial Assets and Liabilities

The following table gives the present value of financial assets and financial liabilities and their fair value as at December 31, 2014

(In EUR)

	December 31, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Accounts receivable from customers and other receivables	10,194	10,194	1,548	1,548
Other receivables	31,252	31,252	14,323	14,323
Cash and cash equivalents	1,362,618	1,362,618	2,058,449	2,058,449
	1,404,064	1,404,064	2,074,320	2,074,320
Financial liabilities				
Accounts payable and other liabilities	35,729	35,729	16,324	16,324
	35,729	35,729	16,324	16,324

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2014

20. RELATED PARTIES TRANSACTIONS

Personal benefit of the key management employees for the period from January 1 through December 31, 2014 amounted to EUR 197,400 (2013: EUR 220,800).

21. EVENTS AFTER THE STATEMENTS OF FINANCIAL POSITION

On April 29, 2015, the Government of Montenegro – the Ministry of Finance - Directorate for Personnel and ReSPA concluded the Agreement on Disposal for Usage of official premises, equipment, hotel facility and surrounding land, pursuant to which ReSPA will continue to use the related property without compensation, being also in compliance with the provisions of Article 2 of the Agreement concluded between the Government of Montenegro and ReSPA referring to seat and functioning of ReSPA in the host country. Furthermore, Article 8 of newly concluded Agreement stipulates that ReSPA shall, at the time of returning the hotel and equipment, return those in conditions appearing after usage, resulting as a consequence of their regular use, while, in accordance with Article 5, it undertakes to provide a regular insurance of the property and equipment from the risk of flooding, fire, theft, burglary and similar accidents.